



the
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International money transfer 101

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Today we live in a marketplace that's truly global. Constant digital innovations have made overseas trading and purchasing easier than ever. And with 200 million people – 3% of the world's population – now living outside the country they were born in, it's no surprise that more of us want to transfer money overseas ourselves.

Up until now that's has been something of a dark art, but you don't need to be a financial expert to do it. That's why we've put together this simple guide, covering everything from how to send money internationally to exactly where the costs come from. It explains all the basics to help you make your own informed decisions.

When would I need to send money internationally?

People tend to make international money transfers for large sums, rather than the occasional online order. Some of the most popular reasons include:

- buying or selling international investments
- transferring pension payments or salaries
- purchasing property overseas
- making a deposit into an overseas bank account.

If you're planning a small purchase, then your credit card or PayPal will be fine. But for larger transactions, you'll find it much more cost-effective to use an international money transfer service.



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What are my options?

It's natural to think of using your bank when transferring money overseas. Of course it's always an option, and a fast and safe one at that. However, banks are often the most expensive route, and might not give you the best value.

Your alternative is to use a foreign exchange broker (known as an FX or forex broker). They're essentially the middle man between you and the network of banks that trade with each other. The major advantage of forex brokers is that they purchase currency in bulk from their banking partners, so they get a much better rate. This, plus their approach to fees, tends to make them the cheapest way to send money.

Why are brokers cheaper?

It comes down to two things: fees and exchange rates. Banks will usually have higher fees (from £15-25) and one exchange rate. Forex brokers have lower fees (from £0-10) and, as we've mentioned, a better rate through their partnerships.

The fees break down into transfer and overseas bank receiving charges. Be wary of deals claiming to be 'commission free' – often the exchange rate will suffer to compensate for it.

After the fees, it all comes down to the exchange rate. Using a forex broker will, on average, save you 3-4% on the rate. When you think about that in the context of large sums, say £100,000, it really adds up, with savings of £3,000-4,000.

Forex brokers can also help you to set up a 'currency exchange contract'. These are ideal if you're looking to make several transfers in a set period of time, as they let you trade at an exchange rate that's locked in for that entire period. This means you're protected against negative movements in the exchange rate, saving you even more in the long-term.

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How do I choose the right broker for me?

The main factors are going to be value and security. We've already talked about getting the best deal, so how do you work out the safety of different brokers? Our comparison tool will cover all of this for you, but it's useful knowing what to look for yourself. The key questions to check off are:

- How established is the forex broker?
- Is it authorised by the Financial Conduct Authority (FCA)?
- Is it registered with HM Revenue & Customs as an overseas Money Service Business?
- Does it offer insurance that protects you from fraud?
- Is it part of the Society for Worldwide Interbank Financial Telecommunication (SWIFT), providing a faster and safer process?

The answers will tell you how secure your money is – we'll expand on this in 'Is my money safe?'

How does the process itself work?

So, you've done your research and chosen a foreign exchange broker. These are the next steps:

- 1 You'll need to register to open an account – at this point you'll go through a few identity checks. Opening an account is free, and there are no account management fees either.
- 2 Your broker will get in touch to talk through the transfer with you and confirm costs.
- 3 Once you've booked the transfer, you'll supply your broker with the recipient's account details. You'll then make the payment to the broker through telephone or online banking.
- 4 Your broker will send the money directly to the recipient's bank account.

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How long does international money transfer take?

The transfer should take between one to three days to go through. The specific timeframe depends on what currency you're sending, and where you're sending it to. As a general rule, you can assume that the more popular the currency, the faster the transaction will be.

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If you're sending funds from the UK to European countries they could arrive within 24 hours. If you're wiring them further east you can expect the transfer to take a little longer.

And if you don't need to send the funds immediately, you might want to consider a 'forward contract'. This will set the transfer at the exchange rate on the day, but the money won't be sent until a later date of your choosing.

Is my money safe?

Your top priority is to make sure your money is protected. High street banks and larger currency brokers are authorised by the Financial Conduct Authority (FCA), which means your funds will be ring-fenced into what's known as 'segregated client accounts'. They're kept separate from the broker's money, so you won't suffer if it's having financial problems.

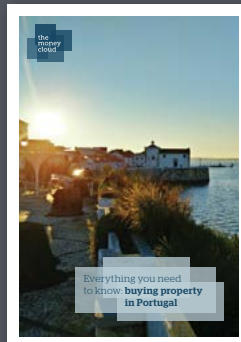
“larger currency brokers are authorised by the Financial Conduct Authority (FCA), which means your funds will be ring-fenced into what's known as 'segregated client accounts'.”

There's also a difference between FCA authorised and FCA registered companies. If they're only registered, they won't have the protection outlined above. Registered companies are usually ones that have an annual turnover of less than €3 million, and both types are clearly marked out in our comparison listings. ■

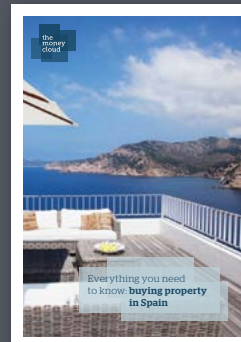
If you're looking to transfer money overseas, or would just like a little more information, simply drop us a line. And if there's a particular topic you're interested in, have a look for the relevant guide.

Our guides

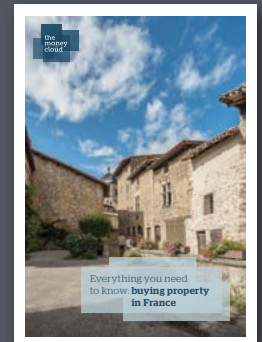
In this series of comprehensive guides, you'll find everything you need to know about all areas of international money transfer. We've designed them to provide clear answers to your money transfer questions, whether you're putting down a deposit on a beachfront villa in Antigua, packing up and moving across continents or paying for a Serengeti safari. They cover all the essentials, from the costs you'll need to account for to the processes you'll need to follow.



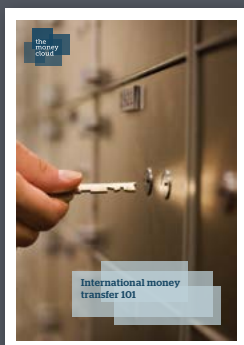
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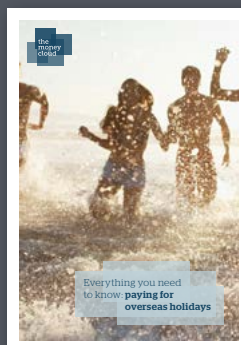
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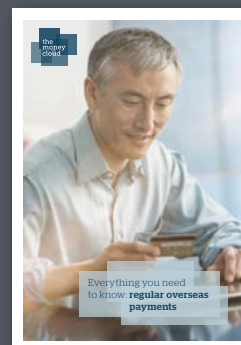
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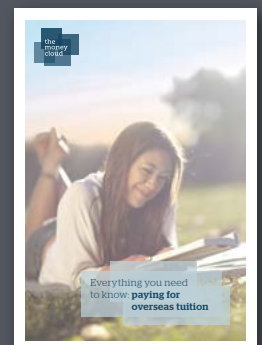
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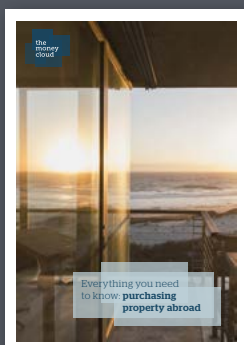
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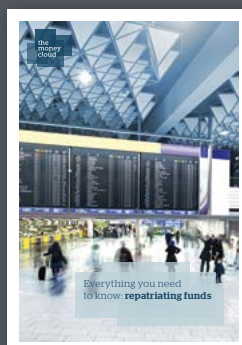
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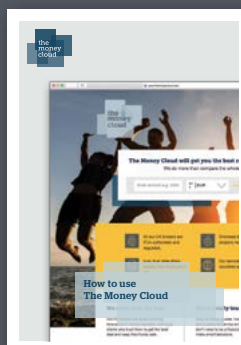
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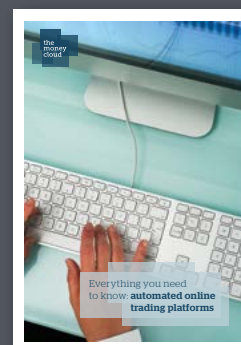
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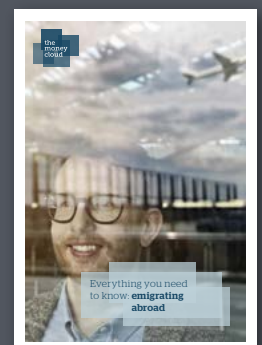
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How to use The Money Cloud



Everything you need to know: automated online trading platforms



Everything you need to know: emigrating abroad