

Credit card issuers won't escape the impact of Trump's tariffs

Article

The news: President Trump announced [wide-ranging reciprocal tariffs](#) on all imports, dubbing the move “Liberation Day.” These tariffs are creating a highly uncertain environment for credit card issuers and other payment providers to navigate.

How issuers responded to the news: Bank stocks dropped alongside the broader market after the tariff announcement.

- **Citi** shares, for example, tumbled 12% in a single day, their largest drop since 2020.
- **Bank of America's** stock price also sank 11%, while **Goldman Sachs** and **Wells Fargo** each saw a 9% single-day drop.

A **JPMorgan Chase** research note warned that if these policies persist, they could “push the US and possibly global economy into recession,” raising the risk to 60% this year. This is a stark change in tone from February, when JPMorgan Chase COO **Jennifer Piepszak** **said the bank** is “cautiously optimistic” and “the underlying economic environment is still very strong” at a Bank of America conference.

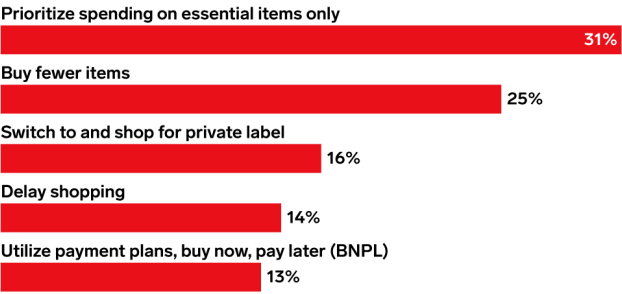
The risks from tariffs: At a minimum, the tariffs are expected to slow economic growth. This would hurt card issuers, whose financial health is deeply tied to consumers’ wellbeing.

- Worsening economic conditions and higher prices will likely lead to a pullback in consumer spending, slowing credit card volume growth. In January, **31% of US adults said tariffs would lead them to prioritize spending on essential items only**, per a First Insight survey.
- Consumers might also trade down to debit cards to avoid overspending and racking up debt, leading to lower swipe fee and interest income for issuers.
- Consumers could also have a tougher time paying down their debts, further exacerbating already elevated credit card delinquency levels. Since many consumers are already strained and lack savings as a backup, they will be especially vulnerable to economic shocks: **More than half of US consumers are at least somewhat concerned about their ability to cover unexpected emergency expenses this year**, per a study from Splitit and PYMNTS Intelligence fielded in January and February.

Our take: There remains significant uncertainty around how these tariffs will play out and if they’ll remain as is. However, credit card issuers are likely facing a bumpy year. We will be closely watching issuers’ Q1 earnings, starting with JPMorgan Chase and Wells Fargo on April 11, to assess the impact on issuers moving forward.

Ways in Which Tariffs Would Most Influence US Adults' Spending Behaviors, Jan 2025

% of respondents



Note: numbers may not add up to 100% due to rounding
Source: First Insight as cited in press release, Jan 10, 2025