

# Travel

If you are planning a trip overseas, we have a few suggestions about money matters. Some of our tips require action before you leave. Others should be followed while you're away. Together, they'll help you to have a relaxed, stress-free holiday.



## Before you leave

### Get travel insurance

It's a good idea to look into travel insurance before you book your flights. That way you can check your destination isn't excluded from insurance protection.

As soon as you have confirmed your flights, we suggest you buy travel insurance. That way, you'll have cover immediately for any unexpected events that could affect your trip. You might even be eligible for travel insurance through your credit card cover if you purchase your flights with the card. Check with your bank for details on how to activate complimentary travel insurance.

Travel insurance companies will often ask you to disclose any existing medical conditions. Honesty is the best approach here. In some situations, non-disclosure may invalidate your entire policy. In other words, you will have no cover at all.

It pays to read the policy carefully so you know what types of activities are excluded. For example, you may need additional cover if you intend to ride a motorscooter, go skiing, or take part in watersports.

### Inform your bank

Tell your bank you are going on holiday. Give the departure and return dates and the countries you intend visiting. That way, when foreign transactions start appearing in your bank's systems, it won't freeze your card to protect you from what it might think are unauthorised transactions. Make a note of your bank's emergency contact number just in case something does go wrong and you need to make contact urgently.

## Travel advisory

**SafeTravel** is the official source of travel advice for New Zealanders, with advisories for specific destinations. Checking SafeTravel helps you avoid travel blackspots.

On SafeTravel you can also register your details and travel plans. If a crisis occurs overseas, MFAT will contact New Zealanders who have enrolled to check on their safety and well-being.

## Sort your money options

Deciding how you hold your money is an entirely personal decision and there are pros and cons with each option. It is always useful to have at least a small amount of cash. Some people prefer currency cards or credit cards.

Make sure you are aware of the fees for each option before you make your decision because they can add up. Your bank should be able to provide you with this information. Some websites offer fee comparisons.

### Cash

If you intend taking a large amount of cash (such as the bulk of your spending money), you can often convert it into the local currency before you go. The bank will charge you a fee for conversion (usually between \$5 and \$10), which will probably be uneconomical if the amount is small. Note that the bank also builds a margin into the conversion rate. It is worth comparing the bank's conversion rate (and fees) with those offered by specialist companies such as Travel Money NZ and Travelex.

### Credit and debit cards

Using a credit or debit card overseas potentially incurs two kinds of fees. The first is a currency conversion fee, which usually ranges from between 1.85 per cent and 2.5 per cent of the transaction amount. The second is an overseas ATM fee, which may be charged by your bank. The fee charged by your bank can range from between \$2 and \$7.50. Note that the foreign bank whose ATM you use may also charge an ATM fee.

### Currency cards

The main benefit of 'prepaid' currency cards is you can buy the currency (or currencies) you want before you go. This means you can load your card when the exchange rate is good. It also removes the element of surprise about the exchange rate: you don't have to wait until your credit card statement arrives to see what exchange rate the card company applied to your purchases or withdrawals. However, any funds you have loaded on to the card could be at risk if you lose it or it is stolen and used in a paywave transaction. It is worth checking with your bank on what protections exist for this scenario and whether you can freeze the card if it gets lost.

The drawback of currency cards is the conversion rate. It is often slightly worse than the rate Visa and Mastercard use for debit and credit card transactions. Also, it takes time for money you reload while away to come through,

so you need to factor this delay into your planning.

## While you are away

### Have a back-up

Accidents and thefts can happen while you're overseas, so don't rely on just one source for money. Have a back-up in case your wallet is lost or stolen. Keep your back-up separate from your primary card. If your card is stolen or lost, contact your bank immediately.

### Home currency and local currency

When you withdraw money from an ATM or make a card purchase overseas, you will commonly be asked whether you want to withdraw in the local currency or your home currency.

It might be tempting to use your home currency (New Zealand dollars) because it's what you're familiar with. However, it's often more economical to select the local currency.

For example, if you were to select New Zealand dollars, your bank may charge you currency conversion and international transaction fees. And secondly, the shop, restaurant or hotel where you present your card will probably use an unfavourable exchange rate to calculate your bill.

If you are using a travel card and have more than one currency 'wallet' loaded on your card (eg US dollars and Euro), you can tell merchants which currency you would like to pay in. But it pays to know your balances in advance so you can ensure you have the right currencies available for purchases you wish to make.

### Merchants holding funds

Sometimes accommodation providers and vehicle rental agencies will hold funds on your card as a "deposit" or "bond". If a merchant requires your card for this purpose, we suggest providing your credit card details. If you use a debit card, the merchant may freeze your available funds for up to 30 days, meaning you will no longer have access to that money. By providing a credit card, you still have access to money up to the limit on your card.

### Claiming insurance

If something goes wrong while you are away, you want to be prepared. Have access to your insurance company's number so you can contact it, should that be necessary. You will need to keep receipts for doctors visits, emergency flights or anything else you will want to claim under your insurance.

### Be alert for scams

Travellers can be the target of scams, so exercise care. Here are some of the more common scams:

- Always carefully count what the teller gives you when exchanging money at a foreign currency booth. It is not uncommon for tellers to switch notes at the last minute, taking advantage of the fact the currency has denominations that are similar in colour and design.

- Don't accept torn, worn or damaged notes if possible. These can be difficult to get rid of later.
- Take photos of rental cars and scooters and check thoroughly for existing damage, showing the hire operator before you leave. This prevents the company from charging you later for damage you did not cause.
- If it seems too good to be true, it probably is. Make sure you buy tickets, souvenirs and transport fares from authorised sellers to avoid being sold a fake.
- Look for ATMs with plastic casing around the slot where you insert your card. These are designed to stop scammers from "skimming" your card details when you withdraw money.

If you become aware you've been scammed while overseas, contact your bank immediately. Check out our [quick guide on scams](#) for more information.