July 15, 2026

The Honorable Jonathan V. Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

The Honorable Michelle W. Bowman
Vice Chair for Supervision
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Travis Hill
Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

The Honorable Kyle S. Hauptman
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Comptroller Gould, Vice Chair Bowman, Chairman Hill, and Chairman Hauptman:

On behalf of the Independent Community Bankers of America (ICBA),[1] the undersigned state banking associations, and the thousands of community banks we represent, we write to express serious concerns about the rushed pace of payment stablecoin rulemaking, the need for improved interagency coordination in this process, and the risk that payment of yield on payment stablecoins could siphon away the deposits that community banks transform into credit powering Main Street economies.

Community banks welcome responsible innovation, but payment stablecoin rules must not undermine the deposit base that enables community banks to provide credit, payments, and financial services to small businesses, farms, households, and rural communities. That role is indispensable: community banks are leading providers of small business and agricultural credit and serve as essential financial infrastructure in rural America.

Permitting yield-bearing payment stablecoins risks diverting community bank deposits to crypto firms, eroding the funding base community banks rely on to meet the credit needs of local economies. ICBA research finds that payment stablecoins could drain $1.3 trillion in deposits from community banks and reduce lending by an estimated $850 billion.[2] This would

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[1] The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation's community banks through effective advocacy, education, and innovation. As local and trusted sources of credit, America's community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers' financial goals and dreams. For more information, visit ICBA's website at www.icba.org.

[2] Independent Community Bankers of America, Comment Letter on Proposed Rulemaking to Implement GENIUS Act Requirements (June 9, 2026), https://www.icba.org/w/icba-comment-letter-on-proposed-rulemaking-to-implement-genius-act-requirements. *See* Part I of the letter for economic analysis of the potentially devastating impacts stablecoins are likely to have on community banks, their customers, and their communities, including a drastic decrease in the availability of credit for U.S. consumers, small businesses, and farmers in rural communities across the country and greater concentration in the U.S. banking system as deposits and lending capacity move away from community banks toward larger banks.

significantly disrupt the local funding model that allows community banks to make credit available to the small businesses, farmers, ranchers, and families most dependent on the relationship-based banking model. With Treasury Secretary Bessent projecting a $3 trillion payment stablecoin market by the end of the decade,[3] regulators must treat deposit displacement as a major economic and prudential risk and pursue safeguards that keep deposits within the banking system.

To protect the banking system, preserve local credit availability, and ensure community banks can continue fueling economic growth, ICBA and the undersigned state associations respectfully urge the agencies to:

1. **Coordinate closely on final payment stablecoin rules** to safeguard community banks, the banking system, and the Deposit Insurance Fund by closing definitional gaps, preserving redemption protections, preventing evasion of the yield prohibition, and imposing strong prudential standards including robust capital, liquidity and risk management requirements. Inconsistent rules create risks of regulatory arbitrage, uneven consumer protections, and competitive disparities.

2. **Maintain a level playing field and ensure regulatory parity** by holding nonbank stablecoin issuers and their parent companies to standards that are comparable to those applicable to community banks where they perform bank-like functions.

3. **Proactively address the new systemic risks** that payment stablecoins could introduce to the banking system, including run risk, payment system fragility, and risk of contagion arising from growing interconnections between crypto firms and the banking system.

4. **Address tokenized deposits through a coordinated interagency process,** as tokenized deposits may emerge as a bank-based alternative to payment stablecoins and the regulatory framework should be developed in a manner that preserves the role of insured depository institutions and ensures community banks can participate. The agencies should consider a joint Request for Information followed by a separate coordinated and collaborative rulemaking process.

5. **Ensure tokenized deposit policy is technology-neutral and accessible to community banks** by accommodating consortium and third-party partner models, addressing settlement and supervisory coordination, and starting with a deliberate pilot framework rather than a hurried widespread deployment.

We respectfully urge the agencies to proceed in a coordinated manner that supports responsible innovation while preserving the credit availability and local financial infrastructure that community banks provide to households, small businesses, farms, and rural communities across the country. Community bankers look forward to continued engagement with the agencies

[3] U.S. Secretary of the Treasury Scott Bessent, "Parallel Prosperity: Strengthening the Treasury Market to Build America's Golden Age," Remarks at the Treasury Market Conference (Nov. 12, 2025), https://home.treasury.gov/news/press-releases/sb0314.

as you implement the payment stablecoin framework and consider related tokenized deposit policies.

If you have any questions, please contact Brian Laverdure at brian.laverdure@icba.org and Amy Ledig at amy.ledig@icba.org.

Sincerely,

Independent Community Bankers of America

Alabama Bankers Association

Arkansas Community Bankers

Arizona Bankers Association

California Community Banking Network

Independent Community Bankers of Colorado

Connecticut Bankers Association

Florida Bankers Association

Community Bankers Association of Georgia

Idaho Bankers Association

Community Bankers Association of Illinois

Indiana Bankers Association

Community Bankers of Iowa

Community Bankers Association of Kansas

Bluegrass Community Bankers Association

Louisiana Bankers Association

Maine Bankers Association

Maryland Bankers Association

Massachusetts Bankers Association

Community Bankers of Michigan

BankIn Minnesota

Mississippi Bankers Association

Missouri Independent Bankers Association

Montana Independent Bankers

Nebraska Independent Community Bankers

New Hampshire Bankers Association

New Jersey Bankers Association

Independent Community Bankers Association of New Mexico

Independent Bankers Association of New York State

North Carolina Bankers Association

Independent Community Banks of North Dakota

Oregon Bankers Association

Community Bankers Association of Ohio

Community Bankers Association of Oklahoma

Tennessee Bankers Association

Pennsylvania Association of Community Bankers

Independent Banks of South Carolina

Independent Community Bankers of South Dakota

Independent Bankers Association of Texas

Vermont Bankers Association

Virginia Association of Community Banks

Community Bankers of Washington

Community Bankers of West Virginia

Wisconsin Bankers Association

Wyoming Bankers Association