

Avoid Excessive Currency Exchange Fees on Your Next International Trip

How do I avoid excessive exchange fees?

Travelers are considered a captive audience for some currency exchange merchants. Airport exchange merchants and hotels, as well as banks and credit card companies, know you need local currency to keep your travel budget realistic. Currency exchange merchants are in business to make a profit and they do it without you knowing about it, unless you do some research while you're planning the trip. Nothing is more frustrating than waiting to [trade currencies](#) at your destination's airport and discovering that the currency value of your exchange pair has dramatically changed and destroys your budget.

Finding a bank when you reach your destination can also be a budget nightmare, especially when you don't have accurate information about the real time rate. Banks charge transaction fees and may post an exchange rate that's hours old, which means it may not be a valid rate. That's one method banks, credit card companies, airport merchants and hotels use to make money. They use an exchange rate that's not accurate, plus they add fees and surcharges to exchanges and that can get very expensive.

A professional currency broker studies the currency market every hour and develops a history between currency pairs and shares that knowledge with clients. A broker always uses a real time rate to exchange your money and doesn't charge excessive fees and surcharges. A professional will help you develop an averaging strategy while you're planning the trip, so you avoid sudden value surges in your currency pair. A currency broker will keep you informed, so you can make an exchange using the actual rate.

How do banks and airport merchants make money?

Let's say you're planning a trip to Latvia and you want to exchange 1,000 British Pounds for Latvian Lats. The bank may post a rate of 1 GBP equals 0.7916 LVL, but when they actually exchange your money they receive 1.2681 LVL for every Pound they exchange, plus they add a transaction fee to the exchange and that difference, plus the fee is the bank's gross profit. Airport merchants may post their own rate to pay their high rent, plus charge a transaction fee to increase their gross profit. Hotels know you like the convenience of exchanging money with them, so their exchange rate is filled with profit. Credit card companies may use another rate, plus they add a surcharge to every trip transaction and that can be a budget breaker.

A broker may post a rate of 1 GBP equals 0.9672 BOB, which means for every 1,000 Pounds you exchange you receive at least 175.60 more Latvian Lats to spend on the trip. That's a deal by anyone's standards.

Other travel tips

Some countries have a limit on the amount of cash you can carry through customs, so check with your broker and stay within that limit. Carry cash in a leg pouch, money belt or hidden pocket that's secure and out of sight and use the hotel safe when you arrive at your destination. Remember common sense is your best security weapon when you use it.