How to avoid the hidden charges in your online shopping

Description

How many of you have realised that whenever you shop on an international website and pay via your credit card, youâ??re actually being charged more?
Yes, this is the case for all your favourite websites overseas â?? Airbnb, Expedia, Hotels.com, Taobao, Amazon, ASOS, Colourpop and what not.

It gets worse when you opt to check-out and pay in SGD, which is what most of us do, while not realising that weâ??ve just effectively chosen to be charged for:

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Â· Dynamic Currency Conversion (DCC) â?? a practice where your card transaction is converted to Singapore dollars through a DCC service provider used by the merchant

Â· (Double) forex fee (FX) â?? (i) most credit cards convert all foreign currency transactions (i.e. anything that isnâ??t USD) into US Dollars before (ii) being converted again into Singapore dollars.

Â· Visa / Mastercard processing fee â?? usually anywhere between 2.5% to 3.5%

Â· The bankâ??s administrative fee

When you total up all of these charges, these can easily set you back up to about 15% of your entire purchase (thatâ??s $150 extra if your bill is $1000). In fact, when my husband and I booked our hotels for our Hanoi trip online last year, we compared the USD and SGD charges and decided to check out in USD instead because it was lower.

However, our final bill ended up being higher than what we had expected, due to DCC and FX conversion charges that we forgot to account for. We opted to pay via my credit card in USD because we knew weâ??d be charged double FX conversion fees otherwise, but even then it wasnâ??t the best rate still. **It would have been perfect if we had a local US credit card to pay the bill, but that just isnâ??t practical.** There just wasnâ??t a way for us to avoid the fees, other than trying to reduce it.

And this is why I believe the **DBS Multi-Currency Account** is the solution to getting around these fees, because of how it allows us to transact in the local currency.



Hereâ??s how to best take advantage of your DBS MCA to save money whenever you shop online:

Â· Set up alerts so youâ??re notified when the currency drops to your preferred (low) rate. You can even apply the dollar cost averaging (DCA) method, just like how my friend has been changing and stashing away a lot more USD almost every month in preparation for his upcoming trip ever since it fell below 1.35.

Â· Buy and lock the rates into your local currency account (choose from 12 different currencies). Change your SGD only when the rates are low.

Â· Pay using your DBS Visa Debit Card â?? linked to your DBS MCA â?? in the local currency (Iâ??ve also previously reviewed this card as the best cashback debit card in the market).
Check the HQ of the online e-commerce store and use their corresponding local currency.

Â· Make sure you have enough funds in your local currency wallet.

Â· Sit back and watch your funds being deducted directly from your foreign currency wallet, knowing that youâ??ve just bypassed sneaky DCC + FX + admin fees!

Using this method, your MCA + DBS Visa Debit Card now fulfills the role of that local (country) credit card that I wished I had earlier. When you click to pay for a USD 100 item, youâ??ll see exactly USD 100 deducted from your USD wallet, and nothing more.

Whatâ??s the trade-off?

Ah, if you were sharp-eyed enough, you might have noticed that the DBS Visa Debit Card is ultimately a debit card, so you naturally wonâ??t be able to get the usual miles or cashback rewards that come with using your credit cards.

But is that a cause for concern? Not really, because when youâ??re losing up to 15% to foreign currency conversion and processing charges, youâ??ll need a lot more than the usual 5 â?? 6% of cashback offered by most (or anything less than 10X rewards) to even balance off those extra costs youâ??ve paid.

For those of you playing the miles game, donâ??t forget that if you opt to pay in SGD or did not realise you were charged in SGD (instead of foreign currency through DCC), then you will not receive the bonus miles because your credit card may not count this as a foreign currency spend anymore. Confused? Thatâ??s why you should always just choose to pay in the local currency when you can and avoid DCC whenever possible. (The thing is, if you were paying overseas and got a physical receipt, then youâ??ll be able to identify the DCC charge, but online merchants almost never disclose whether they use DCC.)

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The choice is yours. Cashback and rewards get ~~reduced~~ changed all the time (and are always subject to so much T&Cs) whereas fees are a permanent fixture. I donâ??t know about you, but it certainly makes a lot more sense to minimize my fees each time instead.

Donâ??t forget to keep at least S$3,000 in your daily average balance as well, because there will be a fall-below fee of $7.50 monthly if it falls below the minimum sum. This fee is waived if youâ??re under 29 years old.

How do I get my DBS MCA account?

You can first learn more about the account **here**, or if youâ??ve an existing DBS Autosave account, you can simply convert it to a DBS eMulti-Currency Autosave plus via your digibank app.

Remember to link your DBS Visa Debit card and select MCA as your primary account for the card so that you get to tap on all these savings and benefits. With this, you no longer have a reason to pay for all those nasty extra fees anymore!

Terms and conditions apply. SGD deposits are insured up to S$75k by SDIC.

This article is written in collaboration with DBS. All opinions are of my own.

Category

1. Bank Accounts
2. Savings

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