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The best ways to send money abroad

Shop around before picking a money-transfer service

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Each year, an estimated 6 million households in the U.S. send billions of dollars to families, friends, and others abroad. The good news for senders is that the costs for these remittances have been declining and options have expanded over the years. In addition, new federal consumer-protection regulations that go into effect next February will require money-transfer services to provide prepayment disclosure of exchange rates, the amount of foreign currency to be delivered, and fees, and to resolve errors.



The wide variety of options makes it complicated to shop for the best money-transfer service. You can find remittance services in supermarkets, convenience and drug stores, retailers such as Walmart, and stand-alone storefront operations. Banks and websites also offer money-transfer services, funded through a bank account or a credit or debit card. Some services offer multiple ways to send and receive money—the number of which can depend on the country you're sending to—while others are more limited. You can find lists of services online through the [World Bank databases](#) and the [FX Compared](#) website.

To help you get the best deal, we reviewed numerous services and sending methods. We evaluated currency exchange rates, transfer fees, and the terms of the services provided (see [tables below](#)). As a general rule the best-known companies, Western Union and MoneyGram, offer the most ways to send money to the most countries. But they also often have higher fees and less-favorable exchange rates than such services as [Xoom](#) and [Viamericas](#).

Given the large number of providers and variations on money-transfer services, each with its own complex combination of charges and sending methods, we weren't able to identify one service that will prove to be the best deal in all circumstances. Still, we developed the following guidelines to help you determine which service might offer the best deal for your particular transaction.

Sending and receiving methods

Jenny Martin of Yonkers, N.Y., an employee at Consumer Reports, is like many people who use transfer services. She uses the same walk-in retail store near her home whenever she sends money to loved ones in the Dominican Republic. But when we compared the deal she got for a recent \$200 transfer to other available options, we found that she would have sent 3 percent more pesos for every dollar with the online service Xoom. And had she used another walk-in service a few doors away and sent the money in dollars (to be converted to pesos in the Dominican Republic), her mother would have received 6 percent more pesos per dollar.

Martin's experience demonstrates why it's important to compare services. Here's a rundown of the various ways to transfer funds:

Cash to cash. Walk-in money-transfer centers, such as those operated by Western Union, MoneyGram, and Ria, handle most transfers from the U.S., typically on a cash-to-cash basis. You hand over cash, which is converted to the currency of the destination country and picked up by the recipient, or in some countries delivered to him or her.

Bank accounts. Some services let you take money from your bank account and deliver it to your recipient's bank. You often can arrange these transfers online or by phone by providing the account and routing numbers for both the sending and receiving banks. If only one of you has an account, you can use it for part of the transaction, whether it's to fund the transfer or receive the money. However, if a third-party sender needs to access your account to send money, it could slow down the process.

You also can use a bank wire transfer to move money from one account to another, but this method often has high fees. Bank of America charges \$45, and there can be additional fees from the receiving bank. So wire transfers are best used to send large amounts that exceed the daily or monthly limits imposed by other types of money-transfer services; such

limits are typically around \$1,000 to \$5,000, depending on the service and where the money is going.

Some banks have special remittance programs for transferring smaller amounts. For example, [Bank of America's SafeSend program](#), available only for transfers to Mexico, lets you send money from a BOA account to more than 5,700 partner locations in as little as two hours with no fees to the sender or recipient. We did, however, find BOA's exchange rate to be not as favorable as some other services. Another service is the [Wells Fargo ExpressSend program](#), which has a range of sending options, including account-to-cash, cash-to-cash, and cash-to-account.

Credit and debit cards. For some services, such as Western Union and MoneyGram, using a debit or credit card can speed up the time it takes to send the money, compared with using a bank. But using either may cost you more than paying with cash or a bank account, and you may face an extra credit-card fee from your issuer, depending on whether the transaction is processed as a purchase or cash advance. Some services, including MoneyGram, let you send money to a recipient's credit card.

Prepaid debit cards. Some services send funds via a prepaid debit card that your recipient can use for cash withdrawals and, in some cases, purchases. The benefit is that you can replenish the card in the U.S., using cash, a checking account, debit or credit card, or direct deposit—and the money can be available within minutes. But fees can make this an expensive option.

The amount and types of fees can vary widely from one prepaid card to the next. The Mi Promesa card, for example, charges a \$19.95 card activation fee, a \$4 monthly fee, and a \$10 a month fee if the card is inactive after six months. Some prepaid debit cards charge fees to add money, check the balance, make a withdrawal or purchase, and take a cash advance. There might even be a fee if the card is declined at an ATM or by a retailer. And you might have to pay a delivery fee: the ATMCash prepaid card charges a one-time fee (\$9.99 for cards sent to Mexico) to express mail the card, which can take three to seven business days.

Cell phones. You can use your smart phone's browser to access a money-transfer service's website, in the same way you would use an Internet-enabled computer. Beyond that, there are several new technologies. One is a free PayPal downloadable app for the iPhone, Android, and Blackberry. It lets you text money from your PayPal account using a recipient's phone number or e-mail address. Recipients need a free PayPal account to access the money.

Another is Western Union's mobile money-transfer program that lets you transfer money directly to the mobile-phone wallets of cell-phone users in Bangladesh, Kenya, Madagascar, and the Philippines. The mobile wallets can be used to make purchases, pay bills, and get cash, turning the mobile phone into an electronic debit card. Check the [PayPal](#) and [Western Union](#) websites for more information.

Figuring the costs

The cost to send money is determined by the fees charged by providers as well as the currency exchange rates, which can vary by company and fluctuate frequently. When the new federal rules go into effect next year, services will be required to give you those details before you pay, and walk-in agents will have to give them to you in writing. Most money-transfer websites we checked and one walk-in center we visited already provide that information. For an accurate comparison among services, collect and review the following information as quickly as possible, since the numbers can change every day:

Exchange rate. This is the amount of foreign currency that will be generated for every dollar you send. For example, a service might have a rate of 12.48 Mexican pesos per dollar. So if you send \$200, it'll convert to 2,496 pesos. The exchange rate may change daily or even several times a day to reflect changes in the international currency market. The rate can differ among services because the companies adjust it by varying amounts to make money on the transfer. Make sure you get a guaranteed exchange rate rather than an "indicative" or estimated rate, though for some countries that might not be possible.

Fees. Many services charge transfer fees, which can vary depending on how much you're sending, how fast you want to get it there, whether you're sending online or through a walk-in agent, and how you fund the transaction. For example, if you want \$200 to be delivered to someone in Mexico the same day, Western Union charges \$10 or \$12, depending on whether you're handing over cash to an agent or sending online. The online service Xoom charges \$4.99.

Total cost. This is the total amount of money you're out of pocket. It includes the amount you're sending and any fees.

Total currency delivered. This is the total amount of currency that will be delivered in the destination country. It's determined by the number of dollars you're sending multiplied by the exchange rate. Generally, the higher the total

currency delivered the better, though that's not always the case, especially when there are fees added on. As with the exchange rate, estimates should be avoided when possible.

Determining the best value

Once you have these figures, determining the best value can be confusing because you're often dealing with a combination of exchange rates and fees. The best deal is a no-brainer if one company offers you a higher exchange rate and lower fee than another. But often your choice is between a company that has a higher fee but also a higher exchange rate and one with a lower fee and lower exchange rate.

One way to compare is to deduct the fees from the amount you want to send. Say you have \$200 and the company charges a \$5 fee, so you'll send \$195. The best value, then, is the service that delivers the most foreign currency for your \$200. To use this method when using an online service, remember to deduct any fees before entering the amount you want to send. The [MoneyGram web cost estimator](#) offers you a checkbox to have the fees automatically deducted from the amount you'll pay.

Another way is to find out the cost for delivering a fixed amount of foreign currency—say, exactly 2,000 pesos. In that case, the best value is the service that charges the lowest total cost. This method is much easier to use at a walk-in agent; most of the money-transfer websites we checked don't make it easy to input your request this way. One exception is the [PayPal](#) website, which assumes you'll use this method.

But if you're like most people, you'll want to send a set amount in dollars and add any fees to that. In that case, to find the best value, you must determine the so-called effective exchange rate, which takes into account both the exchange rate and any fees. Add the amount you're sending and all fees. Then divide that into the amount of currency to be delivered. The company with the highest result is the best value. (The [tables below show](#) the effective exchange rate for 12 services for two different transactions.)

If you're not comfortable doing the math, the transfer service Viamericas offers an [online tool](#) that calculates the effective exchange rate for multiple services at one time, making it easy for you to compare. You can access it from a smart phone or computer. For the best results, use the manual tab.

Completing your transaction

Make sure you have your recipient's correct contact information. If the name you use doesn't exactly match the ID the recipient will use to claim the money the service might not release the cash. After you complete the transaction, check the receipt or order completion page and verify everything. One Western Union customer we interviewed didn't realize that the agent had inadvertently sent the money to the Virgin Islands, instead of to Virginia, as the customer intended. Had she checked the receipt, she could have corrected the error before she left the store. Let the recipient know the exact amount to expect and provide a transaction number and any other information required for pickup.

Verify the money has arrived by the promised time and in the correct amount. If something goes wrong, start checking everything with the recipient, such as pickup location, arrival time, transaction number, and amount to be delivered. If that doesn't turn up the problem, contact the service. If a service doesn't resolve your concern, complain to the [state agency](#) that regulates it. Once the new federal rules are in effect next year, the service will have to follow new error resolution procedures. If they don't, you can complain to the Consumer Financial Protection Bureau; your receipt will provide contact information.

Tips for saving money

There are many ways you can save when sending money. Here are some to consider.

- Check lower-cost locations. Where you conduct the transaction can make a difference in the deal you get, even with the same provider. For example, the exchange rates Viamericas charges through its walk-in agents typically are better than those charged on its website. The exchange rate might be even better if the walk-in agent is located in a community that has a large population of people from the country to which you're sending money, according to Luis De La Hoz, Spanish program coordinator of the Intersect Fund, a nonprofit group that makes microloans to low-income entrepreneurs.
- Decide how quickly it needs to get there. Don't pay extra to get the money there in a few hours if a day or several days will do.
- Look for tiers. Fees can vary depending on how much you send. When sending to India, for example, Xoom drops its

transfer fee if you send more than \$1,000 and pay through a bank account. Conversely, with some services sending higher amounts might cost you more. So adjusting the amount you send may result in lower fees.

- Avoid sending too often. You can avoid extra transfer fees entirely by including more money each time and reducing the number of times you send overall. But verify that the additional amount doesn't unreasonably increase the fee.
- Send dollars to dollars (if available). We found that it's sometimes less costly to send in dollars and have the recipient convert the money to the local currency. Ask your recipient to check out the conversion rate being used by local companies. Some countries don't allow money to be received in dollars.
- Avoid automatic transfers. Some services let you transfer a certain amount automatically every month or so. But any of those transfers might occur when exchange rates are particularly unfavorable.
- Look for special deals. You may get a better deal if you meet certain conditions. For example, Wells Fargo cuts remittance fees for customers with accounts that meet certain minimum balance requirements.

Which service is the best value?

To see the variations among money-transfer services, we obtained the cost of sending \$200 and \$1,000 to Mexico and ranked them by best value, as determined by the effective exchange rate ("Pesos delivered" divided by "Total cost"), which takes into account both the currency exchange rate and any fees. The bottom line: For a given amount of money, including fees, the service with the highest effective exchange rate for a particular transaction always provides the most pesos. Similarly, for a given number of pesos, the service with the highest effective exchange rate always will cost you less. Notice that the company that offers the best value changes depending on how much you send. Keep in mind that these results were good only for the particular day we checked and that some of these companies offer a variety of ways to send, each with its own pricing.

Send \$200 to Mexico

Service	Pesos delivered	Sender fee	Recipient fee	Total cost	Exchange rate (pesos per \$1)	Effective exchange rate (pesos per \$1, net of fees)	How much you effectively lose (in dollars) compared to the best value	Method priced (Fund/Delivery/ Time)
PayPal website	2,490.97	\$0.09	\$0	\$200.09	\$12.45	\$12.45	Best value	PayPal acct./PayPal acct./Seconds
Viamerica online	2,532.00	4.99	0	204.99	12.66	12.35	\$1.57	Bank acct./Cash/ Minutes to 3 days (depending on time required to verify sender's bank acct)
Xoom	2,520.00	4.99	0	204.99	12.60	12.29	2.51	Bank acct./Cash/ Minutes to up to 4 days (depending on time required to verify bank acct)
Wells Fargo Express Send	2,153.22	7.00	0	207.00	12.57	12.14	4.95	Cash/Cash/Same day
Primo Electronics walk-in center, Yonkers, NY	2,538.00	10.00	0	210.00	12.69	12.09	5.84	Cash/Cash/Same day

U.S. Postal Service SureMoney	2,538.00	10.00	0	210.00	12.69	12.09	5.84	Cash/Cash/Within 15 minutes
Ria walk-in center, Yonkers, NY	2,472.00	5.00	0	205.00	12.36	12.06	6.28	Cash/Cash/Same day
ATMCash (card refill)	2,478.00	5.00	1.50**	206.50	12.39*	12.00	7.22	Bank acct./ATM Card/ 4 business days
Bank of America SafeSend	2,389.49	0	0	200.00	11.95	11.95	8.06	Bank acct./Cash/ Same day
MoneyGram	2,504.94	9.99	0	209.99	12.52	11.93	8.36	Cash/Cash/Minutes
Western Union	2,495.66	10.00	0	210.00	12.48	11.88	9.08	Cash/Cash/Minutes
ATMCash (new card)	2,478.00	14.99	1.50**	216.49	12.39*	11.45	16.11	Bank acct./ATM card/ 5 to 7 business days

* Actual exchange rate and total pesos delivered depends on the day or days the recipient withdraws the money.

** \$1.50 ATM withdrawal fee. Assumes all the money is withdrawn at one time.

Note: Values expressed here reflect terms and exchange rates in effect on Feb. 17, 2012.

Send \$1,000 to Mexico

Service	Pesos delivered	Sender fee	Recipient fee	Total cost	Exchange rate (pesos)	Effective exchange rate	How much you effectively	Method priced (Fund/Delivery/ Time)
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					per \$1)	(pesos per \$1, net of fees)	lose (in dollars) compared to the best value	
Viamerica online	12,660.00	\$4.99	\$0	\$1,004.99	12.66	12.60	Best value	Bank acct./Cash/ Minutes to 3 days (depending on time required to verify bank account)
Primo Electronics walk-in center, Yonkers, NY	12,690.00	10.00	0	1,010.00	12.69	12.56	2.60	Cash/Cash/Same day
Xoom	12,600.00	4.99	0	1,004.99	12.60	12.54	4.74	Bank acct./Cash/ Minutes to up to 4 days (depending on time required to verify bank account)
U.S. Postal Service SureMoney	12,690.00	15.00	0	1,015.00	12.69	12.50	7.52	Cash/Cash/Within 15 minutes
Wells Fargo Express Send	12,566.10	7.00	0	1,007.00	12.57	12.48	9.40	Cash/Cash/Same day
PayPal website	12,454.85	0.41	0	1,000.41	12.45	12.45	11.70	PayPal acct./PayPal

								acct./Seconds
MoneyGram	12,524.72	9.99	0	1,009.99	12.52	12.40	15.58	Cash/Cash/Minutes
ATMCash (card refill)	12,390.00	5.00	1.50**	1,006.50	12.39*	12.31	22.80	Bank acct./ATM card/4 business days
Ria walk-in center, Yonkers, NY	12,360.00	5.00	0	1,005.00	12.36	12.30	23.71	Cash/Cash/Same day
ATMCash (new card)	12,390.00	14.99	1.50**	1,016.49	12.39*	12.19	32.40	Bank acct./ATM Card/ 5 to 7 business days
Bank of America SafeSend	11,947.43	0	0	1,000.00	11.95	11.95	51.58	Bank acct./Cash/ Hours
Western Union	12,478.28	50.00	0	1,050.00	12.48	11.88	56.61	Cash/Cash/Minutes

* Actual exchange rate and total pesos delivered depends on the day or days the recipient withdraws the money.

** \$1.50 ATM withdrawal fee. Assumes all the money is withdrawn at one time.

Note: Values expressed here reflect terms and exchange rates in effect on Feb. 17, 2012.