Credit Card Foreign Travel Tips

Fraud Protection

Banks try to limit their losses from fraud by suspending accounts when a customer’s credit card is used in an unusual location. Your bank may interpret your charges on an exotic vacation as evidence that your card number has been stolen by an overseas hacker. It’s incredibly inconvenient to find out that a hold has been placed on your card while you are at a gas station or in a hotel lobby in a foreign country.

To avoid this possibility, notify credit card companies in advance of any foreign travel. Call the companies and inform them of your travel dates and all the countries that you are planning on visiting. The exception is American Express; they do not need to be notified about international travel plans.

- **Tip:** When notifying a bank or credit card company about your travel plans, be sure to include any places where you have a stopover planned, even if you are just changing planes. If you miss your flight and need to spend the night somewhere that isn’t on your itinerary, the last thing you want is for your card to stop working. Moreover, by specifying where you’ll be, if someone ends up stealing your card and uses it in a different country, your bank will know something is wrong.

- **Tip:** Your bank will provide you with a phone number that you can use to make a collect call from a foreign country. That number is usually on the back of the card. Store the number in a separate place so you can call the number if your card is lost or stolen. There may be special instructions for placing a collect call in the country where you are traveling. Check with your hotel concierge or look online for instructions for making a collect call before you place the call to your bank.

Foreign Transaction Fees

Many people don’t realize that the vast majority of credit cards charge a foreign transaction fee of 1-3% of the purchase price for every purchase that they make while traveling internationally. The University T&E Card has a 1% foreign transaction fee. It is important to understand that these fees are not for currency conversion; transactions made abroad in United States Dollars are also subject to the fees. Although these fees are only supposed to be charged on transactions originating outside of the United States, some people claim that they have had foreign transaction fees charged for purchases made from home from foreign companies.

- **Tip:** Comparison shop to find one of the few cards that do not have foreign transaction fees. If you are charged a fee for a home-based transaction, be sure to dispute the fee with your bank.
Dynamic Currency Conversion

It is becoming popular for merchants to offer to charge your credit card in dollars, a service known as dynamic currency conversion. The merchant may even boast that there is no conversion fee, but they will downplay the fact that you will be charged an exorbitant exchange rate.

The only advantage that this “service” offers is that the amount you are charged is displayed in U.S. Dollars. This may be slightly advantageous to a business traveler, who will find it easier to fill out an expense report in U.S. Dollars, but his or her employer will be charged for the dynamic currency conversion. The real beneficiaries of this service are the merchants; they receive a commission on each transaction processed.

- **Tip**: Merchants who offer dynamic currency conversion are required to give their customers the option to turn it down. If a merchant presents this option to you, just say no. If they charge your card for a dynamic currency conversion without your permission, file a complaint for a refund through your credit card company.

Cash Advance Fees

If you are relying on your credit card to receive cash from an ATM, be aware that you will be charged a cash advance fee of 2-5%. In addition, you will also be charged a usage fee for using an ATM at a bank where you do not have an account. This will quickly add up, especially if you frequently use your credit card at ATMs. The University T&E Card does not allow cash advances.

- **Tip**: Use your debit card at ATMs to avoid cash advance fees.

Cash Advance APR

On top of the cash advance fees, most credit cards charge a higher interest rate for cash advances than they do for purchases. While you can pay your balance in full every month to avoid paying interest, cash advances always start accruing interest from the moment the transaction is processed.

- **Tip**: Only use your credit card for cash withdrawals as a last resort. Debit cards are much better for quick access to cash.