



February 6, 2023

The Honorable Patrick McHenry  
Chairman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
House Committee on Financial Services  
4340 O'Neill House Office Building  
Washington, DC 20024

Dear Chairman McHenry and Ranking Member Waters:

The Merchants Payments Coalition (MPC) applauds the committee for holding the hearing titled “Combating the Economic Threat from China” and respectfully requests to have this letter included in the record. MPC advocates on behalf of the merchant community and consumers to improve the U.S. payments system to make it more competitive and secure. Preventing China from infiltrating the U.S. payments system is one of our top priorities.

MPC has grave concerns over the level of involvement that the China has in our nation’s payments system. One major area of concern is with the two bodies that govern the security of U.S. payments – the Payments Card Industry Security Standards Council (PCI) and EMVCo. The governing boards of those entities are limited to a handful of companies and in recent years Visa and Mastercard have welcomed China UnionPay to both small governing boards.

In fact when China UnionPay joined EMVCo’s governing board, Visa executive Joe Cunningham [said](#) in discussing the entity’s work on payment card security, “We are delighted to welcome UnionPay as a member and active contributor to this work.”

When China UnionPay joined the decision-making body of PCI in 2017, PCI executive (and former Mastercard executive) Stephen Orfei [said](#), “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.”

PCI and EMVCo not only set security standards in a closed process but also dictate their implementation. Ultimately, a small handful of the dominant U.S. card networks plus Japan’s JCB and China UnionPay, a Chinese state-owned financial services corporation, have complete control over the creation and implementation of security standards that impact all U.S. businesses and consumers.

The level of involvement that China has in our nation’s payments system underscores the importance of enactment of the Credit Card Competition Act, which was sponsored by Rep. Gooden (R-5-TX) and Rep. Welch (D-AL-VT) during the last Congress. Currently, there is no federal law that prevents any financial institution from doing business with China UnionPay to process payments on its credit cards. If enacted, the Credit Card Competition Act would explicitly forbid card networks that present a national security

threat to the United States (including China UnionPay) from entering the U.S. market. This is a vital provision of the legislation that would significantly serve our national security interests.

The Credit Card Competition Act further strengthens the security of our domestic payments system by introducing redundancy into the system. Currently, if one of the major credit card networks has an outage, whether due to internal issues or external bad actors, consumers are left without the ability to use their credit card for a purchase and merchants are unable to complete a sale. The bill would ensure that there is an additional network over which a credit card transaction can be routed to protect consumers' ability to use their credit cards and merchants' ability to complete sales in the event of a network outage. The legislation also incentivizes all networks to improve security offerings by finally giving them a chance to compete with one another for transactions.

The Credit Card Competition Act fixes a serious security vulnerability in our nation's payments system and ensures that commerce can go on uninterrupted even in the face of network failures. The legislation strengthens U.S. payments by ensuring that networks operated by entities such as China cannot operate within our borders.

Thank you again for your commitment to combatting threats to our economic security from China and we appreciate your consideration of this letter.

Sincerely,

Merchants Payments Coalition

cc: Members of the House Financial Services Committee