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September 19, 2023

The Honorable Patrick McHenry
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

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

Dear Chairman McHenry and Ranking Member Waters:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to thank you for scheduling a markup on September 20 and to express our support for the CBDC Anti-Surveillance State Act (H.R. 5403). ICBA urges all committee members to vote YES on this important bill.

ICBA believes that significant risks and few, if any, clearly defined benefits would result from adoption by the United States of a Central Bank Digital Currency (CBDC). These risks include disintermediation of community bank deposits, reduction in credit availability, and undermining consumer privacy, among others. For the reasons set forth in our [statement for the record](#) of the Subcommittee on Digital Assets' September 14 hearing, ICBA strongly opposes the creation of a U.S. CBDC and urges Congress to oppose its creation as well. The policy goals identified in support of a CBDC would best be addressed through alternatives that are readily available in the market today such as FedNow.

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.

Thus, the bill would prohibit both FedAccounts and a direct-to-consumer CBDC. In addition to competing directly with checking and savings accounts offered by community banks, both FedAccounts and consumer CBDC accounts raise serious privacy concerns, as they could potentially be used by the government to track and control consumer financial transactions.

The Nation's Voice for Community Banks.®

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H.R. 5403 incorporates the Power of the Mint Act (H.R. 3402), introduced by Representatives French Hill and Jake Auchincloss, which would prohibit the Board of Governors of the Federal Reserve and the Secretary of the Treasury from issuing a Central Bank Digital Currency without congressional authorization.

Congress must not be sidelined in a policy choice of such far reaching, and potentially damaging, significance. Federal legislation would be required to establish the roles and responsibilities of the various stakeholders—including the Treasury Department, Federal Reserve, and the private sector.

ICBA thanks Whip Emmer for introducing the CBDC Anti-Surveillance State Act and Representatives Hill and Auchincloss for their work on the Power of the Mint Act. We look forward to working with this committee to advance this legislation.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the House Financial Services Committee

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