



November 1, 2023

The Honorable Sherrod Brown  
Chairman  
U.S. Senate Committee on Banking, Housing,  
and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Tim Scott  
Ranking Member  
U.S. Senate Committee on Banking, Housing,  
and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, DC 20510

Re: Preventing China from Infiltrating U.S. Payments

Dear Chairman Brown and Ranking Member Scott:

We noted with interest the [letter](#) that Senator Scott and a number of Banking Committee Members sent to Secretary Yellen and Ambassador Tai regarding China's push into global payments. We share that concern and want to work with you to prevent further incursions by China UnionPay into payments.

Unfortunately, however, the two dominant payment networks in the United States, Visa and Mastercard, have welcomed China UnionPay into standard-setting for U.S. payments. That is dangerous and wrong.

The series of events is eye-opening. In 2010, for example, Mastercard entered into a [Memorandum of Understanding](#) with China UnionPay to "explore business cooperation." Then, in 2013, EMVCo – the security standards body [controlled by Visa and Mastercard](#) – made China UnionPay a member of its governing body.

In fact, Visa executive Joe Cunningham [said](#) at the time of EMVCo's work on payment card security, "We are delighted to welcome UnionPay as a member and active contributor to this work." Then, in 2017, the Payment Card Industry (PCI) Security Standards Council (also controlled by Visa and Mastercard) [welcomed](#) China UnionPay into its decision-making body on payment security. Former Mastercard executive Stephen Orfei [said](#) at the time, "Today we welcome [Beijing Unionpay Card Technology Co.] BCTC to the PCI family. This is a world-class facility with outstanding staff expertise. China is a critical market for global commerce and a strategic priority for PCI."

Visa and Mastercard have put our payments at risk by bringing China UnionPay into card security standard-setting. Their dominance of U.S. payments and imposition of rules controlling thousands of banks and their credit card payments makes this especially risky for every American.

Today, there is no law preventing Visa, Mastercard or any of the banks for which Visa and Mastercard set credit card prices and rules from working with China UnionPay. There is, however, one piece of legislation that would create a legal restriction prohibiting China UnionPay from being enabled on any U.S. credit card – the Credit Card Competition Act. Not only would the legislation bar China UnionPay, it would bar Russia's card network Mir or other networks that pose a threat to U.S. payments.



Visa and Mastercard's bad judgment about China just underscores the problems with their dominant position in U.S. payments. Given that, we need passage of the Credit Card Competition Act, not only to bar China UnionPay, but also to make Visa and Mastercard compete with U.S. payment networks like Star, NYCE, Accel, Pulse, Shazam and several others that have decades of experience in U.S. payments. These networks are not only experienced but also safer, with one-fifth the fraud rate of Visa and Mastercard's networks, according to the Federal Reserve. A competitive market is the best way to check the market power that has grown out of control.

We appreciate your attention to the threat China poses to payments and urge you to address it by acting swiftly to pass the Credit Card Competition Act.

Sincerely,

Merchants Payments Coalition

cc: Members of the U.S. Senate and House of Representatives