



How does crypto impact all of our work?

There is a general sense that crypto is unapproachable due to the complex technology on which it relies. However like many other “financial innovations”, most crypto products are new wine in old casks designed to skirt regulation in ways with which many advocacy organizations are already quite familiar. The technology is unimportant while the impacts on consumer payment protections and access to credit, financial stability, and illicit finance are very consequential.

What is the harm of two “stablecoin” bills – the ‘STABLE’ and ‘GENIUS’ Acts?

‘Stablecoins’ are a type of crypto where each coin is meant to maintain a stable value of \$1 per coin. They are advertised as a means of digital payment for goods and services. Their claimed use is akin to that of other electronic payments like a debit or credit card, Venmo or Paypal account, Apple Pay, or a checking account. Two bills moving through the House and Senate would expose consumers and the economy to these risky products but with far less stringent protections than their counterparts. Some concerning highlights include:

Consumer Protection

- The bills provide for no CFPB oversight nor basic payment protections like the Electronic Funds Transfer Act
- Stablecoin transactions are irreversible – customers who are defrauded or have their payment information hacked or stolen would have no way to recover their funds
- Stablecoins are not FDIC insured – if a stablecoin company fails, customers lose some or all of their funds

Access to Credit

- Stablecoins compete with small banks for deposits but do not have nearly the same capacity to provide for consumer, small business, or agriculture lending – constraining access to credit
- If there are consumer lending arrangements, they would not be subject to federal lending laws or CFPB oversight

Financial Stability

- Though stablecoins are meant to be worth \$1 they often fall drastically in value, causing a ‘bank run’ that would expose traditional financial institutions to large losses as they did in the 2023 regional banking crisis
- Federal regulators would not have the same types of safety and soundness tools they use to ensure banks are effectively managed and financially stable

Illicit Finance and Political Corruption

- Stablecoins have been used to launder more than \$6 billion to fund North Korea’s nuclear missile programs, aid Russia in evading sanctions, facilitate political bribery and are used in dark markets to purchase fentanyl precursors and to fund drug cartels – issues not sufficiently addressed by either piece of legislation
- President Trump has launched his own stablecoin and his administration, in cooperation with Elon Musk’s DOGE, has proposed requiring that Social Security and Veterans’ Assistance, HUD’s CBDG programs, and other government services be paid out solely in stablecoins like his own