

**OBR #104**

**Lessons from the Credit Card Marketers**

*Innovations in online marketing and delivery*

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**Abstract of main report:**

As we entered the Internet era in the mid-to-late 90s, we fully expected the credit card issuers to lead the financial services sector online. For a while, it looked like a good prediction. Many of the early online banking pioneers, NextCard, Providian/GetSmart, Wingspan Bank, C2it, Juniper Financial, had their roots, and business plans, centered on credit cards.

But a funny thing happened as that story was being written. Recession. Whether it was an unseasoned portfolio (NextCard), problems at the parent (Wingspan), or an over reliance on sub-prime (Providian), these pioneers lost their funding and retrenched (Providian, Juniper) or disappeared (NextCard, Wingspan, C2it).

But as card companies recover from the beating they've taken during the past three years, we are seeing renewed innovation from the sector. This report summarizes some of the most important strategies being used by credit card issuers to profit from online delivery.

**Other articles:**

- Washington Mutual tests CD auctions with eBay
- MBNA named Best of the Web 2004 with innovative Bill Pay Choice

**Companies mentioned:** American Express, Bank of America, Capital One, Chase, Citibank, eBay, First USA, Fleet, Juniper Financial, MBNA, Online Resources, Washington Mutual.

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