

Changing attitudes to credit in a changing economy

The credit card first came into being during the boom era that preceded the Great Stock Market Crash of 1929. The second wave of the Industrial Revolution saw the rise of factories throughout the country, ushering in a significant change in the economy, with a decline in the percentage of people working in agriculture. This change in economic focus led to the dawning of the Gilded Age, with capitalists and investors enjoying new opportunities - eventually leading to a broader prosperity throughout society.

The Industrial Revolution contributed heavily to the huge range of consumer goods that were now widely available. Unsurprisingly, it was during this time that the earliest form of credit cards came into existence, aiding consumer's ability and desire to purchase new products.

The earliest instance of the credit card was known as the shopper's plate, and was typically a store specific charge card made of metal. The main difference between these cards and the credit cards of today is that the outstanding bill was expected to be paid in full at the end of the month. These charge cards were first available in the 1900s but it wasn't until the 1920s that their use became more widespread, as a direct result of the rise of the automobile industry leading to many fuel stations issuing charge cards for travellers to use around the country.

By the 1930s, several retailers had edged towards using "revolving credit", a system by which the card holder could pay balances over time while simultaneously charging new amounts - the main differential between the charge card and the credit card - and the first hint of the retail arrangements that are common today. The first step towards revolving credit was taken by a major department store, which extended its period of repayment to four months, although they did not allow any credit purchases until the outstanding bill was paid off in full. True revolving credit did not appear until the 1940s when department stores began using the facility in conjunction with their store cards.

With the rise in popularity of the [credit card](#) came a changing attitude across the United States towards debt. Instead of limiting debt to things that were essential and facilitating the need to save up for luxury items, it became more culturally acceptable for people to go into debt for things that they wanted, rather than needed.

Despite efforts to curb consumption in the U.S, it was found to be simply unworkable due to the incredible amount of goods being marketed. The new attitudes to consumption and debt prevailed, a fact evidenced by the arrival of the modern credit card in the 1950s. Credit cards issued by banks with new features such as annual fees and interest rates soon followed, with the first national bank credit card being introduced in 1966 and, after a name change in 1976, became the Visa used around the world today. Mastercard was also introduced in that era, first appearing in 1980.

The history of the credit card is entwined tightly with the changes in the economy, with the shift from an agrarian economy to one based on consumer consumption. Certainly, the credit card has had a huge impact on business and personal lives, with a greater number of people now spending more than they earn to a degree that has never been seen before.

About the Author

Matthew Pressman is a freelance writer and frequent flyer. When not travelling, he enjoys golf and fishing.

Source: <http://www.tntarticles.com>