

May 22, 2025

The Honorable John Thune
Majority Leader
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Chuck Schumer
Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Majority Leader Thune and Minority Leader Schumer:

On behalf of trade associations representing banks of every size, we strongly oppose any effort to attach the *10 Percent Credit Card Interest Rate Cap Act* as a poison-pill amendment to the unrelated *GENIUS Act* or any other legislative vehicle. This legislation would impose an all-in annual percentage rate (APR) cap at 10 percent on credit cards. This would have a devastating effect on access to credit for individuals and small business owners who rely on seamless access to liquid credit lines. Study after study has shown that even modest government price controls raise costs rather than lowering them. Massive government intervention dictating the terms of a highly popular unsecured credit product would restrict or outright eliminate the availability of this type of short-term revolving line of credit for millions of Americans.

Ensuring access to credit for all consumers is a shared goal among policymakers and financial institutions. The highly competitive credit card industry plays a critical role in providing this access. The utility credit cards provide has led to more than 80 percent of U.S. consumers having access to safe, reliable, and highly regulated credit that can be used nearly anywhere on demand.¹ A cap on credit card interest rates is a price control on credit that will lead to credit shortages. There is a large body of empirical evidence that illustrates how rate caps harm consumers, including:

- After a rate cap was imposed in Illinois, credit access for unsecured installment loans fell and the financial well-being of higher-risk borrowers worsened.²
- A similar rate cap in Oregon was responsible for harming, not helping, consumers on average, and caused deterioration in the overall financial condition of Oregon households. For example, short-term borrowers in Oregon were more likely to pay bills late and overdraw their checking accounts.³

¹ McCann, Adam, and Comoreanu, Alina (2024), "[Number of Credit Cards and Credit Card Holders.](#)"

² Bolen, J. B., Elliehausen, G., and Miller, Jr., T. (2023), "[Credit For Me but Not For Thee: The Effects of the Illinois Rate Cap.](#)"

³ Zinman, J., (2008), "[Restricting Consumer Credit Access: Household Survey Evidence on Effects Around The Oregon Rate Cap.](#)"

- And in Chile, a rate cap resulted in more than 80 percent of consumers being made worse off,⁴ including 200,000 families that were cut out of the credit market entirely, with young, poor, and less-educated families bearing the brunt of the burden.⁵
- In the United Kingdom, a rate cap on short-term loans caused many families to lose access to loans, particularly the young, unemployed, and poor.⁶

An American Bankers Association analysis conducted in 2020 found that if a 15 percent interest rate cap were enacted, nearly 95 percent of subprime borrowers would be at risk of losing access to credit cards — equivalent to 65 million accounts. The negative impact on credit access would be even more pronounced at 10%.

Credit cards are a form of unsecured credit. Card issuers are able to extend credit based on borrowers' creditworthiness and terms that ensure the cards are offered at rates commensurate with the potential risk of default. If the government dictates the price of credit, lenders will be forced to tighten underwriting practices, lower credit lines, and reduce cardholder rewards to manage their credit risk. They may also increase annual fees, impose monthly maintenance fees, or implement other pricing changes to partially offset the revenue loss caused by the rate cap. Given that the *10 Percent Credit Card Interest Rate Cap Act* amendment includes provisions that severely restrict issuers' ability to recoup revenue, the bill's impact on credit access would be even more acute. Simply put, issuers would be compelled to reduce or eliminate access to credit for all but the lowest-risk customers.

For many Americans, a credit card is a critical source of funds in times of need, such as when they face an unexpected healthcare bill or an expensive car or home appliance repair. The tens of millions of consumers who would no longer be able to access the credit card market would be forced to turn to less regulated alternatives to manage these financial disruptions, including payday lenders, unregulated fintech lenders, and pawn shops. Not only would consumers likely receive inferior service from these entities, but many would also end up paying more for credit than they currently do, as non-bank lenders are not subject to the same consumer protection standards. Put another way, the amendment would likely increase the cost of credit for those who need it most.

The evidence is clear: price controls, such as interest rate caps, harm consumers. Laws that prevent lenders from charging credit card rates that correlate to a borrowers' risk profile will lead to less lending and potentially eliminate card options for consumers. An avalanche of empirical research proves that rate caps have tangible, damaging effects on consumers, especially those who are already in vulnerable financial positions. The *10 Percent Credit Card Interest Rate Cap Act* amendment would be a huge step backward for American households, small businesses, and the

⁴ Cuesta, J., and Sepúlveda, A. (2019), "[Price Regulation in Credit markets: A Trade-off between Consumer Protection and Credit Access.](#)"

⁵ Madeira, C. (2019), "[The Impact of Interest Rate Ceilings on Households Credit Access: Evidence from a 2013 Chilean Legislation.](#)" *Journal of Banking and Finance*, 106:166-179.

⁶ Ferrari, A., Masetti, O., and Ren, J. (2018), "[Interest Rate Caps: the Theory and the Practice.](#)" World Bank Group Policy Research working paper, no. WPS 8398.

U.S. economy. To protect affordable access to credit, we urge policymakers to reject attempts to attach the *10 Percent Credit Card Interest Rate Cap Act* to the *GENIUS Act* and rely on market forces, not politics, to determine interest rates.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
DC Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association

Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

Cc: Members of the United States Senate