

[HOME](#) | [RETIREMENT](#) | **[PERSONAL FINANCE](#)** | [CAREERS](#) | [INVESTING](#) | [BUSINESS & ECONOMY](#)[My Money Blog](#) | [Alpha Consumer Blog](#) | [Smarter Investor Blog](#) | [How to Live to 100](#)

Why the Mumbai Terrorists Used Credit Cards

By [KIMBERLY PALMER](#)

December 4, 2008

Today's guest blog entry comes from Jeremy Simon, a reporter with [CreditCards.com](#) who writes about payment-card-related topics for consumers. He also contributes to [Taking Charge](#), the website's blog.

The terrorists who staged the recent attacks in Mumbai were well armed—with guns, grenades, and plastic.

Credit cards were among the items found in a backpack carried by one of the terrorists who attacked the Taj Mahal Palace & Tower hotel, according to an Indian Navy officer who spoke with the [Economic Times](#). The paper reports that the credit cards were issued by Citibank, HSBC, ICICI Bank, Axis Bank, HDFC Bank, and SBM (State Bank of Mauritius).

Why carry plastic? Dennis Lormel, managing director with investigative consulting services provider IPSA International, says the credit cards might have served two purposes. "They could have been a fundraising mechanism through fraud or an operational support mechanism used to facilitate the terrorist activity," Lormel says via E-mail. "The credit cards could have been used for one or both purposes."

Lormel's word is well respected among antifraud specialists: He spent 28 years as a special agent for the FBI before taking on his current responsibilities at IPSA, where he focuses on combating money laundering and the financing of terrorism.

This apparent [terrorist use of credit cards](#) is nothing new. Terrorists turn to plastic for the same reasons many consumers do: Credit cards allow for easy payments. They also offer some benefits uniquely applicable to terrorist activity:

Identity theft and fraud. Terrorist cells that do not, or cannot, get money from a larger organizational structure may turn to [credit card fraud](#) as a source of funding. Just as in the case of nonterrorist identity thieves, fraud techniques such as cloning and skimming may be used to steal credit card information from its rightful owners. As groups such as al Qaeda become decentralized, terrorists may need to increasingly rely on these criminal practices to get the money they need for everyday expenses and operations. In the case of the Mumbai terrorists: "It will be interesting to see how many credit cards will be discovered and how many identities were used," Lormel says.

Money laundering. Drug dealers use money laundering to transfer money from their illegitimate activities into the financial system, but terrorists instead use money laundering to hide the ultimate purpose of the funds. Credit card accounts might be opened under the name of a future terrorist who doesn't yet appear on any watch lists or, alternatively, by using a fake identity. Terrorists benefit from keeping their use of credit under the radar for as long as possible.

Movement of funds. Credit cards allow for the easy distribution of money to operatives. Although trying to enter a country carrying stacks of paper bills might violate cash reporting laws and arouse the suspicion of authorities, crossing borders with a wallet full of credit cards—or prepaid, reloadable debit cards—isn't illegal. Credit cards established overseas can even be sent to terrorist operatives abroad in the mail.

"What has come as a surprise is that the terrorists managed to get hold of multiple credit cards in spite of strict Know Your Clients norms formulated by the Reserve Bank of India to avoid money laundering and use of banks by the terror outfits," reports the [Economic Times](#). "Know Your Client" regulations, which also exist in the United States, spell out steps banks must take to be certain of their customers' identities. These cards could have served their purpose regardless of whether the credit card accounts were obtained legitimately by the terrorists themselves, opened using false identities, or stolen through some type of fraud.