

Card Boom

By Hiroyuki Yamamuro

Recently it has seemed as though Nippon Telegraph and Telephone Corp. (NTT) can do no wrong. When the mammoth telecommunications company's stock went on sale for the first time on February 9, its share prices shot from an opening ¥1,197,000 to ¥3,000,000 within a month. NTT stock has become a symbol of the investment fever sweeping Japan today. Another explosively popular investment instrument is one that NTT itself created: the telephone card.

Telephone cards may not sound like prime financial instruments, but in fact these handy magnetic cards—which promise to someday render the coin-operated public telephone obsolete—are closer to the hearts of Japan's man in the street than NTT stock. Already there is a thriving collectors' market for the thin plastic wafers, a market in which the picture the card bears can push up its price to easily 10 or 20 times its face value.

NTT can pride itself on single-handedly creating the new Japanese "card boom." But sometimes it may wonder if it has not also created a Frankenstein's monster. However baffling the craze may be, it rages on.

Telephone cards first went on sale in December 1982. Only 70,000 were sold that month nationwide, but great oaks from little acorns grow. The next year sales climbed to 1,550,000, and they have never looked back. Some 9,350,000 were sold in 1984, 60,360,000 in 1985, 150 mil-



Telephone cards symbolize Japan's current card boom.

lion in 1986. This year sales are expected to reach 200 million.

Telephone cards offer certain obvious advantages. Japan's ubiquitous red public telephones, now a vanishing species, could only accept ¥10 coins, forcing the caller to feed a constant stream of coins into the slot to keep a conversation going. A fumble of the finger, and the call would be cut off in mid-word. Yellow telephones, which accept ¥100 coins, did a little to alleviate the problem. But then consumers complained that the machines did not give back change for short calls.

Telephone cards have made all that history. Purchased for face values ranging from ¥500 to thousands of yen, the cards are simply inserted in the appropriate slot of the telephone. The telephone automatically keeps track of how long the call lasts, and debits the amount from the card. There is even an LED (light-emitting diode) panel to show the caller how many more "¥10 calls" he has left on the card. No more short-changing; no more pockets full of coins.

Collector mania

But what turned these handy plastic cards into collectors' items is the fact that they can be customized. Any kind of picture, from family snapshots to holograms, can be printed on the face of a telephone card. That has made them increasingly popular as gifts to commemorate everything from holes-in-one on the golf course to company ground breakings. And this multiplicity of artwork—even a *yakuza* criminal gang has made telephone cards bearing its seal—makes the cards perfect prey for the compulsive collector.

In January 1985, a private group of card collectors started publishing a magazine called *Tereka Collection*. Then NTT itself organized the Japan Telephone Cards Fellowship as a publicity stunt. Today, the number of telephone card collectors in Japan is estimated at 200,000. They get together once a month to exchange in-

formation about telephone cards, and of course, to buy and sell, sometimes at tremendous premiums.

The biggest premium winner among NTT-issued cards was one commemorating the 400th anniversary of the construction of Osaka Castle. With a face value of only ¥500, the card sold for as much as ¥70,000–¥80,000. The most expensive private phone card ever issued, marking the graduation of a popular actress from high school, was traded for ¥120,000.

JNR gets into the act

Impressed by the telephone card boom, the Japanese National Railways (JNR) put its own "orange card" on sale in March 1985. The card is used to buy railway tickets from automatic vending machines, and is available in units of ¥1,000, ¥5,000 and ¥10,000. It is selling especially well as a wedding souvenir. In a little less than two years, JNR sold some 10 million orange cards, earning the railway ¥20 billion.

For JNR the orange card had some other advantages. For one thing, even people who do not ride the train will buy the card for their collections. And in actual practice, passengers who do use the card rarely use it up to the last ¥100 or ¥200. JNR in effect got more fare per ride from card users than from ordinary passengers.

Japan's Ministry of Finance, however, is said to be working on a card that could put both telephone cards and orange cards to shame. The idea is to have financial institutions issue multifunction cards that would enable bearers to deposit and withdraw cash from their accounts, and even receive bank loans, automatically.

The new JR does not intend to be outdone. As the JNR geared up for privatization effective on April 1, 1987, the railway system had started experimenting with IC (integrated circuit) cards that can be used at any of its business establishments, from train stations to hotels, from leisure facilities to retail stores. Clearly the card is here to stay. ●