

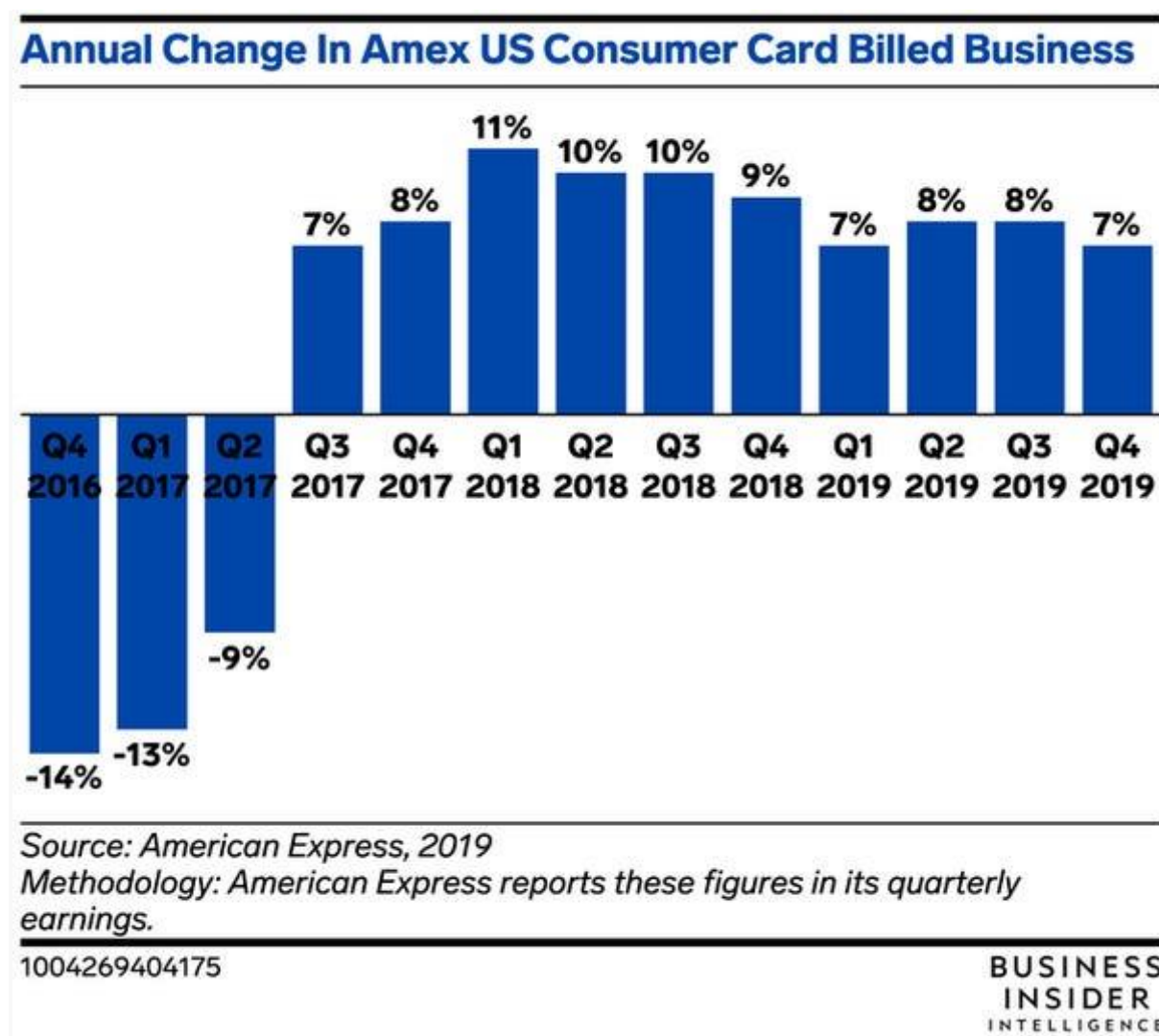
# Amex may have used some unsavory tactics to retain cardholders

The Wall Street Journal stated that Amex salespeople reportedly used tactics such as:

**running credit checks without consent,**

**misrepresenting cards' rewards, and**

**issuing unwanted cards** as part of a concerted effort to retain small business owners who had a Costco card following the [loss](#) of the Costco portfolio.



In response, Amex told the Journal that the business card sales team generated 0.25% of the 65 million cards Amex issued globally from 2014 through 2019, and that less than **0.25% of the group's activity was "inconsistent" with Amex policy.**

The issuer also highlighted that it continues to address any inconsistencies and that it makes efforts to ensure that **sales practices align** with its "**values, internal policies, and regulatory requirements**" — but if true, the allegations resemble those levied against [Wells Fargo](#) in 2016 in some ways, albeit on a much smaller scale.

The [Costco business](#) was extremely valuable for Amex, so it makes sense that it would **push hard to retain as many cardholders as possible.** Costco [accounted](#) for around 8% of Amex's almost \$1 trillion in billed business in 2015, leaving it an approximately [\\$80 billion deficit](#) that took the company years to recover from.

This is likely why Amex was so interested in keeping Costco cardholders on:

The firm intended to [recapture](#) about 20% of the out-of-store spend of those cardholders, likely through efforts like **marketing and special offers.**

It's important that Amex continues to keep an eye on its customer acquisition tactics so it can fully take advantage of its newfound parity with other card networks and **avoid the negative effects of a scandal.**

Amex recently reported that it [reached](#) merchant coverage parity in the US, potentially boosting its appeal to consumers. This means [Amex may have closed the gap between its merchant network and that of Mastercard and Visa](#), removing a shortcoming that may have **led consumers to sign up for other cards or use their Amex cards less.**

And **Amex's larger network**, combined with its **extensive rewards offerings**, may mean that consumers will turn to it more regularly since rewards are very [influential](#) on card preference — and while this may be more relevant for consumers, it could also impact small businesses' purchasing habits, too.

But **if Amex frustrates customers** or develops a reputation for strong-arming customers into signing up for cards, it could limit its ability to take advantage of its merchant network.

Amex may have boosted its merchant [recruitment](#) efforts effectively, but **if it uses tactics like those it reportedly used with some small business owners, it risks damaging its ability to attract other small businesses** and even consumers — and making it harder to reap the benefits of its larger network.