

A Comparative Study on Advantages of International Prepaid Cards for Travelers with Special Focus on Banks and Thomascook

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ABSTRACT

The foreign exchange market (forex or currency market) is a decentralized over –the –counter financial market for the trading of currencies .financial centres around the world function as anchors of trading between a wide range of different types of buyers and sellers around the clock with the exception of weekends.

The purpose of the foreign exchange market forex is to assist international trade and investment .The foreign exchange market allows businesses to convert one currency to another foreign currency .for eg:it permits a US business to import European goods and pay Euros ,even though the business s income is in US Dollars .Some experts ,however ,be live that the unchecked speculative movement odes the markets from correcting global current account imbalances .this carry trade may also lead to loss of compete currencies by large financial institutions such as hedge funds impedes the markets from correcting global current account imbalances .This carry trade may also lead to loss of competitiveness in some countries

In a tropical foreign exchange transaction a party purchases a quantity of one currency by paying a quantity of another currency .The modern foreign exchange market started during the 1970 s when countries gradually switched to floating exchange rates from the previous exchange rates.

The foreign exchange market is unique because of:

- Trading volume result in market liquidity
- Geographical dispersion
- Continuous operation :24 hours a day except week ends
- The variety of factors that affect exchange rates.
- The low margins of relatives profit compared with other markets of fixed income
- The use of leverage to enhance profit margins with respect to account size

RISK AVERSION IN FOREX

It is a kind of trading behavior exhibited by the foreign exchange market when potentially adverse event happens which may affect market conditions .This behavior is caused when risk adverse traders liquidate their positions in risky assets and shifts the funds to less risky assets and shift the funds to less risky assets due to uncertainty.

In the context of the forex market, traders liquidate their position in various currencies to take up positions in safe haven currencies, such as the U.S Dollars

EXCHANGE RATES

In finance, the exchange rates between two currencies specifies how much one currency is worth in terms of the other .It is the value of a foreign nations currency in terms of the home nations currency .The spot exchange rate refers to an exchange rate that is quoted and traded today but for delivery and payments on a specific future date

FLUCTUATIONS IN EXCHANGE RATES

A market based exchange rate will change whenever the value of either of the two component currencies change .A currency will tend to become more valuable whenever demand for it is greater than the availability supply. It will become less valuable whenever demand for it is less than the available supply.

FOREIGN EXCHANGE CONTROLS

These are the controls imposed by the government on the purchase /sale of foreign currencies by residents or on the purchase /sale of local currency by non-residents

Common foreign exchange controls include

- Banning the use of foreign currency within country
- Banning locals from possessing foreign currency
- Restricting currency exchange to government approved exchanges
- Fixed exchange rates
- Restrictions on the amount of currency that may be imported or exported.

OBJECTIVES OF THE STUDY

- To forecast about the future prospects of the Plastic Card Money.
- To make premium card and normal card comparison
- To help decision making
- To know progress of the International Multi currency card

SCOPE OF STUDY

- To gain knowledge about Thomas Cook.
- To know about the different prepaid cards providing Thomas cook and banks

INTRODUCTION

Multi-Currency FOREX Card is designed exclusively for customers who travel extensively across the globe. It is a unique product with multiple CURRENCIES loaded on the same card, thus obviating the need to carry multiple cards for different destinations. This Multi-Currency Forex Card will be available currently on Master Card and Visa platform with some currencies and additional currencies will be added in the due course of time. It also comes along with exclusive dining privileges and added benefit of TripAssist - An emergency assistance service.

STATEMENT OF THE PROBLEM

The study about international prepaid cards creates awareness in the minds of customers a study on A COMPARITIVE STUDY ON ADVANTAGES OF INTERNATIONAL PREPAID CARDS FOR TRAVELLERS SPECIAL FOCUS ON BANKS AND THOMASCOOK which is designed to study and choose effective and efficient Thomas cook products & bank products. The problem considered in the study are international prepaid cards, bank cards satisfaction level of travelers.

REVIEW OF LITRATURE

Multi-Currency FOREX Card is designed exclusively for customers who travel extensively across the globe. It is a unique product with multiple CURRENCIES loaded on the same card, thus obviating the need to carry multiple cards for different destinations. This Multi-Currency Forex Card will be available currently on Master Card and Visa platform with some currencies and additional currencies will be added in the due course of time. It also comes along with exclusive dining privileges and added benefit of TripAsssit - An emergency assistance service.

The usage of your Multi-Currency Forex Card should be in strict accordance with the regulations of the Reserve Bank of India and FEMA regulations. The amount loaded or reloaded on a card should be done as per the foreign Exchange Management Act, 1999 and prevailing RBI regulations in force.FEMA Limits

Purpose	Limit
Basic Travel Quota (BTQ) - For Holidays, Personal visits etc	USD \$10,000 per financial year
Business Travel	USD \$25,000 per Trip
Immigration - For people who settle abroad in countries like Canada, New Zealand etc.	USD \$100,000 per financial year
Employment Abroad - For a person who is going to work abroad	USD \$100,000 per financial year
Medical Treatment - For people who are travelling abroad for treatment	USD \$100,000 per financial year
Studies Abroad - For students pursuing studies abroad	USD \$100,000 per academic year

1.1 FEATURES AND BENEFITS OF MULTICURRENCY CARD

There is, first and foremost, the convenience that this facility affords: you can pay in the currency with which you are most familiar, which means your shopping experience is positive from a financial aspect, because the decisions you make will be confident, and informed.

There are no surprises with the multi-currency card – what you pay for on your travels, is what is reflected in your card statement, exactly.

Unlike the credit card, there is no transaction fee associated with any transfer, exchange, or purchase. In fact, the annual fee on most international credit cards is much higher.

With credit cards, the rate of exchange applied is the day's rate, which might not be favorable. With the multi-currency card, the rate of exchange is fixed the day you purchase the card.

And the security of your cash is stepped up, because the card is protected by a secure PIN (Personal Identification Number) which prevents anyone else from using the card, even if it is lost or stolen. If you do misplace your card, all you have to do is call the respective company's Phone Banking numbers, for a replacement card to be issued within 48 hours.

While Travellers Cheques are accepted only at select locations for purchases or encashment, multi-currency cards are accepted everywhere Visa credit and debit works. You can use this card to withdraw cash in the local currency wherever you are.

You only spend what you need so you don't have to carry any EXTRA CASH.

For retailers, it means an increase in sales, opening up markets where the dollar and the euro don't hold sway (such as small towns and villages for local handicrafts), and a reduction in customer service inquiries.

The retailer enjoys the added benefit of customer loyalty and building relationships with repeat customers.

Some multi-currency cards also offer great deals on air tickets, holiday packages and travel insurance (including lost card, and lost or delayed baggage), making it a sweet proposition all round. The paperwork to acquire a card is at the minimum – all you need is a copy of your air ticket, a valid passport, an A2 form, and your PAN card details.

You can now enjoy unsurpassed global acceptance, and easily pay FOR HOTELS, airfare, train fare, car rental, dining, entertainment and more, anywhere in the world, allThe Thomas Cook Borderless Prepaid Card is the secure and convenient way to carry up to eight Currencies on one Card, every time you travel.

Use it online, in store or to withdraw Local Currency from ATMs – anywhere you see the MasterCard Acceptance Mark Load it with US Dollars, Great British Pounds, Euros, Canadian Dollars, Australian Dollars, Japanese Yen, Singapore Dollars, and Swiss Francs.

Chip and PIN protected and with Global Emergency Assistance for peace of mind – your Thomas Cook Borderless Prepaid Card may be the only travel money card you'll ever need.

BORDERLESS PREPAIDCARDS BENEFITS:

Simple

- Withdraw local Currency from 1.9 million MasterCard ATMs worldwide Welcomed online and at 31.4 million MasterCard merchants worldwide, with no transaction fee
- No bank account required
- Quick and simple to buy and to reload
- Use unspent funds on your next trip, withdraw the funds an ATM abroad, or cash out your Card*
- Manage your Card easily online
- Prepayment helps you keep to your spending plans

Smart

- Add up to eight Currencies on the same Card – USD, GBP, EUR, CAD, AUD, JPY, SGD and CHF
- Avoid currency fluctuations by loading funds in advance
- Load your Card as often as you like
- Take it each time you travel
- Add extra money to your Card anytime, at place of purchase@

Secure

- Chip and PIN protected
- No link to your bank account
- 24/7 Global Emergency Assistance
- Back-up Card available*
- Free replacement of lost or stolen Cards
- Emergency cash^, up to your available Card balance, subject to availability

Due to FEMA regulations, the Thomas Cook Borderless Prepaid Card cannot be used at ATMs or merchants in India, Nepal and Bhutan, or for internet purchases where the website is registered in India, Nepal or Bhutan, or at websites accepting payment in Indian Rupees or the currencies of Nepal and Bhutan. In addition, the Card is also unable to be

used in countries subject to economic sanctions, including: Cuba, Iran, North Korea, Sudan and Syria. The list of sanctioned countries is subject to change from time to time.

Some merchants and ATM operators may charge a fee or set their own purchase limits. Please confirm whether any fees or limits apply, before making a purchase or withdrawal.

FEMA regulations, as amended from time to time, currently require you to surrender unspent foreign exchange within 180 days of your return. You are free to retain foreign exchange up to USD 2,000 equivalent.

Multicurrency MasterCard Thomas Cook Borderless Prepaid Card is issued by Thomas Cook (India) Ltd., pursuant to license by MasterCard International. MasterCard and the MasterCard Brand Mark are registered trademarks of MasterCard International Incorporated.

DIFFERENT BANKS PREPAID CARDS

Axis Bank Limited is the third largest private sector bank in India. It offers financial services to customer segments covering Large and Mid-Sized Corporates, MSME, Agriculture and Retail Businesses. Axis Bank has its headquarters in Mumbai, Maharashtra.

There are two type prepaid cards

- Multi-Currency Forex Card
- Travel Currency Card

Currently the following currencies are available on Multi-Currency ForexCard : USD, EUR, GBP, SGD, AUD, CAD, SEK, JPY, CHF, AED, SAR and

FEATURES OF AXIS BANK

Travel across the Globe

The Axis Bank Travel Currency Card is a prepaid foreign currency card, which is currently available in the denominations of US Dollars, Euro, Great Britain Pound, Australian Dollar, Canadian Dollar, Singapore Dollar, Swiss Francs, Swedish Kroner, Japanese Yen, Dirhams (AED) and Saudi Riyals (SAR). The Card is available off the shelf at your nearest Axis Bank Branch and select FFMCS (Full Fledged Money Changers). All you need to do is fill in a simple application form along with relevant documents and you can walk out with the card in your hand, loaded with the required amount of foreign currency.

The maximum amount of foreign currency that can be loaded on to the card is as per the extant guidelines of the Reserve Bank of India. The Travel Currency Card lets you carry and use your money in the denomination you want. You can shop at any of the Merchants accepting Visa/Master card just by swiping your card. Alternatively can withdraw cash from any Visa/MasterCard worldwide. You need not carry loose change anymore that you are left with when you encash your Traveller's Cheques. Also you have 24x7 access to your money at any time - day or night. You don't have to waste precious time looking for moneychangers to encash your travellers Cheque. With The Travel Currency Card you can pay directly at all Visa/MasterCard enabled merchant outlets (shops, restaurants, hotels, grocery stores etc.)

Payments

For payments, you can directly swipe your Travel Currency Card without any transaction fee at merchant establishments accepting Visa/MasterCard, Saving you the hassle of carrying cash while on the move.

Withdrawal

The Travel Currency Card also gives you a 24-hour access to your money. Withdraw funds in the local currency from any Visa / MasterCard (ATM's).

Security

Insurance Cover: We offer complimentary insurance cover to safe guard you from any fraudulent usage on your Travel Currency Card due to lost/stolen/counterfeit cards. The insurance cover is provided up to INR 3,00,000/-

ING VYSYA BANK

ING Vysya Bank Forex Travel Card is a pre-paid foreign currency chip card that offers you a safe, secure and convenient way to meet all expenses for your travel overseas. You can load this card with foreign currency in India and use it to shop, dine, travel, pay hotel bills across 14 million Visa merchant outlets free of charge and withdraw cash from 1.6 million Visa/Plus ATM's across 200 countries worldwide with charge.

ING Forex Travel Card is available in 6 currencies - US Dollar, Sterling Pound, Euro Australian Dollar, and Japanese Yen and Canadian Dollar.

HDFC BANK

HDFC Bank Limited is an Indian banking and financial services company headquartered in Mumbai, Maharashtra.

It is the fifth largest bank in India by assets, incorporated in 1994 It is the largest private sector bank in India by market capitalization as of 24 February 2014.

HDFC was ranked 45th on the list of top 50 Banks in the world in terms of their market capitalization.

THERE ARE 4 TYPE PREPAID CARD

- ForexPlusCardForexPlus Card
- Hajj Umrah Card
- ForexPlus Chip Card
- ForexPlus Platinum Card

HDFC Travel Card is available in 18 currencies- USD, Euro, CHF, GBP, CAD, AUD, JPY, SGD, AED, SEK, HKD, THB, ZAR, NZD, OMR, DKK, NOK, SAR.

STATE BANK OF INDIA

State Bank of India is an Indian multinational, Public Sector banking and financial services company. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra. As of December 2013, it had assets of US\$388 billion and 17,000 branches, including 190 foreign offices, making it the largest banking and financial services company in India by assets.

State Bank Foreign Travel Card is available in eight Foreign Currencies viz. US Dollars (USD), Pound Sterling (GBP), Euro (EUR), Canadian Dollar (CAD), Australian Dollar (AUD), Japanese Yen (YEN), Saudi Riyal (SAR) and Singapore Dollar (SGD). We will shortly be adding UAE Dirham (AED), Thai Baht (THB) Hong Kong Dollar (HKD) and Malaysian Ringgit (MYR).

FINDINGS

Banks and Thomas cook Currency's and withdrawal charges

Normal case

Sl no	currency	Thomas cook	Hdfc	Axis	Ingvysya	Sbi
1	USD	2	2	2	2	1.75
2	EUR	1.50	1.50	1.50	1.5	1.25
3	GBP	1.50	1	1.25	1.25	1.50
4	AUD	2.50	2	2.50	2.5	2.00
5	CAD	2.50	2	2.50	2	1.75
6	CHF	2.50	2.50	2.50	-	-
7	JPY	250	250	250	250	175
8	SGD	3.25	2.70	3.25	-	2.00
9	AED		7	7.25		
10	SEK		15	15		
11	HKD		16	-		
12	THB		63	80		
13	ZAR		22	-		
14	NZD		2.50	3.25		
15	OMR		0.70	-		
16	DKK		11	-		
17	NOK		12.50	-		
18	SAR		7.50	7.25		

- The current ratio of the company is high. This shows the liquidity position of the organization.
- The company wants to achieve a standard quick rate in almost all years some variations are affected in some years but the rate shows high liquidity

SUGGESTIONS

- Advertisement campaigns should be conducted so as to make general public more aware about Thomas cook
- Create awareness of product among customers
- Increasing the existing customers knowledge about SWFT transfer so as to increase the business
- Exchange rate could be reduced a bit

CONCLUSION

Thomas cook has been operating as an authorised dealer for well over a century. The company has stood the rest of time, reinvesting itself to meet changing customer needs and expectation. Compare to another banks Thomas cook is providing 8 currency's and Hdfc bank is providing 18 currencies our opinion Hdfc bank is better than Thomas cook because Hdfc bank is provide more currency's. Compare to reloading charges Thomas cook reloading charge is 100, Sbi bank reloading charge is 56, Hdfc reloading charge is 75. The withdrawal charges of banks and Thomas cook is approximately same.

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