

July 29, 2021

The Honorable Sherrod Brown  
Chairman  
Committee on Banking, Housing,  
and Urban Affairs  
U.S. Senate  
Washington, DC 20510

The Honorable Pat Toomey  
Ranking Member  
Committee on Banking, Housing,  
and Urban Affairs  
U.S. Senate  
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey:

On behalf of the Electronic Transactions Association (ETA), I appreciate the opportunity to submit these comments regarding a legislative proposal that would enact a 36% “fee and interest rate” cap uniformly across the nation.

ETA is the world’s leading advocacy and trade association for the payments industry. Our members span the breadth of significant payments and fintech companies, from the largest incumbent players to the emerging disruptors in the U.S and in more than a dozen countries around the world. ETA members make commerce possible by processing more than \$21 trillion in purchases worldwide and deploying payments innovation to merchants and consumers.

This legislation would affect the broader consumer credit market and cover credit cards, personal loans, and overdraft lines of credit. It is likely that tens of millions of consumers would be at risk of losing access to credit cards if a rate cap were to become law.

Additionally, this legislation’s negative effect on the consumer credit market could be even more severe in certain states by requiring lenders to comply with state rate caps. For example, in New York rate caps are set at 16%. As a result, federal legislation may cut off credit cards to tens of millions of borrowers in New York— including consumers with strong credit scores – and millions more throughout the country.

Imposing a national 36% “all-in” – and not an “interest rate” cap – not only calculates interest, but other fees not included in the federal rate calculation used today (i.e., the annual percentage rate or APR). As a result, even low-rate small dollar loans offered by ETA members will exceed the threshold. For example, a \$500 loan with a 60-day term, with a 15% interest rate, and \$20 administrative fee would accrue about \$13 in interest but have a 40% rate under the bill and thus be prohibited.

Consumers who rely on credit cards will also be negatively impacted. Credit cards will exceed the cap by including annual fees and other fees in the calculation, which will likely result in the reduction of popular credit card rewards.

ETA thanks the Committee for their leadership but we urge you to oppose this fee and interest rate cap legislation. This legislation would reduce access to credit for millions of consumers while actively discouraging the development and deployment of new, innovative products designed to reach underserved consumers.

If you have any questions, please feel free to contact me directly or ETA's Senior Vice President of Government Affairs Scott Talbott at [stalbott@electran.org](mailto:stalbott@electran.org).

Sincerely,



Jeff Patchen  
Senior Manager of Government Affairs  
Electronic Transactions Association

