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**CRANKY CONSUMER**

## Currency Crisis: Sending Money To Someone in a Pinch Abroad

By **MARY PILON***August 21, 2008; Page D1*

As more people travel, live and conduct business abroad, sending money across borders has become a huge industry. But figuring out the ins and outs of using money-transfer services can be a daunting journey of its own.


We tested five different services for sending money internationally, using each one to send \$100 from New York to our friend in Jakarta, Indonesia.



Lisa Haney

name and the country she was in. But it was tough to figure out which fees applied. Additional services -- such as having someone read a message to the cash recipient -- were offered, but the cost for these was unclear.

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First up was **Western Union**, the largest and oldest money-transfer company. In 2007 alone, it conducted 168 million consumer-to-consumer money transfers and an additional 405 million consumer-to-business transactions. That averages out to over a million transfers a day, a Western Union spokesman says.

The company offers three different ways to send money -- online, at a location or by phone -- and has three different types of money-sending services. At first, the options were overwhelming, but the Web site had a handy chart that showed what services were available where.

We used the online Money in Minutes option, which allowed us to use a Visa or MasterCard credit or debit card. (We chose a Visa credit card, which we used throughout this test.) Recipients are able to go to any one of 345,000 Western Union locations world-wide to pick up the cash.

The online form was fairly easy to navigate -- all we needed to supply was our friend's first and last

Before clicking "send," we received a message about our credit profile. The wording was unclear, so we called customer service to ensure that Western Union wouldn't put a hard inquiry on our credit report -- which could lower our credit score. Fifteen minutes, two phone numbers and one customer-service encounter later, we learned that our credit score would not be affected, but that Western Union had the right to "investigate" us if "we see something fishy."

After placing our order online, we confirmed it with a phone call. The total charge to send the money was \$15.

Our friend had no trouble finding a Western Union office in Jakarta, but when she got there, she was told that she couldn't pick up the money without a confirmation number. The customer-service representative had failed to tell us that our friend needed the number.

She had to go back twice, and on her second visit, it took her 45 minutes to get the money. Agents there argued that her signature didn't exactly match the one on her passport and were wary of the authenticity of her local ID. She finally received \$96.50, after currency-conversion fees.

Next we tried **MoneyGram International**, which offers two services for sending money online: eMoney Transfer Same Day Service and eMoney Transfer Economy Service, which takes longer. We used the same-day option. The site had a fee estimator that said it would cost a total of \$15.49 to send \$100 to Indonesia.

We had to give our Social Security number early on, which felt strange. But there was a link right next to the question that explained they were asking for it for security reasons. The default setting on the online form was *not* to receive promotional emails, unlike Western Union's. MoneyGram also offered a warning about using a debit card to send money, because doing so meant the company could put a hold on your bank account. They also warned that our credit-card company might charge an additional fee. Total cost for sending: \$14.

The process was like Western Union's, with immediate confirmation that the money was available at a MoneyGram location in Indonesia. We were confused about which confirmation number we needed to give our friend for her to receive the money.

At MoneyGram, our friend also spent 45 minutes picking up her money -- waiting in a long line, as well as filling out two forms asking for details like her cellphone number, tax identification number, job information and annual salary. At the end, they gave her an umbrella as a free gift, but overall the experience was frustrating. In the end, she received \$96.82, after conversion fees.

PayPal, a unit of **eBay**, isn't just for buying baubles on eBay. We placed our transfer order with the site quickly because we already had a PayPal account, slashing the amount of time spent entering our information. All we needed was the recipient's email address. Navigating the site and completing the order took less than five minutes, and our friend was able to put the money in her bank account instantly.

I had the option of adding a personal message of up to 300 words free. (Western Union would have charged me for that.) PayPal was fast and simple -- but it requires the recipient to have a bank account, unlike some of the other services. Total amount spent: \$100.

The only problem: Our friend wasn't able to access the money. It turns out that her local bank didn't have a joint cooperation agreement with PayPal. Her bank told her: "We believed PayPal is

not entirely safe and secure, so we try to protect our customer from the fraud by not opening the access." As the sender, we received no notification about the problem, other than an "unclaimed" note in our Paypal transaction log online. In an emergency situation, this could cause confusion.

A PayPal spokeswoman acknowledged that banks in different countries have different levels of partnership with the service.

Upstart iKobo takes a slightly different approach: It delivers the recipient a prepaid Visa debit card.

The site calculated an \$8 fee for us to send our \$100, which included a \$5 flat fee and 3% fee for using a credit card. It cost an additional \$24.95 for FedEx Express three-to-five-day delivery for the card to be sent to our friend. We had to give her phone number and mailing address, which could be a problem for someone traveling abroad. What's more, the address input field limited the number of characters we could input -- a big problem for long Indonesian street names.

A few minutes after placing our order, we received an email saying that our transaction had been canceled, but no explanation was given. A call to customer service revealed that it was because our name didn't check out in the credit-card identity-verification process.

Total cost: \$32.95, plus a cornucopia of fees anytime the card is used: a 99 cent monthly fee, paid by the recipient, as long as there's a balance and a \$1.99 fee for ATM withdrawals, plus whatever the local bank charges. There's no fee for using the card (which is reloadable) at merchants or for cash advances, but again, the local bank might slam you with a fee. Three business days after we placed our order, the card hadn't yet arrived. A spokesman for iKobo acknowledged that shipping arrival times can vary.

Finally, we placed a wire transfer with our bank, **Washington Mutual**, directly from our checking account. Even though the bank had all of our account information on record, we couldn't do the transfer online or on the phone. Heading to the branch during business hours was a hassle, but after all of the online rigmarole we had been through, seeing a teller face-to-face was refreshing.

Yet just having our friend's email address or location wasn't enough. We had to fork over her mailing address, bank-account number and the address of her bank. After placing the transfer, we were told it would take one to two days for her to receive the money, but it didn't cost us anything to send it. The recipient's bank, however, can charge additional fees.

Our friend's bank charged her \$9.50, so she ended up receiving \$90.50 in her account. She said that this was "far more easy and efficient" than the other services.

Whatever service you choose, beware that fees lurk everywhere. Your bank or credit card will charge you. (Chase, the issuer of our credit card, socked us with a \$10 transaction fee for the Western Union transfer because it was technically considered a cash advance.) The bank might also call you to confirm the transaction for security reasons. The recipient will also face fees from his bank or the money-sending service, in addition to fees for exchanging the money into the local currency. It pays to ask about fees before you send.

COMPANY/WEB SITE	PRICE	KEY FEATURES	COMMENT
Western Union	We paid \$15 to	There are three different ways to	The Web site was easy to

( <a href="http://www.westernunion.com">www.westernunion.com</a> <sup>1</sup> )	send \$100 using the company's online Money in Minutes service. Our friend ended up with \$96.50.	send money: online, by phone or by going to a Western Union office in person. There are three different services offered: Money in Minutes, Next Day and Direct to Bank. Not all options are available online, by phone or in person. Depending which you choose, there are options for using cash or Visa or MasterCard credit or debit cards.	navigate. Dealing with customer service on both ends of the transaction was time-consuming. Finding a location abroad was easy, but there were arguments about the authenticity of our friend's ID.
MoneyGram ( <a href="http://moneygram.com">moneygram.com</a> <sup>2</sup> )	We paid \$14 to send \$100 with the company's eMoney Transfer Same Day service. Our friend received \$96.82.	There are two different options online -- eMoney Transfer Same Day Service and eMoney Transfer Economy Service. The same-day service is faster but more expensive, and the economy service takes 3-5 business days. The economy service does not have a credit-card option.	We liked the online fee estimator -- even though it overshot our costs a bit -- and the overall disclosure of fees throughout the online form. Our friend spent 45 minutes at the MoneyGram location in Indonesia to get the money, and they asked her to fill out seemingly irrelevant personal information like her annual salary.
PayPal ( <a href="http://www.paypal.com">www.paypal.com</a> <sup>3</sup> )	No additional fees from PayPal to send \$100.	You send money from one PayPal account to another, which can then be transferred to a checking account. Setting up a personal PayPal account is free.	The money went through to our friend's account, but she can't use it. (Many international banks are not partnered with PayPal.) We were never notified that the funds were inaccessible.
iKobo ( <a href="http://www.ikobo.com">www.ikobo.com</a> <sup>4</sup> )	We paid \$32.95 to send \$100 (which included the cost of shipping a prepaid debit card). There is an additional monthly fee, and a fee for using an ATM.	You place your transfer order online, and iKobo sends the recipient a prepaid debit card.	The online form didn't accommodate long international mailing addresses. The high fees were a turnoff, as was having a debit card as the only option. As of publication, the card has yet to arrive.
Washington Mutual Bank ( <a href="http://www.wamu.com">www.wamu.com</a> <sup>5</sup> )	There was no charge to send \$100 from our checking account. Our friend received \$90.50 after her bank's fees.	We went to a bank branch and filled out a form with our friend's bank information. We were told that in a couple of business days, the money would appear in her overseas bank account.	Having to go to a location in person was a pain, and our friend needed to have a bank account and provide information about it. Money arrived quickly, however, and there were fewer hassles than with the money-sending services.

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