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May 21, 2024

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Democratic Leader
U.S. House of Representatives
Washington, D.C. 20515

Re: Community Bank Support for the CBDC Anti-Surveillance State Act (H.R. 5403)

Dear Speaker Johnson and Democratic Leader Jeffries:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to thank you for scheduling floor consideration of the CBDC Anti-Surveillance State Act (H.R. 5403). ICBA urges all members of the House to vote YES on this important bill.

ICBA believes that a United States Central Bank Digital Currency (CBDC) would disintermediate community bank deposits, reduce credit availability, and undermine consumer privacy. As a liability of the Federal Reserve, a CBDC positions the Fed as a direct competitor for community bank deposits. This could create an outflow of deposits from community banks that are used to fund local lending, reducing credit availability in local communities. In addition to competing directly with checking and savings accounts offered by community banks, direct-to-consumer CBDC accounts raise serious privacy concerns, as they could potentially be used by the government to track and control consumer financial transactions. For these reasons, ICBA strongly opposes the creation of a U.S. CBDC. The significant risks of CBDC strongly outweigh any policy goals identified in support of a CBDC.

The CBDC Anti-Surveillance State Act, introduced by Whip Tom Emmer, would address many of ICBA's concerns with the creation of a CBDC. The bill would prohibit a Federal Reserve Bank from offering products or services directly to individuals, maintaining individual accounts, or issuing a CBDC to individuals or through an intermediary. It would also prohibit the Federal Reserve and the Federal Open Market Committee from using a CBDC to implement monetary policy.

ICBA thanks Whip Emmer for introducing the CBDC Anti-Surveillance State Act and urges members of the House of Representatives to vote in favor of this legislation.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

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