



From African safaris to drug-store sodas, America is enjoying a moneyless spending spree, thanks to credit cards.

the "comprehensive credit card," which theoretically combines all these individual credit systems under one all-purpose credit card.

The idea of the comprehensive card originated with the founders of the first company in this field—the Diners' Club. Legend has it that a New York credit man named Frank McNamara got caught short with a party of friends in a New York restaurant in 1950. Seeing commercial possibilities in saving other businessmen a like embarrassment—and also in bulwarking local restaurant business—McNamara asked the restaurant owner if he would pay a commission to fill his empty tables. When he got an affirmative answer, McNamara joined with his attorney, Ralph E. Schneider (now chairman of the board of Diners' Club) in circulating credit cards for a group of New York restaurants to several hundred local businessmen. Within a year, Diners' Club had 10,000 members charging at about a thousand establishments.

From this point on, the growth in both members and participating businesses has been steady, sometimes spectacular. The membership will pass the million mark in 1959, and participating establishments—mostly hotels, restaurants, and shops—now number about 20,000 in the United States and 76 other countries.

Part of Diners' remarkable growth resulted from absorbing some of its smaller competitors. It bought the Esquire Club (100,000 members), and last year completed a deal with the Sheraton Hotels which will bring in another 200,000 members via the Sheraton credit cards—while offering the Sheraton facilities to present Diners' Club members.

It costs \$5 a year to belong to Diners' Club, and the individual member spends an average of \$20 a month. He also receives a subscription to the club's magazine and the opportunity to charge goods and services ranging from travel insurance in California to books in Chicago to cutlery in New York to imported tobacco anywhere he can find a Dunhill establishment.

THE AMERICAN EXPRESS COMPANY was the second of the three giants to enter the comprehensive credit card field. Amex took the plunge last October with a splash which washed credit-hungry tourists ashore on beachheads all over the world. Amex was

a natural to get into the credit card business because of its century-old world-wide connections. Through banks, Amex contacted some eight million depositors with promotional mailings for its new service; at the same time, it swallowed two existing credit systems—the Gourmet Guest Club (45,000 members) and the American Hotel Association's Universal Travelcard (160,000 members and 4,500 hotels). In its first six months, Amex has enrolled more than 600,000 card holders and some 31,000 participating establishments all over the world.

In addition to the usual hotels, motels, restaurants, and specialty shops, it is possible through Amex to charge a bus ticket, rent a chauffeured limousine, buy color film, hire a stenographer, rent a dictating machine, repair or service your car, or buy a theater ticket, among other things. Amex also provides a broad range of cooperating travel agencies. Its growing appeal is aimed at the traveling public in general, and the traveling businessman in particular.

Oddly enough, the growth of the Amex credit card business has not hurt the product for which American Express is best known: its traveler's checks. The use of traveler's checks has actually increased during the last year. One reason, according to Amex officials, is that the credit cards have provided such a great stimulus to travel that the increased number of travelers—using both credit cards and traveler's checks—has more than absorbed the inroads the credit cards have made on cash business.

Amex charges its card holders \$6 per year. Its principal requirement for membership, like its two major competitors, is simply "a good credit standing in the community."

The newest member of the Big Three is Carte Blanche, owned and operated by the Hilton Hotel system. Like other hotel chains, Hilton had a sizable group (almost 1,200,000) of customers who held free credit cards. After prolonged dickering with the Diners' Club, Hilton decided to start its own comprehensive credit card rather than throw in with Diners'. The result is Carte Blanche, which went into operation officially this month.

Each holder of a Hilton card who survives a credit review will automatically receive a Carte Blanche card. He can continue to use it without charge in the Hilton hotels, but as



art by Don Margolis

soon as he uses it for any of the other services offered, he will be billed an annual membership fee of \$6. Thus, on paper at least, Carte Blanche starts out as the largest of the three card systems in total membership. This may no longer be true, however, once the original group is pruned down.

Carte Blanche officials say they will not go after large numbers of participating organizations but will concentrate on quality, "in keeping with the Hilton standards." In addition to services similar to those the other plans offer, Carte Blanche has closed a deal with a major oil company and was dickering with two others as this was written. For the first six months, Carte Blanche, headed by Barron Hilton, will be limited to U.S. use; after that, it will go international.

The gears of these booming new credit operations are grinding so furiously that they sometimes clash with the problems of some highly individualistic members. Take, for example, the application for credit that Amex received recently from a lady in Scarsdale, N.Y. The form was filled out properly, if a little shakily, and it was thrown into the maw for the usual credit investigation. Local credit officials in Scarsdale had no luck at all in finding the "William" whom the lady applicant had listed as her spouse. After considerable sleuthing, they discovered the applicant was eight years old, still living with her parents, and had hoped to receive a good credit

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