

House Financial Services Committee Hearing: Navigating the Digital Payments Ecosystem (March 11, 2025)



The House Financial Services Committee held a hearing on March 11, 2025, focused on the regulation of stable coins and the need for a federal framework to ensure stable coins maintain the US dollar's global dominance while addressing privacy concerns. The Committee discussed the [STABLE Act](#), focusing on a federal framework for payment stable coins and the potential risks of a US central bank digital currency (CBDC). Witnesses, including representatives from [The Bank of New York Mellon](#), [Paxos](#), [Stripe](#), and the [Atlantic Council](#), highlighted the importance of regulatory clarity, state pathways, and cybersecurity measures to foster innovation and protect financial stability. BNY Mellon's custody standards for stable coins were discussed,

emphasizing asset safety and segregation. Paxos and Stripe highlighted the benefits of stable coins, such as reduced remittance costs and increased financial inclusion. The discussion also touched on the potential impact of CBDCs and the importance of a clear regulatory framework.

The presumptive pièce de resistance was Caroline Butler, the global head of digital assets for Bank of New York, which Representative Ritchie Torres, a New York Democrat, called the "ultimate expression of the traditional financial system." The Bank of New York was founded in 1784, and Butler – according to Chairman Hill – is a descendant of no other than Alexander Hamilton.

That's right: A descendant of the Nation's first and greatest Secretary of the Treasury, representing the nation's oldest and most venerable of financial institutions, came down from New York, to 2129 Rayburn, to tell Congress that her bank is already offering significant services for issuers such as Circle, and that the sector needs clarity from the U.S. government.

KEY POINTS

Chairman French Hill emphasized the need for clear US regulations for stable coins to assure their adoption beyond the digital asset ecosystem, as part of an overall modernization of the U.S. and global payments landscape. *“Every day there are billions of dollars of stable coin transactions, reducing friction and cross border payments, streamlining commercial transactions and giving more communities broader access to digital financial tools. A properly regulated stablecoin market can strengthen the U.S. dollar’s dominance, modernize our payments infrastructure, and promote financial access without government overreach. It is essential that we are deliberate and get this job done and done right.”*

Chairman Hill framed the STABLE Act as a carefully refined product and the culmination of a bicameral, bipartisan collaboration that has been underway for three years. Hill envisions the STABLE Act as the House companion to the Senate’s GENIUS Act; when passed by their respective chambers, these bills will be conferenced and enacted into law. Hill [stated](#) that *“Since 2022 committee Republicans have worked to establish a legislative framework...to become a cornerstone of a modern payment system. Last Congress, this committee passed the Clarity for Payment Stable Coins, act of 2023. We built upon this foundation in coordination with the Senate Banking Committee, the House product the STABLE Act, which we notice as a part of today's hearing, and reflects these key themes. Since its initial notice, the HFSC Digital Asset Subcommittee chair Brian styles hearing last month, we've incorporated updates to the discussion draft based on the extensive written feedback that we received.”* Hill made a point to note that one of the key differences between the former Chair's bill, the Clarity for Payment Stablecoin Act of 2023, and the STABLE Act is that the STABLE Act gives the OCC the authority to approve and supervise federally qualified nonbank payment stablecoin issuers while the Clarity for Payment Stablecoin Act of 2023 included a federal pathway at the Federal Reserve for payment stablecoin issuers.

Ranking Member Maxine Waters criticized the Trump administration's crypto policies and called for stronger consumer protections. She explained that while she continued understand the need for “common sense crypto legislation,” the election of President Trump and

the machinations of Elon Musk had profoundly complicated her thinking and eroded her confidence. *“Mr. Chairman, despite my belief that the Trump administration only wants crypto legislation that personally benefits them and protects their crypto finances, I still hope we can work together on a bill that requires stable coins be robustly and fairly regulated. Unfortunately, the bill noticed that this hearing strips away critical protections to shield investors from criminals. The bill also tears down the wall that was used to separate banking from commerce, allowing big tech firms, including those owned by Elon Musk, to issue their own money, just like Facebook tried to do with Libra. I'm proud of how this committee stopped Libra and Facebook, and I will do everything that I can to stop musk.”* Ranking Member Waters is a challenging and frustrating position, having committed to working on stablecoin legislation, and having done so in good faith, and having already come [“very, very close,”](#) but having made these commitments to a prior Chairman, in a different political moment, and prior to the election of President Trump.

Chairman Hill and other Committee Republicans went to great lengths to leverage the hearing against any possibility of a U.S Central Bank Digital Currency. Rep. Tom Emmer (R-MN) advocated against central bank digital currencies, citing privacy concerns. Other Republicans attacked the idea of a U.S. CBDC on the basis that it would “be abused by political partisans,” invite government “surveying and restricting American spending habits,” and threaten ordinary American’s privacy by “giving the Federal Reserve staff a direct window into virtue every transaction every person.” Several of the witnesses shared the Republican opposition to a U.S. CBDC but were less coy about their reasons for disliking the proposition. As Paxos CEO testified, the problem with a CBDC is that it is “creating a competitor to the private sector...at a stage in the market when you need to have as much innovation as possible, and we need to have stable coins as broadly adopted as possible.”

The hearing touched repeatedly on the potential risks of CBDCs and the need for a competitive framework to maintain the US dollar's dominance. There was clear and bipartisan consensus that failure to enact a responsible framework for regulating stablecoins could seriously undermine US financial leadership and global economic influence. Witness Charles Cascarilla of Paxos argued that private stable coins can maintain the dollar's reserve status, while Patrick Collison of Stripe noted there's a risk that if the US discourages stablecoin adoption, other currencies like euros might become preminent. Rep. Zach Nunn warned that lack of regulation could push innovation opportunities to countries like China.

The hearing discussed the security and criminal risks inherent in regulatory frameworks for stable coins, including about money laundering and terrorist financing, with a call for robust anti-money laundering measures. Rep. David Scott and others highlighted recent heists, including \$182 million from Beanstalk and \$320 million from Current Finance. Multiple representatives, including Al Green and Rashida Tlaib, raised concerns about stablecoins being used for money laundering. Rep. Brad Sherman suggested stablecoins could be used to hide assets and avoid taxes. Rep. Al Green listed drug trafficking as a potential criminal use. Witness Carole House emphasized the need for stronger global implementation of anti-money laundering standards to prevent these illicit activities. House and several committee members stressed the importance of implementing robust Know Your Customer (KYC), Bank Secrecy Act (BSA), and anti-money laundering (AML) regulations to mitigate these criminal risks. Carole House emphasized the need for better cybersecurity and prudential protection.

The hearing highlighted several key consumer protection risks associated with stablecoins. The Committee debated the importance of federal oversight, consumer protection, and the potential for stable coins to enhance financial inclusion and global competitiveness. Among the specific risks identified were: **(1) Financial Stability Risks**, such as potential for sudden "breaking the buck" (losing stable value); risk of systemic runs similar to money market fund collapses; lack of deposit insurance compared to traditional bank accounts **(2) Market Manipulation Risks**; potential for pump-and-dump schemes; lack of clear oversight mechanisms; vulnerability to insider trading and fraudulent activities. **(3) Technological Vulnerabilities**, including cybersecurity weaknesses, poor key management and information security practices, smart contract exploits; **(4) Transparency and Redemption Risks**, including unclear reserve backing, potential for incomplete or misleading reserve reporting, challenges in redeeming stable coins during market stress. **(5) Market Concentration Risks**, for example, arising from few stable coins controlling 90% of the market, potential for large tech companies to dominate stable coin issuance, risk of reduced competition.

The HFSC hearing comes the same week that the Senate Banking Committee voted 16-8 to advance its own version of legislation to establish a regulatory framework for stablecoins. On March 13, the U.S. Senate Committee on Banking, Housing, and Urban Affairs voted to advance the [Guiding and Establishing National Innovation for U.S. Stablecoins \(GENIUS\) Act](#). Hill has stated that it is his intention "to work in a bicameral fashion with Chairman Scott and Senators Hagerty and Lummis to pass federal payment stablecoin legislation and send to President Trump's desk."

Witnesses and Noticed Legislation

Written Testimony

- [Ms. Caroline Butler](#), Global Head of Digital Assets, The Bank of New York Mellon Corporation
- [Mr. Charles Cascarilla](#), CEO and Co-Founder, Paxos
- [Mr. Patrick Collison](#), Co-Founder and CEO, Stripe
- [Mr. Randall Guvnn](#), Chairman, Financial Institutions Group, Davis Polk & Wardwell
- [Ms. Carole House](#), Senior Fellow, GeoEconomics Center, Atlantic Council

Noticed Legislation

- [H.R. _____](#), the Stablecoin Transparency and Accountability for a Better Ledger Economy (STABLE) Act of 2025
- [H.R. _____](#), the CBDC Anti-Surveillance State Act
- [H.J. Res. 64](#), Disapproving the rule submitted by the Bureau of Consumer Financial Protection relating to "Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications"

Opening Statements and Legislative Framework

- Chairman French Hill introduces the hearing on navigating the digital payments ecosystem, focusing on a federal framework for payment stable coins and the consequences of a US central bank digital currency (CBDC).
- Hill highlights the evolution of stable coins, their increasing adoption, and the bipartisan efforts to establish a legislative framework, including the Clarity for Payment Stable Coins Act of 2023.
- The Stable Act aims to strengthen operational standards for payment stable coin issuers, clarify supervision and enforcement authorities, and ensure compliance with the Bank Secrecy Act, anti-money laundering, cybersecurity, and oversight.
- Hill emphasizes the importance of a properly regulated stable coin market to strengthen the US dollar's dominance, modernize payment infrastructure, and promote financial access without government overreach.

Ranking Member Waters' Concerns and Critique of Trump Administration

- Ranking Member Maxine Waters criticizes the Trump administration for undermining efforts to craft common-sense crypto legislation, enriching themselves and their associates, and failing to address economic issues.
- Waters highlighted the negative impact of Trump's actions on the economy, including rising egg prices and the failure to bring down the cost of groceries, energy, or housing.
- Waters expressed concern about the Stable Act, which she believes strips away critical protections and allows big tech firms to issue their own money, similar to Facebook's failed Libra project.
- She calls for a return to the drawing board on stable coins and supports the Waters-McHenry bill, which includes strong consumer protections and oversight.

Testimony of Digital Assets Experts

- Caroline Butler from The Bank of New York Mellon emphasizes the importance of regulatory clarity and consistency in the stable coin ecosystem, highlighting the bank's role in providing traditional banking services to stable coin issuers.
- Charles Cascarilla from Paxos argues that stable coins are a national imperative to modernize the US financial system and preserve the dollar's dominance, supporting the Stable Act and its enhancements.
- Patrick Collison from Stripe discusses the benefits of stable coins for businesses, including improved corporate treasury management and international transfers, and the importance of a clear regulatory framework.
- Randall Guynn from Davis Polk & Wardwell explains the dual banking system's benefits and the need for a comprehensive federal floor to prevent a race to the bottom in stable coin regulation.

Discussion on CBDCs and Privacy Concerns

- Carole House from the Atlantic Council highlights the need for strong safeguards, including AML protections and cybersecurity measures, to ensure stable coins are stable and secure.

- House emphasizes the importance of a comprehensive regulatory framework that addresses privacy concerns and ensures compliance with US sanctions and international standards.
- Frank Lucas from Oklahoma discusses the potential risks of a US CBDC, including increased polarization of the Federal Reserve and threats to financial privacy and stability.
- Lucas supports the Anti-CBDC Surveillance State Act to prevent government surveillance and restriction of American spending habits through a CBDC.

State Pathway and Innovation

- Rep. Nydia Velázquez from New York discussed the importance of maintaining a strong state pathway for stable coin regulation, highlighting New York's leadership in this area.
- Charles Cascarilla from Paxos argues that state regulation allows for innovation and competition, essential for the growth and success of the stable coin ecosystem.
- Patrick Collison from Stripe emphasizes the need for a viable state-based framework to foster innovation and ensure the US remains competitive in the global digital payments market.
- Randall Guynn from Davis Polk & Wardwell explains the benefits of issuing stable coins through subsidiaries to ensure clear separation of liabilities and maintain regulatory compliance.

National Security and Competitive Advantage

- Rep. Brad Sherman (D-CA) criticized the Stable Act for undermining the federal government's power to coin money and creating a competitive advantage for private sector stable coins.
- Sherman highlighted the potential risks of a CBDC, including increased government control and surveillance, and the need for strong consumer protections.
- Rep. Andy Barr, Republican from Kentucky, supports the Stable Act, arguing that it is consistent with the Constitution and essential for maintaining the dollar's dominance against competitors like the digital yuan.
- Barr emphasizes the importance of clear guidance for banks to engage in the digital asset ecosystem while maintaining compliance with other bank-related laws.

Global Competition and Market Dynamics

- Rep. Gregory Meeks, D-NY, discussed the importance of a strong state pathway for stable coin regulation and the role of New York's Department of Financial Services in fostering innovation.
- Charles Cascarilla from Paxos highlights the advantages of state regulation and the need for a clear framework to ensure compliance with AML, KYC, and BSA standards.
- Patrick Collison from Stripe discusses the practical applications of stable coins for improving payment systems and providing access to stable currencies for underserved regions.

- Collison emphasizes the importance of a federal framework to maintain US competitiveness and prevent other currencies from gaining a foothold in the stable coin market.

Competitiveness and China

- Rep. Roger Williams, R-TX, discussed the national security implications of Chinese involvement in digital assets and the need for a clear federal framework to maintain US dominance.
- Charles Cascarilla from Paxos highlighted the importance of maintaining a US-dollar-dominated stable coin market to prevent other currencies from gaining a competitive advantage.
- Patrick Collison from Stripe emphasized the practical benefits of stable coins for American consumers and businesses and the need for a formalized federal framework to ensure US competitiveness.
- The hearing concluded with a focus on the importance of a balanced regulatory framework that supports innovation, consumer protection, and the maintenance of the US dollar's dominance.

Stable Coin Vulnerabilities and Regulatory Frameworks

- Rep. David Scott (D-GA) highlighted the vulnerabilities of stable coins, citing examples of heists and exploits that have led to significant losses.
- Carole House from the Atlantic Council discussed the critical issue of poor cybersecurity and the need for better key management and information security practices.
- Scott questioned the necessity of requiring stable coin issuers to hold fully audited reserves and insured banks to prevent catastrophic risk.
- Ms. House agreed that full reserve holdings are critical and mentions the potential of prudential protections in the McHenry-Waters bill.

Anti-CBDC Legislation and Stable Coin Promises

- Rep. Tom Emmer explained his anti-CBDC Surveillance Act, emphasizing the risks of central bank digital currencies to privacy and freedom.
- Emmer highlighted the support from various groups and the executive order signed by President Trump banning CBDCs.
- Charles Cascarilla from Paxos argued that private sector innovation, not government-issued CBDCs, should drive financial services.
- Emmer and Cascarilla discussed the potential of stable coins to extend the dollar's status as the world's reserve currency and the importance of regulatory clarity.

Market Concentration and Competition in Stable Coins

- Rep. Stephen Lynch (D-MA) questioned the market concentration of stable coins, noting that a few stable coins hold 90% of the market.

- House acknowledged the potential for large firms like Meta and Apple to leverage their market shares if regulatory protections are not in place.
- Lynch expressed concern about the separation between banking and commerce if stable coins are allowed to operate like deposits.
- House and Lynch discuss the risks of conflating banking and commerce and the need for protections to ensure consumer safety.

Stable Coin Risks and Regulatory Oversight of Pegging

- Randall Guynn from Davis Polk & Wardwell discussed the risks posed by stable coin pegging events and the importance of capital requirements and restrictions on non-stable coin activities.
- Guynn emphasized the need for short-term, highly liquid assets to ensure stability and avoid liquidity mismatches.
- Caroline Butler from The Bank of New York Mellon Corporation explained the importance of public disclosure and the need for clear regulatory frameworks to mitigate risks.
- Butler highlighted the role of US Treasuries in stable coin collateralization and the potential impact on global financial markets.

Conflict of Interest and Market Manipulation

- Rep. Rashida Tlaib (D-Mich) raised concerns about conflicts of interest in the crypto industry, citing examples of market manipulation and investments in Trump's crypto ventures.
- Carole House acknowledged the potential conflicts of interest and the need for oversight to protect public trust.
- Tlaib questioned the integrity of the crypto market and the impact of lax regulation on consumer protection.
- House emphasized the importance of clear guidance and expectations for countering illicit finance and ensuring consumer protection.

Innovation and Regulatory Clarity

- Rep. Bryan Steil (R-Wis) discussed the importance of regulatory clarity for stable coins and the need for a federal payments charter.
- Patrick Collison from Stripe supports a federal payments charter to provide a clear framework for payments companies and ensure effective standards.
 - *“To your question, Stripe strongly supports the concept of some sort of federal payments charter. There is no single clear framework for payments companies like Stripe today, and we think that the federal government has a significant interest in ensuring that across our ecosystem, effective standards are upheld. We also think that with access to things like the Fed’s payment system, we can provide better services to businesses and consumers. So I think federal regulation payment system could be very beneficial.”*

- Steil and Collison discussed the potential benefits of a federal payments charter, including better services for businesses and consumers.
- Collison highlighted the importance of a clear regulatory framework to foster innovation and protect consumers.

Global Competition and Stable Coin Adoption

- Rep. William Timmons (R-SC) emphasized the importance of regulatory clarity to maintain US leadership in the digital asset market.
- Charles Cascarilla from Paxos discussed global competition and the need for a trustworthy framework to ensure the US dollar's dominance.
- Timmons and Cascarilla highlight the potential of stable coins to expand financial inclusion and improve access to stable currencies.
- Cascarilla discussed the importance of blockchain technology in facilitating global payments and the need for a clear regulatory framework.

Consumer Protection and Financial Inclusion

- Rep. Sylvia Garcia (D-TX) emphasizes the need for strong regulation to protect average American consumers from the risks of stable coins.
- Patrick Collison from Stripe highlights the importance of transparency and consumer protection to ensure safe and secure use of stable coins.
- Garcia and Collison discussed the potential of stable coins to replace traditional remittances and improve financial inclusion.
 - Collison: *“Back in 2014 it was a very different time, so we’ve obviously been paying close attention to the ecosystem, and the world is becoming more densely connected and globalized. The Crypto ecosystem has matured substantially, and we’ve been very struck, as you mentioned, as we’ve gradually, over the past two years or so, rolled out new support for stable coins, that there’s a there’s very real usage, there’s very real appetite. And again, we’re seeing, we’re seeing use cases outside of what one might traditionally consider the crypto industry, and it’s really expanding into the economy as a whole.”*
- Carole House from the Atlantic Council emphasizes the need for a regulatory framework to build trust and ensure consumer protection.

Global Reach and Global Standards

- Rep. Emanuel Cleaver (D-MO) discussed the importance of extraterritorial reach in regulating stable coins to address global risks.
- Carole House detailed her support for federal oversight to ensure global standards and protect against systemic risks.
- Cleaver and House discuss the potential for state-level regulation to complement federal oversight and provide a partnership approach.
- House emphasizes the need for clear guidance and expectations for countering illicit finance and ensuring consumer protection.

- House: *“Well I think the most important thing is simply having a clear, established, formalized framework. And that's by far the most significant consideration. And then I think the second aspect, in particular to the fraud and illicit activity considerations you bring up, is recognizing that this is a new transport layer for money, but ultimately it's still the same money. And so we should bring and apply the same AML, CFT, BSA considerations, and apply them co equally here. But it's still money.”*

Innovation and Competition in the Digital Asset Space

- Rep. Ritchie Torres (D-NY) sought to highlight the potential benefits of blockchain technology and the need for a flexible and nimble regulatory environment by way of analogy: *“The proper legislative response to the automobile is not to ban it. It's not to sabotage it. It's to regulate it's to make it safer. And as far as I'm concerned, the proper role of Congress is not to sabotage digital asset transactions, but to make them safer, to strike a careful balance between financial stability and innovation.”*
- Caroline Butler from The Bank of New York Mellon Corporation discussed the importance of innovation within a safe and secure financial system.
- Torres and Butler emphasize the need for clear rules to enable innovation and protect consumers.
 - Torres: *“If the United States gets blockchain regulation wrong. Do you think the US will go on to dominate a blockchain based financial system that might ultimately emerge? “*
 - Butler: *“No, I don't think it will. And we've already seen some evidence that if the US doesn't move here, the nexus of activity will move elsewhere. So as far as I'm concerned, in order for the United States to remain the superpower of the world, we must embrace emerging technologies.”*

Regulation and Custody of Stable Coins

- Rep. Dan Meuser (R-PA) emphasized the importance of regulating stable coins to maintain the US dollar's dominance while ensuring privacy and data protection.
- Ms. Caroline Butler explains that BNY Mellon's custody standards for stable coins are similar to those for traditional assets, ensuring asset safety and segregation.
- Charles Cascarilla discusses the early-stage market for payment stable coins and the need for innovation, highlighting the potential limitations of CBDCs.
- Patrick Collison agrees that a balance between privacy and global currency status is necessary, advocating for a private sector-led innovation approach.

State and Federal Regulation of Stable Coins

- Rep. Dan Meuser discusses the dual banking system and the need for federal standards to ensure consistency across states.
 - Meuser: *“The digital asset industry remains vulnerable to arbitrary enforcement actions that stifle growth and push talent overseas. Now is the time to act where*

regulatory uncertainty drives the next wave of groundbreaking technology other countries.”

- House mentions that the minimum standards in the banking system are comprehensive and would be difficult to exceed.
- Rep. Sam Liccardo highlights the importance of global standards for stable coins and the need for US leadership in financial innovation.
 - *“For years, the digital asset sector has suffered from the constant swings of the political pendulum. This uncertainty only harms American innovators and weakens the US economy and marketplace. As Congress, we must use stable funds to set clear precedent. Regulatory clarity is coming for the digital assets industry. President Trump has made this a priority, and we must follow through to ensure that blockchain innovation has a strong foundation here in the US.”*
- Patrick Collison and Charles Cascarilla discuss the potential benefits and challenges of global frameworks for stable coins, emphasizing the need for variation and innovation.
 - *“So I kind of see this future when autocracies use controlling their banking system as a means of controlling their population as being challenged by this future and the future of digital assets.”*

Impact of Stable Coins on Financial Inclusion and Remittances

- Rep. Young Kim discussed the potential of stable coins to reduce remittance costs and improve cross-border payments.
- Charles Cascarilla explained that stable coins can move money instantaneously and almost for no cost, unlike traditional payment systems.
- Patrick Collison emphasizes the importance of applying existing financial regulations, such as BSA, AML, and CFT, to stable coins.
- Rep. Young Kim asks about measures to prevent bad actors from using stable coins, with Patrick Collison stressing the need for robust controls and transparency.
 - *“I think that the point that you're speaking to is really why we're seeing most stable coin use happening and settling trading on platforms, rather than facilitating these, these remittances, we haven't created the ecosystem for that trust. If a regulatory framework allows for that trust, and for the people in your neighborhood to believe that if they send these remittances, that they're harder overseas, that that money wouldn't going to be you know, we're like, isn't going to be defrauded, or it's not going to be sold, if they trust this ecosystem, that they may start using it....”*

Technical Aspects and Limitations, Comparison to other Technologies

- Rep. Bill Foster (D-IL) questions Charles Cascarilla about the technical aspects of freezing and recovering fraudulent transactions in stable coins.
 - *“Paxos, has the ability to block, freeze and recover fraudulent or mistaken transactions. Could you explain how this works technically, both for hosted and un-hosted wallets? And you know, for example, could this be used to stop the use of stable coins for ransomware and other illicit activities?”*

- Charles Cascarilla explains that as the issuer, Paxos can control smart contracts and freeze addresses if necessary.
- Rep. Foster discusses the potential benefits of blockchain systems in countries like India, highlighting the advantages of global access and universality.
 - *“Now, among the G20 India is by far the leader in that essentially, [100% of households have are banked in India](#), if you're more than a billion people, and the only group that's not banked are women whose husbands don't want them to have a bank account, which is not exactly a financial problem. But in India, if you want to give a pauper three rupees, you both get out your cell phones, you do your biometric login, you authenticate your bank account, you transfer three rupees, zero cost, and essentially, 100% penetration. Could you explain what the advantages of a blockchain system are over the system that exists for a billion people in India in terms of just everything? It's also my understanding that the system in place in India based on bank accounts, not usable for ransomware, it is not usable for one and a half billion dollar hacks.”*
- Patrick Collison and Charles Cascarilla discuss the importance of maintaining system integrity and proper controls in stable coin issuance.

Challenges and Opportunities to Increase Use of Stable Coins

- Rep. Scott Fitzgerald emphasized the need for regulatory clarity to increase consumer adoption of stable coins.
 - *“We've seen countries like Brazil allow payments, not just from digital wallets or payment apps, but as was just discussed a couple times this morning, also directly to and from bank accounts, as well as instantly between digital wallets from different non bank providers. As you know, stable coins lower fees, more payment provider competition, wider accessibility, and because stable coins reduce the cost of the transactions to nearly zero. Think there's a lot of members that are trying to wrap their minds around this, and you know, they can just free up retail businesses, right, at with frictionless cost alternatives.*
- Patrick Collison highlighted the importance of clear frameworks to reduce ambiguity and encourage investment in stable coins.
 - *“I think the single most, single best way to ensure that US dollar stable coins are broadly adopted around the world is for Congress to provide that regulatory clarity right In a regulatory framework will also give businesses more incentive to use the stable coins for operational transactions.”*
- Charles Cascarilla discussed the benefits of partnerships and strategic alliances in the stable coin ecosystem.

International Competition and Regulatory Frameworks, FedNow

- Rep. Josh Gottheimer (D-NJ) discusses the importance of legislative action to prevent stable coin issuers from fleeing to more favorable jurisdictions.
- Charles Cascarilla emphasizes the need for regulatory clarity to ensure trust and widespread adoption of stable coins.

- Ms. Caroline Butler supports federal consistency in standards, regardless of whether issuers choose state or federal pathways.
- Patrick Collison stresses the importance of maintaining diversity and innovation in the US financial system.
- Rep. Scott Fitzgerald (R-PA) asks about the differences between US CBDCs, stable coins, and the FedNow system, with Patrick Collison explaining what he views as the unique benefits of stable coins.
 - Collison: *“The Fednow provides a valuable service for making interbank transfers within the US more streamlined. That’s very helpful. It doesn’t provide the same degree of global access that stable coins, or in principle, CBDCs, could, in fact, as stable coins versus CBDCs. I think that the US gets basically all of the benefits of a notional cdbc without some of the attendant downsides that have been discussed here today. So my view is that there’s very little downside and tremendous degree of benefit to formalizing stable coins along the lines of what’s proposed and beyond that. I don’t really see how a cdbc would help and to against what the points made, I think it could inadvertently inhibit innovation.”*

State Regulation of Financial Innovation

- Rep. Mike Flood (R-NE) discussed the potential benefits of a state pathway for stable coin issuers, emphasizing the need for federal oversight.
- Flood noted his keen interest in state policy relating to stablecoins.
 - *“My interest in stable coins goes back to the work I did in the Nebraska unicameral legislature on this very issue. After my bill entitled [The Nebraska Financial Innovation Act](#) passed, Nebraska became the second state to have a regulatory structure for a new kind of state chartered bank called a digital asset depository institution. Nebraska digital asset depository institution can issue stable coins, which puts my state in a unique position as it relates to the broader debate about a state pathway within this bill, due to the laws in our state.”*
- Charles Cascarilla highlights the challenges of juggling multiple state regulatory laws and the need for a clear federal framework.
- Rep. Mike Flood emphasized the importance of diversity in banking and the role of states in regulating stable coin issuers.
- Ms. Caroline Butler and Charles Cascarilla discuss the importance of reciprocity and uniformity in stable coin regulation across jurisdictions.

Addressing Money Laundering and Illicit Activities

- Rep. Al Green (D-TX) raised concerns about the use of cryptocurrencies for money laundering, terrorist activities, and other illicit activities.
 - *“I would like an expression from the witnesses of whether or not it is beneficial for us to be concerned with cryptocurrency certain areas specifically beneficial to use cryptocurrencies, money laundering, terrorist activity. illegal trafficking of drugs, sex, evasion of taxes....”*
- Carole House emphasizes the need for global implementation of anti-money laundering standards to prevent illicit activities.

- Patrick Collison and Charles Cascarilla discuss the importance of applying existing financial regulations to stable coins and the need for robust controls.
- Rep. Al Green highlighted the need for strong enforcement actions to ensure compliance with anti-money laundering measures.
- Rep. Green questioned whether the legislation was being rushed.

Global Competition and US Leadership

- Rep. Troy Downing (R-MT) discussed the supposed threats of CBDCs to civil liberties and the importance of maintaining US leadership in financial innovation.
- Charles Cascarilla explained that CBDCs could crowd out private issuers and limit innovation, while stable coins offer a more competitive and innovative approach.
- Rep. Downing emphasizes the need for clear regulation to prevent the US from losing its financial leadership.
- Randall Guynn discussed the importance of treating payment stable coins as distinct from securities to ensure clear frameworks and consumer protection.

Future of Digital Payments, Regulatory Sandbox Legislation

- Rep. Zach Nunn (R-IA) discussed the potential for stable coins to drive financial innovation and enhance the status of the US dollar.
- Patrick Collison highlights the opportunities for cheaper, faster, and more efficient payments with stable coins.
- Ms. Caroline Butler discusses the benefits of clear regulatory frameworks for stable coins and the need for consistent application of standards.
- Carole House emphasizes the importance of comprehensive legislation to address illicit activities and ensure global competitiveness.
- Rep. Tim Moore (R-NC) announced plans to introduce a regulatory sandbox bill
 - *“Ensuring America continues to lead financial innovation is not just about industry growth, it's also about giving consumers better choices, financial access and protecting consumer progress. Blockchain technology and digital assets are already transforming the way America's businesses transfer value. That's why this week, I'm planning to introduce the [Financial Services Innovation Act](#) to ensure the United States remains with financial innovation, establishing the financial services innovation office within each financial regulator and a federal sandbox for innovative financial products and services regulatory sandbox approach has proven successful in states like North Carolina, which launched its financial and insurance regulatory sandbox the North Carolina Innovation Council in 2021.”*