

Travel Money - UK - January 2010

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What is this report about?

This report covers the overall UK travel money market, as well as the individual sectors within the market, namely foreign-currency exchange/bureau de change, spending on credit and debit cards abroad, prepaid travel cards and travellers' cheques. The report examines the factors that affect the overall market, such as holiday trends, and examines the size and growth of the market at both aggregate and individual sector level. The key players in the market are examined, as well as new innovations in the market and the different distribution channels that are used. The report concludes by looking at consumer behaviour and attitudes towards spending abroad.

What have we found out?

- Mintel estimates that total spending abroad by UK residents will fall by 18% in 2009, from £36.8 billion in 2008 to £30.1 billion in 2009.
- Although consumers have cut back on holidays abroad during the recession, over the long term, the number of people taking holidays (and indeed multiple holidays) abroad has increased, with independent holidays also becoming more popular.
- According to Mintel's consumer research, pre-departure foreign currency is the most common method of spending abroad, with four fifths of recent holidaymakers (16.4 million people) buying foreign currency in the UK before their trip.
- The use of travellers' cheques continues to decline, having lost out to plastic cards. According to one trade source, the market is declining at a rate of around 20-30% per year.
- Plastic cards are a major growth segment. Debit cards account for the vast majority of cash withdrawals abroad – 89% (£6.7 billion) in 2008, while credit cards account for the majority of all purchases abroad – 67% (£11.6 billion) in 2008.
- Prepaid travel cards are tipped to be a major growth area although Mintel's consumer research shows that just 2% of people who have been abroad in the last 12 months use them. A lack of awareness is key here - half of the people we asked had never heard of these cards before.

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EMEA: +44 (0)20 7778 7151
Americas: +1 (312) 932 0600
APAC: +61 (0)2 8284 8100