One such experiment began in Flatbush, Brooklyn, where a young banker named John C. Biggins, while working at his father's bank, noticed that the local cash stores lost customers to the department stores downtown that offered credit.[57] By the late 1940s, grocery stores, butchers, hardware shops, and other firms that until the 1920s operated on nineteenth-century-style open account credit, had become cash-only to compete with the lower prices of the cash and carry stores. But though the stores could not afford to offer credit, the customers still needed it. In this challenge, Biggins recognized an opportunity. The bank could offer credit directly to the customers of these cash stores. The bank could replace the shopkeeper as the main supplier of credit.

The "Charg-It" plan that Biggins envisioned was not a simple replacement of the old butcher ledger. He brought to bear all the modern credit systems popularized by department stores in the 1940s. Applications for the plan could be made at either the bank or a member store. Rather than the informal personal relationship of the older open book credit, the Charg-It plan investigated each applicant using a credit bureau. Successful applicants received a Charga-Plate for identify.[58] Using the Charga-Plate, the bank could exploit all the cost savings associated with centralized accounting, billing, and collections.[59] Daily, stores would send the bank a slip with the charges and the bank would, that same day, credit the store's account, even before the customer paid the bill. The bank then used a "National Class 31 (18) cycle billing machine," like the department stores used, to send notices to the customers.[60] Centralized, mechanized credit, pioneered by department stores using Charga-Plate in the 1940s, made the per transaction cost of the Charg-It system much lower and more reliable. Descriptions of the system explicitly stated that the "mechanics of the system parallel[ed] the system used in any department store."[61] The lax collection policies and accounting of small shops would be replaced by professional, mechanized collection systems of the bank. Capital, always short in retail, would be supplied by the bank as well.

The Charg-It plan required no personal relationship between retailer and consumer. Customers could use their Charga-Plate in any store that belonged to the plan, whether the owner knew them or not. Biggins based borrowers' limits on the credit bureau report, not on personal relationships. The shopkeeper would know nothing of his customers' finances, only their purchases. The Charg-It plan made charge accounts impersonal and institutional even at the neighborhood store. The local retailer could not use credit to bind customers to the store, but without the bank the retailer would lose the customer to the department store who could.

The neighborhood store, the thinking went, could better compete with downtown stores, and the banks made money from both the stores and the shoppers. The regular 30-day charge account had no fee, but Charg-It shoppers were charged 0.5 percent per month, or 6 percent annually, for the revolving credit account.[62] The bank, at the same time, charged retailers 8 percent of each purchase—an enormous cut of the revenue.[63] While they got immediate use of the funds, retailers also lost 8 percent of their sales revenue.[64] For the banks, 8 percent must have made for a tidy profit, but it fatally limited the number of retailers interested in such a program. Certainly department stores, with their own credit systems, wanted no part of it. Small retailers, already facing difficulties, must have been dubious, despite the opportunity to lure customers back in.

Such a novel program as the Charg-It system was not unique, but more of an incremental improvement over existing wartime department store practices that many banks were discovering.[65] Biggin's Charg-It system was not the only centralized, bank-run charge credit program independently created in the early 1950s, and all the rest relied on the same factors: offering department store credit techniques in exchange for hefty cuts of the revenue. Like the Charg-It plan, they were created for cash stores outside the downtown to compete with the large credit-granting department stores.[66] These credit programs, though resulting from innovative bankers seizing the opportunities of the moment, only became possible because of the spread of department store credit practices. But they did not take off.

When Biggins's father sold the small Flatbush National Bank to the large commercial bank Manufacturers Trust Co., shortly after Biggins had created the program, the new owners promptly shut the program down.[67] Biggins left Brooklyn for New Jersey, joining the Paterson Savings and Trust Company as the head of their personal loan department. Here Biggins made the Charg-It system work. The infrastructure of the personal loan department was set up for just this kind of processing; the department had experience with small loans and connections to credit bureaus. Moreover, if customers charged too much on their revolving or regular charge accounts, the bank, a reviewer noted, could easily "consolidate all their debts" as well as offer them loans for "other worth-while services."[68] Biggins ran his program in the New Jersey suburbs successfully for many years, and through its success, ended up as the bank's president.[69] Yet his program remained a novelty. His small bank did not have the capital to expand such a program. Moreover, the program was limited to smaller, independent stores. The major stores where people shopped—the department stores—would not take Biggins's cards or any other card offered by another financial institution. The long road to universal credit cards would take another twenty years, but in the interim Americans managed to borrow what they needed from department stores. While bank cards remained novelties, confined to particular local areas

50. Pearson test for suburban dummy variable was (P > 0.42).

51. Linear regression of mortgage controlling for race (P > 0.269), location (P > 0.019), federal loan status (P > 0.003), and income (P > 0.000). Even after controlling for other factors, households that used FHA and VA loans, with their lower costs, could afford to borrow an additional $2,052 over those who did not use a federally insured loan, which was more than the difference between suburban and urban mortgages of $1,861.

52. Linear regression of mortgage controlling for federal loan status (P > 0.000) and income (P > 0.000) among black households with mortgages with an R^2 of 0.42.

53. Logit regression with black subpopulation of FHA dummy variable on suburban dummy variable with odds ratio .485 with (P > 0.632) [–1.57, 2.54]. The model overall had an F-test of (P > 0.63). With such a high p-value the FHA dummy did not predict suburban or urban status for African American households.

54. Computed by author from multiple response variables in the 1961 survey.

55. Timothy Wolters, "'Carry Your Credit In Your Pocket': The Early History of the Credit Card at Bank of America and Chase Manhattan," *Enterprise & Society* 1 (June 2000): 315–54.

56. Ibid., 336–49.

57. National Cash Register Company, "A Bank's 'Charge-It' Plan," no. 4, April 8, 1953, *Bank Information Bulletin* (Dayton, OH), folder "Sep 1950–1953," box "502.32 Open Account Installment Sales Credit – Consumer Credit," NARA, 1.; "John C. Biggins Dies, Paterson Banker, 61," *New York Times*, September 19, 1971, 66.

58. Ibid., 1.

59. Ibid., 1.

60. Ibid., 2.

61. Ibid.

62. Ibid.

63. Ibid.

64. Eight percent is much higher than the 1 to 2 percent merchant discount fees that credit card companies charge today.

65. "Merchants' Charge Account Service is Unveiled by Franklin National," folder "Sep 1950–1953," box "502.32 Open Account Installment Sales Credit – Consumer Credit," NARA, 1–4.

66. Ibid., 1.

67. Ibid., 1; "Manufacturers Trust Acquires Flatbush National Bank," *Wall Street Journal*, May 11, 1946, 2; The relationship between father and son is shown in the granddaughter's engagement announcement. "Catherine Biggins Becomes Affianced," *New York Times* January 17, 1967, 38.

68. National Cash Register Company, "A Bank's," 2.

69. "John C. Biggins Dies."

70. Malcolm McNair, "The American Department Store, 1920–1960: A Performance Analysis Based on the Harvard Reports," Bureau of Business Research Bulletin no. 166 (Cambridge: Graduate School of Business Administration, Division of Research, 1963), BAK, 40. The gross margin remained fixed around 36 percent;