

2015 STAR RATINGS REPORT



Travel Money Cards



Travel Money Cards

May 2015

Foreword

Overseas travel is part of our daily lives these days, with some travelling more often than others. Last year, Australians made nine million trips out of the country for holidays, visits to family and friends, or business purposes.

This frequency of travel has spawned a popular type of payment method that's safer than carrying around cash or traveller's cheques in other, often unfamiliar, countries. Travel money cards offer the ultimate convenience. They are debit cards you load with your currencies of choice before you leave. Spending in the local currency means you're not paying conversion fees every time. The big advantage though is that you can load up your card at home when the dollar is (hopefully) at its most favourable.

As with any financial product, there are pros and cons to be mindful of. In our comparison this year we put nine travel money cards under the microscope and revealed subtle differences between each one. Just as each traveller is unique, travel money cards differ in certain areas – some offer competitive exchange rates but higher fees while others slice their fees and add a margin to their exchange rates. The end result is often the same but it pays to be aware of the trade-off between fees and currency conversions when looking at the card that will best suit your purpose.

Our annual comparison of travel money cards will arm you with the information you need to make a choice of which travel money card to pack in your suitcase next time you fly out.



Mitchell Watson
Research Manager

TRAVEL: CAN WE GET ENOUGH?



There's no doubt we love Australia but we also love getting away! Whether we're going on holidays, visiting friends and relatives or doing business in another country, we're doing it in droves. According to the ABS, Aussies made a record 9 million trips of the country for a short-term visit in the year ending June 2014. This compared with 8.4 million in the previous year. And looking back further, there were only 3.9 million overseas trips a decade ago. How times have changed.

It's obvious our love of travel and its relative ease these days is underpinning this strong growth.

TOP 10 TRAVEL DESTINATIONS 2013 - 2014	
Destination countries	'000
New Zealand	1,194.4
Indonesia	1,012.8
USA	934.6
Thailand	614.7
UK	540.7
China	402.1
Singapore	374.8
Fiji	333.9
Malaysia	300.5
India	255.9
Total	8,940.0

TOP 10 TRAVEL DESTINATIONS 2003 - 2004	
Destination countries	'000
New Zealand	737.9
UK	356.6
USA	334.8
Indonesia	276.7
Thailand	176.7
Fiji	160.5
China	153.8
Singapore	147.3
Hong Kong	141.3
Malaysia	131.8
Total	3,961.3

So where are we travelling to? Our friends across the ditch continue to top the list of most popular destinations with Australians making 1.2 million journeys to New Zealand in the year ending June 2014. Looking at the list of Top 10 Travel Destinations on the left, we note that India has recorded the strongest growth over the past 10 year period, followed by Indonesia and Malaysia.

Source: ABS statistics

GET THE MOST FROM YOUR TRAVEL MONEY

Everyone loves a bargain and the prices of certain overseas accommodation, tours and shopping are a major destination drawcard. However, buying stuff in Australian dollars in another country will soon take the tarnish off the original bartered-down price you pay for these goods. It's particularly tricky if you go to a few countries and have to deal with multiple currencies in the same trip.

Luckily, the right travel money card can make all the difference. What is a travel money card? It's a specially designed debit card that you load up with foreign currencies prior to travelling. The advantage of pre-loading the card with your choice of currency is that you can do so when you're planning your trip, to provide some certainty about the exchange rate that you're going to receive.

For the traveller going to one country or several, this is the

next best thing to carrying cash. Different cards offer different currencies but common currencies include American dollars, UK pounds, Euros and New Zealand dollars.

You can preload a single currency or several, according to your travel plans. You've then got foreign currencies at your fingertips. Once abroad, you can reload your card or change the currencies around via the internet or your mobile phone. You can use your card to withdraw cash from ATMs, shop for souvenirs, pay for restaurant meals or book accommodation online.





NOT ALL TRAVEL MONEY CARDS ARE THE SAME

Subtle differences in travel money cards can affect your bottom line so it pays to work out well in advance of your trip which card will serve you the best.

The ideal card in our books is one that allows you to lock in a favourable exchange rate before you go and one that gives you

the ability to load multiple foreign currencies in the one card. It goes without saying that the card must be loaded with your own funds – not credit or borrowings of any kind. The exchange rate offered is also of great importance to us when comparing travel money cards on your behalf.

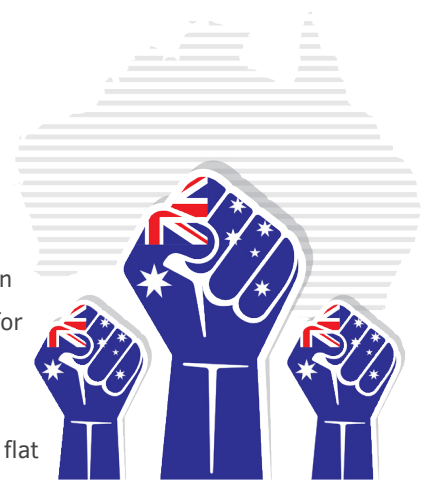
We also look at various fees which can add up and eat a hole in your travel budget. For instance, what does it cost to load and reload the card, and what is the cost of a non-native transaction? This is the cost payable when there are insufficient funds available in the local currency and the card automatically loads funds from a different currency.

We also assess the convenience and cost of using the card overseas and converting that money back to Australian dollars.

TRAVELLER'S WISHLIST: STRONG AUSSIE DOLLAR

Wouldn't it be lovely (from a traveller's viewpoint) if the dollar exceeded parity against the world's major currencies? That would most certainly make our travel budgets look a whole lot healthier. However with our dollar worth around 80 cents in the US or 51 pence in Britain at the time of writing it's looking like travellers, along with importers, could be in for a bumpy ride.

The Reserve Bank of Australia (RBA) believes the Aussie dollar is still over-valued in this flat economy and is hoping to take the wind out of its sails unless commodity prices and investment soar at the same time as employment figures evaporate. The word in the economic prediction game is that the official cash rate and the Aussie dollar will fall further as the year progresses.



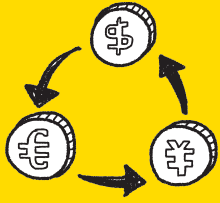
What do currency woes mean to our holiday spending budgets?

Based on the currency statistics provided by the Reserve Bank of Australia (RBA), had we locked in our exchange rates twelve months ago (most likely when we were planning our holiday) our spending money would be worth significantly more now. Yes, the weak Aussie dollar has a lot to answer for.

On the bright side, the Euro would now give us an extra €234.50 to spend...

Currency	Exchange Rate			Difference on \$5000 AUD purchase
	30-Apr-14	30-Apr-15	Change	
United States Dollar	0.9287	0.7981	-14.06%	-\$ 653.00
Pound Sterling	0.5525	0.5178	-6.28%	-£ 173.50
Euro	0.6729	0.7198	+6.97%	€ 234.50
New Zealand Dollar	1.0847	1.0503	-3.17%	-\$ 172.00
Singapore Dollar	1.1668	1.0569	-9.42%	-\$ 549.50

Source: CANSTAR April 2015, based on RBA exchange rate statistics.



EXCHANGE RATE GOES HEAD-TO-HEAD WITH FEES

This year, in the quest for fairness, CANSTAR has changed the way the cost of travel money cards are compared. In addition to considering upfront fees and benefits, we now consider the exchange rate on offer as well as part of the calculation. This provides an accurate assessment of what you would actually get for your money. After all it is the combination of fees and exchange rates that in the end will dictate how much more you will have in your pocket by getting the price and card right.

How we do it

Our research is based on a total amount of \$5,000 loaded onto the travel money card. We then subtract all the fees you will likely encounter on your trip (load/reload fee, ATM fees, card closure and refund fee). Next, we convert the amount of money left over at the card's exchange rate to determine exactly how much of the \$5,000 you will have to spend on your trip. We compare this to the best exchange rate available on the market to find out how much you are actually paying for the foreign currency.



SO – WHAT ARE THE MAIN FEES?

A little bite here, a little bite there and next thing you know the cost of using your travel money card has turned pandemic. As we have mentioned above, fees aren't everything; a better exchange rate can easily mitigate any upfront fees you may be charged. Nevertheless it's useful to know just what those fees might be. They can include...

An initial card purchase fee

You may pay an initial card fee for your new travel money card. This can be up to \$15 for the card set-up.

Cash reload fee

Expect to pay anywhere from zero to 1.1% of the amount you are reloading and check if your card has a maximum cap. Our 5-star rated cards don't have reload fees – so that would be a good place to start looking.

ATM fees

You won't be charged as much as you would if you used your own card at an "other network" ATM but you may well be charged a nominal flat fee in the respective currency (except for the Australia Post card which charges the equivalent of \$2 AUD). You may also be charged a usage fee by the ATM owner. This is supposed to appear on the screen so you can choose whether to continue or abort the mission. However, this doesn't always happen overseas and you could be stung as a result. It is worth noting that Westpac is part of a global ATM alliance that could save you on both types of ATM fees, depending on the country you visit.

Wrong currency conversion fee

You can use a currency other than what's loaded on your card but you will pay a conversion fee for the privilege. This fee ranges from nil to 5.95% of the transaction.

Monthly inactivity fee

If you haven't used your card in over 12 months, some providers will keep the account open free of charge. However, others will eat away at the balance by charging \$1 to \$4 per month. After 3 years, unclaimed money will be transferred to the Australian Government and can be claimed back through ASIC.

To avoid all this drama, once back on home soil, you may want to convert excess currency into Aussie dollars and close the travel card account. To do this you will pay the normal currency transaction charges but you may also pay up to \$10 to close the account.



FEES AXED

Having just outlined all these fees, the good news is that we have seen a slight reduction in fees and charges in the 12 months since we last looked at travel money cards, which is good news for the consumer.

Notable fees that have been axed include:

- ANZ's \$3 monthly inactivity fee
- Commonwealth Bank's reload fee
- NAB and Westpac's initial card fees



Travel Money Cards 2015

TRAVEL CARDS OFFER 5-STAR SERVICE

From the nine travel money cards we looked at, three stood out for the value they offer Australian travellers. Last year's winners Qantas Cash and Velocity Global Wallet continue to dominate in a steady holding pattern of value. Their card features are well priced and both offer Frequent Flyer points on money spent overseas, as well as in Australia. Joining them this year is the OzForex Travel Card, a no-frills card for those who want value but don't particularly care for the Frequent Flyer points associated with a specific airline. We also found that the OzForex card offered the best exchange rates during our survey period.

All three cards – OzForex Travel Card, Qantas Cash and Velocity Global Wallet – provide travellers with 5-star quality combination of features and competitive costs for all overseas spending needs.

CANSTAR congratulates the 5-star rated travel money cards:

- OzForex Travel Card
- Qantas Cash
- Velocity Global Wallet

The table below is a brief summary of features and costs associated with the winning cards.



	OzForex Travel Card MasterCard	Qantas Cash MasterCard	Velocity Global Wallet Visa
Initial card fee	\$15	Nil	Nil
Maximum no of currencies at once	9	11	5
Reload fees	Nil	Nil	Nil
Replacement card fee	\$35	Nil	Nil
Secondary Card fee	Nil – comes with 2 cards	Not available	\$10
ATM withdrawal fee - New Zealand	\$NZ 4.25	\$NZ 2.5	\$NZ 2.5
ATM withdrawal fee - United States	\$US 2.25	\$US 1.95	\$US 1.95
ATM withdrawal fee - UK	£2	£1.25	£1.25
ATM withdrawal fee - Eurozone	€2	€1.5	€1.5
ATM withdrawal fee - Singapore	\$SG 3.5	\$SG 2.5	\$SG 2.5
Emergency fund access	No	Yes	Yes
Refund balance fee	\$10	Nil	Nil
Card closure fee	Nil	Nil	Nil
Monthly inactive fee	Nil	Nil	\$1
USD Rate on 20th May 2015	0.7684	0.755	0.7573
\$5000 AUD converted to USD	\$3,842	\$3,775	\$3,787
Frequent Flyer Points	None	0.5 Qantas Frequent Flyer points for every \$1 spent in AUD. 1 Qantas Frequent Flyer point for every \$1 spent in foreign currency.	0.5 Velocity Frequent Flyer points for every \$1 spent in AUD. 1 Velocity Frequent Flyer point for every \$1 spent in foreign currency.

Source: CANSTAR Travel Money Card Star Ratings - 2015



METHODOLOGY

TRAVEL MONEY CARDS

What are the CANSTAR Travel Money Cards Star Ratings?

CANSTAR Travel Money Cards Star Ratings use a sophisticated and unique ratings methodology that compares both cost and features across travel money cards. CANSTAR star ratings represent a shortlist of travel money cards, enabling consumers to narrow their search to travel money cards that have been independently assessed and ranked. CANSTAR's Travel Money Cards Star Ratings are a transparent analysis comparing a range of travel money cards across the market.

Ratings range from five to three stars. Five-star rated travel money cards have been assessed as offering outstanding value to consumers.

The title of **"Outstanding Value Travel Money Cards"** is awarded to institutions that obtain a five-star rating based on performance across judging criteria set down by CANSTAR.



What is a Travel Money Card?

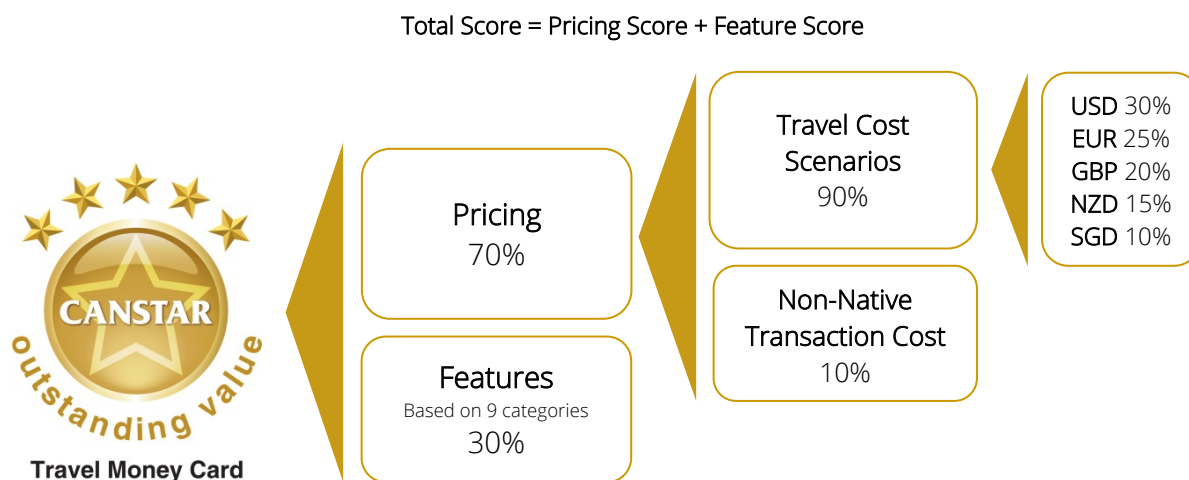
A Travel Money Card is a product that allows you to preload the currency of your choice to meet your travel expenses while overseas. You can lock in the exchange rate when you purchase and load the card, or at a later date.

To be eligible for consideration in the CANSTAR Star Ratings, each product must:

- Have the ability to store multiple foreign currencies on one card.
- Allow you to lock in an exchange rate before travel.
- Allow you to use your own funds – no credit or borrowing is allowed.
- Provide an up-to-date exchange rate on its website.

How are the 'stars' calculated?

To arrive at the total score CANSTAR, applies a weight against a Pricing and Feature Score. The total score for each travel money card is weighted 70% towards Price and 30% towards Features.



Pricing Score

There are many different fee structures in the Travel Money Card market. Some providers charge for ATM withdrawals in foreign countries and others do not. There are products where the initial load is free but subsequent reloads are not, and some where there are almost no fees at all. When exchanging many thousands of dollars into a foreign currency, in many cases, the exchange rate applied to the purchase is the largest part of the overall cost of the transaction, even though few or no direct fees are being charged to the customer.

To find the overall cost of taking a Travel Money Card on an overseas trip, CANSTAR has designed a scenario that includes the fees for loading, reloading, and using the card overseas, as well as calculating how much will be available to spend in the purchased foreign currency.

These costs are benchmarked against a hypothetical cheapest product in the market – one with no load, reload, ATM, POS, or closure fees, with the best average exchange rate observed during our survey period of four weeks.

Travel Cost Scenarios

The **Net Travel Cost** of each card is calculated in five different currencies.

CANSTAR firstly consider how much foreign currency will be available to the cardholder for spending on their trip, after fees for loading and using the card are subtracted.

Net Foreign Currency Available to spend for each product	
Converted to foreign currency at the card's exchange rate.	Total loaded amount of \$5000
	minus initial loading cost for \$3,500
	minus reload cost for \$1,500
	minus cost of 10 foreign ATM withdrawals (conv. to AUD where applicable)
	minus cost of 10 point-of-sale transactions (conv. to AUD where applicable)
	minus closure fee and/or refund fee.

This is compared to a hypothetical product that has no fees, and an exchange rate equal to the best average rate observed in the Travel Money Card market during our survey period. This is known as the **Benchmark Net Foreign Currency**.

The net cost of owning each travel money card is then calculated:

$$\text{Net Travel Cost} = \text{Benchmark Net Foreign Currency} - \text{Product Net Foreign Currency}$$

Since the cheapest product may not be the same for each of the five currencies considered, we score all products for each currency and then combine these scores, applying the weights in the following tables. This recognises that some destinations, and therefore currencies, are more popular for overseas travelers.

Currency	USD	GBP	EUR	NZD	SGD
Weight	30%	20%	25%	15%	10%

Non-native transaction cost

The second component of the Pricing Score is the non-native transaction cost. This is a fee payable where there are insufficient funds available in the local currency, or the card is used for a purchase in a currency that is not supported. The product with the lowest fee in the market will receive the highest score, which is then added onto the Travel Cost Scenario Score to arrive at the total Pricing Score.

Feature Score

Each individual feature is placed into one of two categories and nine subcategories. The Feature Categories and Subcategories are weighted to provide a final Feature Score for each product.

Feature Category	Weight	Examples of product features
Terms and Conditions	40%	
Terms & Conditions	50%	Ability to lock exchange rate , Inclusion of back-up card, Emergency card replacement, Emergency fund access
Currency Available	30%	Single/Multiple currency card, Maximum number of currency at a time in the card, currencies available
Fees	10%	Fees for card closure, Replacement card fee
Limits	10%	Maximum number of cards a single person can hold, maximum amount you can load/reload, maximum ATM withdrawal
Accessibility and Security	60%	
Account Facility	30%	Purchase the card online, Access the account online, View transactions online
Reload	25%	Ability to reload the card, Reload using BPAY, Reload at time of purchase
Convenience	25%	Ability to use the card for online purchases, ATMS and POS
Security	10%	Chip & PIN protected, Signature panel on the reverse, Not linked to personal bank account
Distribution Outlet	10%	Ability to purchase through credit unions, travel agents etc.

Does CANSTAR rate all products in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

How often are travel money cards reviewed for star rating purposes?

All ratings are fully recalculated every 12 months. CANSTAR also monitors changes on an ongoing basis.

How are the stars awarded?

CANSTAR ranks travel money cards based on value-for-money measures and then awards a star rating according to rank. The top cards will be awarded a five-star (or outstanding) rating. The number of cards awarded each of the three- to five-star ratings will ultimately depend on the dispersion of final scores.

Does CANSTAR rate other product areas?

CANSTAR researches, compares and rates the suite of banking and insurance products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR website at www.canstar.com.au if you would like to view the latest star ratings reports of interest.



- Account-based pensions
- Agribusiness
- Business banking
- Business life insurance
- Car insurance
- Credit cards
- Deposit accounts
- Direct life insurance
- Health insurance
- Home & contents
- Home loans
- Life Insurance
- Managed investments
- Margin lending
- Online banking
- Online share trading
- Package banking
- Personal loans
- Reward programs
- Travel insurance
- Youth banking & education

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Travel Money Card

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Travel Money Cards

Company	Product	Purchase Online	Emergency Fund Transfer	Earn Rewards Points	Maximum Balance Loaded	Maximum Currencies Loaded	Fees and Charges (as at 13th May 2015)					
							Issue*	Currency Conversion**	Reload Fee	Monthly Inactive #	Closure Fee	
★★★★★ "Outstanding Value"												
OzForex	Travel Card MasterCard	✓	✗	✗	\$25,000	9	\$15	3%	Nil	Nil	Nil	
Qantas	Cash MasterCard	✓	✓	✓	\$100,000	11	Nil	3%	Nil	Nil	Nil	
Velocity	Global Wallet Visa	✓	✓	✓	\$25,000	5	Nil	3%	Nil	\$1	Nil	
★★★★												
ANZ	Travel Card Visa	✓	✗	✗	\$80,000	10	\$11	3%	1.1%	Nil	Nil	
Commonwealth Bank	Travel Money Card MasterCard	✓	✓	✗	\$100,000	13	\$15	Nil	Nil	Nil	Nil	
Westpac	Global Currency Card Visa	✓	✓	✗	\$50,000	5	Nil	3%	1% up to \$10	Nil	Nil	
★★★												
Australia Post	Load&Go Travel Visa	✗	✓	✗	\$10,000	5	Nil	3%	Nil	Nil	\$15	
Cash Passport	Cash Passport MasterCard	✓	✓	✗	\$100,000	10	Nil	5.95%	1.1%	\$4	Nil	
NAB	Traveller Card MasterCard	✗	✓	✗	\$45,000	10	Nil	4%	1%	\$4	Nil	

* Issue fee applies to online applications. Application via agent or other channel may incur additional fees and charges.

** Currency conversion fee applies when undertaking a transaction in a currency not loaded on the card

applicable after 12 months of card inactivity