

January 5, 2026

To the Honorable Members of the United States Senate:

We write to you today both as bank leaders, and as members of the American Bankers Association's Community Bankers Council, representing the interests of institutions like ours across all 50 states and territories.

Community banks are committed to the core services and relationship-based approach that ensure opportunities for all and keep our country's financial fabric strong and resilient. We take deposits, facilitate secure payments, and lend to local businesses. Our communities depend on us, and we depend on them.

Technology is rapidly changing financial services as it has other sectors, and we see customers' preferences changing too. Community banks will innovate and partner to meet that demand, as we always have, and instant payments are an example of our institutions embracing the future.

But new technology can also enable companies to circumvent the regulation and supervision that banks must follow, creating market distortions that leave consumers unprotected and disadvantage those who play by the rules.

The GENIUS Act, while not perfect from a community bank perspective, was a reasonable attempt to bring the stablecoin market into the regulatory light. Among its most important provisions, a ban on interest payments was put in place to ensure this new payments market can develop and mature without becoming a competitor to bank deposits and disintermediating the community-based lending that fuels our economy.

Under the law, stablecoin issuers cannot pay interest because allowing inducements like interest payments, yield, or rewards could incentivize customers to park their savings not in a bank, but in stablecoins. Congress recognized that this could significantly disrupt community lending because banks use those deposits to provide individuals and businesses with the loans they need to get a home or expand a local business. Without this prohibition, Treasury has estimated that \$6.6 trillion in bank deposits are at risk. ABA has prepared a state-by-state [analysis](#) of the potential impact on community bank lending stemming from this deposit flight; its findings are attached to this letter.

But some companies have exploited a perceived loophole allowing stablecoin issuers to indirectly fund payments to stablecoin holders through digital asset exchanges and other partners. With this activity, the exception swallows the rule. If billions are displaced from community bank lending, small businesses, farmers, students, and home buyers in towns like ours will suffer. Crypto exchanges and the constellation of stablecoin-affiliated companies are not designed to fill the lending gap, nor will they be able to offer FDIC-insured products, a point they omit from their aggressive advertising.

It is time to stand up for community banks and small businesses by making clear in market structure legislation that the prohibition on interest applies to affiliates and partners of stablecoin issuers. Anything less will put economic growth and local communities at risk.

Sincerely,

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Potential Deposit Outflow from Community Banks by State					
State	Community Banks Headquartered in State	Community Banks Operating in State	Total Deposits Held at Branches	Potential Deposit Outflows to Payment Stablecoins	Lost Lending to Households and Businesses
Alabama	93	112	\$47 billion	\$2.5 billion to \$4.9 billion	\$1.6 billion to \$3.2 billion
Alaska	5	5	\$8 billion	\$400 million to \$800 million	\$300 million to \$600 million
Arizona	13	38	\$10 billion	\$500 million to \$1 billion	\$400 million to \$900 million
Arkansas	75	97	\$49 billion	\$2.6 billion to \$5.1 billion	\$2.1 billion to \$4.2 billion
California	113	135	\$168 billion	\$8.7 billion to \$17.5 billion	\$7.7 billion to \$15.4 billion
Colorado	66	98	\$44 billion	\$2.3 billion to \$4.6 billion	\$1.9 billion to \$3.7 billion
Connecticut	28	35	\$33 billion	\$1.7 billion to \$3.5 billion	\$1.6 billion to \$3.3 billion
Delaware	13	21	\$6 billion	\$300 million to \$700 million	\$300 million to \$600 million
Florida	83	133	\$89 billion	\$4.6 billion to \$9.2 billion	\$3.6 billion to \$7.3 billion
Georgia	139	163	\$67 billion	\$3.5 billion to \$6.9 billion	\$2.5 billion to \$5 billion
Hawaii	5	9	\$19 billion	\$1 billion to \$2 billion	\$700 million to \$1.5 billion
Idaho	11	18	\$9 billion	\$500 million to \$1 billion	\$400 million to \$800 million
Illinois	346	377	\$200 billion	\$10.4 billion to \$20.8 billion	\$7.9 billion to \$15.7 billion
Indiana	90	117	\$83 billion	\$4.3 billion to \$8.6 billion	\$3.5 billion to \$7 billion
Iowa	235	256	\$103 billion	\$5.3 billion to \$10.7 billion	\$4.4 billion to \$8.8 billion

Kansas	199	229	\$76 billion	\$3.9 billion to \$7.9 billion	\$3 billion to \$6 billion
Kentucky	121	145	\$70 billion	\$3.7 billion to \$7.3 billion	\$3 billion to \$5.9 billion
Louisiana	108	116	\$60 billion	\$3.1 billion to \$6.2 billion	\$2.5 billion to \$5 billion
Maine	23	23	\$34 billion	\$1.8 billion to \$3.5 billion	\$1.7 billion to \$3.4 billion
Maryland	28	54	\$32 billion	\$1.7 billion to \$3.4 billion	\$1.5 billion to \$2.9 billion
Massachusetts	97	102	\$119 billion	\$6.2 billion to \$12.3 billion	\$5.9 billion to \$11.8 billion
Michigan	77	88	\$58 billion	\$3 billion to \$6 billion	\$2.3 billion to \$4.7 billion
Minnesota	240	281	\$87 billion	\$4.5 billion to \$9.1 billion	\$3.6 billion to \$7.1 billion
Mississippi	57	74	\$38 billion	\$2 billion to \$3.9 billion	\$1.4 billion to \$2.8 billion
Missouri	201	236	\$102 billion	\$5.3 billion to \$10.6 billion	\$4.4 billion to \$8.8 billion
Montana	35	45	\$17 billion	\$900 million to \$1.7 billion	\$600 million to \$1.3 billion
Nebraska	145	157	\$60 billion	\$3.1 billion to \$6.3 billion	\$2.7 billion to \$5.4 billion
Nevada	15	26	\$12 billion	\$600 million to \$1.2 billion	\$500 million to \$1 billion
New Hampshire	19	35	\$18 billion	\$1 billion to \$1.9 billion	\$900 million to \$1.8 billion
New Jersey	46	75	\$68 billion	\$3.5 billion to \$7.1 billion	\$3.3 billion to \$6.6 billion
New Mexico	29	42	\$16 billion	\$800 million to \$1.7 billion	\$500 million to \$1 billion
New York	115	139	\$150 billion	\$7.8 billion to \$15.6 billion	\$6.6 billion to \$13.2 billion
North Carolina	35	55	\$29 billion	\$1.5 billion to \$3 billion	\$1.3 billion to \$2.5 billion
North Dakota	61	66	\$32 billion	\$1.6 billion to \$3.3 billion	\$1.2 billion to \$2.4 billion
Ohio	162	172	\$89 billion	\$4.6 billion to \$9.2 billion	\$3.8 billion to \$7.6 billion
Oklahoma	172	185	\$64 billion	\$3.3 billion to \$6.7 billion	\$2.6 billion to \$5.2 billion

Oregon	15	23	\$10 billion	\$500 million to \$1 billion	\$400 million to \$800 million
Pennsylvania	115	131	\$107 billion	\$5.6 billion to \$11.1 billion	\$4.8 billion to \$9.5 billion
Rhode Island	6	12	\$13 billion	\$700 million to \$1.4 billion	\$700 million to \$1.4 billion
South Carolina	42	55	\$27 billion	\$1.4 billion to \$2.8 billion	\$1.1 billion to \$2.2 billion
South Dakota	56	73	\$45 billion	\$2.3 billion to \$4.7 billion	\$1.7 billion to \$3.4 billion
Tennessee	114	147	\$75 billion	\$3.9 billion to \$7.8 billion	\$3.2 billion to \$6.4 billion
Texas	367	424	\$283 billion	\$14.7 billion to \$29.3 billion	\$10.7 billion to \$21.4 billion
Utah	29	36	\$40 billion	\$2.1 billion to \$4.2 billion	\$1.8 billion to \$3.7 billion
Vermont	12	17	\$7 billion	\$376 million to \$751 million	\$327 million to \$654 million
Virginia	54	83	\$54 billion	\$2.8 billion to \$5.6 billion	\$2.4 billion to \$4.9 billion
Washington	33	47	\$37 billion	\$1.9 billion to \$3.8 billion	\$1.7 billion to \$3.4 billion
West Virginia	44	58	\$24 billion	\$1.2 billion to \$2.5 billion	\$1 billion to \$2 billion
Wisconsin	159	177	\$93 billion	\$4.8 billion to \$9.6 billion	\$4.2 billion to \$8.3 billion
Wyoming	26	38	\$13 billion	\$700 million to \$1.3 billion	\$400 million to \$800 million