

## **What is a currency exchange?**

Simply put, currency exchange is the conversion of currency from one country's currency to another. Thousands of different pairings exist across international markets. The quality of a country's currency is usually driven by the size of its economy, the currency's strength on the world stage, and important market factors such as supply and demand.

As well as these important factors, the strongest currencies, such as the US Dollar, can be used as a barometer for less stable currencies. For example, the recent economic collapse in Venezuela has led to the government allowing people to use US Dollar as legal tender.

This is because it is a much more stable currency than the spiralling Venezuelan Bolivar, which is now the weakest currency on Earth.

## **Currency exchange rates**

Currency exchange rates can fluctuate as various criteria determine them. Generally speaking, despite fluctuations, strong currencies such as the US Dollar and Euro maintain their worth due to their liquidity levels. This is coupled with the strength of the economies that use it as their currency.

Other factors that play an integral role in a currency's value include inflation rate, interest rates, public debt and trade deficits. Ultimately, the supply and demand of the currency, which is the amount being bought and sold, drives the value of the exchange rate on a day-to-day basis.

## **Post office currency exchange**

There are many places to exchange currency, both online and in person. The post office is another form of currency exchange that is still popular for people travelling abroad.

You can exchange foreign currency in the United States at the Post Office. It is a straightforward process. You can purchase many leading currencies if you visit a branch with your passport and sufficient dollars.

Depending on the country you travel to, it is always advisable to sort out a ready amount of currency for your travels. Whilst this opinion would have carried more weight 10/15 years ago, there are now a number of different bank accounts and credit cards which offer minimal fees for you to use abroad. Still, it is best practice to have physical cash in case of any issues with your bank account or credit card provider.

The market for currency exchange is big business, and the Post Office is the tip of the iceberg. Companies will offer competing rates for your custom, including institutions like credit unions and banks.

If you travel to a foreign country that has a currency you're unfamiliar with or have concerns over using an ATM, shop around for the best available exchange rate, so you have cash at hand. This ensures you save time whilst you're abroad instead of having to locate ATMs that can offer services for the type of card or account you have.

### **What exchange rate does Chase offer for foreign currencies?**

Large banks such as Chase look to offer highly competitive rates for foreign currencies. This is because the currency exchange market is one of the most profitable markets in the financial sector. Large institutions such as Chase buy and sell billions of dollars worth of currency every single day as they look to sell it to individuals as well as large investors. Therefore, they can offer flexible currency exchange rates to scoop up potential customers.

This doesn't mean that there are millions of people going on holiday and wanting their holiday spending. Investment banks and large institutions trade hundreds of billions of dollars of currency daily as they profit from the small fluctuations in price. The fluctuations are driven by a number of variables, including global news and the economic forecast within the country or region in which the currency is primarily used. Therefore, their price can be more favorable than smaller exchange offices and other lenders.

In addition to the rate they offer, Chase offers a range of accounts where you can use your card abroad. Due to their vast network of branches worldwide, it is easier to receive a better rate and take money out abroad if you find yourself in a situation where you cannot purchase it before you leave your home country.

### **What is the best way to exchange foreign money?**

The best way to exchange foreign currency is to shop around for the best rate. This isn't just the case for foreign currency, but it is a great idea for any service you are looking to receive. Ensuring you perform due diligence and find out the financial institution with the best exchange rate for your chosen currency is the strongest advice to provide.

You don't want to find yourself in a position where you are travelling and having to use your card and ATMs abroad, as you will usually be charged a fixed rate for each transaction. Travelling abroad for a few months or even years will rack up hundreds of dollars worth of charges.

Once you have shopped around, it is best to then order your currency within plenty of time before your trip. This is so you can mitigate any issues with the order, and if you have any problems, you are giving yourself an effective period to manage them.

Some currency exchange providers will deliver your money to a branch so you can go and collect it yourself in person. Other providers will deliver it to your home address, usually for an additional fee, but this might be more beneficial for you, depending on your circumstances.

## **Conclusion**

Currency exchanges are one of the wheels that allow world economies to interact with each other so successfully. Not only do the foreign exchange markets operate on such a vast scale, but it trickles down to individual purchases of currency.

It is also a hugely competitive industry that has expanded into the internet effortlessly. As this expansion has taken place, the competition has increased as Post Offices, banks and credit unions began to compete against each other on a global scale as opposed to the local scale people used to operate on around two decades ago.