



December 1, 2025

The Honorable Tim Scott
Chairman
Senate Committee on Banking, Housing,
and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member
Senate Committee on Banking, Housing,
and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, D.C. 20510

Chairman Scott, Ranking Member Warren, and Members of the Committee:

I write on behalf of the Hispanic Leadership Fund (HLF), a non-partisan advocacy organization dedicated to strengthening working families and underserved communities by advancing common-sense public policy solutions that foster opportunity and prosperity.

Earlier this year, lawmakers passed, and President Trump signed into law, a historic piece of legislation establishing the first federal regulatory system for stablecoins. The GENIUS Act codified several provisions to promote stability in the stablecoin marketplace and protect both consumers and our broader financial system.

Importantly, the law prohibits interest payments by stablecoin issuers, establishing a clear distinction between these products and traditional deposits. This distinction is vital, as stablecoins are not held to the same regulatory and supervisory standards as are traditional bank deposits and, accordingly, should not be mistaken by consumers as investment vehicles. For example, stablecoins are not insured by the Federal Deposit Insurance Corporation (FDIC), while depositors' accounts with banks are protected up to \$250,000.

This prohibition also protects our broader financial system and local economies across the country that depend on small community bank lending. Community banks act as a vital lending source for small businesses – especially in rural and underserved communities – financing 60 percent of all small business loans nationally.¹

¹ Kilander, A., & Weinstein Jr., P. (2025, September 18). *Stablecoins will lessen community lending*. Progressive Policy Institute. <https://www.progressivepolicy.org/stablecoins-will-lessen-community-lending/>

These loans are a crucial part of both local and the larger American economies, enabling small businesses to meet existing payrolls, create jobs, and finance growth and innovation.

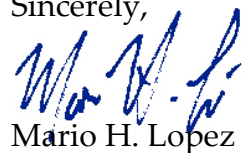
If Congress does not protect the guardrails it established in the GENIUS Act, it is highly likely that billions of dollars will be removed from the current funding system. Underserved communities would undoubtedly be the hardest hit by significant deposit outflows from these small banks, creating a negative ripple effect throughout the economy.

As lawmakers now consider legislation addressing digital asset market structure, a key concern should be ensuring that any legislation closes existing interest payment loopholes that allow stablecoin issuers to work around the GENIUS Act's clear prohibition. Specifically, interest payments in the form of "rewards" are still being offered to consumers through exchanges and intermediaries.

These "rewards" essentially act as interest, undermining the original intention of the GENIUS Act through a technicality. The effects of allowing this loophole to stand would be significant, with projections showing deposit outflows as high as \$6.6 trillion from banks, hampering investment in rural and underserved communities, and exposing more and more consumers to outsized risk.² Lawmakers must act to ensure interest prohibitions cover all entities and apply to so-called "reward" programs.

Thank you for your attention to this matter. We look forward to continuing to work together to promote innovation in our financial system and ensure strong protections for consumers and underserved communities.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mario H. Lopez".

Mario H. Lopez
President

CC: Members, Senate Committee on Banking, Housing, and Urban Affairs

² Dylan Toker and Gina Heeb, "Why Banks Are on High Alert About Stablecoins," *Wall Street Journal*, July 18, 2025, <https://www.wsj.com/finance/currencies/why-banks-are-on-high-alert-about-stablecoins-2f308aa0>