



Merchants Payments
COALITION

IT IS TIME TO BRING COMPETITION TO CREDIT CARD ROUTING

Competition is foundational to a free market, but unfortunately when it comes to how American's credit card transactions are processed or routed, there is no competition. This results in higher costs for the consumer, less security, and less innovation. It is time to bring competition to credit card routing.

WHAT IS TRANSACTION ROUTING?

Whenever a consumer swipes, dips, taps or pays online with their credit card, information is exchanged over a network that allows for that transaction to be settled. A helpful way to think of it is that the network through which a transaction is routed is in many ways analogous to the way a phone call is routed through a carrier. A business chooses which phone carrier they use, whether it be AT&T, Sprint, or another provider, based on a number of factors from reliability to cost. We all agree that that having that choice is crucial to ensuring competition. But today, merchants have no choice of network when it comes to credit card transactions.

WHY DOES ROUTING COMPETITION MATTER?

There are nearly a dozen of independent networks that are equipped to route transactions, but a handful of dominant networks have prevented them from competing in the credit space.

We know that these networks are as safe, fast, and often less costly than the dominant global players. Nearly ten years ago, Congress acted to open up the debit card market to competition, and businesses and consumers have all benefited.

COMPETITION RESULTS IN INNOVATION.

When routing competition was introduced into the debit card space innovation flourished.

For example, we saw the introduction of end-to-end encryption technology which helped to make transactions far more secure. Because the networks now had to compete, they all invested in and offered greater security technologies to their customers.

COMPETITION MEANS GREATER RELIABILITY.

Today credit cards only have one network enabled on a card and lack any back up options if there is an outage. In the past decade the two largest networks, Visa and Mastercard, have both experienced outages. Routing competition would allow consumers to continue to use their credit cards, even if one network goes down or is hacked, because there is a backup network through which their transaction can be routed.

COMPETITION RESULTS IN LOWER COSTS FOR BUSINESSES & CONSUMERS.

By allowing businesses to have a choice of network, they can weigh economic considerations in their decisions. CMSPI estimates that...

Introducing routing competition could save businesses and consumers upwards of \$11 billion annually.

THE TIME FOR CONGRESS TO ACT IS NOW.

For decades the dominant global networks have been able to shutout any competitors from the credit card processing market.

This anticompetitive behavior has inhibited innovation and reliability, and resulted in higher costs to businesses and consumers. We have already seen the positive results of opening the debit market to routing competition. It is now time to introduce routing competition to credit cards and to ensure that the United States has an innovative, redundancy-protected, and efficient credit card market.

Learn more at [**MerchantsPaymentsCoalition.com**](https://www.MerchantsPaymentsCoalition.com)

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