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Introduction

Credit fuels a large portion of the U.S. economy. As such, credit cards have become a staple of daily American life. But, should travelers expect to find the same credit-friendliness when they go abroad? The answer depends on where they go. Typically, the more developed the country, the more likely it will have the technology and infrastructure to support the use of credit cards. However, this does not always mean it is a wise or safe choice, or even a legal one, to use them.

This report will therefore highlight areas of the world where you cannot, where it is difficult, and when you should not use a credit card, as well as tips for using debit and ATM cards. Finally, a list of best practices will be provided should travelers choose to use payment cards abroad.

Where You Cannot

According to the U.S. Office of Foreign Assets Control (OFAC), U.S. citizens are forbidden from using credit cards in countries against which the U.S. has comprehensive sanctions. These countries include: Cuba, Sudan, Iran, and Syria. However, a country's fraud record can also factor into business's decision to restrict use. One U.S. credit union took the initiative to ban use of its credit cards in China, Saudi Arabia, Romania, and South Africa because of the level of fraudulent activity reported in those countries. Another banned use in Israel, Japan, South Korea, and Malaysia for the same reasons. It is likely that other financial institutions have made similar decisions, which can certainly complicate a traveler's plans.

Where it is Difficult

In the United States, most credit cards use magnetic-strip technology. However, in an effort to reduce fraud, many countries around the world are moving toward cards with embedded microprocessor chips. Chip-and-pin, as the cards are called, are harder to duplicate because user account information is encrypted and stored on a chip embedded in the card. The transaction is also not authorized without the correct personal identification code.

This is a problem for U.S. travelers who are taken by surprise when their card, sometimes their only form of payment, does not work. Foreign cash registers are equipped to handle American cards, but the cashier may not know how to process the payment. Numbers can be input manually, but a vendor will likely require a passport as proof of identification, requiring travelers to carry additional documentation that is generally kept in a hotel safe. Many kiosks in train stations, parking garages, and gas pumps, however, do not accept American cards at all. American Express, Visa, and MasterCard have given most U.S. merchants and issuers until October 2015 to adopt chip-and-pin cards, and those that refuse would assume liability for counterfeit card transactions. However, this is still over a year-and-a-half away, so magnetic strip cards will continue to pose challenges abroad.

Where You Should not

Parts of the world do not have the means to support the use of credit cards on a wide-scale, so most vendors there deal only in cash. However, this does not mean that no vendors deal in credit. If low on

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hard currency and departing in a few days, using your card might seem like a preferable option. But, it is wise to consider who you are conducting business with before you do. High-end hotels and other reputable businesses, even in less developed countries, are typically safe (assuming they accept credit cards at all). A restaurant off the beaten path or a stall at a local market is typically not. Banks will often not even attempt to pursue fraudulent merchants of these types since they can be difficult to track down. Users should also be leery of using credit cards at gas stations, where it can be easy for criminals to install credit card skimmers that copy the account data from the magnetic stripe on the back of the card. To be sure, these are not the only areas where travelers should be cautious, so a degree of good judgment is required.

ATM and Debit Cards

It is important to note that most of the same rules and precautions that apply to credit card use also apply to debit cards. However, there is one major difference in the risk level between credit and debit cards, and that is the speed in which fraud can occur. With a credit card, you have time to analyze your statement before paying for anything. With a debit card, you can lose your money almost instantly.

For ATM card users, the prevalence of ATM skimmers is a continuing problem. Skimmers can be placed on public ATMs, and like credit card skimmers, will copy the data from a card by reading it off the magnetic strip, allowing the criminal to duplicate the card almost completely. Then, with the assistance of a small spy camera installed on or near the ATM machine, a pin number can be recorded and used to access an account. Some ATM skimming schemes use fake keypads instead of cameras to capture pin numbers. Just like the card skimmers fit over the ATM's true card slot, skimming keypads are designed to mimic the keypad's design and fit over it seamlessly. The user might never know what happened until they check their bank statement.

Best Practices

If travelers choose to use their credit/debit/ATM cards overseas, there are a number of steps they should take to verify safety and usability:

- If concerned about usability, check with the issuing bank or credit union before travel; also refer to [OFAC's website](#) for a complete list of U.S.-sanctioned nations
- Always notify your bank and credit card issuers before you travel abroad, even if they tell you it's not necessary; suspicious activity might trigger a fraud alert and freeze your account
- Write down the international customer service number from the back of your credit cards and keep that information separate from your wallet
- If concerned about using a credit card in a particular location, a general piece of advice is that if the country does not have a robust system for credit use, it likely also lacks the means to protect consumers adequately from credit card fraud
- Regularly monitor your accounts online to detect any suspicious activity; set up mobile alerts for your phone if your financial institution provides the feature
- Bring backups; it can be helpful to carry multiple credit cards, especially from different issuers, in case you lose a card or have other complications
- Save your receipts to track expenses and verify against your statement
- All receipts, carbon copies, and bills with a credit card number should be kept secure or destroyed once charges are verified
- When giving your credit card to a store or restaurant employee for processing, do not let the card out of your sight; if they want to take it somewhere out of sight, insist on going too

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- Beware of double charging; some retailers have double charged customers by pretending to have made an error on the first charge and then just recharging you; to avoid this, make sure that the first transaction has indeed been cancelled; usually a slip is issued for the cancellation
- If you have the option, use only ATMs at airports, reputable banks, or high-end hotels
- When using an ATM, find an alternate machine if you feel unsafe or if the area is not well lit
- Do not use the ATM if the machine appears to have been tampered with in any way

For Further Information

Please direct any questions regarding this report to OSAC's [Cross Regional Analyst](#).

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