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The "Everything Card" and Consumer Credit in the United States in the 1960s

First National City Bank (FNCB) of New York launched the Everything Card in the summer of 1967. A latecomer in the field of credit cards, FNCB nonetheless correctly recognized a promising business model for retail banking. FNCB attempted not only to ride the wave of mass consumption but also to capitalize on the profit-generating potential of buying on credit. Although the venture soon failed, brought down by the losses that plagued the bank due to fraud, consumer discontent, and legislative action, this final attempt by a major single commercial bank to launch its own plan did not signify the end of credit cards. On the contrary, the Everything Card was a harbinger of the era of the universal credit card.

First National City Bank (FNCB) of New York (now Citigroup), one of the oldest leading commercial banks in the United States, introduced the Everything Card in the summer of 1967.[1] FNCB was a pioneer in fostering consumer finance in the United States. The bank saw an opportunity to increase business by creating an innovative system that would enable masses of consumers to purchase a variety of goods and services on credit. By becoming the principal tool of consumer credit, credit cards revolutionized the banking business. Indeed, "where it couldn't gain territory with bricks and mortar, Citibank tried to do so with plastic."[2]

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[1] First National City Bank was founded in 1812 as the City Bank of New York, before becoming National City Bank of New York in 1865; First National City Bank of the City of New York in 1955; First National City Bank in 1962; First National City Corp. in 1968; Citicorp in 1974; Citibank N. A. in 1976; Citigroup in 1998.

[2] Phillip L. Zweig, *Walter Wriston, Citibank, and the Rise and Fall of American Financial Supremacy* (New York, 1995), 803.

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The history of the credit card in America is intimately linked with consumption. Scholars suggest that as the American people came to adopt an identity as consumers after World War II, the "expansive economic citizenship" that resulted hinged on the ability of national politics and the state to fulfill constituents' dream of abundance.[3] As mass consumption became a "defining engine" of postwar America, the means to finance American households' enormous increase in purchasing became a matter of prime consideration for financial institutions.[4] Thus, the growing need for credit constituted a strong potential commercial base for the development of bank credit cards.

Consumer finance, or buying on credit, had gone through several stages since the nineteenth century. Evolving from the category of a moral shame and the dubious practices of loan sharks, buying on credit grew into an "essential pillar of the Consumer Republic's infrastructure" in the 1970s.[5] Historian Lendol Calder demonstrates that consumer credit underwent a considerable expansion between 1945 and 1958 due to two "institutional foundations": the method of credit and the source of credit.[6] The method was the installment plan, and the source, which started in the 1950s and has become ubiquitous today, was the commercial bank. Banks developed a new tool to take advantage of the postwar expansion of the consumer credit market in postwar America—the bank credit card.

The history of early bank credit cards in the 1950s and 1960s is not well documented. In the 1950s, the major American commercial banks tentatively embarked on establishing some form of credit charge plan.[7] At the end of the 1950s, Bank of America, in California, invented the BankAmericard. Chase Manhattan started a bank charge card in 1958, which it discontinued in 1962.[8] But most studies of bank credit cards focus on the cards issued after 1970.[9] Indeed, the first comprehensive

[3] Meg Jacobs, *Pocketbook Politics: Economic Citizenship in Twentieth Century America* (Princeton, 2005).

[4] Lizabeth Cohen, *A Consumer's Republic: The Politics of Mass Consumption in Postwar America* (New York, 2003), 11.

[5] Ibid., 281.

[6] For an enlightened history of consumer credit and its intellectual and institutional foundations up to the end of the 1930s, see Lendol G. Calder, *Financing the American Dream: A Critical History of Consumer Credit* (Princeton, 1999).

[7] The first bank credit-card plan was launched in 1951 by the Franklin National Bank, Mineola, New York.

[8] For a detailed account of the early credit-card histories at Bank of America and Chase Manhattan, see Timothy Wolters, "Carry Your Credit in Your Pocket": The Early History of the Credit Card at Bank of America and Chase Manhattan," *Enterprise and Society* 1 (June 2000): 315–54.

[9] David S. Evans and Richard Schmalensee, *Paying with Plastic* (Cambridge, Mass., 1999); Robert D. Manning, *Credit Card Nation* (New York, 2000); Brett Williams, *Debt for Sale: A Social History of the Credit Trap* (Philadelphia, 2004); Ronald J. Mann, *Charging Ahead* (Cambridge, U.K., 2006).

recorded historical data on credit-card issuance started only in 1970.[10] This lack of statistical data is a sign not of a dearth of activity but, rather, of the local nature of bank credit-card use and issuance before 1970.

In this article, I place the development of bank credit-card plans in context by focusing on FNCB's Everything Card, which was released in August 1967. This bank card was promoted as means of providing credit for everything, unlike previous cards that were limited to particular stores, restaurants, or hotels. FNCB went to great lengths to turn its card into a familiar and comfortable means of payment, enabling everything to be charged on a single card that, the bank was convinced, New Yorkers would adopt once they learned about its convenient offerings.

In the 1950s and 1960s, "Americans lived in an affluent society where many goods once considered luxuries became necessities," and the means to allow this shift in consumption habits expanded with the growth of credit.[11] Revolving credit greatly favored the extension of credit and was soon to become a defining feature of credit cards. Commercial banks across America set up credit-card plans. In providing these cards, the ultimate intention of commercial banks was not only to facilitate consumption but also to "sell credit."[12]

For this article, I have drawn from unpublished material in the Citigroup Archives that demonstrates the difficulties faced by even well-established commercial banks like FNCB when they decide to launch a bank credit card. Many obstacles challenged the profitability and growth of the early cards. Bank competition and the oligopolistic nature of other credit-card operations in the 1950s and 1960s, combined with regulatory constraints, made it initially difficult for single bank credit-card plans to gain national acceptance. In addition, delinquencies and fraud hampered the efficiency of the marketing models put in place by banks to sell their new product.

Moreover, the consumer activism of the 1960s led the regulatory authorities to shape public policy, devising legal protections in order to enforce equal opportunity and equal access to credit cards for every consumer. For example, while women, who were acknowledged to be the main retail shoppers, became major targets for Everything Card advertising, they did not have the same rights accorded to their husbands when it came to credit until the 1970s. The Everything Card is a good example of the strategies employed by firms like FNCB in both using and shaping feminine and masculine roles in credit-card use.

[10] See "National Banks Issuing Credit Cards—Number of Outstanding Balances: 1970–1992," *Historical Statistics of the United States* (New York, 2006), 3-669, Table Cj347-353.

[11] Jacobs, *Pocketbook Politics*, 249.

[12] Louis R. Hyman, "Debtor Nation: How Credit Built Postwar America," PhD diss., Harvard University, 2007.

FNCB's Everything Card was the last major attempt by a single large commercial bank to launch its own bank credit-card plan. The commercial failure of the Everything Card in 1968, due to fraud and regulatory constraints, alerted policymakers and regulatory authorities to the pitfalls of issuing credit cards on a mass scale. A set of reforms was passed in the United States in the late 1960s and early 1970s that addressed dubious practices in consumer credit development. The case of the Everything Card reveals some of the difficulties of establishing credit cards as a common tool of credit consumption and highlights the events that led to the adoption of the credit card by commercial banks as a new and profitable business model. The chronology of events I describe in this article shows how the failure of the Everything Card helped to propel the popularity of credit-card use. The expansion of mass consumption and consumer credit could not have taken place without the advent of new technologies and institutions like the bank credit card. After almost twenty years of fragmented, local, or regional experiments, national credit-card systems gained recognition in the early 1970s.

Commercial Banks and Consumer Credit in Postwar America

Commercial banks were relative latecomers in the U.S. charge and credit-card business. They were preceded by department stores, major hotels, and oil-and-gas companies, which had initiated the use of charge cards at the beginning of the twentieth century.[13] Businesses realized that offering credit was a way to capture consumers and ensure their fidelity to the store: "A credit customer is yours—a cash customer is anybody's."[14] Hence, spearheaded by the popularity of department-store cards, banks decided to start their own card programs.[15] They seized the opportunity to expand their personal-credit businesses and to build a new base of customers who would be bound by their debt.[16]

The first modern credit cards were issued in the late 1950s. California-based Bank of America introduced the BankAmericard in 1958. It was marketed as a symbol of a potentially cash-free jet-setting lifestyle:

> A San Francisco executive recently left home with $1.25 and no checks. He hailed a taxi, flew to New York via Trans World Airlines,

[13] Charge cards enabled cardholders to charge purchases of goods or services at establishments participating in the plan. Charge cards did not usually charge interest, whereas credit cards did. "What Directors should Know about Credit Cards and Check Credit," *Banking* 62, no. 8 (Feb. 1970): 24; Williams, *Debt for Sale*, 12.

[14] Credit manager at Sears Roebuck, as quoted in Cohen, *A Consumer's Republic*, 282.

[15] Hyman, "Debtor Nation," x, 364.

[16] Williams, *Debt for Sale*, 12.

> rented a Hertz car, wined and dined himself and friends at a Longchamps restaurant, bought two shirts plus a gift for his wife and checked into the Statler Hotel.[17]

As a tool that embodied both a status symbol and a source of consumer credit expansion, the bank credit-card business soon became a major national concern.[18] By the mid-1960s, "what had been a localized business entered into by banks in individual markets was becoming a widespread industry with new levels of competitiveness."[19] Although commercial banks had been the latest entrants in the consumer-loan competition, they would nonetheless become the "major beneficiaries of the increased volume of credit generated during the postwar period."[20] Hence, in the 1950s and 1960s, in the wake of the pioneering work of two nonbank organizations, Diners Club and American Express, banks in the U.S. started opening credit-card plans at a fast pace. From 1966 to 1967, according to the American Bankers Association, 1,400 banks were offering revolving credit plans, either of their own or as licensees, which marked a 200 percent increase over the previous year.[21] In 1967, Warren R. Marcus, a bank analyst for Salomon Brothers & Hutzler, remarked, "Recently credit cards are becoming as commonplace as miniskirts."[22]

From 1956 to 1967, consumer debt increased by 133 percent (from $42.5 billion to $99.1 billion), and installment credit increased by 146 percent (from $31.7 billion to $77.6 billion). During those same years, disposable personal income increased by 86 percent.[23] Unlike individual store-related credit plans, a bank credit card could unify all the debt relations that a consumer had with various stores.[24] The banks were eager to pursue the development of a third-party credit card in the late 1960s. As a Bank of America executive enthused, "We are in a consumer credit explosion—a revolution in modern banking."[25]

From the vantage point of 1961, the United States appeared to have entered a never-ending era of economic growth. Since this "prosperity

[17] Dave Jones, "Credit Card Climb, On-the-Cuff Living, New Tax Ruling Hypo Versatile Charge Plan," *New York Times*, 21 Feb. 1958, 1.

[18] Manning, *Credit Card Nation*, 84–85.

[19] Roger J. Abouchar, "Bank Charge Cards in the 1970s," *Banking* 62 (Oct. 1969): 34.

[20] Robert Shay, "Consumer Developments in the Market for Consumer Instalment Credit," *Journal of Finance* 11 (May 1956): 235–37.

[21] Lee Silberman, "Flush but Worried," *Wall Street Journal*, 19 Oct. 1967, 1.

[22] Erich H. Heinemann, "Credit Cards: Instant Affluence Is on Rise," *New York Times*, 1 Aug. 1967, 41.

[23] John Kenneth Galbraith, *The Affluent Society*, 40th anniversary ed. (New York, 1998), 146.

[24] Williams, *Debt for Sale*, 12.

[25] Garrison A. Southard Jr., executive manager of the California Bankcard Association, as quoted in *Banking* 60 (Dec. 1967): 88.

seem[ed] permanent," commercial banks decided to expand and diversify their activities.[26] FNCB selected a two-pronged approach. While embarking on a plan to expand branches at home and abroad, it also chose to broaden its product line. Following BankAmericard's success, and after its own acquisition of Carte Blanche, FNCB decided to capitalize on its preeminent position in retail banking by offering a competitor to the BankAmericard.[27] FNCB also wanted to gain back the ground it had lost to other New York banks in the 1960s.[28] Although Chase Manhattan Bank, FNCB's main competitor, had inaugurated a credit plan in 1958, in 1962 it sold its credit-card plan to Uni-Serv Corp. (with approximately 160,000 card holders), which was subsequently acquired by American Express.[29] FNCB was therefore the only major bank to offer its own credit-card plan in New York in the late 1960s.

Table 1 shows the considerable expansion of bank credit-card plans between 1967 and 1969. The increase in the dollar amount of credit granted through the credit-card channel was similarly dramatic. The takeoff of consumer credit extensions rested heavily on the "ever increasing waves of revolving credit."[30]

Revolving Credit and Credit-Card Development

Revolving credit, which began as "an obscure maneuver to avoid Regulation W," proliferated in the postwar period.[31] The Federal Reserve

[26] Harold Van B. Cleveland and Thomas F. Huertas, *Citibank, 1812–1970* (Cambridge, Mass., 1985), 260. Cleveland and Huertas report that, beginning with the first quarter of 1961, real economic activity advanced for thirty-five consecutive quarters.

[27] Richard H. K. Vietor, *Contrived Competition: Regulation and Deregulation in America* (Cambridge, Mass., 1994), 259. FNCB acquired Carte Blanche in 1965 from Hilton Hotels Corp. amid objections from the Justice Department, which had given it "temporary permission to acquire" until the antitrust was settled. Because of the legal infighting and impending antitrust lawsuit, which had been partly left unresolved, First National City Bank was never able to develop the national potential of Carte Blanche. Carte Blanche was reportedly known in the trade as "Carte Rouge" for its losses; see Evans and Schmalensee, *Paying with Plastic*, 60. Similarly, New York's Chase Manhattan Bank had announced plans to acquire the credit-card business of Diners Club Inc. but dropped the proposal after the Justice Department threatened an antitrust suit. See "AVCO Negotiates to Enter Credit Card Field by an Acquisition from First National City," *Wall Street Journal*, 20 Feb. 1968, 6; and *New York Times*, 20 Feb. 1968. First National City Bank was the first bank to open a personal loan department, on May 4, 1928. The bank was overwhelmed by the applicants' responses. See Cleveland and Huertas, *Citibank*, 113–21; Hyman, "Debtor Nation," 139–47.

[28] Cleveland and Huertas, *Citibank*, 272.

[29] "First National City to Issue Credit Card for Retail Store Use," *Wall Street Journal*, 17 May 1967, 12.

[30] Hyman, "Debtor Nation," 179–249; Alfred A. Buerger, "Revolving Credit and Credit Cards," *Law and Contemporary Problems* 33, no. 4 (1968): 707–17.

[31] Hyman, "Debtor Nation," 224.

Table 1
Number of Bank Credit Cards, 1967–1971

Year	*Banks with Credit Card Plans* *Number*	*% Change*[a]	*Credit Granted* *Amount*[b]	*% Change*[a]
1967	390	—	828	—
1968	510	3	1,312	58
1969	1,207	137	2,639	101
1970	1,432	19	3,792	44
1971	1,535	7	4,490	18

Source: Adapted from Richard L. Peterson, "Factors Affecting the Growth of Bank Credit Card and Check Credit," *Journal of Finance* 32, no. 2 (1977): 553.
[a] From previous year.
[b] In millions of dollars.

first implemented Regulation W in September 1941, in order to exercise control over consumer credit. The regulation set maximum contract lengths and minimum down payments, in order to restrain inflation. This business response to federal regulation of consumer credit during World War II collided with the credit needs generated by the newly affluent consumer society. In the 1950s, the growth of suburbs and shopping malls fueled the increase in demand for mortgages and consumer goods. From cars to vacuum cleaners, consumer credit became essential, and revolving credit grew exponentially as a new debt practice.[32]

Initially offered by department stores, revolving credit was then widely adopted by commercial banks. Unlike a normal charge account, whose balance had to be settled in full at the end of each month, revolving accounts allowed the consumer to postpone the payment of the balance, charging interest on the balance carried forward. According to historian Louis Hyman, "Unlike open accounts or charge accounts, which maintained the fiction of convenience credit, revolving credit made explicit that the customer was borrowing beyond [his or her] means to completely repay, if only for that month."[33] Interest paid by cardholders on their unpaid balances was the source of the profitability of credit charge plans for department stores, as well as for banks.[34]

Through a bank credit-card plan, the user would obtain a line of credit that would then be used to purchase goods from stores participating in the plan. The plan was similar to those developed by nonbank

[32] For a detailed analysis of revolving credit after World War II, see ibid., 237–78.
[33] Ibid., 259.
[34] Paul Langley, *The Everyday Life of Global Finance* (Oxford, 2008), 144–46.

corporations. Merchants who signed up for the plan maintained an account with the bank and paid a fee for the service the bank offered. (The merchant's account was credited for the amount the customer charged on the card.) That fee was usually a discount on the amount of each charged transaction, ranging from 1 percent to 8 percent.[35] On the customer's end, the amount charged on the card had to be balanced within a specified period of time. Otherwise, interest would be charged on the overdue sum of money. The rate of interest charged was regulated by state statutes and could be supplemented by fees and other charges, if the bank so decided. Left unresolved were the questions of how many credit cards had to be issued and how many merchants were required to be subscribers in order for the bank to make a profit. In order to ensure a large distribution of cards, banks mass-mailed unsolicited cards to creditworthy customers. FNCB adopted this technique when it decided to enter the retail credit-card business.

The Everything Card: Educating the Consumer through Advertising

In 1967, the New York area ranked third in dollars outstanding on credit cards, behind San Francisco ($435 million) and Chicago ($153 million).[36] That year, FNCB decided to enter the retail-bank credit-card market, thereby tapping this new source of consumer credit. The Everything Card was officially launched on August 1, 1967. Unlike department-store cards, it allowed customers to charge all their purchases on the same card. Under the leadership of John J. Reynolds, then head of personal finance at FNCB, the bank had conducted a review of its customers and made the card available to approximately 1.4 million people, who could charge goods at twenty thousand business establishments throughout the New York metropolitan area. They could also acquire instant cash advances, of from $25 to $150, at any of FNCB's 168 metropolitan branches. FNCB declared that the Everything Card was "backed by the bank that serves more people in the New York area than any other bank."[37]

Besides using the mass-mailing marketing technique, a practice the bank called "making the card available to consumers," the bank publicized the Everything Card through a pervasive advertising campaign. Several teaser ads were first run in the *New York Times* in the spring of

[35] Patrick Page Kildoyle, "Bank Credit Card and Check Credit Plans in the Second District," *Federal Reserve Bank of New York Monthly Review* (Jan. 1969): 12, 16.

[36] Ibid., 14.

[37] *1967 Annual Report of the First National City Bank*, Citigroup Archives, Citi's Center for Heritage and Strategy, New York City, New York (hereafter, Citigroup Archives).

1967. As a self-proclaimed retail shopping card, the Everything Card targeted businessmen, touting what they could buy, not only for themselves but also for their families. As the launch date approached, the card itself became the subject of the ads. "It's free. It means one card. It means one bill. It means one check. It's a portable budget. It means instant loans. It helps you cash in on bargains. It's good at many thousand places. It's easy to apply."[38] Most of the ads combined a catchy slogan, an enticing picture of potential customers, and a list of functions. They highlighted the card's convenient features: It was free. The charges to it were billed every month. It offered revolving credit. It was accepted at a great number of stores.

For almost two years, the bank placed full-page ads in the *New York Times*, ran television commercials, and plastered the sides of subways and commuter trains with posters. On the day of the launch, August 1, 1967, a family-oriented ad that ran in the *New York Times* proclaimed, "Good Morning, Happy Everything Day."

The Everything Card enabled the consumer not only to "buy everything," but also, in what represented a more important convenience, to make their purchases on credit. Enticing ads mentioned a wide range of products and services, highlighting merchandise for special occasions, like "Back to School Day."[39] Consumers had to be introduced to the idea of charging even the smallest of items. In a planned marketing turnaround, "merchandise ha[d] become a device for selling credit."[40] The ads also proclaimed the easy credit available through the Everything Card. Besides having time to pay the bill, users could even borrow instant cash. Purchasing on credit was fast becoming synonymous with the act of shopping.

As part of FNCB's marketing campaign to broaden the potential consumer base of the Everything Card, the consumer, as well as the merchants accepting the card, had to be shown how to use it. Besides the detailed explanations in the ads, FNCB issued booklets addressed to consumers and merchants. These instruction manuals were astute marketing tools that portrayed the Everything Card as a simple, useful, and attractive product.[41]

[38] "What Everyman Should Know about the Everything Card," *New York Times*, 27 July 1967, 21.

[39] "Now You Can Charge Back-to-School on the Everything Card," *New York Times*, 26 Aug. 1967, 11.

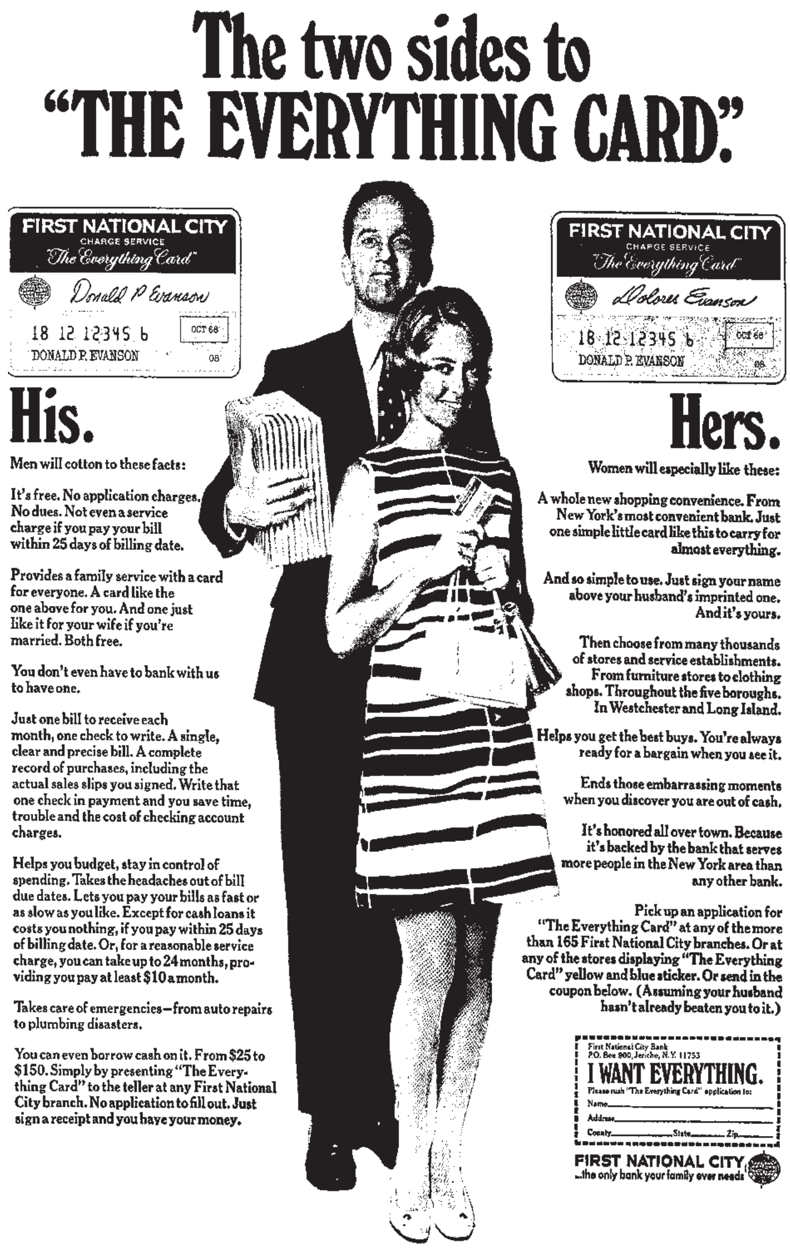
[40] David Caplovitz, "Consumer Credit in the Affluent Society," *Law and Contemporary Problems* 33, no. 3 (1968): 645.

[41] "Now Everything Goes on the Everything Card. See How this New First National City Charge Service Will Increase Your Sales, AAA New Customers, Eliminate Your Collection Problems, Reduce Your Overhead, Simplify Your Life," Explanatory booklet for merchants accepting the Everything Card, 1967, Citigroup Archives.

Advertisement in the *New York Times*, 1 Aug. 1967, 15. (Reprinted by permission of Citigroup Archives, Citi's Center for Heritage and Strategy, New York City, New York.)

As both a product of, and influence on, the cultural and creative revolution of the 1960s, the ads for the Everything Card showed a subtle mix of "hip and square."[42] Although the ads mostly put forward a family image, either directly or symbolically through references to graduation, marriage, or the back-to-school season, they also displayed elements considered hip, such as women's miniskirts and geometric hairstyles.[43]

[42] Thomas Frank, *The Conquest of Cool* (Chicago, 1997), 133–68.
[43] "Come What May, It All Goes on the Everything Card," *New York Times*, 28 May 1968, 24.



Advertisement in the *New York Times*, 8 Aug. 1967, 23. (Reprinted by permission of Citigroup Archives, Citi’s Center for Heritage and Strategy, New York City, New York.)

The men, on the other hand, were only shown in suits, white shirts, and ties. In ads for “The Two Sides to the Everything Card, His and Hers,” the men’s clothes would have qualified as “square.”[44]

The ads for the Everything Card were also sexist. While promoting the card as a convenience meant for use by the whole family, the bank also touted it as the wife’s card. Indeed, the wife, as the principal retail shopper in the family, was FNCB’s major marketing target. The ads

[44] Frank, *The Conquest of Cool*, 112, 135.

Front cover of the *1967 Annual Report of First National City Bank*, featuring Penny Donoghue, the "Everything Girl," and the merchants' sticker for the "Everything Card." (Reprinted by permission of Citigroup Archives, Citi's Center for Heritage and Strategy, New York City, New York.)

assumed that a woman would use the card under the benevolent auspices of her husband, whose authorization she would need in order to get the card. A woman's dependence on her husband for access to the card (and to credit in general) was taken for granted in ads that read "Give Her Everything before Christmas" and "His and Hers."[45] The latter ad explained the card's advantages to women with these comments: "And so simple to use. Just sign your name above your husband's imprinted one. And it's yours." In the "Back to School" ad, the list of purchases was handwritten, implying that the mother would be the purchaser of everything the kids needed. The FNCB's *Everything Card Newsletter* declared, "Housewives find the card 'a real help.'"[46] Historian Lizabeth Cohen has shown that, as credit cards became "the legal tender of shopping center purchasing, they expanded women's access to family income." But they also deepened women's economic dependence on men.[47]

Everything-Card marketing used different female stereotypes, depending on the group being targeted. Images directed toward general

[45] *New York Times*, 29 Nov. 1967, 33.
[46] *Everything Card Newsletter*, no. 1 (Sept. 1967): 1, Citigroup Archives.
[47] Cohen, *A Consumer's Republic*, 282.

In the background, a poster advertising the Everything Card at the Annual Overseas Division Annual Dinner. (*Overseas Citibanker*, Feb. 1968, 17. Reprinted by permission of Citigroup Archives, Citi's Center for Heritage and Strategy, New York City, New York.)

consumers, many of whom would have been women, were unthreatening and family oriented. For example, a young woman named Penny Donoghue was crowned "Everything Girl" in 1967. This sweet-looking young woman was pictured on the front cover of the *1967 First National City Bank Annual Report*.[48] By contrast, the February 1968 issue of *Overseas Citibanker*, the monthly magazine for FNCB employees, showed a poster of a naked woman strategically covered by the Everything Card.[49] Unlike the fresh-faced Everything Girl, this poster was clearly promoting the card to a male-dominated audience, the executives attending the 1968 Annual Overseas Division Dinner. As historian Robert Frank has shown, "The advertising of the sixties was, by and large, astonishingly sexist stuff. While it may have questioned and criticized other aspects of mass society, sexism was one arena in which advertising made virtually no advances until the end of the decade."[50]

[48] Front cover of the *1967 Annual Report of First National City Bank*, featuring Penny Donoghue, the "Everything Girl" and the merchants' sticker for the "Everything Card," Citigroup Archives.

[49] *Overseas Citibanker*, Feb. 1968, 17, Citigroup Archives.

[50] Frank, *The Conquest of Cool*, 152.

At the same time as women's involvement in retail shopping made them particularly inviting targets among potential users, male fears of "women using credit cards lavishly" were dispelled by John A. Dillon, vice president of BankAmericard in California. He assured husbands that their wives were not likely to run up huge bills on their (husbands') credit cards: "Housewives studied seemed to be cautious credit buyers."[51] The sexism of the campaign reflected the legal restrictions on women's access to credit.[52] Until the adoption in 1974 of the Equal Credit Opportunity Act, and of its amendments in 1976, neither the poor, nor African Americans, nor affluent white women had equal access to credit in the United States. FNCB issued a special "Borrowing Basics for Women" guideline in 1975 as a direct result of the new equal-opportunity legislation.[53]

Competition and Regional Bank-Card Associations

Although FNCB was a well-established financial institution and a pioneer in consumer finance, it had a hard time attracting the consumer to the credit card. It also faced strong competition from other banks that had formed bank-card associations.

Laws from the late 1920s and early 1930s placed structural constraints on the banking sector. The 1927 McFadden Act prohibited banks from operating branches outside the states where their headquarters were located and required nationally chartered banks to follow the branching laws of their home states. This law severely limited the geographic scope of any bank credit-card plan.[54] Credit-card associations, which were formed to provide smaller banks with access to bank charge-card services, allowed smaller banks to compete directly with large banks. These associations also arranged market sharing and provided regional clearing-house functions for credit-card operations.

Two early associations were the Midwest Bank Card System Inc., founded by Chicago banks in 1966, and the Western States Bankcard Association, which began in 1967 and developed the Master-Charge card design.[55] The Western States Bankcard Association enabled California banks to compete with the giant Bank of America, which licensed

[51] "Women Can be Trusted to Use Card Wisely," *Banking* 62, no. 10 (Apr. 1970): 126.

[52] For a detailed account of how the poor, African Americans, and affluent white women shared a common fate in the denial of access to credit, see Hyman, "Debtor Nation," 407–42.

[53] *Borrowing Basics for Women* (1975), Citigroup Archives.

[54] Gerald F. Davis, *Managed by the Markets: How Finance Reshaped America* (Oxford, 2009), 110.

[55] Master Charge changed its name to MasterCard in 1976.

its BankAmericard nationally to other banks.[56] Cardholders and merchants belonging to one association could also use the services of another. That capacity, called "interchange," soon proved crucial for banks' credit-card coverage of the United States. Interchange enabled bank credit-card plans to match those of travel- and entertainment-card providers (Diners Club and American Express).[57] A more geographically constrained competition existed in New York, where both FNCB and the Eastern States Bankcard Association offered Master Charge.[58]

Besides having the advantage of more extensive territories, associations fostered the development and spread of bank-credit charge cards by consolidating the new technology that was necessary to operate these cards (such as authorization procedures and computer facilities). It was therefore difficult for any single bank to enter the credit-card market on its own and to expand its customer base beyond its limited territory. That is why FNCB had been so eager to blanket the New York area with the Everything Card. "Bankers [were] learning that their influence and markets [were] not entirely local . . . [and that] they [could not] be completely parochial."[59]

Although new card associations were initially devised to protect and expand a commercial bank's consumer-credit market share through smaller banks, credit-card associations were also gradually turning the bank credit-card market into an oligopoly. This de facto establishment of "regional bank credit-card networks" in the United States was regarded suspiciously by the Antitrust Division of the Department of Justice. In December 1965, it started a civil action, under the Clayton Act, to prevent FNCB from acquiring the Carte Blanche business of the Hilton Credit Corporation.[60] If the acquisition were completed, the Department of Justice argued, it would tend to form an oligopolistic national credit-card market, hampering competition and therefore becoming liable under section 7 of the Clayton Act (as amended in 1950).[61] The resulting oligopoly would allow credit-card issuers, such as FNCB, to charge higher fees and thus act in a way that would be detrimental to the consumer.

[56] William B. Stevens, "The Expanding Role of Charge Card Associations," *Banking* 62 (Nov. 1969): 48.

[57] The InterBank Card Inc. was formed in 1966, and it later purchased the licensing rights from Master Charge (of the Western States BankCard Association), which launched a de facto national bank charge card, InterBank–Master Charge, which was similar to the BankAmericard.

[58] Stevens, "The Expanding Role of Charge Card Associations," 88.

[59] Thomas L. Bailey, "The Unique Role of the Bank Card Association," *Banking* 63 (Oct. 1970): 35.

[60] Irwin H. Silberman, "The Varied Views of Justice in Antitrust Matters," *Banking* 59 (Aug. 1966): 36.

[61] "U.S. Moves to Block Carte Blanche's Sale," *Washington Post*, 31 Dec. 1965, A15.

The Department of Justice tentatively allowed the acquisition to go through but raised several questions. Carte Blanche's "line of commerce" had to be defined and the market boundary of commercial bank credit cards had to be determined. How were bank credit cards different from travel and entertainment cards, such as Carte Blanche? A clear answer was never provided by the Department of Justice. The twelve-million-dollar acquisition was completed, but the Department of Justice decided to continue its antitrust action against the merger. In the meantime, Carte Blanche would be operated by FNCB as an "independent going concern."[62]

When FNCB decided to start the Everything Card, it had already weathered failure when its acquisition of Carte Blanche was hampered, and it was also facing serious regional competition through credit-card associations. Even though market and regulatory conditions seemed averse to such a bold decision, FNCB had planned to use its retail-banking muscle in New York, aided by the massive tide of consumer-credit expansion, to support its credit-card plan. Reaching out to consumers proved difficult, and FNCB's aggressive market-penetration techniques backfired.

Credit-Card Fraud

FNCB did not wait for consumers to fill out application forms for the Everything Card or to return the detachable "I want Everything" coupon before launching the new business (see the illustrations on pages 560 and 561). Rather, starting in the summer of 1967, FNCB decided to do a mass mailing of the Everything Card to more than a million potential customers. The bank would soon come to regret this decision. Everything Cards were stolen from people's mailboxes and used to make a string of unauthorized purchases around New York City.

Department stores, as well as oil and airline companies, had long had to deal with fraudulent use of cards. As a defensive measure, they kept a list of suspicious credit cards. These "wild," or "hot," card lists were sent to merchants, who then had to check every transaction by hand. In the dawning computer age, the verification of each single credit-card transaction was difficult. Only some of the major department stores, such as Macy's in New York, could set up the necessary screening devices:

> Macy's has installed 48 countertop data-processing units the size of two telephones that are connected to a computer in the store, at key

[62] "FNCB Gets Carte Blanche," *Banking*, 58 (Feb. 1966): 92.

> departments where sales checks are generally low and where credit-card thieves have been known to operate. These machines, rented from the manufacturer for about $10 a month a piece, give under thirty-second responses regarding the current status of all credit cards presented.[63]

The cost of renting the security equipment and the risk of losing customers who did not like to have their credit checked in public had to be balanced against the gains from limiting the numbers and amounts of credit-card fraud.

These devices exposed the weaknesses of unsolicited mass mailings. As the security units in place increased the number of interceptions, they also enabled consumers and merchants to realize that credit cards had been issued to them unknowingly.[64]

Within a few months of the Everything Card's introduction, it became clear that the cards were being stolen and misused on a grand scale. In late 1967, New York City's District Attorney's Office opened an investigation. The theft of the cards led to hundreds of thousands of dollars in losses for FNCB. Because it was difficult to evaluate the exact amount of the losses, since "a good portion of the cards involved in the indictment were never received by the intended recipients," the bank could not, technically, report the loss.[65] What's more, the exact responsibility of credit-card holders in cases of theft had not been clearly determined at the time.

FNCB continued to be caught in the whirlwind of fraudulent credit-card activity. In February 1968, FNCB informed the Bronx district attorney that eighteen credit cards had been used to buy a total of $80,000 in unauthorized purchases in Bronx County. Two months later, the totals had risen to sixty credit cards, which had been used to buy $125,000 of goods.[66] The unveiling of a criminal ring revealed the theft of credit cards that had been sent in the mail and were then sold to middlemen, who would resell them to users. The process involved the use of forged drivers' licenses and Social Security cards that were used to "authenticate" cardholders' identities. Several days, or even weeks, might elapse before the actual cardholder realized that his credit card was being fraudulently used:

[63] Leonard Sloane, "Cracking Down on Credit Card Fraud," *Management Review* (July 1966): 61.

[64] Leonard Sloane, "Widening Use of Credit Cards Gives Issuers More Headaches," *New York Times*, 28 Oct. 1968, 69.

[65] "Stolen Credit Cards Costly to Bank Here," *New York Times*, 18 Jan. 1968, 1.

[66] United States House of Representatives, Hearings before the Subcommittee on Postal Operations of the Committee on Post Office and Civil Service, "The Plastic Jungle," 91st Congress, 1st and 2nd sess., 29 Oct. 1969, 19 Nov. 1969, 28 Jan. 1970, and 4 Feb. 1970, 84 (hereafter, Plastic Jungle Hearings).

> The banks who bill the cardholders on a monthly basis usually do not know of their loss until 4 to 6 weeks later when they mail the monthly statement to the intended cardholder, and before he disclaims his responsibility for the purchases, another 2 weeks could easily go by. Accordingly, it is this initial 4 to 8 week period when the card can be used with impunity, since it will not appear on any "hot sheets." . . . Complaints usually come to our attention only after the bank becomes aware that the intended cardholder has not received his card and charges have been made in his name. Attempts by law enforcement people to identify the perpetrators are then made; this usually involves a cold canvas of the merchants who have been victimized until one can recognize a series of photos or one of a series of photos that may be shown to him.[67]

Internal FNCB publications, such as *Citibank News*, initially reported that the bank's losses, and the number of credit cards involved, were exaggerated.[68] But only a few weeks later, *Citibank News* reported that fraud on the Everything Card had not abated and had led to eight arrests.[69] While the bank tried to downplay the negative impact of these crimes, it emphasized the essential role of computers in detecting the fraud. An article in *Citibank News* relayed that "a Citibank computer in Jericho has played a key role in an indictment by the Brooklyn Grand Jury of 23 persons on charges that they illegally used the bank's credit card."[70]

FNCB tried to weather the losses and stressed its technological capacity to address and curtail any potential credit-card fraud. But its failure to acquire Carte Blanche, competition from regional bank-card associations, the cost of launching the Everything Card in New York, and the fraud debacle all led to the demise of its credit-card operation. In the fall of 1968, FNCB decided to drop the Everything Card; soon afterward, it joined the wider-ranging operation of the Master Charge Card.[71] The collapse of the New York–based Everything Card was not the end of commercial-bank credit cards. As consumers became aware

[67] Seymour Rotker, Executive Assistant to the District Attorney, Bronx County, Bronx, N.Y., Plastic Jungle Hearings, 87.

[68] "Use of Stolen Everything Cards Leads to the Arrest of Gang," *Citibank News*, 1 Feb. 1968, 1, Citigroup Archives.

[69] "Credit Card Fraud Leads to Arrest of 8 in Bronx," *Citibank News*, 16 May 1968, 1, Citigroup Archives.

[70] "Use of Stolen Everything Cards Leads to the Arrest of Gang," 1; "Misuse of Credit Card Leads to Arrest of 23," *Citibank News*, 7 Aug. 1969, 1, Citigroup Archives.

[71] "A major event of 1969 was the conversion of our Everything Card, New York's leading charge card, to Master Charge. The change resulting from Citibank's affiliation with the Interbank Card Association, extends the useful network of our charge card nationwide and to Puerto Rico and 44 countries overseas." First National City Bank, *Annual Report*, 1969, Citigroup Archives.

that credit-card transactions were not necessarily safe, credit cards became a matter of national concern. The Everything Card's demise revived legislative action to protect the consumer and signaled the expansion of credit-card use on a regional and, later, on a national basis.

The "Plastic Jungle," Federal Legislation, and the Credit-Card Holder

As credit-card fraud was increasingly publicized, the attention of the regulatory authorities was drawn to the victimized consumers. Besides intra-industry competition, fairness to the consumer was a matter of acute concern to activists in the late 1960s. In her investigation of the consumer movement of the 1960s and 1970s, historian Meg Jacobs shows that the movement narrowed its focus to prevention of fraud and accidents. This restricted agenda, according to Jacobs, pulled the movement away from the former "unifying social force of pocketbook politics."[72] Historian Louis Hyman wrote, "For African Americans in the cities [and for women] credit relations had toxically stagnated."[73] Since the early 1960s, both the White House and Congress had been attuned to the qualms of consumer citizens. In March 1962, President Kennedy had sent a special message to Congress calling for a Consumer Bill of Rights.[74] Both Presidents Johnson and Nixon also addressed Congress with proposals to help and protect consumers. President Johnson acknowledged that "consumer credit [had] become an essential feature of the American way of life," and he supported the adoption of a Truth in Lending Act.[75]

President Johnson's assistant for consumer affairs, Betty Furness, cautioned banks to stop sending unsolicited credit cards to customers, warning that they would "face possible limiting legislation."[76] Representative Wright Patman (a Democrat from Texas) introduced legislation in the House in 1967 to curb the unsolicited distribution of bank

[72] Jacobs, *Pocketbook Politics*, 259–60.

[73] Hyman, "Debtor Nation," 368, 397–413. See also Edward C. Burks, "150 Women on Relief Demand Korvette Credit," *New York Times*, 22 Nov. 1968, 33.

[74] Cohen, *A Consumer's Republic*, 345.

[75] "Text of President Johnson's Special Message to Congress on Consumer Protection," *New York Times*, 17 Feb. 1967, 24.

[76] Betty Furness was sworn in as President Johnson's special assistant for consumer affairs on May 1, 1967. She headed the Committee on Consumer Interests, manned by eight cabinet secretaries. She advertised Westinghouse products in the 1950s, so her nomination was not unanimously well received by consumer groups. She resigned in January 1969. See "Betty Furness Takes Over as Consumer's Advocate in White House," *New York Times*, 2 May 1967, 28; "In Defense of Betty Furness," *Wall Street Journal*, 13 Mar. 1967, 12; "Betty Furness Resigns, Thinks Nixon Will Abolish Her Agency," *Washington Post*, 8 Jan. 1969, E7; "Stolen Credit Cards Costly to Bank Here," *New York Times*, 18 Jan. 1968, 1.

credit cards.[77] In November 1967, hearings were held before the House Banking and Currency Committee on the matter, but the legislation was stalled because of strong opposition from the three banking regulatory agencies: the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (FDIC).[78] Although the regulatory agencies did not deny the existence of problems linked to the unsolicited mailing of credit cards, they did not think legislation was appropriate. The lack of legislative action resulted in an increase in credit-card fraud and theft.

After congressional action failed to regulate the unsolicited mass mailing of credit cards in 1967, several bills were again introduced in Congress in 1969. In October of that year, President Nixon, addressing Congress, recognized the existence of a "buyer's right."[79] The Commission on Consumer Interest that President Nixon had appointed was tasked with producing a final report to inform Congress of the best way to legislate for consumers' welfare.[80] Major banking institutions, such as the Federal Reserve and the American Bankers Association, were adamant that federal legislation would curtail their freedom to develop new credit-card plans, and they advocated the introduction of banking regulations instead.[81] Banks also argued that unsolicited mailing of credit cards was the most economic way for them to enter the market and build a consumer following.[82] Senator William Proxmire (a Democrat from Wisconsin) replied to the banks with this statement: "I should like to remind them of the obvious: the public does not owe any card issuer an instantly profitable plan."[83] Senator Proxmire proposed legislation that was designed to restore a political order of priorities, whereby protection of the consumer would come first. Proxmire wanted to further the legislative proposals that had failed in 1967. His Fair Credit Reporting Bills (S. 823 and S. 721) had three concurrent goals: to demand greater care in issuing credit cards; to limit the liability of the cardholder; and to enhance credit information. The bills were perceived as

[77] New York was not the only area in the U.S. to experience criminal activity involving credit cards. Several cases of fraudulent use of credit cards and credit-card rackets had already been publicized in Chicago in the mid-1960s and were again investigated in 1969. See "Federal Jury Studies Credit Card Rackets," *Chicago Tribune*, 28 Feb. 1969, 12; "Bank Credit Cards Come of Age," *Chicago Tribune*, 23 Sept. 1969, W4.

[78] Plastic Jungle Hearings, 4.

[79] "Text of President Nixon's Message to Congress on Proposals to Help Consumers," *New York Times*, 31 Oct. 1969, 22.

[80] For a more detailed account of the Commission's work, see *Banking* 63 (Dec. 1970): 84–87.

[81] "Fed Testifies on Credit Cards," *Banking* 62 (Jan. 1970): 34.

[82] Robert J. Cole, "Credit Card Protection Appears Ample for Both Unsolicited and Accepted Ones," *New York Times*, 2 Jan. 1969, 47.

[83] Senator William Proxmire, "Consumer Credit Legislation: The Future," *Banking* 61 (Apr. 1969): 47–108.

extending Title I of the 1968 Consumer Protection Act, better known as Truth in Lending, to credit cards. Senator Proxmire was seconded by Senator Harrison A. Williams, a Democrat from New Jersey. Williams believed that it was the role of government to restore equality to relations between buyer and seller, pointing out that, because of its disproportionate influence, the "banking industry was one of the prime targets of the new consumer movement."[84] Both senators expressed distrust of the banking industry's will and capacity to self-regulate and to restore an equal and balanced relation between the buyer (consumer) and the seller (bank).

After an initially strong showing, the President's Committee on Consumer Affairs announced within a few weeks that the matter of the mailing of unsolicited credit cards needed "more study." This backpedalling was not well received, and the Committee's announcement was considered to be a disavowal by the White House of its promise to protect the consumer. Newspapers ran editorials critical of the committee, and the *Washington Post* chided the members with these words: "The advice of the White House guardians of consumer interests is of no help on this issue, and won't be until the guardians discover that the word consumer means one who uses, not one who sells."[85]

At the end of 1969, the House of Representatives again introduced several bills on the subject. Their purpose, this time, was to make it expensive to send unsolicited credit cards by requiring registered mail.[86] Faced with such an "expensive perspective" for banks, the Federal Reserve Board downplayed the damages caused by the unsolicited mailings of credit cards. Andrew F. Brimmer of the Federal Reserve wrote in a statement to Congress that "while unsolicited mailings were found to have been the principal means of distributing cards, no significant problems were uncovered."[87] The American Bankers Association also defended the practice:

> The possible harmful result of mass distribution of credit cards has been greatly overstated. The burden placed on the consumer to destroy or return the card if he does not desire it, does not seem overly onerous, when compared to the benefits to the economy from the establishment of new credit card operations.[88]

[84] Senator Harrison A. Williams, quoted in John Kirk, "Losses are Still in the Cards for Bankers!" *Banking* 63 (Dec. 1970): 85.

[85] "The President's Committee on Whose Interests?" *Washington Post*, 11 Dec. 1969, A18.

[86] Plastic Jungle Hearings, 9–20.

[87] Andrew F. Brimmer, "Statement before the Subcommittee on Special Small Business Problems," Hearings before the Select Committee on Small Business, Washington D.C., 10 June 1970, 498. Andrew F. Brimmer, from Philadelphia, was a member of the Board of Governors of the Federal Reserve from 1966 to 1974.

[88] "A.B.A on Unsolicited Credit Card," *Banking* 62 (Nov. 1969): 22.

The Federal Reserve and the American Bankers Association analyzed the issue of unsolicited credit-card mailings from the perspective of the banking industry, rather than from the viewpoint of consumers in need of protection. Regulating, or even forbidding, unsolicited mass mailings, the banking industry believed, would increase the operating and development costs involved in starting a credit card and would ultimately curtail American consumers' access to credit.

The regulatory process pitted business organizations against social groups and, at times, against policymakers. As Kenneth Larkin, senior vice president of Bank of America, asserted: "While this may or may not be the 'Age of Aquarius' it definitely is the 'Age of the Consumer'! He is mad, he is getting more vocal, and he is developing more political clout. Woe to the financial institution that doesn't read these signs correctly!"[89]

Awareness of the increasing importance of credit cards in American life intensified. An opinion poll conducted in 1970 by Louis Harris found that 54 percent of families were using some sort of credit card, and that twice as many people had been sent their credit cards as had sought them out. Furthermore, among those who received unsolicited cards in the mail, only 20 percent welcomed receiving them.[90]

FNCB was not immune from an all-out consumer revolution whose aim was to monitor safety standards and business practices.[91] In 1970, consumer advocate Ralph Nader started an investigation into the operations of FNCB. Nader's group of activists, known as Nader's Raiders, asked for access to "concealed information," stating that "information is the currency both of democracy and a free market place of quality competition and consumer sovereignty."[92] Walter B. Wriston, the chairman of Citibank, wrote a memorandum to all the officers of the bank on June 16, 1970, describing his conciliatory response:

> We pointed out to Mr. Nader that Citibank shares his concern for the consumer, but that Citibank people have a responsibility to protect their customers from invasions of their privacy.

[89] Kenneth V. Larkin, "Dealer Paper in the 'Age of the Consumer,'" *Banking* 63 (Oct. 1970): 32. Kenneth V. Larkin was the senior vice president of the Bank of America, San Francisco, and chairman of the American Bankers Association in 1970. Evans and Schmalensee report an interesting anecdote about Kenneth Larkin, who visited a drugstore in a small town hoping to persuade the owner to accept BankAmericard. The owner welcomed Larkin as the savior of his business, because he was then "handing his back office headaches over to Bank of America," 52.

[90] Louis Harris's address at the National Credit Card Conference sponsored by the American Bankers Association, Nov. 1970; see *Banking* 63 (Dec. 1970), 84. Lewis Mandell, *Credit Card Use in the United States* (Ann Arbor, 1972).

[91] One can look at the activities of SOUP (Students Opposing Unfair Practices). See Jan Nugent, "Consumer Groups Trigger Regulatory Tremors," *Washington Post*, 23 Nov. 1969, 113.

[92] David Leinsdorf and Donald Etra, *Citibank* (New York, 1971), xi.

> We explained to Mr. Nader that after all, Citibank invented the personal loan as a way to protect New Yorkers from loan sharks. We have pioneered such consumer services as the home improvement loan. We are the nation's leader in student loans as well as a considerable participant [in the] attempt to solve this City's problems.[93]

Nader's volunteers interviewed FNCB officers on the bank's practices.[94] The following year, in 1971, a book entitled *Citibank* was published as part of the Ralph Nader's Study Group Report series. The writers asserted that Citibank had launched the Everything Card in 1967 in response to the legal restrictions that had blocked its initial attempt, in 1965, to rescue its line of retail consumer lending through the purchase of Carte Blanche.[95] FNCB countered that its intention in launching the Everything Card in New York as a go-it-alone venture, in 1967, was to license the card nationally afterward and use the bank's national network, which it had consolidated through holding companies in the early 1950s.[96]

Critics posed the question, What were the limits of the democratization of credit markets? Consumer defenders, such as Nader, campaigned for clear legislative action to force banks to make the terms and conditions of credit more transparent and available. Banks, on the other hand, tried to offset the costs of the "big splash of publicity" needed to enter the credit-card industry, like those incurred in launching the Everything Card. It was in the banks' interest to expand the use of credit cards and foster consumers' reliance on credit as an inevitable way to consume.

Conclusion

The expansion of consumerism, one of the main characteristics of postwar America, was matched by a parallel development in consumer credit. Several conditions converged to produce pervasive consumer credit after World War II. Favorable macroeconomic phenomena, such as strong and almost unbroken economic growth until the early 1970s, lulled people into assuming that the job security that existed during those years would continue. Socioeconomic developments, such as the expansion of the middle class and its corollary, rising peer pressure to

[93] Walter B. Wriston's memorandum to all officers on the Nader Project, as reprinted in *Citibank News*, 23 July 1970, 1, Citigroup Archives.

[94] "Ralph Nader's Study of First National City Bank Continues," *Citibank News*, 6 Aug. 1970, 1, Citigroup Archives.

[95] Leinsdorf and Etra, *Citibank*, 35.

[96] Citibank published a response to the Nader Report; see Citibank, *Citibank, Nader, and the Facts* (New York, 1974).

acquire consumer goods, contributed to the ubiquity of consuming on credit. As economic conditions and changing consuming habits seemed to feed an ever-growing consumer credit market, businesses like commercial banks were prompt to seize and cultivate the promises of flourishing credit revenues. The gradual introduction of revolving credit constituted a renewed basis for the extension of credit and became a defining attribute of credit cards.

The initial growth of credit-card plans was not only fragmented and local but also wild and innovative. The feverish activity was evidenced by the expressions, like "credit card fever," "credit card nation," or "plastic jungle," that were coined at the end of the 1960s to describe the expanding bank credit-card market in the United States.[97] Entering the field of credit cards in the summer of 1967 as a latecomer, First National City Bank was nonetheless correct in its recognition of a promising business model for retail banking. FNCB tried not only to ride the wave of mass consumption but also to capitalize on the increasing profit-generating potential of promoting buying on credit. A particularly appealing factor for the bank was the recognition that consumers would use their credit cards as a means of payment and the realization, most notably, that credit would become a profit generator.

Although the Everything Card venture soon failed when the bank became plagued with losses due to fraud, consumer discontent, and legislative action, this final attempt by a major single commercial bank to launch its own credit-card plan did not signify the end of credit cards. On the contrary, this account demonstrates that the pioneering Everything Card firmly established third-party bank credit cards in the United States, where today it is possible to buy nearly everything with a credit card. The Everything Card disappeared in late 1968, but all credit cards became everything cards soon after.

Indeed, by the 1970s, credit had become a right, and its vehicle, the credit card, an institution. After First National City Bank joined the Master Charge plan in 1969 (later becoming MasterCard), a few years later, in 1977, BankAmericard joined with Visa (founded in 1970) and became the second major credit-card brand.[98] While Visa and MasterCard are considered "co-opetitors," since member financial institutions cooperate in the design and operation of the costly computer networks that allow the system to function, they compete on interest rates, range of services offered, and new offerings.[99] Hence, the development of the

[97] Stevens, "The Expanding Role of Charge Card Associations," 47.

[98] Visa and Mastercard, which are associations of financial institutions, accounted for 72 percent of all payment-card transactions in the United States in 2005; see Evans and Schmalensee, *Paying with Plastic*, 6.

[99] Ibid., 7.

credit-card business in the United States has been, and continues to be, a paradoxical phenomenon, combining cooperation and competition through consumer friendliness with, potentially, consumer threat. The Everything Card was a harbinger of the era of the universal credit card.

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