

MoneySense

How to save on foreign exchange fees on vacation

Experts say to exchange before you leave for your destination

by Craig Wong, The Canadian Press

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OTTAWA – There are credit cards for major expenses like flights and hotels, Uber for getting around and Android or Apple Pay on smartphones.

But travellers still need at least a little cash if they're vacationing outside of Canada this summer, and that means swapping loonies for euros, yuan or other foreign currencies.

Travel agent Omar Guechtal recommends clients plan ahead and exchange as much as they think they'll need at their Canadian bank to get the best deal possible before travelling abroad.

"Banks and exchange places are actually giving a better rate when they are selling a currency than when they are buying it," said Guechtal, an assistant team leader at Flight Centre.

"If you're looking for hard cash, it is always better to be purchasing it in Canada than purchasing it at destination."

Using an ATM while travelling outside of Canada is a convenient way to get the cash wherever you are, but it comes at a cost. Depending on your bank and your account, the amount you'll pay can be a percentage of the amount you're withdrawing, a flat fee per transaction or a combination of both.

If you need use your bank card, try to limit the fees by making one or two large withdrawals instead of several smaller ones.

"If you're going to have to use your debit (card), withdraw one massive amount once and then live off the hard cash," Guechtal said.

Christian Matyasfalvi, associate vice-president for cross-border banking at TD Bank, says he's wary of the foreign exchange shops in popular tourist areas.

“Always look at the fine print,” he said, noting that you need to consider both the exchange rate and any additional fees you. “Always figure out the bottom line.”

Matyasfalvi also warned about so-called “dynamic currency conversion” in which foreign merchants ask if you want to be charged in Canadian dollars while using your credit or debit card.

“Always avoid that. The reality is that in the moment, you’re not getting the full disclosure and often times that exchange rate that’s being applied is much higher than what you’d pay with your bank’s credit or debit card,” he said.

Matyasfalvi said you should check with your bank so you understand what you will be charged for using your debit card outside of Canada, because some premium chequing accounts will give you a break on some of the international transaction fees.

Guechtal says how much cash you need will depend on where you’re headed, but a little U.S. cash for emergencies may be useful wherever you may find yourself.

“Green speaks and it speaks around the globe, except for North Korea, but that’s another story,” he said.