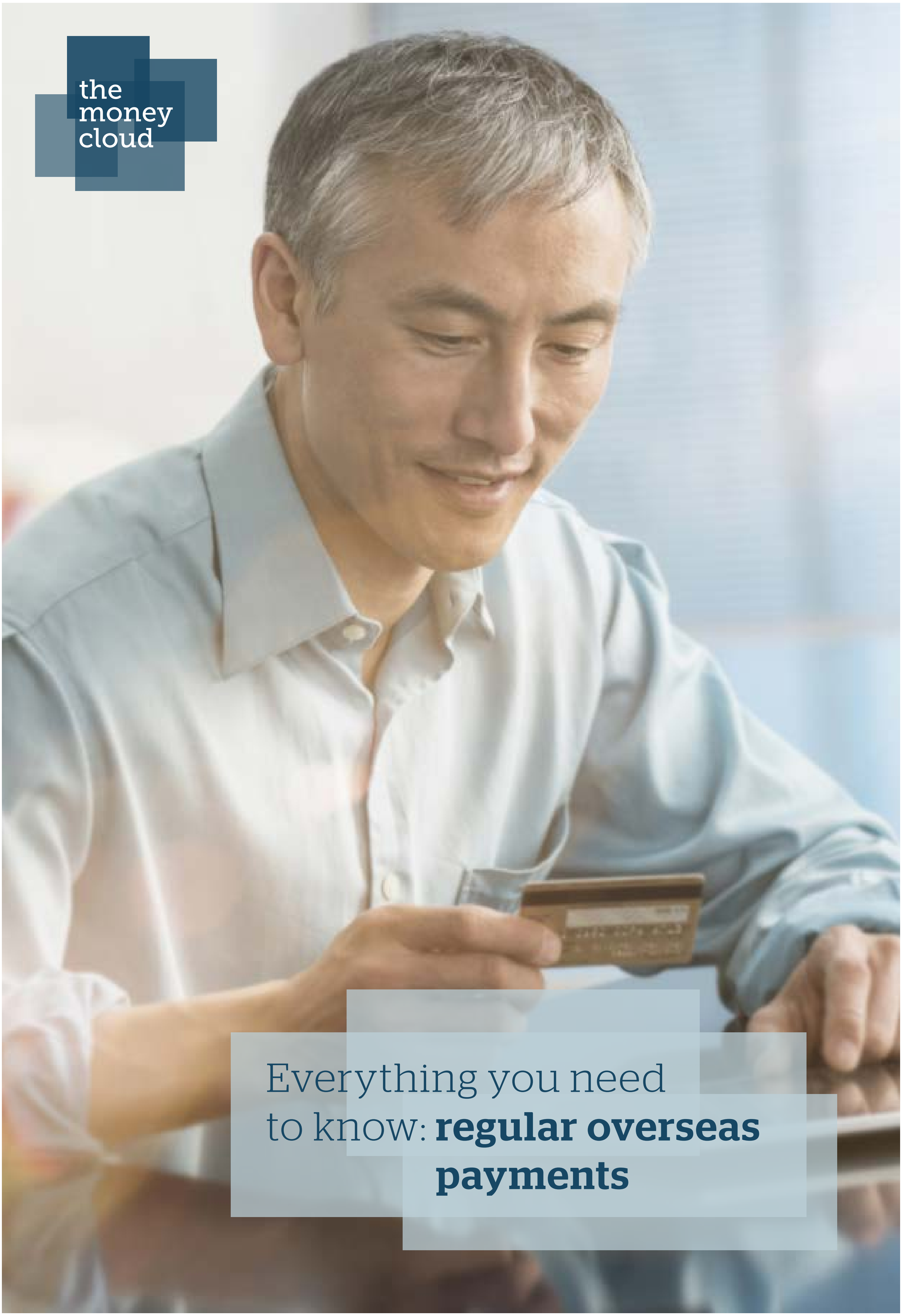
the money cloud



Everything you need to know: **regular overseas payments**

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Everything you need to know: **regular overseas payments**

Whether you're an accountant in Sri Lanka or a lawyer in the UK, chances are you'll be regularly spending overseas much more today than you were 10 years ago. Figures from The World Bank show just how in demand money transfer services are. In 2014, it estimated that remittances – money sent home by migrants – amounted to an astonishing $581 billion. And that figure doesn't include money transferred overseas by small businesses, or people with second homes in another country.

If you're one of the growing number of people making regular or one-off international payments, you'll want to do it in the cheapest and quickest way possible. We cover one-offs in our international money transfer 101 guide, so here we're going to talk you through regular payments. Our simple guide will demystify your options, explain how regular payment plans work and help you to make the smartest decision for you.

When would I need to make regular overseas payments?

Firstly, it's worth clearing up which overseas transfers won't need a regular payment plan. Expenses that happen at irregular intervals or in varying volumes might be better suited to a single payment. These include:

- business or personal purchases
- medical bills
- property renovation/maintenance costs
- investing in new business opportunities.

> "Regular overseas payment plans are better for sending fixed amounts on fixed dates."

Regular overseas payment plans are better for sending fixed amounts on fixed dates. These might include:

- mortgage payments
- household bills
- school fees
- private healthcare plans
- insurance payments
- establishing stable cash flow in a new business
- paying staff wages.

“This can give you consistently good value, and make sure you’ve always got the necessary amount in your account for the transfer.”

Low transfer fees, good exchange rates, security and fast processing times are top priorities for any type of international money transfer. The main consideration that’s unique to regular overseas payments is that you’re not going to want to set up a new trade every time you need to make one. If you had to do that whenever you paid a salary or made a loan repayment, it would be a major hassle.

You might also be more keen to lock in your money at a good exchange rate for the long term. This can give you consistently good value, and make sure you’ve always got the necessary amount in your account for the transfer.

What’s the cheapest way to send money overseas regularly?

Before investigating the options, ask yourself:

- Is your payment a fixed sum on a set date at regular intervals, or will the amounts and payment dates change?
- How quickly does the payment need to be processed?
- Who are you sending the funds to, and how will they access it?
- How much are you likely to be sending?

The answers will help you make the best choice for you from the international money transfer methods below.

Money transfer operators like Western Union are useful if you need to send money in a hurry, but aren’t really appropriate for regular payments. They can also be very expensive. Fees do vary by provider, but can be as high as £10 to transfer just £50.

Banks are often the go-to option for regular international money transfers. If you’re transferring to another branch of the same bank overseas, or one your bank has an arrangement with, you can get lower charges for regular payments. Check if your bank charges for receiving a transfer to get a true sense of how much your payments will cost. But while fees can be reasonable, you’ll find that exchange rates are rarely as good as those offered by forex brokers. So if you’re transferring large sums of money regularly, you might be better off with a broker.

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Forex brokers usually only charge fees (generally £0-10, compared to banks' £15-25) for small transfers. For large (and/or regular) transfers of around £3,000 or more, they make their money on the exchange rate. While it might sound like they'd offer less competitive deal as a result, they can negotiate better exchange rates as they buy in bulk. On average, using a broker will save you 3-4% on the rate. You can also set up an overseas payment plan with your broker, which is explained below.

Make sure your broker is authorised by the Financial Conduct Authority and registered with HM Revenue & Customs for maximum protection. For more information on how to keep your funds secure, take a look at our international money transfer 101 guide.

How do overseas payment plans work?

Most banks will charge a fee every time you make a transfer, while forex brokers normally won't charge anything when you set up a regular payment plan. If you spend around £1,000 per month, you could save around £700 over the year on fees and commission alone.

To set up a regular payment plan, you'll need to start by registering with a forex broker. This is just like setting up a bank account, and you'll be assigned a personal broker. As experts on foreign exchange, they can help you get the most out of the exchange rate and manage the risk of rate fluctuations.

"If you spend around £1,000 per month, you could save around £700 over the year on fees and commission alone."

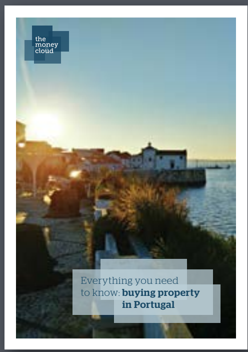
Once you've discussed rates and specified which currencies you'll be transferring and where, your broker can set up a regular payment plan. This is usually paid via direct debit from your account, and will automatically send your money overseas in the currency you want.

If you're worried about currency fluctuations, you can opt to set up a fixed payment plan. This will lock in your payments at the current exchange rate, generally for up to two years. It'll protect your payments and give you time to plan your future finances should the markets change. These plans are particularly useful in situations like the sudden surge of the Swiss franc by 30% against the euro in January 2015. If you were paying off a CHF 3000-a-month Swiss mortgage in euros, you'd end up spending an extra €390 a month on it overnight. It's an extreme example, but helps to show when a fixed payment plan can be useful.

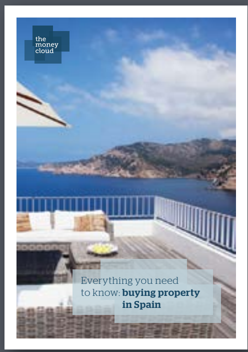
If you're looking for more information on all things money transfer, have a browse through the rest of our guides here. If there's anything else you'd like to ask, just give us a ring.

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.



Everything you need to know: buying property in Portugal

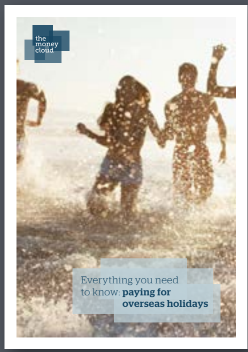


Everything you need to know: buying property in Spain

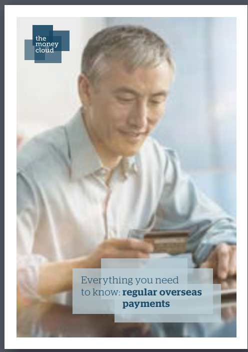
Everything you need to know: buying property in France

International money transfer 101

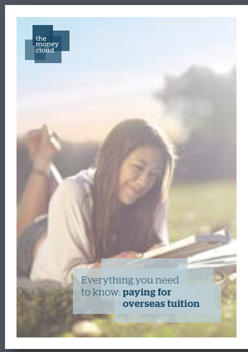
International money transfer 101 for business



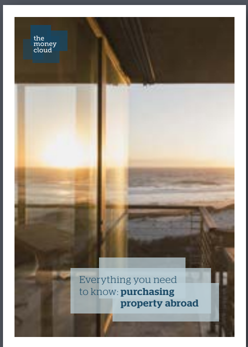
Everything you need to know: paying for overseas holidays



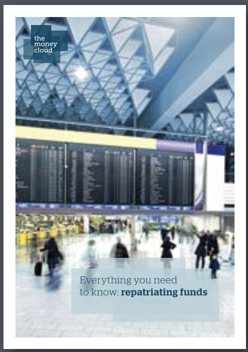
Everything you need to know: regular overseas payments



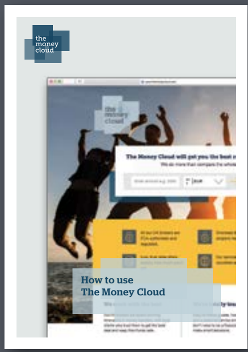
Everything you need to know: paying for overseas tuition



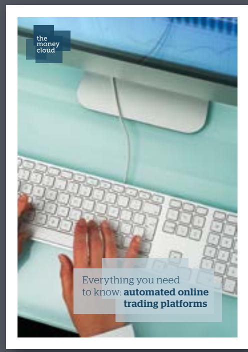
Everything you need to know: purchasing property abroad



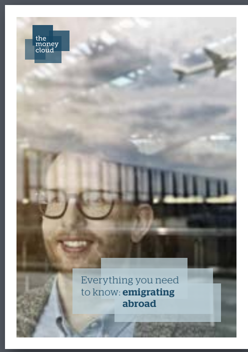
Everything you need to know: repatriating funds



How to use The Money Cloud



Everything you need to know: automated online trading platforms



Everything you need to know: emigrating abroad