

Trump's Payments Industry Squeeze Will Tighten Consumer Credit

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America's credit card industry is the most competitive in the world and delivers enormous value for consumers and merchants ranging from mom and pops to Goliaths like Walmart and Amazon. There are four national general purpose credit networks Visa, Mastercard, American Express, and Discover. Roughly [3,700 financial institutions issue credit cards](#). Consumers enjoy a surfeit of choice. More than 300 banks and nonbanks provide payment acceptance to merchants. In spite of that, the credit card industry is in Washington's cross hairs and value consumers and merchant take for granted at risk.

With the midterm elections looming, the "affordability crisis" has become a major political battlefield in Washington. President Trump has weighed in with a vengeance seeking to vilify America's credit card

industry by attacking fees consumers and merchants pay.

But credit cards aren't the villain.

Consumers across the socio-economic spectrum have credit cards giving them grace periods, a broad range of rewards, robust consumer protection, the option to instantly draw down revolving credit, record keeping, and secure convenient payments worldwide in-person and online.

In September 2024, at a Long Island presidential campaign rally, Trump first floated imposing a temporary 10% cap on credit card interest rates. In a social media post on January 9th 2026, he returned to his idée fixe, calling for a 10% cap for one year and ordering banks to comply by January 20th 2026. Trump doesn't, however, have the statutory authority to impose interest rate price controls by fiat. Director of the National Economic Council [Kevin Hassett suggested banks could voluntarily issue "really great new Trump cards" with 10% interest rates](#). Banks didn't bend the knee. At the World Economic Forum in Davos on January 21st, 2026, Trump doubled down on his demand and asked Congress to act.

On Capitol Hill, the left and populist right have railed against the credit card industry. Last year, that populist, fiery critic of credit card issuing and network giants Republican Senator Josh Hawley and Democratic Socialist Senator Bernie Sanders introduced the ["10 Percent Credit Card Interest Rate Cap Act."](#) It went nowhere. Most Republicans and even many Democrats are leery of price controls. While it's still a heavy lift, the President's resuscitated its prospects.

Populist Republicans and progressive Democrats on Capitol Hill are singing from Trump's hymnal, framing interest rate caps as vital to rein in rapacious banks and help beleaguered Joe and Sally Sixpack. At a congressional hearing on January 13th "[Delivering for American Consumers: A Review of FinTech Innovations and Regulations,](#)" the committee's ranking member firebrand Maxine Waters [gushed about Trump's proposed price control.](#) Politics can make strange bedfellows.

Consumers should be alarmed. Very alarmed.

Credit cards give consumers across the socio-economic and credit-risk spectrums access to unsecured revolving credit. Putting a ceiling on credit card interest rates below market rates would simultaneously increase credit demand and shrink

supply, particularly for riskier consumers whom progressives and populists loudly profess to want to help. The credit needy would be driven to other sources of credit including the black market.

At Davos, Jamie Dimon, CEO of the largest Visa credit card issuer, Chase, pushed back. He warned it would be an “economic disaster” and force banks to stop lending to 80% of the population. Dimon observed if banks can’t price for risk, they wouldn’t lend to riskier borrowers. Jane Fraser, CEO of the largest Mastercard credit card issuer, Citi, said “Caps do the opposite of what you think they would do - they restrict access to credit.” That’s not rocket science. Politicians forcing down the price of revolving credit for headlines will reduce its supply.

While decrying credit interchange and network fees, merchants have noticeably been quiet about proposals to force down credit card interest rates. They too should be alarmed. Credit cards generate incremental sales for retailers.

Attacking the other side of the market – fees merchants pay, Trump endorsed the [Credit Card Competition Act](#) (CCCA) “...to stop the out of control Swipe Fee rip-off...”

The CCCA isn't price controls. It would be a government intervention fundamentally changing the nature of credit card network competition. It would provide merchants with a powerful ratchet – a choice between two networks for every transaction, to pressure credit interchange and network fees. Interchange fees fund credit card rewards, grace periods, free cards, and innovation. Network fees fund the credit networks.

Critics warn that credit card rewards Americans love, and take for granted, would be at risk. However, as long as large credit card issuers like BofA, Chase, Citi, and Capital One have alternative networks to choose from, they could keep those networks in check. If a second network attempted to compete by slashing interchange fees, the issuer could simply replace them. Policing the leading - and CCCA-targeted - open credit networks: Mastercard and Visa from reducing interchange fees would be more difficult. Still credit card issuers could shift share away from Mastercard or Visa to the other if either slashed interchange fees to win credit transaction routing.

Trump is trying to squeeze the payments industry on both sides - merchant fees and consumer finance

charges. It's political theater, not a serious effort to improve the lives of American consumers.

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