Independent Banker
November 2023
Columns

[tag] Flourish

[hed] Cryptocurrency: a solution without a problem

[quote] As a financial services industry, we can’t fall victim to shiny object syndrome.

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In today’s environment, we hear a lot of hype about different technologies. That buzz leads to oversaturation, which can leave us questioning, “Am I missing something?” when we don’t feed into the frenzy.

When it comes to cryptocurrency, this is certainly the case. I’m frequently asked in interviews about ICBA’s thoughts on cryptocurrency, inclusive of stablecoins and central bank digital currency (CBDC), and I typically respond by asking, “What problem are we trying to solve with it?” That will often leave the interviewer stumbling for a response because the answer is truly unclear.

While we have heard a wide range of rationale, those concepts don’t seem founded in need as much as in justification. Here are three that easily spring to mind:

1. The claim that it will provide support for global payments is particularly baffling. With a currently unregulated entity, global collaboration and compliance standardization will be essential to ensure that transactions remain safe, secure and legitimate. In short, it’ll take a mountain of global collaboration to make that possibility realistic.
2. The thought that cryptocurrency will enable faster payments is equally troubling. Instant payments platforms are already available in the U.S.—you can’t get much faster than that.
3. The concept of a payments system that’s completely anonymous and frictionless is another point of contention. That anonymity easily can lead (and has led) to illicit payments, so it may not be what it’s cracked up to be.

Whether it’s nonbank payment providers like PayPal, states that want to issue their own stablecoins, CBDC or a piece of legislation trying to create a regulatory framework, this is a space to keep a handle on. Know that ICBA is observing and advocating on your behalf.

As a financial services industry, we can’t fall victim to shiny object syndrome; we need to keep peeling back the onion to determine what we are solving for, and from ICBA’s perspective, how that can be done in a way that works with and for community banks.

With emerging technology, knowledge is power, which is why we’re offering ongoing opportunities to stay in the know on cryptocurrency’s evolution. We encourage you to remain up to speed on developments, whether through [digital asset courses](https://www.icba.org/all-products/product-details/a-summary-of-the-newest-ucc-provisions-related-to-digital-assets-that-are-%28possibly%29-coming-to-your-state-%28mp4%29) with Community Banker University (CBU) or our [payment team’s online analysis](https://www.icba.org/our-positions-a-z/payment/payments/cryptocurrencies). We will keep providing information that helps you know how cryptocurrency is living up to the hype—or, more than likely, not.

On a personal note, I wanted to thank all of you for being part of this collective community bank journey; we couldn’t do it without you. Have a wonderful Thanksgiving holiday, and please take time to celebrate all you do for your communities. I know they are, as are we, grateful for you.

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Where I’ll be this month

I’ll be spending time in our new Atlanta office and kicking off a round of meetings with executives from core service providers, continuing to advocate for community bank needs in this space.

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