

July 17, 2025

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Hakeem Jeffries
House Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Johnson and Minority Leader Jeffries:

The American Bankers Association (ABA) appreciates the opportunity to share our perspective on the pending payment stablecoin legislation. A durable regulatory framework for stablecoins must balance the potential for enhancing payments with the need to limit negative economic consequences, promote financial stability, and guard against consumer protection risks. Such a framework has the potential to spur innovation, and the banking industry is ready and eager to participate.

In addition to introducing a new method of transferring value, stablecoins also have the potential to disintermediate core commercial bank activity like deposit taking and lending. This concept is not a mere competitive concern; rather it could pose significant risk to the fundamental role banks play in credit intermediation. Banks power the economy by providing loans and credit to consumers, small businesses, and corporations. This lending is funded in part by taking on liabilities in the form of bank deposits. History shows us time and again that having fewer deposits in the banking system leads to fewer loans being made and lower economic output being generated. It is imperative that the regulatory framework for payment stablecoins not interrupt the flywheel for credit creation by incentivizing value be held in the form of payment stablecoins rather than bank deposits.

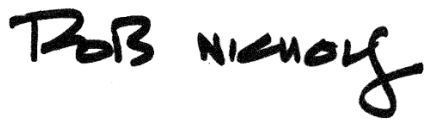
We thank Chairman Hill, Chairman Steil, and the members of the House Financial Services Committee for leading this process and for the many improvements made to the underlying legislation in support of this principle. In addition, we believe it's important to continue working to improve the following provisions in the GENIUS Act to create a more robust regulatory framework:

- Strengthen the prohibition on interest and rewards payments to mute deposit substitution by expanding the prohibition to affiliates of the issuer;
- Strengthen the prohibition on non-financial companies issuing stablecoins by including private non-financial companies and ensuring the waiver process accounts for conflicts of interest and concentration of economic power;
- Maintain master account discretion for the Fed;
- Restore state regulators' ability to set requirements for out-of-state, state-chartered financial institutions; and
- Ensure all entities engaged in the payment stablecoin ecosystem, including services providers, comply with BSA obligations.

We understand there may be an opportunity to amend the legislation through other vehicles, including as part of the CLARITY Act, and further, that there will be a significant opportunity to provide comments in the rulemaking process once the bill is enacted. ABA looks forward to being an active advocate for our member banks in these venues.

Thank you again for the opportunity to share our perspective. We would be happy to further discuss these issues and stand ready to support the policymakers and regulators in delivering payment stablecoin legislation that reinforces the United States' position as the leader in global financial innovation.

Sincerely,

A handwritten signature in black ink that reads "Bob Nichols". The signature is written in a cursive, slightly stylized font.

cc: Members of the U.S. House of Representatives