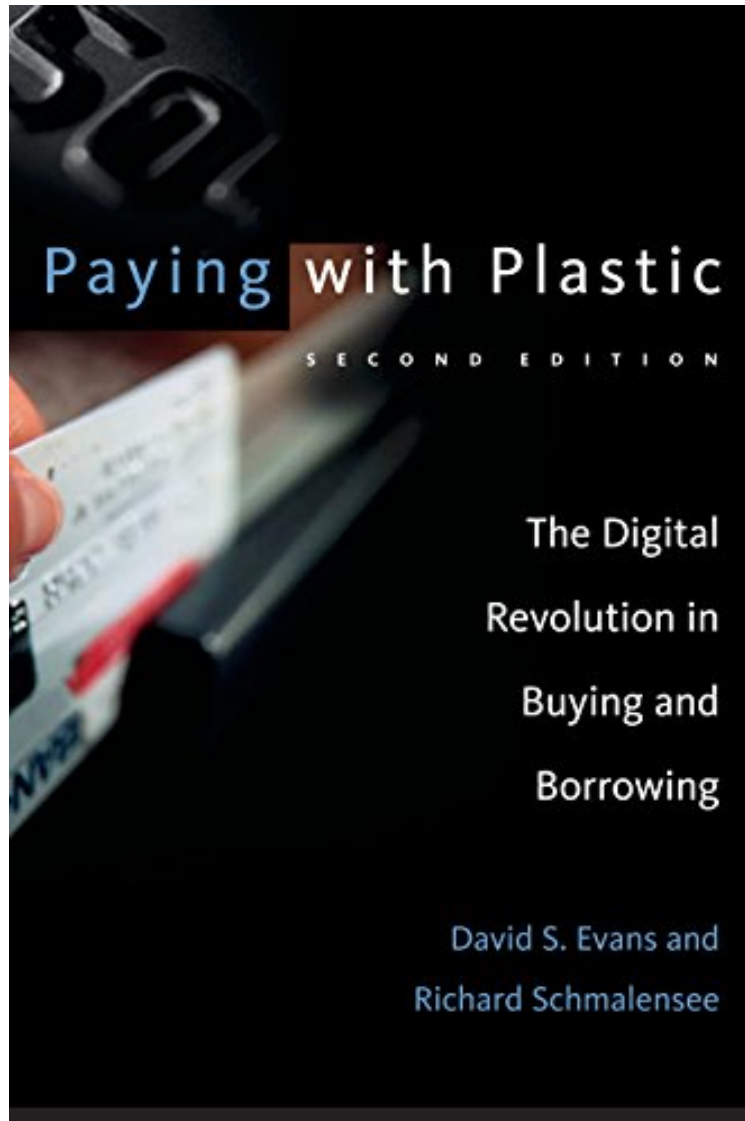


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Paying with Plastic: The Digital Revolution in Buying and Borrowing (MIT Press)

David S. Evans, Richard Schmalensee

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David S. Evans, Richard Schmalensee : Paying with Plastic: The Digital Revolution in Buying and Borrowing (MIT Press) before purchasing it in order to gage whether or not it would be worth my time, and all praised Paying with Plastic: The Digital Revolution in Buying and Borrowing (MIT Press):

0 of 0 people found the following review helpful. Comprehensive analysis of the payment industryBy xmarc999This is the most accurate analysis of the the payment card industry, and I highly recommend it for any professional in the industry. A bit dry - a more exciting beach read can be found in The PayPal Wars. But this is a detailed exploration. I

will note that this is the second edition, and there have been promises (and even published chapters) from the third edition. I look forward to the third edition and it may be worth checking out the MIT Press website to see if the third edition is out. 7 of 9 people found the following review helpful. What's old will be new again By Larry Chiang Paying with Plastic first edition has been revamped, rewritten and repositioned here with edition number two. Most important, Paying with Plastic "2.0" addresses new developments of online payment processing. The authors correctly begin to question the requirement of a merchant set top box for reading "antiquated magnetic stripes". "Old is new" item #1. Frank McNamara's Diners Club platform would cost about \$50,000 to set up today. What's the next mutiny of merchants? Old is new item #2. Sears starting up Discover and getting to more merchants than American Express - all within 2 years. Moore's law (doubling within time) would suggest the next Discover would ramp up in less time. Old is new #3. Industries in decline, lobby best. The payment industry's recently raised interchange rates. Does technology cost more?! No, but growth is stagnant. Old is new #4. Whoops, John Reed (ex-CEO of Citibank) pulled their Visa membership (p14) and moved the Mastercard logo to the back. Why?! Pull the entire Citi into a closed loop - Citi wanted to be like Amex and Discover. There will be more banks doing this like Chase (Octagon) or MBNA (PayPass). Old is new #5. Wal-Mart as a bank. See Sears above in #2. Wal-Mart pays fees to V/MC/D/Amex but they'd rather charge fees and lend money. Why just make \$2.00 on the VCR when you can make \$10 on the financing. By the way, I like the payment system name, "Wallycard"... just kidding. 1 of 1 people found the following review helpful. Great Overview By Dion F. Lisle If you work in the payments, credit card or finance industry this book is great. It has a very easy to read history about credit cards, who knew Diners Club invented the category in the 50's. But more importantly is how the industry is moving forward and progressing. Overall, this is a book you read if you need to, but I can't imagine anyone outside the industry reading it. You would have to be the most intellectually curious person in the world if you read this cause you were interested in how credit cards work.

The payment card business has evolved from its inception in the 1950s as a way to handle payment for expense-account lunches (the Diners Club card) into today's complex, sprawling industry that drives trillions of dollars in transaction volume each year. Paying with Plastic is the definitive source on an industry that has revolutionized the way we borrow and spend. More than a history book, Paying with Plastic delivers an entertaining discussion of the impact of an industry that epitomizes the notion of two-sided markets: those in which two or more customer groups receive value only if all sides are actively engaged. New to this second edition, the two-sided market discussion provides useful insight into the implications of these market dynamics for cardholder rewards, merchant interchange fees, and card acceptance. The authors, both of whom have researched the industry for more than 25 years, also examine the implications of the recent antitrust cases on the industry as well as other business and technological changes -- including the massive consolidation brought about by bank mergers, the rise of the debit card, and the emergence of e-commerce -- that could alter the payment card industry dramatically in the years to come.

.com For better or worse, most of us have at least one of the 720 million little plastic cards that are used each year to complete \$860 billion worth of purchases at 15 million incredibly varied merchant locations throughout the world. This is a far cry from the humble beginnings of these myriad credit, debit, and charge cards, which just a few decades ago were generally a perk offered only to elite customers for the acquisition of fine meals, hotel rooms, department-store goods, and oil-company products. They are now so common and such an integral part of our economy, in fact, that few pay them much mind--a situation that makes David Evans and Richard Schmalensee's Paying with Plastic all the more interesting. Evans, senior vice president of National Economics Research Associates, and Schmalensee, dean of MIT's Sloan School of Management, meticulously trace the history of these cards from both the consumer and merchant perspectives in this surprisingly appealing volume, which will prove enlightening to anyone who ever wondered how plastic money works. --Howard Rothman "Well-written and clearly presented." *mdash*; Tudor Marshall, *The Business Economist* "An excellent treatment of the payment card industry's evolving structure and conduct." *mdash*; Daniel Pope, *Enterprise Society* "From the Inside Flap" "Paying with Plastic examines a quiet revolution in the U.S. economy--the steady transition from checks and cash to credit, debit, and charge cards. The authors describe the causes and consequences of this transition in terms of economics and law--all in plain English that the nonspecialist can understand. This book has become an immensely valuable source on an important subject." --Robert Pitofsky, Joseph and Madeline Sheehy Professor in Antitrust and Trade Regulation Law, and Dean Emeritus, Georgetown Law School, and former Chairman, Federal Trade Commission "Paying with Plastic is a practical discussion about a complex industry that drives almost \$3 trillion in worldwide purchases every year. Evans and Schmalensee illuminate the inner workings of an industry that many know by virtue of the cards we carry in our wallets, but few really understand. It is required reading for anyone who works in, works with, or studies payment cards." --Timothy Muris, Foundation Professor of Law, George Mason University, and former Chairman, Federal Trade Commission "Evans and Schmalensee offer a comprehensive, highly readable account of the evolution of the payment card industry, from the birth of the Diners Club card a half-century ago in Manhattan to the contemporary legal battles between American Express and the bank card associations. Along the way, they analyze the economic

impact of the industry in areas ranging from the diffusion of consumer credit to the evolution of multisided market platforms." --Robert Hahn, Executive Director, AEI-Brookings Joint Center "Authors Evans and Schmalensee have written the definitive book on the business of bank cards. The reader will come away an expert, with a clear understanding of the business drivers, the players, and the complex issues behind the business of bank cards. This should be required reading for anyone engaged in the bank card industry, from executives at the associations to systems integrators and vendors that service this market." --John C. Gould, Director of Consumer Lending and Bank Cards Practice, TowerGroup "This very readable book will appeal not only to policymakers and business executives, but also to the theoretically inclined economist. Evans and Schmalensee provide a rigorous analysis and deep insights about the credit card industry's fascinating institutional features. Paying with Plastic considerably advances the state of our knowledge and is a remarkable achievement." --Jean Tirole, Institut d'Economie Industrielle, Toulouse