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PRACTICAL TRAVELER

Advice on Using Credit Cards While Traveling Abroad

By SUSAN STELLIN

I WAS driving to the Los Angeles airport in April when apparently I did something suspicious: I stopped at a gas station and filled up the tank.

By the time I returned the rental car and got to my gate, I had a fraud alert message from my credit card company, U.S. Bank. Since I don't own a car and rarely buy gas, it seems that \$13 fill-up raised a red flag.

Such is the state of credit card security, a continuing battle between card issuers and criminals who steal account numbers, with consumers caught in the fray. Whether travelers are more likely to become victims of credit card fraud is debatable, but we're certainly more likely to get tripped up by efforts to combat fraud, especially overseas.

Here are some things to watch out for if you plan on paying with plastic, which isn't quite as widely accepted as the ad campaigns for credit cards would have you believe.

Avoiding a Freeze on Your Account

Most travelers know it's a good idea to call your credit card company before a trip to a foreign country, so your purchases in Bangkok or Barcelona don't trigger a freeze on your account. Banks rely on antifraud software that monitors customers' spending patterns, which means that any time you stray from your usual habits — like buying groceries in another state instead of at a store in your home ZIP code — your bank might become concerned.

I was surprised that a cheap gas purchase in California could also freeze my account, so I called U.S. Bank to find out if travelers need to start alerting their banks about their domestic travels, which seemed like overkill to me.

It probably is, said Dave Leiker, a senior vice president with U.S. Bank. He told me that besides watching for unusual spending patterns, banks also monitor where criminals use stolen cards, places like automated payment kiosks in metropolitan areas.

“We may have been seeing a trend where the bad guys were out there using stolen credit cards at gas pumps,” he said.

That would explain why I didn’t get a fraud call when I bought gas more recently in rural Pennsylvania. But it also reinforces an important point about traveling with plastic: carry more than one card, in case one is declined.

Overseas, it can be much more of a hassle to unfreeze a card, especially if you don’t have a cellphone with international service.

Rejection of Cards Abroad

For globe-trotting travelers, another issue is that many countries in Europe, as well as Japan, Canada, Mexico and other nations, have adopted a type of credit card that has a chip and requires customers to enter a PIN instead of the ones with a magnetic stripe on the back that we still use in the United States.

Merchants that accept [Visa](#), [MasterCard](#) and [American Express](#) are supposed to let customers pay with either type of card. But employees at some retailers outside the United States don’t always know what to do with the magnetic version.

There are also automated kiosks that accept only the “chip and PIN” cards, particularly in European train stations, parking garages, gas stations and some tollbooths. In those cases, Americans with magnetic stripe cards usually have to wait in line to pay with cash or have a clerk swipe their cards. Travelers say those lines can be long, which is especially frustrating if you’re trying to catch a train. And at unattended tollbooths, you may get stuck if you don’t have coins you can pay with instead.

So how common is this problem? In a study last September, the research company Aite Group found that nearly half of American cardholders who have traveled abroad in the past few years have had some problem using a debit or credit card, and 16 percent said their card was rejected because of this issue with magnetic stripe acceptance overseas.

“I think many cardholders assume when they travel abroad that it is much like being in the United States,” said Ron Shevlin, a senior analyst with Aite Group, pointing out that in addition to the chip versus magnetic stripe problem, merchants in other parts of the world often have higher minimum-purchase requirements to use a credit card or simply don’t accept the cards because they don’t want to pay the fees that card companies charge retailers.

He also suggested checking your credit limit before a trip, since banks have reduced credit limits for some cardholders; travel expenses can push up against those maximums.

Chip Cards in the United States?

As for whether banks plan to offer chip and PIN credit cards to their American customers, Mr. Shevlin said the cost of issuing new cards is a hurdle, especially given the banking industry's other financial challenges.

"It should be more of a concern among card issuers than it is," he said. "But I would not expect to see a lot of movement before the end of 2011."

There is one financial institution that is moving more quickly: the United Nations Federal Credit Union, which plans to offer its members credit cards with both a magnetic stripe and a chip beginning in October.

Merrill Halpern, card services manager for the credit union, said that with Canada and Mexico now embracing chip and PIN cards, along with Europe and many other parts of the world, it was time to make the switch. Another motivation is that the chip and PIN cards are more secure because there is a unique key encrypted in every card, whereas magnetic stripe cards are relatively easy to clone — that is, to steal the data and copy it onto another card.

"It's going to save us money on fraud losses," Mr. Halpern said. "The trend seems to be that more fraud is coming to the U.S. because we're the one last holdout in magnetic stripe cards."

Despite that concern, the major credit card companies do not have imminent plans to offer chip and PIN cards to their American customers, even though they provide them to cardholders abroad. When I asked about this topic, representatives from Visa and MasterCard e-mailed me statements saying they're working with issuers to evaluate the feasibility of offering cards with the chip technology to customers who travel internationally.

Desiree Fish, a spokeswoman for American Express, said the company doesn't plan to add the chip technology to cards issued in the United States at this time. But she emphasized that customers should be able to use their magnetic stripe cards abroad, even if a clerk tells them they cannot.

"A card member can insist that, yes, in fact, they can swipe the card," Ms. Fish said.

Of course, communicating with store employees who may not speak English isn't always easy, which is why carrying plenty of cash is a good backup, especially in rural areas and developing countries.

American Express, Visa and MasterCard also suggested that customers report any trouble they have using a magnetic stripe card abroad. Taking the time to make that call may help pressure the industry to come up with a solution for this problem.