

History of entry into the store card market

1. There is a clear history of entry into the market over the past 20 years. Most of this entry has been through acquisition. No large retailers running conventional store card programmes, except Argos, continue to use in-house provision.
2. There are currently eight main store card providers. Until 1979, store cards were provided in house. The first external provider of store card services was Style Financial Services, initially providing the store card for Goldbergs in 1979 and going on to offer store card provision services for other retailers in 1985. Style was subsequently bought by Royal Bank of Scotland in 1986. Clydesdale started providing store cards in the 1980s; it was acquired by Barclays Bank in 2003. GEFC (General Electric Consumer Finance) entered the market in 1990 with the acquisition of the Burton Group's card operations. Blackhorse was established as a provider in 2000 when Lloyds TSB bought Chartered Trust from Standard Chartered Bank; the latter had been operating store card services since 1993. Ikano (part of the Ikano SA Group) entered the market in 1994. Creation entered the market five years later by buying the Sears portfolio. ARG (a subsidiary of GUS) began the in-house Argos store card operation in 2000. HSBC/HFC acquired the JLP store card business in 2003 (HSBC having bought HFC earlier in 2003); HSBC was already operating Harvey Nichols's store card.
3. The only exit of an external provider was Yorkshire Bank, which sold its store card business to Ikano in 1999. Cetelem is also in the process of exiting. There has been some outsourcing of in-house store card operations: in particular, JLP and Marks & Spencer have both in recent years outsourced their store card businesses after previously operating them in-house.

4. Credit card companies have emerged as entrants, or potential entrants, to the store card market, particularly since the arrival of store-branded credit cards, competing in tenders for store card businesses (mostly for larger retailers) for the first time. MBNA, Capital One, Citigroup and Lloyds TSB have all participated in recent tenders. Barclaycard recently won the contract for providing store card services for House of Fraser. The deal also included the likely introduction of a store-branded credit card. With the exception of NatWest and HBOS, all major banks have entered or attempted to enter the store card market.