

[Banking and Finance Law Daily Wrap Up, TOP STORY—House Republicans say private sector should lead way on digital currencies, \(Nov. 16, 2021\)](#)

Banking and Finance Law Daily Wrap Up

[Click to open document in a browser](#)

By Nora Macaluso

A task force of Financial Services Committee Republicans said any policy for a central bank digital currency should maintain the U.S. dollar as the world's reserve currency.

If the U.S. adopts a central bank digital currency (CBDC), the private sector should lead the way, and regulatory policies should “promote private-sector innovation and foster competition” to make sure the U.S. payment system remains the world leader, Republicans on the House Financial Services Committee [said](#).

Any Federal Reserve-issued digital currency policy should make sure the U.S. dollar is the world's reserve currency and keep the U.S. payment system preeminent in the world, the lawmakers said. The recommendations were part of a [set of principles](#) a Republican working group released as Congress evaluates proposals to create a CBDC.

“This is a pivotal moment in the conversation around the growing role of financial technology in our everyday lives,” said the members, led by Patrick McHenry (R-NC), the ranking Republican on the panel. The principles, they said, are designed “to ensure the discussion is focused on whether a Fed-issued digital currency addresses a problem, rather than creating one.”

Congress and regulators should be mindful of the “unique nature” of private-sector innovations, and “establish a regulatory framework that targets the activity and not the technology,” the House Republicans said. “Overly burdensome policies will diminish the potential gains to our financial system and put the U.S. at a disadvantage among our international competitors and allies alike,” they said.

The lawmakers said stablecoins could be “a potential cornerstone of a modern payment system, if issued under a clear regulatory framework,” and legislation should not stand in the way of the development of a stablecoin market. “If Congress contemplates authorizing the use of a Fed-issued digital currency, it should not impede the development and utilization of stablecoins, both those currently in circulation and those yet to be developed,” they said.

Lawmakers should also consider privacy and “civil liberties protections” as they evaluate proposals, the group said.

In addition to McHenry, the members of the Digital Asset Working Group are Reps. Ann Wagner (R-Mo), Blaine Luetkemeyer (R-Mo), Bill Huizenga (R-Mich), Andy Barr (R-Ky), French Hill (R-Ark), Tom Emmer (R-Minn.), Warren Davidson (R-Ohio), Ted Budd (R-NC), and Anthony Gonzalez (R-Ohio).

MainStory: TopStory BankingFinance Blockchain ChecksElectronicTransfers FederalReserveSystem
FedTracker FinancialStability FinTech GCNNews Privacy PrudentialRegulation