



YOUR MONEY

SENDING MONEY ABROAD

Choose a platform that clearly discloses exchange rate, fees

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Indian families spent an estimated ₹1,700 crore in 2024 on bank fees and exchange-rate markups when sending money abroad for education, according to a report by Redseer Strategy Consultants and Wise, a global cross-border payments company. The report calls hidden remittance charges a growing financial burden on households funding children's overseas education.

"Our research shows traditional banks often charge fixed fees and mark up exchange rates, regardless of transfer size. That's why transparency is key," says Taneaia Bhardwaj, South Asia expansion lead, Wise.

Break-up of charges

Banks or payment platforms may levy a transaction or processing fee, either as a flat charge or a percentage of the amount

transferred. "It typically goes up to ₹600 or 1 per cent," says Vishal Dhawan, founder and CEO, Plan Ahead Wealth Advisors.

Currency conversion mark-up is another major element. Banks transact with each other at the interbank rate, but this rate is rarely offered to customers. "Many remittance service providers add a mark-up of 0.5 to 4 per cent on this rate," says Ankit Mehra, co-founder and chief executive officer (CEO), GyanDhan.

A SWIFT transaction fee also applies when routing payments through the SWIFT network, which generally ranges between \$15 and 50.

Multiple intermediary banks are involved, each of which may deduct \$10 to 30 per transaction. "When combined, intermediary and SWIFT charges can range from \$25 to 80," adds Mehra.

Another overlooked fee is the one levied by receiving banks,

which ranges between \$10 and 20, or even higher. Tax collected at source (TCS) applies when total remittances exceed ₹10 lakh in a financial year. "Normally, TCS on education remittances is 5 per cent. But if the funds are borrowed from a financial institution, it is zero," says Pallav Pradyumn Narang, partner, CNK.

Dhawan observes that all the charges combined can amount to 5 to 7 per cent per transaction.

Checks to run

Check the interbank rate and compare it with the exchange rate your bank or platform is offering. "This will allow you to estimate the mark-up on the exchange rate," says Dhawan. Mehra says a gap of over 1-1.5 per cent suggests you are being overcharged. Transparent platforms clearly disclose the exchange rate

Smart tips for remitting money

- Select "OUR" fee code if you want to pay all charges and want the recipient to get the full amount
- Compare fees charged both for small and large transfers; these can vary
- Ensure funds are sent in the currency of the destination country (e.g., USD for the US) to avoid double conversions
- Avoid peak remittance days when rates may be worse
- Maintain buffer funds abroad to avoid urgent, expensive transfers

used and the additional fees charged. Mehra recommends platforms like Wise and Revolut for their transparent fee structures. He also emphasises the need to make transfers through regulated platforms operating under Reserve Bank of India guidelines.

How to minimise charges

Compare multiple providers. "Enquire clearly about forex conversion rates, platform fees, transaction charges, etc. to ensure you understand all components of the fee," says Vibha Kagzi, founder and CEO, ReachIvy.com. Get quotes from all the service providers on the amount you will have to pay and the amount that the recipient will finally receive abroad.

For large payments, especially tuition fees, ask the service provider for better rates. Avoid urgent, last-minute transfers, which restrict your ability to compare fees or wait for better exchange rates.

Larger, less frequent transfers tend to be more cost-effective. "Many providers charge a fixed fee per transaction. Spreading funds over multiple smaller transactions can multiply those fees unnecessarily. Forex rates are usually more favourable for higher volumes," says Kagzi.

Use rate alert tools to monitor favourable currency rates. "We allow customers to track and lock in exchange rates," says Bhardwaj.

The writer is a Mumbai-based independent journalist