

Erste Bank: Paying the right way saves you money

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22.06.2010

- Best solution: Combination of cash, ATM and credit card
- Cash withdrawals from ATMs are the least expensive; pay higher amounts with credit cards
- Exchange money only at banks, avoid currency exchange booths
- Holiday euro worth the most in Turkey, Croatia and Portugal

Well prepared for the holidays with cash, ATM card and credit card

“When on holiday, you are well advised to use a combination of different modes of payment. Travelers should inform themselves of payment modes and fees at their holiday destinations before leaving in order to avoid unpleasant surprises when paying their bills,” advised Manfred Bartalszky, Head of Product and Channel Management of Erste Bank Oesterreich. At holiday destinations in a euro country, travellers fare the best if they take a small part in cash, pay larger amounts with credit cards and withdraw cash with the MaestroCard from ATMs. Payment by MaestroCard (normal ATM card) is free of charge in the member states of the EU that use the euro as a currency. Customers of Erste Bank Oesterreich can withdraw cash free of charge if they use the ATMs of branch offices belonging to the Erste Bank Group. Travellers’ checks are increasingly losing significance for conventional travel.

Credit cards feature benefits due to their high degree of security

Credit cards and Erste Bank ATM cards are recommended due to their security features. If a card is lost or stolen, the bank pays for damages as long as the holder has not acted negligently. Within just a few days, a replacement card is made available. Furthermore, many credit cards include travel insurance packages. Visa and Master-Card of Erste Bank include this protection as well as free trip cancellation insurance. Credit cards are not intended to be used for cash withdrawals and should be used for this purpose only in the case of emergency due to the relatively high fees and charges. Bartalszky warned especially against paying in euro by credit card in non-euro countries. “In this case, the customer should take special care to pay in the currency issued there. Because if a customer pays in euro, the exchange rate applied for settlement would not be good in any case. The best example for this is London airport.”

Currency exchange recommended only at banks

When converting money before leaving on holiday, there are differences in the amount of fees charged. Customers’ regular banks usually grant discounts. “Actively ask your bank for discounts,” Bartalszky recommended. Erste Bank Oesterreich charges only 1.5% if buying foreign currency via a customer account instead of the usual three percent charge. The amount of the fees when exchanging money differs from country to country as well. Bartalszky: “The terms vary quite widely, because there is no uniform guideline. Currency exchange booths may define their fees autonomously and therefore charge whatever they want. It is generally better to withdraw larger amounts a few times in order to exceed the minimum fees.” The costs in the holiday country are the lowest when using the classic ATM cash withdrawal by ATM card. Withdrawing cash abroad at the ATM using Visa or MasterCard (credit cards) is much more expensive – and it is strongly recommended to avoid doing this.

For the detailed fees, see calculation example in the attachment.



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Your holiday euro – where it is worth the most

The value of the holiday euro has shrunk in comparison to last year. While the euro in the popular holiday countries such as Turkey, Portugal and Croatia is still boosting vacationers' mood, the strong USD is depressing sentiment for travellers to the US. The current exchange rate of the EUR vs. USD is around 1.22. One year ago, the value was 1.40. The exchange rate advantage for Austrian vacationers has therefore clearly declined. Overseas, the euro is not developing as positively as in the past – and holidays abroad are no longer the great bargains they used to be.

Example: A person is going on holiday to Turkey and would like have 600 Turkish lira (TRY) in cash.

Exchange options (exchange rate on 21 June 2010)

Exchange cash at a Erste Bank office in Austria

You pay EUR 337.24 at the day's exchange rate on 21 June 2010 at Erste Bank for 600 Turkish lira. This amount includes 3% fees (EUR 9.82). If you exchange the same amount using a customer account, the fee charged is only 1.5% (EUR 4.91); i.e., EUR 332.33.

Cash withdrawal using the ATM (MaestroCard) in the holiday country

The conversion is done at the day's exchange rate on 21 June 2009 for ATM cards issued by Erste Bank.

In EUR outside the EU 1,82 Euro + 0,75
In another currency 1,82 Euro + 0,75 %

EUR 317.79 + fees of EUR 4.2 = total amount EUR 321.99

Cash withdrawal at the ATM using a credit card (Visa/Mastercard)

Cash withdrawal

In EUR within the EU 3% of the amount, min. EUR 3.63

Cash withdrawal

in another currency or

in euro outside the EU 3% of the amount, min. EUR 3.63 + 1%

s Visa Card / s MasterCard EUR 313.33 + fees EUR 12.53 = total amount EUR 325.86

In the holiday country paying directly with a card, e.g. restaurant, shop

MaestroCard EUR 317.79 + fees EUR 3.47 = total amount EUR 321.26

s Visa Card / s MasterCard 313.33 + fees 3.13 = total amount EUR 316.46

Travellers' checks

Purchase of travellers' checks by customer

Foreign exchange buy rate

1.00% commission, min. EUR 9.50

Selling of travellers' checks by customer

Foreign exchange sell rate

0.625% commission, min. EUR 9.50

Versus branch office, the currency exchange booths at airports have the following terms:

Cash buy/sell: 4% commission, min. EUR 5.00

Booking against an own Erste Bank account: 1.5% commission, min. EUR 3.50

Buying travellers' checks: 3.5% commission – min. EUR 10, EUR 2 is charged per check.

