



Contrary to common perception, credit cards in Singapore are not created equal when it comes to spending in a foreign currency. While it is well-known that credit cards sometimes offer a "poor" exchange rate when you are paying an overseas hotel bill, it is less commonly known what charges eventually go into a credit card bill.

** Refreshed on 20 Nov 2011 **

Components of Fees

Besides the customary fees charges by credit cards companies (such as VISA and MasterCard), banks also impose a separate "administrative fee" which can vary greatly. The consumer however only sees a rolled-up foreign exchange rate, which hides the breakdown between the foreign exchange spread, bank fees and credit card company fees

Bank Fees

After a little digging into the fine print of card users' agreements of the major banks in Singapore, here what we found as of 20 Nov 2011:

- Maybank: [1.25%](#)
- ANZ: [1.25%](#)
- OCBC: [1.5%](#)
- CIMB: [1.5%](#)
- HSBC: [up to 1.5%](#)
- DBS: [1.5% for Visa/MC, 2% for AMEX](#)
- Citibank: [1.5%](#)
- UOB: [2.5% including fees by VISA/MC, 3.25% for Amex \(2% by bank and 1.25% by Amex\)](#)
- SCB: [2.5%](#)

Credit Card Company Fees

Incidentally, SCB is most transparent in revealing what VISA and Mastercard charges users directly.{loadposition advert1}

According to SCB, "all VISA International cards overseas transactions will be subject to a charge of 1% ...imposed by VISA"

All MasterCard International cards may be subject to the following charges...imposed by MasterCard International:

- Transactions in currencies other than Singapore Dollars incurred outside of Singapore will be subject to a charge of 1%.
- Transactions in currencies other than Singapore Dollars incurred in Singapore will be subject to a charge of 0.2%
- Transactions in Singapore Dollars incurred outside of Singapore will be subject to a charge of 0.8%"

Verdict

There appears little to choose between VISA and Mastercard, but American Express's charge is 25% more than that those of the other two card companies.

When it comes to choosing banks however, you can end up paying twice the fees when using Standard Chartered Bank's cards compared to using Maybank's.

**** Special Note on Paypal ****

This may be relevant if you use a Singapore Paypal account to pay for online purchases. If you are settling an invoice in an overseas currency (eg US dollar) using Paypal, you can choose whether to pay in USD or let Paypal convert the sum to Singapore dollars for you.

It is usually better to pay using USD (original currency). Paypal doesn't publicize its markup, but from my experience, Paypal applies a markup of about 2.7%, which is slightly more than what most banks/credit card companies charge (typically 2.5%). Some credit cards also give more reward points when you spend in an overseas currency. Therefore, it doesn't make sense to let Paypal convert a foreign currency for you.