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ICBA Legislative Update: Credit Card Rate Caps

Overview: Proposals from the Executive Branch and in Congress would cap credit card interest rates at 10 percent. ICBA and community banks strongly oppose rate caps or other government price controls that would curtail credit availability to American consumers, especially low- and middle-income consumers.

Legislation: *The 10 Percent Credit Card Interest Rate Cap Act* (H.R. 1944/S. 381) has been introduced by Reps. Alexandria Ocasio-Cortez (D-NY) and Anna Paulina Luna (R-FL) in the House and Senators Bernie Sanders (D-VT), Josh Hawley (R-MO), Jeff Merkley (D-OR) and Kirsten Gillibrand (D-NY) in the Senate.

(For up-to-date information on cosponsorship of the above bills, see this [link](#).)

Talking Points

- Credit cards offer convenience to customers and play a critical role in supporting consumer demand for goods and services that help sustain jobs and the economy.
- Many community banks offer credit cards for their customers as part of a broader package of banking services that customers expect from a bank. These offerings help sustain customer relationships and help community banks compete with larger banks and other financial services providers.
- Policymakers must recognize that rate caps would jeopardize community-bank credit card programs. Rate caps would lead card issuers to reduce credit limits and or discontinue card services for higher-risk borrowers.
- Rate caps would curtail access to bank credit for American consumers and force them into less regulated, more costly alternatives. The impact would be felt not only by consumers but by small businesses and retail industries supported by card purchases. Rate caps would curtail economic growth.