

President Joseph R. Biden
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Director Rohit Chopra
Consumer Financial Protection Bureau
1700 G St NW
Washington, DC 20552

October 19, 2023

Dear President Biden and Director Chopra,

We, the undersigned organizations dedicated to promoting pro-consumer, pro-growth policies, are writing to express our strong opposition to your proposed rule change to impose a stricter price cap on credit card late fees.

At the White House this month, President Biden touted the rule, alleging it would give the most vulnerable Americans among us a much-needed break. This isn't true. A stricter price cap will harm not only small businesses and the economy at large but also the low-income workers that the administration is intending to help.

History indicates that consumers are the ones who bear the brunt of regulations like this one because, to offset the resulting costs, financial institutions ultimately impose new fees and higher interest rates while reducing Main Street's credit access. For instance, the Durbin Amendment to the Dodd-Frank Act capping interchange fees on debit cards led to the elimination of free checking accounts, raised minimum balance requirements, and increased maintenance fees. Your new late fee cap will similarly increase financial institutions' operational costs, which American consumers will again inevitably bear.

What's more, the regulation may cause smaller lending institutions — like credit unions that heavily rely on fees as a source of revenue — to struggle to sustain their operations, which will reduce the availability of credit and diversity of financial products on the market.

In a letter to the CFPB, the Small Business Administration's Office of Advocacy noted that you failed to properly consider the impact this rule will have on small entities. The Office noted that "courts have held that agencies must conduct an adequate analysis before certifying a rulemaking," yet "the CFPB's certification lacks specific data on the impact of reduced fees, reductions in card issuances, costs of changes to risk analysis and other internal processes and impacts on the cost of credit." The Office also noted that you admitted to currently lacking data on small depository institutions, which makes the hasty release of this new price cap even more concerning.

For all these reasons and more, we urge you to withdraw the rule.

Sincerely,

Ed Martin
Phyllis Schlafly Eagles

Grover Norquist
Americans for Tax Reform

John Berlau
Competitive Enterprise
Institute

Cameron Sholty
Heartland Impact

Brent M. Gardner
Americans for Prosperity

Karen Kerrigan
Small Business and
Entrepreneurship Council

Tom Schatz
Citizens Against Government
Waste

Gerard Scimeca
Consumer Action for a Strong
Economy

Brian Garst
Center for Freedom &
Prosperity

Isaac Schick
American Consumer Institute

Stephen Kent
Consumer Choice Center

Patrick Brennan
Southwest Public Policy
Institute

Hadley Heath Manning
Independent Women's Voice

Terry Schilling
American Principles Project

George Landrith
Frontiers of Freedom

Saul Anuzis
60 Plus Association

David Williams
Taxpayers Protection Alliance

Paul Gessig
Rio Grande Foundation

Jeff Mazzella
Center for Individual
Freedom

Ryan Ellis
Center for a Free Economy

Phil Kerpen
American Commitment

Seton Motley
Less Government

Dan Perrin
HSA Coalition

Chuck Muth
Citizen Outreach

Wendy Darmon
Palmetto Promise Institute

Judson Phillips
Tea Party Nation

Richard Manning
Americans for Limited
Government

Carol Platt Liebau
Yankee Institute

Marcos Lopez
Nevada Policy Institute

Mike Stenhouse
Rhode Island Center for
Freedom and Prosperity

Sal Nuzzo
James Madison Institute

CC: The Honorable Sherrod Brown, Chair of the U.S. Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Tim Scott, Ranking Member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Patrick McHenry, Chair of the U.S. House Financial Services Committee

The Honorable Maxine Waters, Ranking Member of the U.S. House Financial Services Committee

The Honorable Roger Williams, Chair of the U.S. House Small Business Committee

The Honorable Nydia Velázquez, Ranking Member of the U.S. House Small Business Committee