

Trump Interest Rate Cap Draws Criticism

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Chris Willis, co-leader of the Consumer Financial Services Regulatory Practice Group at Troutman Pepper, was quoted in the September 30, 2024 *Payments Dive* article, [“Trump Interest Rate Cap Draws Criticism.”](#)

“We might as well be talking about Russia invading Alaska, because that’s how likely this is,” said Chris Willis, co-leader of the consumer financial services regulatory practice group for law firm Troutman Pepper.

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If there were to be a cap that becomes law, it would immediately change the way credit card networks assess risk, Willis said.

“Those interest rates are there to compensate for the risk of non-payment,” he said. “The credit card is one of the easiest forms of credit to use. You can go to almost any merchant, [and] there’s no collateral, and the consequences of non-payment are a lot less [than other forms of credit], so credit card issuers are not used to enjoying a lot of priority in terms of repayment if someone is having difficulty paying bills.”

Consumers with questionable credit histories have to pay higher rates, Willis noted.

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If those rates were to be capped at 10%, banks would be less likely to take on consumers with lower credit ratings and “anyone with risk of non-payment is not going to get a card,” he said. Those customers are more likely to come from low-income households, Willis said.

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