

Cheaper cash on tap for the holidaymaker: Plan ahead for commission-free currency abroad

THE GROWING number of British people taking holidays in North America can take advantage of a little-known arrangement that in effect enables them to obtain commission-free foreign currency, writes Andrew Bibby.

By opening an account in advance with one of a handful of British building societies and banks, customers can use about 72,000 Plus cash machines in the US and Canada. This allows them to draw local currency without additional charge, while the rest of their money continues to earn interest at home.

The past few years have seen individual networks of cash machines - technically known as automated teller machines, or ATMs - join a complex series of international computer links.

British cardholders now have access to cash from ATMs in many parts of the world. In each case the personal identification number works in the usual way.

The largest ATM network is that of Visa International, which claims that Visa cardholders now have access to cash from 139,000 machines worldwide. MasterCard-Access, a little slower off the mark, has a network of more than 100,000 ATMs.

However, withdrawals using Visa or MasterCard-Access cards generally incur a cash advance fee, even when the card used is a debit rather than credit card.

A less well publicised alternative is available for holders of some types of Link card who can take advantage of a long-established tie-up with the Plus ATM network.

Predominantly a North American network, Plus also has a number of machines connected in other parts of the world, including about 800 in Australia and 400 in Thailand.

(Confusingly, Plus is now partly owned by Visa and the two networks will ultimately be merged.)

Not all Link cards work abroad. For historical reasons some British issuers, most notably the Halifax, have never offered the Plus tie-in while others such as the Abbey National and Nationwide have withdrawn from Plus and are offering Visa cards instead.

However, 13 smaller British building societies and banks continue to issue Link cards which can access cash through Plus machines. They include the Britannia, Chelsea, Coventry, Derbyshire, Dunfermline, Norwich & Peterborough and Yorkshire building societies, the Co- op Bank and Girobank.

'There are not a vast number of Plus transactions, but I think our customers find it a useful and valued service,' says Stuart Bruce, of the Britannia.

The Britannia, which makes the card available to React cheque account customers, is unusual in charging a 1.75 per cent fee (pounds 2 minimum) for withdrawals from Plus machines.

Other building societies make no charge. The Yorkshire is typical, offering the card to customers of its Cash Key instant access account, giving tiered interest from 0.4 per cent gross (up to pounds 500) rapidly rising to 1.95 per cent (up to pounds 1,000) and ultimately reaching 4.55 per cent for sums over pounds 25,000.

The Coventry, Derbyshire and Norwich & Peterborough also offer Link cards with free Plus access to instant access account

holders, though interest rates tend to be slightly lower than the Yorkshire's. A better deal at the moment is available at the Dunfermline, which offers a generous 4 per cent gross on deposits over pounds 500 rising to 4.25 per cent over pounds 2,500, 4.5 per cent (pounds 5,000), 5 per cent (pounds 10,000) and eventually 5.5 per cent (pounds 25,000).

But there are signs that some societies are reconsidering the Plus arrangement. 'There are no charges at the moment, but we are reviewing the whole question of charges on ATM transactions,' says Christine Astanas, of the Derbyshire. (Her society already charges for withdrawals in Spain and Portugal through a separate arrangement.)

A spokesman for the Dunfermline also said that its Plus arrangement was under review.

Even where fees are charged, as with most Visa and MasterCard withdrawals, cash machines can still prove a relatively cheap method of obtaining spending money abroad.

Rob Farbrother, managing director of the specialist firm Nexus Payment Systems International, says that the number of people using ATMs abroad is rising quickly.

He paints an optimistic view of future developments: 'We will get to the point where every ATM in the world will take your card, whatever card you have.'

However, even if it becomes easier to identify cash machines that will take your card abroad, it will still be sensible not to rely entirely on them.

Holidaymakers going to North America should consider equipping themselves with a suitable Link-Plus card, but should also take their credit cards and perhaps some dollar travellers' cheques as well.