

## Travel Money - UK - December 2012

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“Foreign currency and debit/credit cards continue to be the most popular methods of spending abroad, with most other products overlooked by the majority of consumers. Uptake of currency cards is still relatively low, despite this being the main area of innovation, with only one in two adults having heard about this product. Currency card providers need to increase product awareness, while focusing on the security element of these products in their advertising campaigns – in order to broaden their appeal to consumers that prefer to leave their debit/credit cards at home when travelling overseas.”

– **Stevan Obradovic, Financial Services Analyst**

### In this report we answer the key questions:

- **Have distribution channels changed in the travel money market?**
- **Are prepaid cards now more popular than travellers cheques?**
- **What are the most important factors when consumers arrange travel money?**
- **Can providers develop and offer bundle packages to travellers?**

Overseas spending by UK resident remained relatively unchanged in 2011. The market has experienced a period of relative stability since a drastic drop in spending following the financial crisis. However, compared to pre-crisis levels, spending remains subdued as holiday numbers are still significantly down from previous years. Despite these challenging conditions, holidays are still a luxury enjoyed by many consumers and travellers to overseas destinations will inevitably need some form of foreign currency. Holiday numbers are expected to grow over the long-term, which will be a boost to the travel money market as this should result in higher demand for travel money services.

However, there are a number of challenges facing the market. Over the last year, an increasing number of travellers have booked packaged and all-inclusive holidays in order to budget more effectively, with the latter particularly having an impact on travel money demand as these travellers are less likely to spend money on food and drink while abroad.

This report examines the travel money market, analysing some of the main developments and challenges facing the overall industry. Analysis also covers overseas holiday trends, recent innovations and distribution trends in the travel money sector. There is also a full breakdown of market size, with a forecast showing the expected growth over the next five years. The report concludes with Mintel’s exclusively commissioned research analysing product ownership, travel money arrangements, influential factors when arranging foreign currency and general consumer attitudes towards the travel money market.

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