Twitter Thread by Reuben Bramanathan

Reuben Bramanathan
@bramanathan

The #STABLEAct is a confused attempt at regulating perceived harms that are not actually caused by the technology, but are, ironically, inherent in the existing financial system that cryptocurrencies are designed to replace

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Stablecoins, by their nature, can only INCREASE access to financial services. Unlike the existing system, they do not require the use of a bank account

The existence of stablecoins does not prevent consumers from using any other traditional payment, savings or credit offerings

In contrast, people can and do lose access to financial services when banks freeze or close their accounts

This happens when banks make arbitrary and opaque risk decisions that are in turn based on cumbersome regulations which deputize banks to do the government's job

According to the press release

1. Stablecoin issuers could take advantage of low income consumers
2. Stablecoins are an 'outsourced issuance' of US dollars
3. Stablecoins pose market, liquidity, and credit risk

But all of these concerns are misplaced■■

https://t.co/g997ym8zCV

The press release compares stablecoins to 'shadow banks' e.g mortgage & payday lenders, that lend on a fractional reserve basis, and often take advantage of consumers

This is the opposite of stablecoins like USDC, which are fully collateralized and don't charge interest or fees

It is reasonable to want to ensure fair lending & credit practices, but the existing lending laws should be clarified or expanded to cover lending in stablecoins

This objective does not justify regulating the issuance or transactional use of stablecoins

Second, stablecoins such as USDC also do not represent an 'issuance' of US Dollars

They are, at most, the issuance of a promise to redeem 1 stablecoin for 1 US Dollar, the same way as a check or money order

This issuance is already regulated under state money transmission laws

Finally, the concerns about 'market, credit, and liquidity risks' are vague and poorly articulated

Perhaps they refer to the risk that stablecoins could become 'too big to fail' or somehow cause a 2008 style financial crisis, which of course is absurd...

...because, again, stablecoins do not inherently involve any credit or fractional reserve

And again, there are existing laws (state money transmission) which require issuers of stablecoins to have fully collateralized reserves with a 1:1 backing.

There are also some very concerning sections in the draft, most notably this one, which would regulate:

"any stablecoin-related commercial activity, including activity involving stablecoins issued by other persons, without obtaining written approval"

All of this is to say, the #STABLEact is overly broad and poorly targeted

Under the premise of financial inclusion, it will do nothing to protect consumers, but will concentrate more power in banks, reduce competition and ultimately reduce financial inclusion