

The Credit Card Competition Act Would Strengthen Card Security

- The Credit Card Competition Act would give card networks other than Visa and Mastercard a chance to compete on cards for which Visa and Mastercard currently require network exclusivity. Since 2011, every debit card issued in the United States has been required to be enabled with at least two networks. The CCCA would direct the nation's largest banks (those with over \$100 billion in assets) to similarly enable a second network on their credit cards.
- Networks that could compete with Visa/MC if the Credit Card Competition Act passed already have fraud rates 8 times lower than Visa/MC. [See Board of Governors of the Federal Reserve System, "2021 Interchange Fee Revenue, Covered Issuer Costs, and Covered Issuer and Merchant Fraud Losses Related to Debit Card Transactions" at 36, Table 10 (Oct. 2023), available at [Federal Reserve Board Publication](https://www.federalreserve.gov/publications/2021-interchange-fee-revenue-covered-issuer-costs-and-covered-issuer-and-merchant-fraud-losses-related-to-debit-card-transactions)].
- Having two networks on every debit card has forced networks to compete for both bank and merchant business on price, security, and reliability. The same will happen on credit cards
 - For example, following debit reform, Visa and Mastercard were forced to follow a competitor's lead and start encrypting consumers' data end-to-end.
<https://www.bankinfosecurity.com/interviews/visas-new-end-to-end-encryption-service-i-1650>
 - Debit competition also pushed networks to accelerate the transition to chip cards (as Visa presented to the Federal Reserve here:
<https://www.federalreserve.gov/newsevents/rr-commpublic/visa-meeting-20140108.pdf>
- Because card networks like Visa and Mastercard don't actually pay for fraud losses, there is not a business case for them to invest in innovative security unless they need to do so to compete to attract customers. See "House of cards: Why your accounts are vulnerable to thieves," Consumer Reports Magazine (June 2011).
- The CCCA would also provide a back-up for times when technology fails or is hacked. Every network has periodic outages. Visa and Mastercard had several partial outages last year alone within the United States, including:
 - June 20, 2024: Visa network
 - April 15, 2024: Mastercard network
 - February 28, 2024: Visa network
 - February 17, 2024: Visa network
 - January 3, 2024: Interlink (Visa debit) network
- Having a second network on credit cards would allow us to mitigate those effects. When Visa and Mastercard outages happen with credit cards today, those cards are denied and cannot be used until the outage is resolved. This means the U.S. credit card system has a "single point of failure" incorporated into each card; when Visa or Mastercard goes down, their credit cards cannot be used. But, the debit card system is not nearly as vulnerable because every card can operate over two networks.