

How To Manage Your Finances While Studying Abroad

Optimizing your spending for studying abroad is a bit of an art. You're dealing with a different form of currency, different exchange rates that can vary from one day to the next, and different fees associated with the use of ATMs and credit cards.

Sara Gregory, Branch Manager

Studying abroad can be the highlight of your college career, but minor financial details can cause major headaches. Here are some tips on how to manage your finances while studying abroad.

Exchange money before you leave

It's a good idea to have some foreign currency with you before you leave the United States. Initially, you can use the cash for covering immediate expenses such as taxis, meals, or tips.

Also, having foreign currency on hand will also allow you to avoid the hassle of exchanging currency at cash exchange counters upon arrival. These companies usually have the worst exchange rates. As convenient as they may seem, exchange counters are known for tacking huge transaction fees on top of an already inflated exchange rate.

It's also prudent to exchange money before you leave as you don't want to find yourself in a situation where you've run out of cash. Having some cash in an emergency fund will prove to be valuable. If there's not an ATM nearby, it might be very difficult to purchase anything – many bars, restaurants, or merchants may not accept debit or credit cards.

Apply for a credit card

If you prefer to carry less cash, applying for a credit card might be your preferred route. While credit cards may charge a foreign exchange fee, it tends to be lower than what you'd pay to cash traveler's checks or convert cash at an exchange counter. Credit card purchases also come with insurance and greater fraud protection.

Even better, there are actually credit cards that don't charge any foreign transaction fees at all. For your study abroad experience, it would be best to consider a credit card tailored to travelers. Many travel credit cards offer different kinds of rewards — from general points programs to hotel and airline cards — which can help you save money in the long run.

Beware of ATM withdrawal fees

ATMs are the most convenient place to get money abroad. However, one of the biggest misconceptions about ATMs is that there's one flat fee to withdraw money. In reality, you can be charged multiple fees which usually include a percentage fee for the currency conversion (1–3 percent) and possibly a fee from the ATM you use abroad. These fees can unknowingly take a big chunk out of your budget.

To avoid some of these fees, PlainsCapital offers customers access to the Allpoint ATM network which has 55,000 ATMs worldwide, including popular study-abroad destinations such as the UK and Australia.

You can also reduce the impact of fees by limiting how often you use ATMs and only withdrawing as much cash as you feel comfortable carrying. You should probably take out money from an ATM once a week. It's not always the safest feeling walking back from an ATM carrying a large amount of cash in your pocket, but if you're careful when you withdraw it and you have a friend walk with you, you should be just fine. Keep your cash someplace safe like a locked drawer.

Enjoying your experience abroad

Studying abroad requires you to be organized and on top of your finances. Your goal should be making your money easily accessible in the country you'll be visiting and minimizing any fees that you may incur.

If you have any questions on how to convert your currency before heading abroad, or you need personal insight into how to manage your finances while studying abroad, contact a PlainsCapital foreign exchange specialist today.