



October 25, 2023

Sen. Richard Durbin  
Sen. Roger Marshall  
Sen. Peter Welch  
Sen. J.D. Vance  
U.S. Senate  
Washington, DC 20510

Rep. Zoe Lofgren  
Rep. Lance Gooden  
Rep. Tom Tiffany  
Rep. Jeff Van Drew  
U.S. House of Representatives  
Washington, DC 20515

**RE: Consumer Reports Supports the Credit Card Competition Act of 2023**

Dear Sens. Durbin, Marshall, Vance and Welch, and Reps. Lofgren, Gooden, Tiffany and Van Drew,

Consumer Reports (CR)<sup>1</sup> endorses the Credit Card Competition Act of 2023 (S.1838/H.R.3881), and urges its swift passage. This critically important legislation will require the largest credit card issuers, those with over \$100 billion in assets, to enable two networks to route credit card transactions. This co-badging would mean a Visa or Mastercard credit card issued by the largest banks will include Visa/Mastercard and one more payment network to route the credit card transaction. The largest banks will be free to choose the second payment network as long it is not Mastercard or Visa. The merchant accepting the credit card would then choose which one of these two preloaded networks to route its transaction over.

The merchant's ability to choose which network to use should result in more competition for the merchant's business and consequently lower swipe fees for merchants, some of which we expect

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<sup>1</sup> Consumer Reports (CR) is an independent, nonprofit membership organization that works side by side with consumers to create a fairer, safer, and healthier world. Since 1936, CR has provided evidence-based product testing and ratings, rigorous research, hard-hitting investigative journalism, public education, and steadfast policy action on behalf of consumers' interests. Unconstrained by advertising, CR has exposed landmark public health and safety issues and strives to be a catalyst for pro-consumer changes in the marketplace. From championing responsible auto safety standards, to winning food and water protections, to enhancing healthcare quality, to fighting back against predatory lenders in the financial markets, Consumer Reports has always been on the front lines, raising the voices of consumers.

will be passed on to consumers as lower prices. The proposed change should also encourage innovative entry by current debit-only networks to compete with Visa and Mastercard.

As noted by the bill sponsors, there are currently four U.S. credit card networks: Visa, Mastercard, American Express, and Discover. Of these, Visa and Mastercard dominate the credit card routing and processing business. According to the Federal Reserve, they account for nearly 576 million cards, or about 83 percent of general-purpose cards. This market power combined with the restriction of one credit card routing mechanism for each card – only Visa for all Visa cards and only Mastercard for all Mastercard – has resulted in substantially higher swipe fee rates in the US compared to other jurisdictions like the EU which have directly regulated interchange fees and/or require co-badging. In response, many US merchants add a consumer surcharge to payments with credit cards to cover high swipe fees.

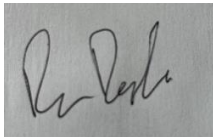
For more than a decade, federal law has required debit cards to carry at least two debit networks, and the requirement has fostered increased competition and innovation in the debit card market and helped hold down fees. It is time to open the dominant credit card routing networks – Visa and Mastercard – to competition as well. By adding a second network for credit card routing and processing, networks would have a greater incentive to compete to hold down swipe fees and improve security, innovation, and network resilience for both merchants and consumers.

Consumer Reports strongly supports the Credit Card Competition Act and we urge Senators and Representatives to please vote YES for this pro-competitive legislation which will benefit consumers by lowering price and enabling more innovation in our payment systems.

Sincerely,



Chuck Bell  
Programs Director, Advocacy



Ryan Reynolds  
Policy Analyst, Financial Fairness

Sumit Sharma  
Senior Researcher, Technology Competition