

## Credit cards

Barclaycard, the UK's first credit card, was introduced in the UK 40 years ago last month. Has the credit card been a good thing for business and consumers?

1 How many credit / debit cards do you have? Tick the appropriate box and compare your answer with a partner.

None  One  Two  Three  More than three

2 Guess the correct option to complete the statements (a–d). Then scan the article to check your answers.

### Credit cards: UK

- (a) In 1966, the average wage in the UK was **£10.00 / £20.00 / £50.00** per week  
 (b) There are now around **1,000 / 1,300 / 1,500** different credit cards available in the UK  
 (c) The number of credit and charge cards in circulation in the UK is **55 million / 65 million / 75 million**  
 (d) Outstanding borrowing on credit cards in the UK currently stands at **£1 billion / £25 billion / £56 billion**

### The rise of the credit card

In June 1966, Barclays bank launched the first ever credit card in the UK. The idea was based on two US cards: American Express and Diners Club. Forty years ago, customers had to completely pay off the money they borrowed at the end of the month, as extended credit was not available. In fact, in 1966, half the UK population did not even have a bank account and the average weekly wage was £10.00 – paid in cash. It was possible to borrow money, but the form filling procedures to get a loan were usually long and complicated. Nothing like as easy as today's instant credit.

It was not until 1972 that the other main UK banks launched a rival to Barclaycard. Over the last decade or so, the situation has changed considerably. The number of credit cards available in the UK has been rising and there are now at least 1,300 different cards available. Nowadays, there are more than 75 million credit and charge cards in circulation.

Extended credit started in 1967. Ten years ago, outstanding borrowing on credit cards stood at £14 billion. Today, that figure has risen dramatically – to £56 billion. We live in a cashless society, characterised by consumer debt. In fact, the bankruptcy rate for individuals is at an all time high. Banks come in for a lot of criticism as they try and win over more customers with low-rate, special introductory offers on credit cards. Some banks make little or no effort to check if individuals can repay their loan.

Credit cards are of course very useful and convenient. For banks, they represent a good way to make money from interest on short-term loans. Indeed, bank profits have never been higher. Nevertheless, those old-fashioned values of 'If you don't have it – don't spend it' seem to have been replaced by a 'live now, pay later' culture.

3 Read the whole article. What are the advantages and disadvantages of credit cards for banks and customers?

4 What is the difference in meaning between these pairs of words? Create sentences with the words.

salary / wage  
(to) lend / (to) borrow

credit card / debit card  
profit / interest

(to) credit / (to) debit  
(to) pay off / (to) pay for

debt / loan  
(to) pay / (to) spend

5 Discuss the following questions in small groups. Be ready to report back your ideas to the class.

- (a) Are you happy with your current credit card conditions?  
 (b) What 'introductory offer' would encourage you to change to a new credit card?  
 (c) Do you think that customers should pay off their loans every month? Why / why not?  
 (d) Are banks wrong to encourage people to take out loans?