



BLOCKCHAIN FOUNDATION

Monday, November 3, 2025

To: U.S. Senate Committee on Banking, Housing, and Urban Affairs & Subcommittee on Digital Assets

Cc:

U.S. Senate Committee on Agriculture, Nutrition, and Forestry

U.S. Senate Community Development Finance Caucus

We are writing to express support for a provision to the Senate Digital Assets Market Structure legislation, which would foster economic growth and promote financial education and risk mitigation in rural and mainstream America.

We anticipate bipartisan support for an amendment, which directs regulators with jurisdictional oversight - The Federal Deposit Insurance Corporation (FDIC), Federal Reserve, Office of the Comptroller of the Currency (OCC) - to conduct a study to assess how Community Development Financial Institutions (CDFIs) and Minority depository institutions (MDIs) can be authorized to offer digital assets via partnerships, as well as deploy financial education and risk management programs to increase consumer awareness about tools to combat fraud and scams.

As you know, the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS), which was enacted into law, includes a measure that creates a pathway for subsidiaries of federally insured credit unions, such as credit union service organizations, to become issuers of stablecoins. This occurred as a result of a series of detailed guidance that the National Credit Union Administration¹ provided. So, there is precedent for this much softer measure.

While banks are receiving regulatory guidance regarding decentralized finance, this clarity does not extend to this unique subset of the banking system.

CDFIs support more than 1,400 smaller lenders operating in rural and urban areas that aren't adequately served by larger banks. Of the roughly 5,900 headquarters and branches of these community lenders, 60 percent are in Republican congressional districts and 55 percent are in states with two Republican senators, according to the Community Development Bankers Association.²

¹

<https://ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/relationships-third-parties-provide-services-related-digital-assets>

² <https://www.washingtonpost.com/business/2025/03/18/trump-targets-banks-republican-districts-crapo/>



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At year-end 2024, MDIs in U.S. states and Washington, D.C. held nearly \$274 billion in assets, a year-over-year increase of 5.6%. Net loans and leases (\$201 billion) grew by 5.1%, while deposits (\$227 billion) and bank equity (\$32 billion) increased 7.7% and 7.4%, respectively, according to the National Bankers Association.³

These micro institutions are trusted by the earliest and largest adopters of cryptocurrencies and can play an important role in servicing market participants and new entrants to digital finance.

There is data to support this proposal. In 2024, Blockchain Foundation published a research report⁴ focused on this very topic. Earlier this year, the Foundation partnered with Prosperity Now on a national research initiative funded by a W.K. Kellogg Foundation⁵ grant to better understand how CDFIs, MDIs, and other small financial institutions are navigating decentralized finance: what they know, where they see potential, and what kinds of tools, protections, and standards are needed to move forward responsibly?

While the full findings are still in progress, a big takeaway from early analysis is that respondents are asking for guidance to better understand regulations, compliance, and how to protect their clients and their institutions. This is clarity that can only come from their various regulatory bodies.

The provision is simply calling for a federal study by FDIC, OCC and the Fed to explore a pathway via third-party partnerships with compliant decentralized or centralized entities. We urge the Senate Banking Committee to advance this measure to prioritize financial education and risk mitigation. Thank you for your consideration.

Sincerely,

³ https://www.nationalbankers.org/_files/ugd/c4fe82_63f4a9d68220423989ad5f87fa25688e.pdf

⁴ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4863316

⁵

<https://www.prosperitynow.org/news-and-insights/groundbreaking-research-initiative-explores-how-cdfis-mdis-are-navigating-decentralized-finance>



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