

finder.com.au submission to the foreign currency conversion services inquiry

Thank you for the opportunity to provide input to the ACCC foreign currency conversion services inquiry.

[finder.com.au](https://www.finder.com.au) ("Finder", "we") is one of Australia's most visited comparison sites with more than three million visits to the site a month. Finder compares over 50 product categories, including credit cards, home loans, savings accounts, personal loans and insurance products. Pertinently for this inquiry, we also compare international money transfers and a range of travel money products. Our free service is independently owned by two Australians: Fred Schebesta and Frank Restuccia.

Finder's mission is to help Australians to make better decisions and, as such, we welcome the ACCC inquiry into foreign currency conversion services. We don't provide foreign currency conversion services directly so we will predominantly use this submission to share our findings from consumer surveys on the topic alongside our perspective of the competitive dynamics of the industry.

We think the markets for international money transfers and travel money in Australia face different challenges so have discussed them separately. As a summary:

- With regards to international money transfers, there is a minority of Australians that are sending money overseas and there is confusion about where to find the best exchange rates. However, the market is now highly competitive and can be made relatively simple for consumers to understand.
- The market for travel money is more complex and can be hard for users to understand. A key factor to consider is that many consumers won't use all of the money exchanged which can undermine the benefit of competitive exchange rates.
- We believe that the travel money end of the foreign exchange market should be the main focus of the ACCC inquiry.

International money transfers:

Our research shows that it's a minority of Australians that are sending money overseas. One [finder.com.au](https://www.finder.com.au) survey of over 2,000 Australians from January 2018 found that less than one in three people (32%) had sent money abroad once or more. The reasons for sending money internationally were varied but the same survey found that 49% were sending money as gifts and 37% were sponsoring dependent relatives in another country. These were the two most

popular reasons for sending money abroad so high fees on sending money abroad can act as a tax on these worthy actions.

The same consumer survey found that there was significant confusion about where the best exchange rates could be found. When asked to choose the provider that they thought offered the most favourable exchange rate out of banks, PayPal or specialist money transfer providers, 43% of respondents said that they “did not know”. Further to this, 17% of respondents believed that banks could offer the best rate. This stood in contrast to the Finder analysis performed at the time that looked at the average fee to send \$300 to a bank account in the UK. Of the six specialist transfer providers examined¹, the average sending fee was \$6.75 which was better value than the Big Four banks which charged an average of \$11 for the same transaction.

Our view is that it should not be difficult to compare the best deals when it comes to international money transfers. The ability to show customers the “amount received” by the recipient reduces the need for them to fully understand fees, margins and exchange rates. Our page on [international money transfers](#) lays this out clearly. The customisable table allows customers to enter in the amount they wish to transfer, the currency they wish to transfer to, and then sort the results by the amount received by the other party. The simplicity of these comparisons has made the market price-competitive and this is resulting in better options for the customer.

We acknowledge our bias but we do believe that pointing customers towards services like Finder will remove the guesswork and calculations when it comes to international money transfers whilst also ensuring that providers are offering competitive rates.

Travel money:

Consumers are faced with a more challenging decision when looking for the most suitable currency conversion deal whilst travelling internationally. From cash exchange, to prepaid travel cards, to credit cards and debit cards, there are lots of travel money options that customers can use around the world.

Prepaid travel cards, credit cards, debit cards and cash all have their uses, and the differences lie in their features and fees. Our view is that it is normally preferable for a consumer to take a combination of travel money options to ensure there is a backup option if one fails. To further complicate things, different options will be required depending on where the traveller is going as some prepaid cards only work with a restricted number of currencies. Then a consumer must also consider any third-party charges from using an overseas ATM provider, which is nearly impossible for consumers to predict or calculate in advance. Given this complexity, it is challenging to point a consumer towards the optimum solution.

¹ OFX, HIFX, torfx, Currency Fair, Western Union, Paypal - Analysis from March 2018

Another consideration is that even when a consumer has gone to the effort of researching their options, they will likely not use all of the funds converted. One [finder.com.au](https://www.finder.com.au) survey from March 2018 found that two thirds (66%) of Australians returned from an overseas holiday with unused foreign cash and a further one in four (24%) returned with funds left on their travel cards. The same survey found that the average value of this unused cash and funds left on travel money cards was \$184. Furthermore, in some circumstances this leftover money cannot be withdrawn or exchanged back without further fees from the provider. This can lead to a situation where the value left unused is greater than the fees that would've been charged for using a normal debit and/or credit card abroad so the benefits from better exchange rates or lower fees are not realised.

On our [travel money page](#) we present a number of options available to consumers with background information to help them decide what might work best for them. However, we recognise that it is still challenging for even a well-informed consumer to decide on what the best option will be for them. As a result, we believe the ACCC inquiry should focus primarily on travel money and we look forward to hearing the outcomes of the inquiry.