

Sector Insights

Global Securities Research

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Legislative noise hits card networks and issuers

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Summary

On Friday, January 10, 2026, President Donald Trump communicated his intent on Truth Social to cap credit card interest rates for one year at 10%, effective January 20, 2026. Furthermore, he expressed support for the Credit Card Competition Act (CCCA) legislation that has remained stalled in Congress for over three years. Both developments signal a shift away from the previously assumed easy regulatory backdrop for financial services in place through 2025.

Overview

While ultimately too early to tell how these proposals will evolve, we view them as a headline risk rather than a material regulatory shift at this stage.

Credit Card Competition Act

First introduced in 2022, and then reintroduced in June 2023 by Senators Dick Durbin, Roger Marshall, Peter Welch, and J.D. Vance, the CCCA is a bipartisan effort to broaden credit card network competition and would require card issuers with more than \$100 billion in assets to enable multiple networks on cards, excluding Visa and Mastercard from coexisting, giving merchants more choice in routing and ideally more price competition. Despite support from small businesses and merchants, the bill has repeatedly stalled — most recently failing to advance when attached as an amendment to the

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broader Guiding and Establishing National innovation for U.S. Stablecoins (GENIUS) Act. Strong opposition comes from banks and networks who point to security concerns, higher consumer fees, and risks to popular consumer rewards programs.

Should this legislation be enacted, it might compress interchange — although the impact would be relatively small as U.S. credit volumes represent about 23% of Visa's and 18% of Mastercard's total volumes, and the affected transactions are low yield.

However, we believe meaningful impact would occur to major issuers like American Express, JPMorgan Chase, and Citigroup. For American Express, the requirement to enable a second network undermines its closed-loop model, adding incremental costs and likely eroding its premium positioning. JPMorgan Chase and Citigroup, while diversified in their business models, would also face interchange compression as merchants route transactions to lower-cost networks, reducing fee income on their large U.S. card portfolios. Both banks might respond by lowering rewards and increasing fees. Facing reduced interchange margins, issuers may become less accommodating of lower-margin or riskier segments, skewing their customer mix toward higher-credit-score holders. More broadly, large banks and trade associations have been vocal in opposing the CCCA, warning it could undermine fraud controls, reward programs, and customer choice.

Proposed credit card interest-rate cap of 10%

On January 9, 2026, through his Truth Social platform, President Trump announced that he intends to impose a one-year 10% cap on credit card interest rates, effective January 20, 2026. The market reacted immediately upon opening on January 12, despite there being no clear path for a measure as there is not a current law in place that allows executive branch authority to enforce rate caps on private lenders.

Financial stocks reacted negatively to the news, particularly those with significant credit card businesses. If enacted, the cap would dramatically reduce interest income for issuers, while potentially saving consumers. However, tighter access to credit, higher fees, and reduced rewards programs are likely to follow. American Express, Citigroup, and JPMorgan Chase also face exposure if the cap is implemented. American Express has a premium customer base and relies on revolving credit interest income so meaningful margin compression would occur, although we believe their affluent client base may absorb higher fees or reduced rewards better than the mass-market card issuers. Citigroup and JPMorgan Chase generate a significant amount of earnings from their credit card portfolios, and any cap would force a reassessment of credit risk, could likely tighten lending standards, and potentially scale back subprime offerings, which could reduce overall loan growth. Jeremy Barnum, Chief Financial Officer of JPMorgan, stated that, "people will lose access to credit on a very extensive and broad basis, especially the people who need it the most, ironically. And so, that's a negative consequence for consumers, and frankly, probably also a negative consequence for the economy as a whole right now." We think similarly —an interest-rate cap would likely hurt the Treasury's goal to have banks lend more.

Visa and Mastercard remain insulated from this risk. They generate revenue through transaction fees and not interest income, meaning any interest-rate cap would not directly impact their business model. While headlines may continue to pressure shares in the short term, the fundamental impact is minimal, reinforcing our view that the recent volatility presents opportunity rather than structural risk.

Appendix table: Companies discussed

Company	Symbol	Price
American Express Company	AXP	\$358.00
Citigroup Inc.	C	\$116.30
JPMorgan Chase & Co.	JPM	\$310.90
Mastercard Incorporated Class A	MA	\$544.99
Visa Inc. Class A	V	\$327.88

Sources: FactSet, Wells Fargo Investment Institute. Prices as of January 13, 2026.

Equity recommendations

Ticker	Company name	Market cap (billions)	Price	Dividend	Dividend yield	Estimated NTM EPS	Core	DSIP	Growth	Focus	High Yield	SMID	Value
AXP	American Express Company	\$258.80	\$358.00	\$3.16	0.9%	\$17.51							X
C	Citigroup Inc.	\$217.07	\$116.30	\$2.28	2.0%	\$10.22					X		X
JPM	JPMorgan Chase & Co.	\$896.14	\$310.90	\$5.55	1.8%	\$21.05	X			X	X		X
MA	Mastercard Incorporated Class A	\$517.99	\$544.99	\$3.04	0.6%	\$19.22	X	X		X			
V	Visa Inc. Class A	\$670.86	\$327.88	\$2.36	0.7%	\$13.26	X	X	X	X			

Sources: FactSet, Wells Fargo Investment Institute. Prices and data as of January 13, 2026. NTM = next-twelve-months. EPS = earnings per share.

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