

Sean Vanatta  
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"The Americans Have Already Gone Through this Hazard:" Bank Credit Cards in the UK, 1958-1985

Under the headline, "Nothing Exceeds Like Access," London's political weekly the *New Statesman* welcomed the introduction of the UK's newest credit card plan as "a notable new feast day in the calendar of British capitalism."<sup>1</sup> This was hardly a compliment: On that day, October 23, 1972, the British banks issuing the new "Access" credit card – "it takes the waiting out of wanting" the public was told in a massive lead-up campaign – mailed 3.5 million cards to consumers across the UK, precipitating widespread criticism and protest from consumers and policymakers alike. Yet, by mailing unsolicited credit cards to millions of consumers, these banks were following in the footsteps of their American counterparts, who had likewise inundated the US mail with cards in the late 1960s as they sought to initiate their own card plans. Soon, UK regulators, following the in the footsteps of *their* American counterparts, outlawed unsolicited card mailing and placed strict limits on cardholder liability for lost and stolen credit cards.

The parallel development of the business practices and regulatory structures of the US and UK credit card industries demonstrate a compelling series of Atlantic crossings that were part of the larger, global expansion of credit card networks in the late twentieth century. With the generous support of the History Project and the Institute for New Economic Thinking, I sought to gain a deeper understanding of this global process by examining the introduction and development of bank issued credit cards in the United Kingdom from the late 1950s through the early 1980s. This research has helped me contextualize my own dissertation work, which explores the political economy of credit cards in the United States, within its more proper global framework, while also opening new channels for future transnational research on the global history of consumer finance and financialization.

Over two weeks, split between March and June of 2014, I visited a variety of archives in London and Manchester. First, in London I visited the Bank of England and the National Archives at Kew Gardens, where I was able to vividly see the policy making process as bureaucrats, ministers, and MPs grappled with the introduction of Travel and Entertainment cards to the UK in the late 1950s and the first bank card plan initiated by Barclays Bank in 1966. While in London I also visited the London Metropolitan Archives, which house the records of the British Bankers Association and the Committee of London Clearing Bankers. These allowed me to uncover bank lobbying efforts as they sought to shape major consumer credit regulation emerging in the early 1970s, as well as their later efforts to undermine harmonization of consumer credit regulation in the new European Economic Community. Finally, I also visited Manchester, where the Barclays Group Archives are located. These helped me understand the development of the bank credit card business from inside the UK's leading card issuer.

Viewed through the lens of Barclays' experience, the story of credit cards within the United Kingdom could be read as one simple adoption. Barclays bankers worked with their counterparts at the

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<sup>1</sup> "Nothing Exceeds Like Access," *New Statesman*, Oct. 27, 1972, Treasury Press Cutting Section, T 326/1630, National Archives, Kew Gardens, UK.

Bank of America to bring BoA's successful credit card program, the BankAmericard, to the UK in the form of the Barclaycard. Barclays adopted Bank of America's promotion and advertising methods, interest rate and repayment structure, as well as its management information systems, down to the computer program that cleared credit card transactions. At the same time, British regulators carefully examined the US government's response to the introduction of bank credit cards and subsequent consumer protection legislation, and adapted these for the specific conditions of the UK's postwar political economy. As Barclays began to experience increasingly sophisticated fraud in the late 1970s, it again turned to its American counterparts who had already gained much experience in this area.

Of course this story of one way transmission is too simple. It seems that Barclays, with its global banking business mapping the British diaspora, was quick to see the possibilities for a global bank credit card network. Soon the imperial ambitions of consumer capitalism came to full flower, as Barclays and Bank of America divided the globe between the Barclaycard and BankAmericard. Moreover, the development of the global credit card industry took place in a context of dramatic change in the global banking industry, much of it based in London. The dramatic growth of the Eurodollar markets following the oil shocks of the early 1970s created huge new sources of funds for these banks, some of which they famously recycled into LDC sovereign debt. They also placed these dollars (and other currencies) directly into consumer wallets through their credit card products.

In a broader sense as this research shows, British and American banks operating in the international context gained extensive experience in regulatory arbitrage, as they moved this virtually unregulated money between offshore branches and around the globe. Moreover, in the same way that individual states in the US realized their economic interests would be better served by pursuing deregulation in the early 1980s, epitomized by Citibank's relocation of its credit-card division to South Dakota, so too did officials and bankers in the UK, under the leadership of Lord Rothschild at the Central Policy Review Office, seek to preserve London as a lightly regulated financial center within the nascent European Economic Community. International money markets so neatly tucked in the vales of the global capitalist landscape provided the wellspring of financialization, which flowed, to paraphrase Walter Bagehot, like water to its lowest regulatory level. To many consumers in the US and the UK, it did so through credit cards, the now well-worn channels of global credit capitalism.

For now these are hints of what I hope to develop as I continue to work through the thousands of documents I collected over the course of my two trips. Again I would like to express my appreciation to the History Project and the Institute for New Economic Thinking for sponsoring this research.