

Meet Apple Card, no late fee: Apple becomes a banking player

Forget Apple's TV+. Forget Apple News+. The real innovation and key to Apple's growth will be its splash into the credit card market.



By [Larry Dignan](#) for [Between the Lines](#) | March 25, 2019 -- 19:46 GMT (12:46 PDT) | Topic: [E-Commerce](#) - ZDNet

Apple has become a bank. With the [Apple Card](#), the company may have just found its next big thing and it isn't a phone, computer, or tablet. And it certainly isn't a subscription service. By putting itself in the middle of consumer spending and finance, Apple may have just solved its growth equation.

- **See it now:** [Apple Card](#)

After all, [the credit card business](#) can be quite lucrative. Apple's [next big cash cow](#) looks like this:



Jennifer Bailey, VP of Apple Pay, highlights the titanium version of Apple Card.

Tim Cook, CEO of Apple, set up the motive:

“We wanted to take the Apple Pay experience even further. We saw an opportunity to transform another fundamental method of payment. That's the credit card. We think Apple's uniquely positioned to make the most significant change in the credit card experience in 50 years.”

The innovation in the Apple Card is mostly business model based. The company is taking an installed base of devices, features such as low rates and no fees and some cut of transactions built on top of Apple Pay. Goldman Sachs is the issuing bank and MasterCard provides a key

payment partner to get a global base. The iPhone becomes the wallet, but the physical card will also get some takers because it's easy on the eyes.

Apple's credit card innovation is part store-branded credit meets loyalty program meets toll collector.

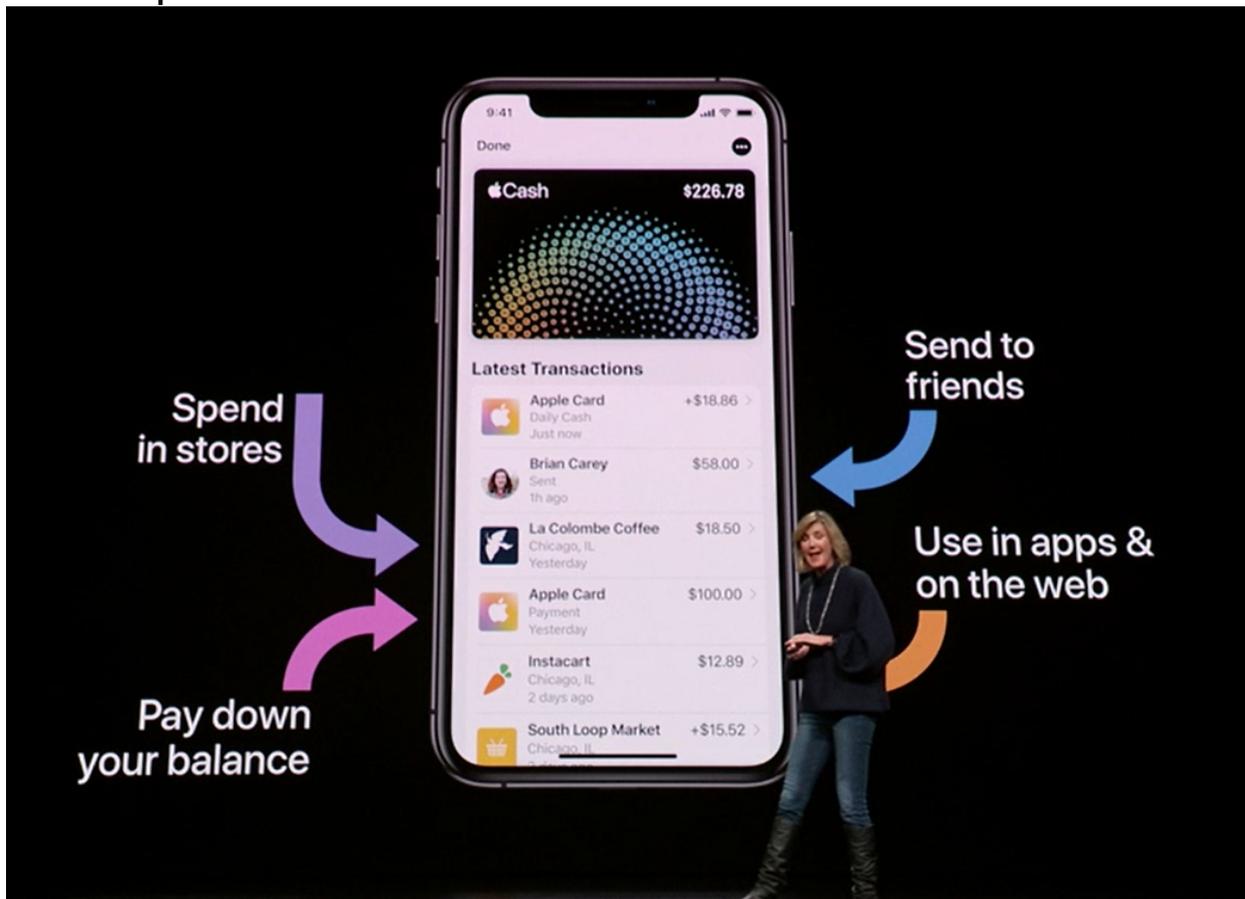
You combine an app experience that appears to be enabling more financial literacy and health, and Apple just took on a bevy of competitors including the following:

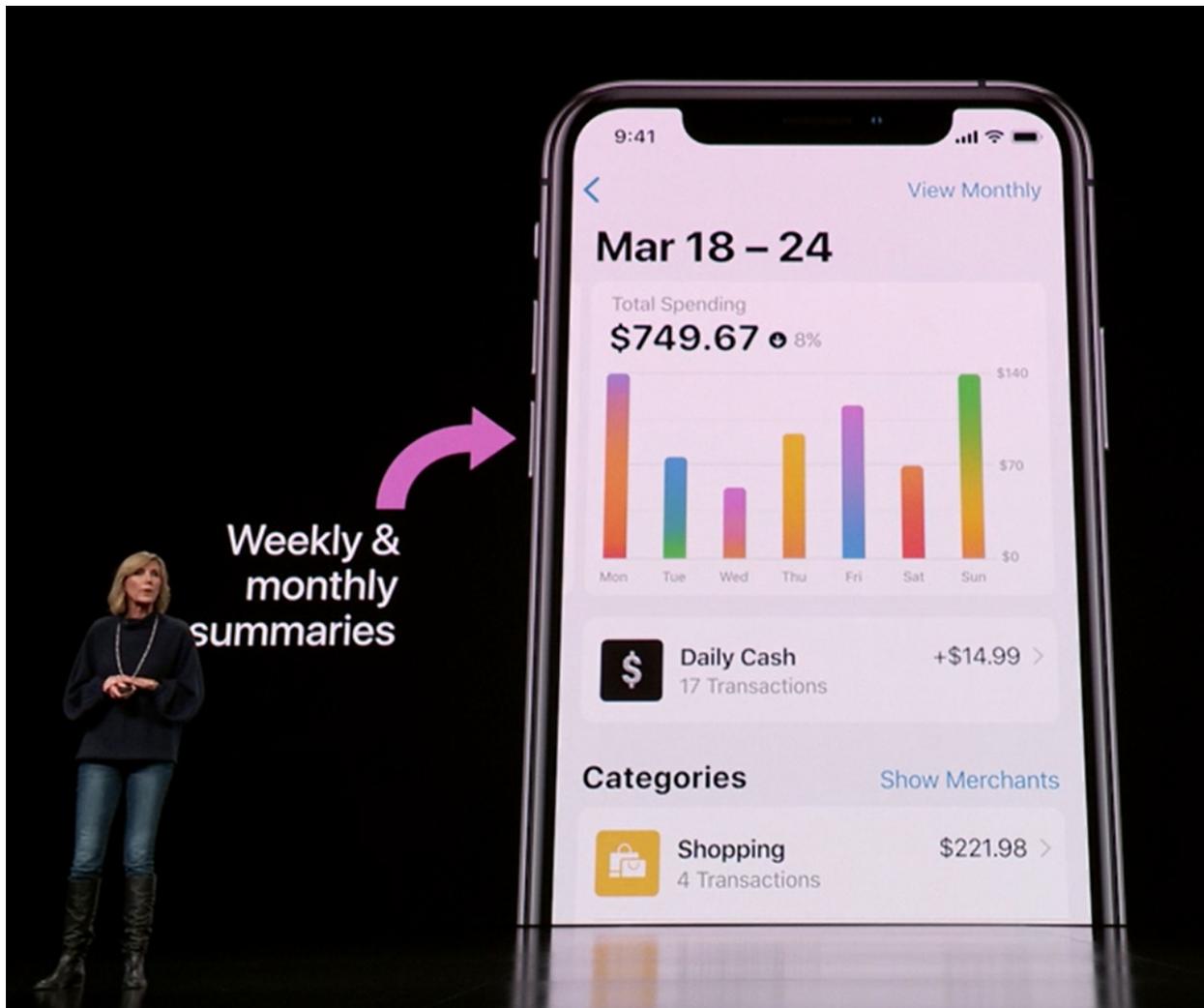
- [Capital One](#) and other credit card issuers such as [American Express](#), [Bank of America](#), and [Citibank](#).
- [In a blog post](#), MasterCard highlighted its involvement with Apple's digital first card. Apple is using MasterCard's token services and M Chip technologies.
- Banks that have built in personal finance apps and rely on credit cards for margin.
- Apps like Intuit's Mint.
- Payment apps like PayPal and Venmo that have an app presence but not a physical one. [PayPal also issues its own credit and debit cards](#) with Synchrony Bank as the issuing bank.
- An architecture and financial setup that makes Apple Card as compelling as a rewards program. Customers get three percent Daily Cash on all purchase made with Apple; Two percent with Apple Card and Apple Pay usage and one percent with the physical card; and one percent with the titanium Apple Card.

One instant message sums up the importance of Apple Card.

"Two percent on all my Apple Pay purchase... Bye, bye Capital One."

In a world where [the Points Guy](#) is the most influential person in the credit card industry you can't dismiss Apple Card's perks.





And if you're into Apple's services model plans, I suggest you just set aside the video, news, and game services. Who cares? Apple Card will carry the profit margins going forward.

There will also be a business play to this as Apple Card is likely to be a corporate expense account addition -- especially for creative pros as well as iOS heavy shops.

APPLE CARD: DETAILS INCLUDE

- A cash back program called Daily Cash that will drive spending like how the Starbucks app drives purchases.
- No late, annual, international or over limit fees.
- Wide coverage.
- The elimination of credit card numbers via a security chip. Payments have a dynamic security code and Apple Card's physical presence doesn't have a number or CVV.
- Apple doesn't know what you bought, where or how much you paid. The information is stored on device not Apple servers.

But rest assured that the biggest perk of Apple Card is going to go to Apple. Apple Pay got Apple into the finance game, but Apple Card extends it further into the market. Finance sure beats those other Apple next big thing concepts such as cars. I guess we shouldn't be surprised. Apple knows how to follow the profit margins.

APPLE CARD: KEY THINGS TO KNOW

- Apple Card is built into Apple Wallet so it's easy to activate not to mention installed on every iPhone.
- Availability will be in the summer.
- Apple Card will leverage text messaging customer support 24/7.
- Apple Card makes Apple Maps and other apps stickier due to integration.

- Apple Card will also make it easier to pay for other services from Apple (that's a big one folks).

The fine print needs to be explored more and it's worth examining before availability in the summer.

original article:

<https://www.zdnet.com/article/meet-apple-card-no-late-fee-apple-becomes-a-bank/?ftag=TRC64629f&bhid=23405847687286447375579737817622>