

House Committee on Financial Services
Subcommittee on Digital Assets, Financial Technology and Inclusion
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable French Hill
Chairman

The Honorable Stephen Lynch
Ranking Member

Chamber of Digital Commerce Statement for the Record
“Understanding Stablecoins’ Role in Payments and the Need for Legislation”
April 19, 2023

Dear Chairman Hill and Ranking Member Lynch:

The Chamber of Digital Commerce (Chamber) appreciates the opportunity to submit a statement for today’s hearing entitled, “Understanding Stablecoins’ Role in Payments and the Need for Legislation.” We commend the Committee for their commitment to create a bipartisan common sense regulatory framework for stablecoins. We believe clear, consistent legal standards for stablecoins are critical to the success of the digital asset and Web3 industries globally, preservation of U.S. primacy in development and innovation, and for U.S. national security by upholding and extending the dollar’s world reserve currency standing.

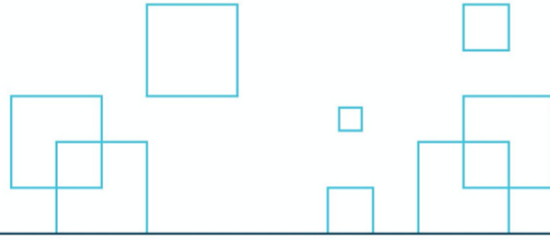
We expect stablecoins to be more widely used in the U.S. shortly following enactment of a legislative framework that promotes safety, consumer confidence, and consumer choice. This framework should allow banks and non-bank entities to issue stablecoins and provide issuers with registration optionality through either a federal or state licensing regime or both. We’re proud to collaborate on this effort and look forward to ongoing discussions. The commencement of this hearing, and corresponding legislative effort is a welcomed sign of progress and leadership.

“Stablecoins that are well-designed and subject to appropriate oversight have the potential to support beneficial payments options.”¹ - U.S. Treasury Secretary Janet Yellen.

Stablecoins create opportunities.

Stablecoins present numerous financial opportunities that can be beneficial for the U.S. financial system. By providing a stable digital asset, stablecoins allow businesses and consumers to engage in transactions without the volatility typically associated with other cryptocurrencies. As

¹ U.S. Department of the Treasury. (2021, November 1). Treasury Secretary Yellen issues statement on the President's Working Group on Financial Markets' report on stablecoins [Press release]. Retrieved April 18, 2023.



a result, stablecoins can help facilitate more efficient trade, reduce transaction costs, and promote financial inclusion by offering accessible and cost-effective financial services to unbanked and underbanked communities.

For example, stablecoins can help fight global poverty by making cross-border payments faster and more affordable. Today, a typical remittance fee can be as high as 10.9% per transaction, and the World Bank estimates that “[g]lobally sending remittances costs an average of 6.38% of the amount sent.² In addition, international money transfers can take anywhere from one to five business days depending on the banks involved, the destination country, bank hours of operation, and currency conversions needed.³ In contrast, payments providers operating in South America and Africa using stablecoins charge transaction commissions as low as 1%.⁴

Since analysts expect that the remittance market will grow by \$200 billion to over \$900 billion by 2026, lower fees by use of stablecoins will ensure that more funds go directly to individuals and their families.⁵ Domestically, the lack of a real-time, 24/7/365 payment system in the U.S. forms the basis for why Americans pay approximately \$26 billion in overdraft and high-cost check cashing fees each year.⁶ Stablecoins create opportunities that solve legacy technology issues and save Americans money.

Stablecoins growing role in payments.

The integration of stablecoins into the existing financial infrastructure can also spur innovation in payment systems, fostering the development of faster, more secure, and transparent payment channels that cater to the needs of an increasingly digital and globalized economy.

Based on a survey polling a sample of 2,000 senior executives at U.S. consumer businesses, merchants are embracing digital currency payments in the hope of gaining a competitive advantage in the market and in the belief that the use of digital assets will continue to expand.⁷ 85% of respondents anticipate that digital asset payments will be ubiquitous in their industry within five years, and the same amount said they expect their suppliers to accept stablecoins and other cryptocurrencies in the future.⁸ Enabling stablecoin settlement will encourage digital asset companies to evaluate new business models that do not require the need for traditional fiat in their treasury and settlement flows.

² “Remittance Prices Worldwide,” The World Bank, March 2021.

³ Cecilia Hendrix, “How long do international money transfers take?,” Western Union, April 5, 2021.

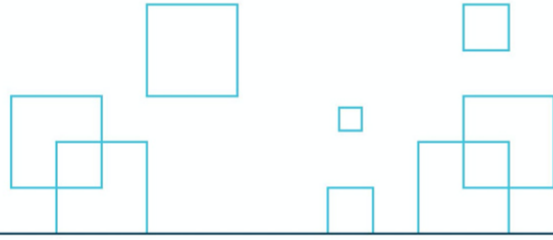
⁴ Andalusia Knoll Soloff, “The new wave of crypto users: migrant workers,” Rest of World, April 26, 2021.

⁵ Polly Jean Harrison, “Global Remittance Market is Expected to Grow by \$200 Billion by 2026,” The FinTech Times, June 29, 2021.

⁶ Aaron Klein, “The fastest way to address income inequality? Implement a real-time payment system,” Brookings Institution, January 2, 2019.

⁷ “Digital Currency payments and merchant adoption survey,” Deloitte, July 2022.

⁸ *Ibid.*



Stablecoins will preserve the U.S. dollar as the world's reserve currency.

A federally regulated stablecoin regime that requires backing by cash and cash equivalents like U.S. treasury notes does not infringe on government's issuing authority, it extends the use of the dollar. As digital assets pegged to a stable value, such as the U.S. dollar, stablecoins offer a unique combination of stability and accessibility, allowing for seamless cross-border transactions while minimizing the risks associated with volatility. This can help maintain global confidence in the U.S. dollar and ensure its continued dominance in international trade and finance.

Additionally, the widespread adoption of stablecoins can foster financial inclusion, bringing the benefits of digital currency to unbanked and underbanked populations around the world. By promoting the use of stablecoins, the U.S. can leverage the advantages of digital currencies to extend the reach and influence of the dollar in the rapidly evolving global financial landscape.

Not all stablecoin arrangements are alike, but all should be explored.

Stablecoins are rapidly evolving, and the Committee should take a flexible approach when creating oversight measures to account for new evolutions in technology. We'd encourage the Committee to further distinguish among the various types of stablecoins and the corresponding risks each pose within the crypto ecosystem and the broader traditional financial ecosystem without limiting the development of new stablecoin arrangements or associated technologies.

Conclusion

The Chamber applauds the leadership put forth by Chairman McHenry, Ranking Member Waters, Subcommittee Chairman Hill, and Subcommittee Ranking Member Lynch to move stablecoin legislation forward.

The Chamber stands ready to work closely with the Committee to ensure that private stablecoin development is conducted in a safe, sound, and effective U.S. regulatory environment.

Sincerely,

A handwritten signature in black ink that reads "Perianne Boring".

Perianne Boring
Founder and CEO

A handwritten signature in black ink that reads "Cody Carbone".

Cody Carbone
Vice President, Policy