

Credit Card Interest Rate Caps

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Issue Update

Imposing interest rate caps on credit cards will hurt consumers by reducing access to credit and cutting popular rewards programs. Potentially **159 million** cardholders could lose access to credit cards entirely with a **10% rate cap** and **74%-85%** of open card accounts nationwide would be closed or have their credit lines drastically reduced.

[S.381, the 10 Percent Credit Card Interest Rate Cap Act](#), introduced by Senators Bernie Sanders (I-Vt.) and Josh Hawley (R-Mo.), and [H.R. 1944](#), introduced by Representatives Alexandria Ocasio-Cortez (D-NY.) and Anna Paulina Luna (R-FL.), are unworkable, would set a terrible precedent, and leave consumers worse off by restricting access to credit.

Why It Matters

Credit cards are an important tool to help American families access credit and pay for purchases, but millions of families could lose access to their credit cards should interest rate caps be imposed. Research demonstrates that when consumers lose access to credit, they reduce spending on essentials such as healthcare, education, and food, and are more likely to fall behind on their bills, including rent and mortgage payments.¹ Other borrowers will seek funds through alternative channels (e.g., pawn shops, auto title loans, or even loan sharks and the black market) or choose to pay late and endanger their credit profile. These alternatives will lead them to pay much more than they would have had they still had access to their credit card.

These bills would impose a 10% all-in APR credit card interest rate cap. Recent ABA analysis² found that if a **10% rate cap** were imposed on credit cards, **74-85%** of open credit card accounts nationwide would be closed or have their credit lines drastically reduced. The results of the analysis suggest that at least **137 million** cardholders – and up to **159 million** – would no longer be able to use their cards. Additionally, a rate cap of 10%, as called for by these bills, would further serve to restrict the market and lead to less consumer credit access.

While lower-risk cardholders may retain access to credit under a rate cap, they would likely experience higher fees for late payments and annual membership, reduced credit lines, and their credit card rewards programs decline in value, as these programs are financed in part by interest payments. Popular features of rewards cards such as car rental insurance, discounts for food delivery, warranties for purchases made with the card, free airline baggage, and travel insurance would also be at risk.

Academic researchers agree that consumers do not benefit from rate caps. The Brookings Institution has published several articles and analyses over the years that point out that these policies, while seeming to be pro-consumer, are “bad ideas on economic grounds.”³ The Cato Institute⁴ and Heritage Foundation⁵ argue the same point. Opinion pieces in both the Washington Post and Wall Street Journal come to the same conclusion.⁶ The research is clear: interest rate caps are bad for consumers — particularly lower-income consumers who rely on credit access to meet financial needs.

¹ Cuesta, J., and Sepulveda, A. (2019), ["Price Regulation in Credit markets: A Trade-off between Consumer Protection and Credit Access."](#)

² See American Bankers Association, [New Research: Proposed 10% Credit Card Rate Cap Would Result in Up to 159 Million Americans Losing Access to Credit](#), Press Release (Jan. 20, 2026).

³ Litan, R. (2010). ["Proposed Limits on ATM Fees and Credit Card Interest Rates: Counter-Productive Punishment That Goes Too Far."](#)

⁴ Michel, N. (2023). ["Hawley's Interest Rate Cap Is a Loser."](#)

⁵ Michel, N. (2021). ["Interest-Rate Caps—Like Other Price Controls—Harm Consumers."](#)

⁶ Sarin, N., Washington Post (2024). ["Trump and Sanders want to cap credit card rates. But there's a catch."](#) Editorial Board, Wall Street Journal (2024). ["Trump's Price Controls on Credit Cards."](#)

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Recommended Action Items

- Urge your member of Congress to oppose S. 381 and H.R. 1944, the 10% interest rate cap bills, as they would have harmful effects on consumers who use credit cards — particularly for those who need it most.