The French Carte bleue

ATM Stories – Always Telling More by BNP Paribas – the podcast that goes behind the scenes to bring you some little-known stories about the bank. These moments that have shaped the character and culture of a 200-year-old group, to be enjoyed anywhere and at any time!

There are objects we use so often—and so instinctively—that it's hard to imagine a time when they didn't exist. And in fact, it's just as difficult to picture a future without them.
Today, on *ATM stories*, we're travelling back in time to explore the origins of one such everyday essential: the payment card – known in France as the "C*arte bleue*

Let's meet Alice and her daughter Lola, who are finishing lunch on a sunny terrace. One of those all-too-rare mother-daughter moments that Alice wouldn't have missed for the world. A pistachio tiramisu shared between two spoons and a ristretto coffee later, the waiter approaches, bill in hand.

"How would you like to pay?"

Alice hesitates. She's just remembered her card has barely survived a 60-degree colored wash. *Mental note for later: stop putting things in the back pocket of her jeans.* She glances at her daughter, Lola, then stares at the payment terminal… *Phew!* **Transaction approved.** And off they go, arm in arm, as Alice recounts the washing machine saga to her daughter.

"Ha! Not bad!" laughs Lola. *"But Mom, why don't you just put it on your phone? Everyone does that now! I don't even get why you still carry that thing around."*
"Stop making fun of me, Lola. I didn't grow up with contactless payments, you know. Let me tell you something: payment cards aren't actually that old. In fact, I bet you don't even know when it was invented. Go on, take a guess!"

"Hmm... sometime around the Middle Ages?" Lola jokes.

Alice smiles. « Almost. Back then, darling, people traded chickens for sacks of flour. The payment card was born a little later in the 1960s... well, at least in France. Because the idea actually appeared about fifteen years earlier in the United States, in the early 1950s. According to a story, a New York businessman found himself short of cash one evening and came up with the idea. He imagined a card that would allow people to pay at restaurants without having to hand over any money on the spot."

The Diners Club was born—and with it, the first credit card.

Restaurant owners were paid by the bank upon presentation of sales slips, in exchange for a small commission, of course. Meanwhile, customers would be debited later, at the end of the month for instance. And if they couldn't pay then, the debt simply became credit.

The concept quickly spread. Americans could shop in stores, eat in restaurants. In short, consume, in every sense of the word. And it was partly thanks to these cards that credit became one of the driving forces of the American way of life.

"As usual," grumbles Lola, "Those Americans invented everything! In France, did we just change the name?"

"Not quite. The French studied the American model, of course, but they wanted to go further. In the United States there were hundreds of cards: every bank had its own, every car manufacturer had one, and so on. And everything was based on credit—hence the name: 'credit card.' In fact, you'll notice that the term entered everyday language, whereas in France the credit aspect was always secondary."
In short, this whole system relied on trust, and over here, bankers had their doubts. Credit has always been a more sensitive matter in France than across the Atlantic. Besides, if you're interested in the subject, I recommend the *ATM*- podcast on consumer credit... Anyway, they took their time. They met. Several times. Eventually, five major financial groups, including BNP—where your mother works, let me remind you—agreed to create a shared card that wouldn't be a credit card, but rather a payment card. That's an important distinction. In France, the card was directly linked to the customer's bank account; it wasn't designed to create debt."

"Well... unless you count overdrafts," Lola points out. "But why was it called the carte bleue in France?"

"Ah, my Darling, I'm afraid the answer may disappoint you. The legend says it was inspired by the blue jerseys of the French rugby team. But the most likely explanation is much simpler: all the other colors had already been taken. Red was still available, but it was considered too aggressive."

"And it actually worked?" Lola asks in surprise. "I mean, did people just go along with replacing their coins and bills with a piece of plastic?"

"Not exactly. But contrary to what you might think, customers weren't the hardest people to convince. And in fact, at first, the card was reserved for the wealthiest customers. They loved the novelty— which effectively set them apart from the rest. No, the real challenge was convincing the shopkeepers."

Alice smiles at the memory.

"I remember your grandmother very well. She was a florist back then. I loved her shop. I'd stop by after school to help her; it always smelled of damp soil. Anyway, she was fiercely opposed to the payment card." It's worth noting that, in the beginning, it was just a plastic card that you had to swipe through a big device nicknamed *the iron*." It produced a sort of carbon copy imprint of the card, which was then used as a payment slip for the bank"

"Oh, wait," Lola interrupts. "That reminds me of something—I think I saw one of those in Thailand last summer. There had been a power outage, and the little guy at the restaurant had pulled out a device just like the one you're describing. He'd gone and fetched it from the very back of a closet." I thought he was going to shred my card—he was struggling so much.

"That's exactly it! Hey! You've seen a real relic. Nobody uses those anymore. I remember your grandmother used to say, 'If I'm going to iron things on my counter, I might as well open a laundry service!' But mostly, she didn't see why she should pay a commission for something she'd been doing perfectly well for twenty years." And besides, the system relied heavily on trust in the banking sector because, of course, there were no computers back then, no possibility of instant verification of a customer's solvency."

"Oh, but then," Lola interjects, "there must have been lots of fraud, right? Since there were no checks..."

"Not as much as you'd think. Besides, checks were far worse. Back then everyone used checks for absolutely everything, and from the bank's perspective that was a financial black hole. But above all, with the payment card, customers were carefully selected, there were lists of stolen cards, … and the banks absorbed the losses. They had to get the system started, you see, and build trust." Banks also had another powerful argument: with payment cards, less cash in tills meant fewer robberies. For jewellery stores and other businesses handling significant amounts of cash, that was a huge relief. Obviously, your grandmother's little flower shop was, of course, less concerned by that."

"But eventually it caught on," says Lola. "Because today everyone has a payment card... " Or at least, those who don't pay with their phone.

Alice caught the reference and burst out laughing. In the meantime, if you look through the historical archives of BNP Paribas, you'll see that in the year it was launched, the French Carte Bleue had attracted barely more than 10,000 merchants. That's not a huge number. And three years later, in 1970—the year I was born—there were only 40,000. That's a lot of resistance! Meanwhile, on the cardholder side, they were already 400,000."**!**

"What about ATM back then? Lola asks. Being able to withdraw money anytime—even in the middle of the night—must have encouraged people."

« In the early 1970s it was a bit too soon. The first ATM's appeared as early as 1968, but they didn't work with regular Payment Cards yet. In 1971, cards gained magnetic stripes and ATMs began accepting them." But there was still a long way to go. Two major milestones would truly secure the future of the payment card. The first was international expansion. Until then, the card was only accepted in France. In 1973, French banks managed to negotiate partnerships with BankAmericard in the United States and Barclaycard in the United Kingdom. The international payment Card was born. Not only could French cardholders pay merchants and withdraw cash all over the world, but it worked the other way around as well. Can you imagine what that meant for French merchants: millions of potential customers! That was the first major boost. The second was interoperability."

Lola stops walking and says vehemently, "what?"

Interoperability. At first, there were several competing card systems, even in France. For example, there was the “Carte Verte,” launched by Crédit Agricole. It was a cash-withdrawal-only card, but it was quite widespread in small towns. There were also Intercarte, Eurocard, and so on. And none of these systems were compatible. For example, you couldn’t withdraw cash from a any ATM. It depended on the type of payment card you were using.

"Seems logical enough," Lola says sarcastically.

Well… realizing that this was going to seriously hinder their growth, banks gradually worked things out, step by step, until full interoperability was achieved in 1984. They created the *Groupement des Cartes Bancaires* (bank cards group) with its CB logo, which appears on all cards today. Yep, I’m teaching you something new here, aren’t I! The CB logo that everyone knows—well, it doesn’t stand for “carte bleue”, but carte bancaire »… which, by the way, hasn’t stopped people—myself included—from continuing to call it a “Carte bleue.” Anyway, from then on, card usage skyrocketed. Between 1980 and today, the number of ATMs in France went from 860 to over 70,000!

"So, there you are. It's been quite an adventure for this little card. You can understand why I'm going to need a bit of time before payments shift entirely to mobile devices**.**

"Well, Mom," says Lola, "this great French success story has suddenly made me crave an ice cream. Come on, my treat! There's a fantastic ice cream shop just two blocks away. And on the way, I'll decide whether to pay with sacks of flour or with my phone

That was **ATM stories**, *Always Telling More*

We'll be back very soon with more fascinating stories from the history of BNP Paribas.