

How Amazon Is Planning to Take Over the Office Supplies Market

By BLOOMBERG 6:11 AM EDT

Amazon is planning to offer a credit card to U.S. small-business customers, furthering its push to supply companies with everything from reams of paper to factory parts, according to people with knowledge of the matter.

The e-commerce giant has been in talks with banks including JPMorgan Chase on a co-branded credit card for small-business owners who shop on its website, said the people, who asked not to be named discussing private negotiations. An Amazon spokesman declined to comment.

Seattle-based Amazon (AMZN, -0.45%), the world's largest online retailer, has been looking for a way to replicate in the workplace the success that's made it a go-to shopping destination for households. In October, the company launched a Prime membership program offering fast free delivery for businesses, which was seen as a way to grab market share from factory-equipment providers such as WW Grainger and Fastenal and office-supply stores like Staples (SPLS, +0.00%) and Office Depot (ODP, -0.78%).

Amazon is hoping the new credit card, which will feature rewards points for purchases, will also let it eventually add offerings such as business insurance through a portal designed for its small-business customers, according to one of the people familiar with the matter.

Amazon could use customers' transaction data to help tailor the rewards, this person said. The retailer has already lent \$3 billion to more than 20,000 small businesses that sell via its marketplace in the U.S., U.K. and Japan, Amazon said last year.

Warring Banks

The [battle for small businesses' spending has also been heating up](#) among U.S. card issuers such as JPMorgan and [American Express](#). Over the past few years, those lenders have debuted retooled proprietary small-business cards as well as new co-branded offerings for such customers.

A representative for JPMorgan ([JPM, -0.18%](#)) declined to comment.

AmEx ([AXP, -1.28%](#)) says it is the top card issuer for U.S. small businesses and that its portfolio is larger than its five nearest competitors combined, according to a presentation last week. The New York-based company doesn't disclose total purchase volume for the category. In 2016, small businesses spent about \$72.9 billion a year on JPMorgan's credit cards, \$46.7 billion on Capital One Financial's and \$15.6 billion on Citigroup's, according to a June 2017 edition of the Nilson Report.

AmEx shares slipped on the news, declining 1.4% to \$97.67 at the close of trading on Monday. The report also rattled stocks of AmEx credit-card rival [Discover Financial Services](#) and Amazon supply-chain competitors Grainger and Fastenal.

[Amazon already offers two credit cards for consumers with JPMorgan](#) and Synchrony Financial. Those cards come with as much as 5% cash back on purchases. The retailer is also in talks with

JPMorgan and Capital One about a product similar to a checking account that could help it lower the amount it spends on card fees every year.