




TOURISM
TERM 2

GRADE 11
Topic: Foreign Exchange

CONCEPTS:	
Currency	<p>Money, in the form of paper or coins, used as a medium of exchange for goods and services.</p> 
Local currency	<p>The currency of a particular country where a transaction is being carried out.</p> 
Foreign currency	<p>A currency or currencies not belonging to your own country.</p> 

The practice of converting one currency into another currency.

Exchange



Rate of Exchange

The value of one country's currency in relation to another currency.
The RoE will determine how much foreign currency you will receive, when you exchange your money.

1 United States Dollar equals
18,59 South African Rand
16 Apr, 12:12 UTC · Disclaimer

1 United States Dolla▼
18.59 South African Ranc▼

1 Euro equals
20,24 South African Rand
16 Apr, 12:14 UTC · Disclaimer

1 Euro▼
20.24 South African Ranc▼



= R 18.59



= R 20.24

Fluctuation

Changes in currency value in relation to another currency.

1 Euro equals
20,15 South African Rand
16 Apr, 12:34 UTC · Disclaimer







1 Euro▼
20.15 South African Ranc▼



Major currencies of the world, their currency codes and symbols

- Foreign currencies are displayed by a **three-letter code**
- The first two letters refer to the name of the country and the 3rd letter refers to the currency
- Most currencies also have a symbol to indicate the currency



CURRENCY	CODE	SYMBOL
US DOLLAR 	USD	US\$
EURO 	EUR	€
BRITISH POUND 	GBP	£
JAPANESE YEN 	JPY	¥
AUSTRALIAN DOLLAR 	AUD	AU\$
SOUTH AFRICAN RAND 	ZAR	R

Facilities where foreign currency can be exchanged

- Commercial banks (Nedbank, Standard Bank, ABSA, FNB, Bidvest etc.)
- Foreign exchange dealers such as Rennies Travel
- Foreign exchange kiosks at airports
- Bureaux de change
- Major hotels and cruise ships
- All authorized dealers must report all money leaving and entering the country to SA Reserve bank
- Documents required to obtain foreign currency: For travel purposes you need to provide the dealer with your passport and travel ticket or e- ticket reference number.

How does money spent by inbound international tourists benefit local people? Directly and indirectly - the multiplier effect

- The multiplier effect is when money, spent by tourists, filters down through the economy benefitting employees and other businesses



Tourists spend money when traveling.

↓

This money goes into the local economy.

↓

This money is then spent by local businesses to purchase goods and pay employees.

↓

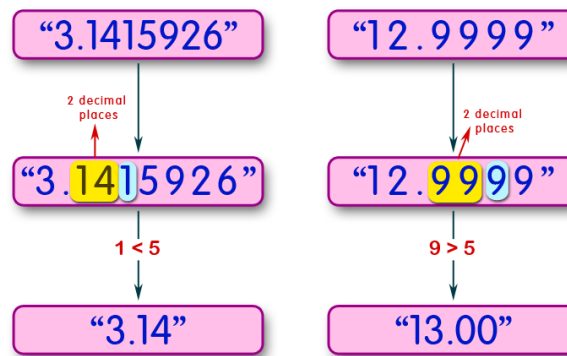
This re-spending of the money expands the local economy, creating the multiplier effect.

Interpret a currency rate sheet from a foreign exchange bureau

- A currency rate sheet is a list of the rates of exchange (RoE) at which foreign currencies are bought and sold.
- This rate will determine how much foreign currency you will receive when you exchange your money.

Currency	Code	Symbol	EXCHANGE RATE	
			Bank Buy	Bank Sell
U.S. DOLLARS	USD	\$	18.14	19.14
BRITISH POUNDS	GBP	£	22.56	23.94
EURO	EUR	€	19.55	20.89
AUSTRALIAN DOLLAR	AUD	\$	11.19	12.38
JAPANESE YEN	JPY	¥	0.17	0.18

Rounding off to two decimal places



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Convert the major currencies to South African rand

MULTIPLY by Rate of Exchange e.g.
£150 to ZAR:
 $£150 \times 22.56 = R3\ 384.00$

Convert South African rand into a selected currency

DIVIDE by Rate of Exchange e.g.
R150 to USD:
 $R150 \div 18.14 = USD8.269018743$
 $= USD8.27$