

Development of credit card worldwide and malaysia english language essay

[Linguistics](#), [English](#)



The idea of credit card which is lending money through a card is created on 1800s. At the first stage, it is only used for agricultural and durable goods. After that, it is spread to other industries such as hotel, airlines and many more. The cards normally used at their own merchants but some local merchants would accept the competitors' card also. The use of credit cards originated in the United States during the 1920s, when individual firms, such as oil companies and hotel chains, began issuing them to customers. Around 1938, companies started to accept each other's cards including their own rival. Nowadays, credit cards allow you to make purchases with countless third parties and also rival from other countries. The inventor of the first bank that have issued a credit card, Flatbush National Bank of Brooklyn in New York was John Biggins. In 1946, Biggins invented the " Charge-It" program between bank customers and local merchants. Merchants can deposit sales slips into the bank and the bank can billed directly to the customer who used the card. On 1950s, Bank of America introduced the BankAmericard which is the first general purpose credit card. The bank created a separate credit card operation entity that in the mid-1970s and known as VISA. Bank of America's success in their credit cards compared with their rivals on 1966. After that, it is known as MasterCard. After that, the Diners Club issued their credit card in the United States. It was invented by Diners' Club founder Frank McNamara and it was intended to pay restaurant bills only. It allows the customers to eat without any cash at any restaurant that would accept Diners' Club credit cards. Diners' Club would pay the restaurant and the credit card holder would repay Diners' Club. The Diners Club card was at first technically a charge card rather than a credit card

since the customer had to repay the entire amount when billed by Diners Club. On the other hand, American Express issued their first credit card in 1958. By the early 1960s, more companies offered credit cards, advertising them as a time-saving device rather than a form of credit. American Express and MasterCard became huge successes overnight. By the mid-'70s, the U. S. Congress began regulating the credit card industry by banning such practices as the mass mailing of active credit cards to those who had not requested them. However, not all regulations have been as consumer friendly. In 1996, the U. S. Supreme Court in *Smiley vs. Citibank* lifted restrictions on the amount of late penalty fees a credit card company could charge. Deregulation has also allowed very high interest rates to be charged.

2. 2. What is credit card ?

Nowadays, credit cards have become an established and popular part of our society. They are categorized as one of the primary forms of completing a purchase transaction in most retail businesses. Even appliance repairmen or plumbers accept them. A credit card is an automatic way of offering credit to a consumer. Credit is a method of selling goods or services without the buyer having cash in hand, just swipe the cards. Today, every credit card carries an identifying number that speeds shopping transactions efficiently. Imagine what a credit purchase would be like without it, the sales person would have to record your identity, billing address, and terms of repayment and everything manually. Credit can be assumed as borrowed money. This money is made available to us, but it must be repaid within an agreed amount of time. Credit cards provide a line of revolving credit. Credit cards required the balance is paid at the end of the month. Credit cards are

obtained based on our ability to repay the borrowed money. The lender is cautious about giving money to a risky borrower, especially since the money is unsecured. A borrower's spending habits are used to determine their risk, these are assessed based on their credit report. The report is a very important tool that lenders such as credit card issuers, use to make a decision as to whether to loan us money. The credit report shows our credit history. It aggregates our financial information, such as our credit accounts, the account limits and balances, and our repayment history. A numerical rating is applied to our credit history and it is this score that is considered by lenders. Credit cards eliminate the need for carrying cash or checks. A typical plastic card includes the customer's name and a series of numbers that represent the applicable network, bank and account. The numbers in aggregate are referred to as the "account number" or "card number". The front also features the card's expiration date and the issuer's logo. While in some countries, the card might also include a photo of the card holder for security. The back of the card has a horizontal magnetic strip and a signature box that must be signed by the card holder. The account number and a three- to four-digit card identification number or security number are often listed as well. With credit cards, it enable us to reserve a hotel room, airline tickets, concert tickets, and many more. They offer convenience and some special perks for using them, such as travel insurance and gift certificates. Credit cards can be used almost everywhere. Credit card companies like VISA and MasterCard are commonly associated with credit cards, but they do not issue the cards or loan the money. The two multinational corporations are among the largest retail payment networks.

They facilitate the processing of payments between merchants and banks. They also set the transaction terms and fees for merchants and card issuers. Credit card issuers are banks, credit unions, savings and loans and other financial institutions. The issuers arrange the card holder's credit agreements. Top 10 Credit Card IssuersJPM ChaseBank of AmericaCitibankAmerican ExpressCapital OneDiscoverWells FargoHSBCUS Bank

2. 3. Classification of various credit card

Since each person's financial needs are different, it makes sense that there are different types of credit cards. Before we apply for a credit card, become familiar with the various kinds of credit cards to make sure we are choosing the best credit card for us. Standard Credit CardsThe most common type of credit card allows us to have a revolving balance up to a certain credit limit. Credit is used up when we make a purchase and made available again once we've made a payment. A finance charge is applied to outstanding balances at the end of each month. Credit cards have a minimum payment that must be paid by a certain due date to avoid late-payment penalties. Standard credit cards are also called " plain-vanilla" credit cards because they offer no frills or rewards. They're also uncomplicated and relatively easy to understand. Example: PayPal Payments Standard, Standard Mastercard & Standard Visa. Premium Credit CardsThese cards offer incentives and benefits beyond that of a regular credit card. This premium credit cards offer cash back, reward points, travel upgrades, and other rewards to cardholders. Premium cards can have higher fees and usually have minimum income and

credit score requirements. Both standard credit cards and premium credit cards have specific types of credit cards. Student credit cards, zero percent interest cards, and travel cards are just a few types available. Example: Gold and Platinum Mastercards. Charge Cards Charge cards do not have a pre-set spending limit and balances must be paid in full at the end of each month. Charge cards typically do not have a finance charge or minimum payment since the balance is to be paid in full. Late payments are subject to a fee, charge restrictions, or card cancellation depending on your card agreement. Example: American Express & Diner's Club. Limited Purpose Cards Limited purpose credit cards can only be used at specific locations. Limited purpose cards are used like credit cards with a minimum payment and finance charge. Example: Store credit cards & gas credit cards. Secured Credit Cards Secured credit cards are an option for those without a credit history or those with blemished credit. Secured cards require a security deposit to be placed on the card. The credit limit on a secured credit card is equal typically at least the deposit made on the card, but it could be more in some cases. We're still expected to make monthly payments on your secured credit card balance. Prepaid Cards Prepaid cards require the cardholder to load money onto the card before the card can be used. Purchases are withdrawn from the card's balance. The spending limit does not renew until more money is loaded onto the card. Prepaid cards do not have finance charges or minimum payments since the balance is withdrawn from the deposit. These cards are not actually credit cards and they don't directly help you rebuild our credit score. Prepaid cards are similar to debit cards, but are not tied to a checking account. Example: Visa, Mastercard & American Express Prepaid Cards.

Business Credit Cards Business credit cards are designed specifically for business use. They provide business owners with an easy method of keeping business and personal transactions separate. There are standard business credit and charge cards available. Example: Visa Barclay Card Business Credit Card & Mastercard Capital OneAspire Business.