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MBNA's clout goes to Bank of America

by Derek Lenehan

Prior to being purchased by Bank of America on January 1st, 2006, MBNA was the world's largest independent issuer of credit cards. It employed 25,800 people and controlled \$122.5 billion in consumer credit. If the workload were spread evenly, and if employees did nothing but manage customer's charges, each worker would have had \$4,748,062.01 in credit to manage. Not impressed? If every human on earth had been an MBNA customer, and we were a gigantic communist planet, each person would have \$18.64 in MBNA credit.

You may be asking yourself why you are reading this if MBNA was gobbled up by a larger entity, and why the company is still relevant. Aside from the fact that the MBNA logo remains on many credit cards (plastic doesn't update as well as corporations do, it seems), MBNA's headquarters and much of its leadership has remained the same. The only significant difference is now it is called Bank of America Card Services and is a piece of, you guessed it, Bank of America.

MBNA was founded in 1982 and specialized in affinity credit cards. Affinity cards were targeted at specific audiences, a perfect example being the company's first affinity program. The card was sponsored by the Georgetown University Alumni Association and offered exclusively to them, with benefits being rewarded back to the association as card membership grew. The young company, based in a converted supermarket at the time, also gained two unexpected benefits from its first major project. The first was a higher than expected response to the program from alumni members. Second, believe it or not, Georgetown graduates are in many cases well-set financially, and payment delinquency was not a large issue.

MBNA continued adding more affinity partners throughout the 1980s. The American Dental Association, the Sierra Club, the Association of Trial Lawyers, the University of Texas, and the National Education Association were a few of the more well-known partners.

In the 1990s and 2000s MBNA acquired partnerships with several Internet entities, such as ESPN.com, NFL.com, Mrshowbiz.com, Infoseek.com and ABCNEWS.com, to mention a few.

But what company profile would be complete without mentioning some controversy? MBNA was the target of a boycott at the hands of company critics and people who have a bone to pick with the Republican Party. This is due to the fact that 80% of political donations by MBNA employees went to Republican candidates. They are also the highest all-time donors to George W. Bush campaigns. The boycott didn't seem to hurt their business, after the dust settled.

From a former supermarket in Delaware to being purchased for \$35 billion on the first day of 2006, MBNA exponentially exceeded any expectations anyone could have had in 1982. Seeing as how I have relatives who were also formed in 1982, and considering that I would sell them for only \$35 and still feel satisfied, I'd say that the company deserves special notice for doing so much in the 24 years it existed independently.

by Derek Lenehan

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