



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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February 10, 2025

The Honorable Bryan Steil  
Subcommittee Chairman  
Digital Assets, Financial Technology, and Artificial Intelligence  
House Financial Services Committee  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Stephen Lynch  
Subcommittee Ranking Member  
Administrative State, Regulatory Reform, & Antitrust  
House Financial Services Committee  
United States House of Representatives  
Washington, DC 20515

Subject: Ensuring Credit Unions' Role in the Digital Asset Ecosystem Through Sensible Regulation

Dear Chairman Steil and Ranking Member Lynch:

On behalf of the Defense Credit Union Council (DCUC) and the Dakota Credit Union Association (DAKCU) as well as the millions of service members, veterans, and military families we serve, we submit this letter in advance of the hearing titled "*A Golden Age of Digital Assets: Charting a Path Forward.*". DCUC represents credit unions stateside and overseas serving military and veteran communities as well as their families, encompassing over 40 million members and having over \$525 billion in assets.

As the digital asset space continues to evolve, credit unions recognize the growing interest in digital currencies, blockchain-based financial services, and tokenized assets among consumers, businesses, and financial institutions. At the same time, we are also acutely aware of the regulatory and operational challenges credit unions face in this area. While credit unions strive to offer innovative and secure financial services, the current regulatory uncertainty and lack of clear guidance impede our ability to safely integrate digital assets into our financial ecosystem.

In this letter, we outline the key challenges credit unions face regarding digital assets, propose regulatory solutions, and articulate the guiding principles that should inform any future legislation or rulemaking in this space.

### **Key Challenges for Credit Unions Regarding Digital Assets**

1. **Regulatory Uncertainty and the Lack of Clear Guidance** - Credit unions currently operate in a legal and regulatory gray area regarding digital assets. The National Credit Union Administration (NCUA) has yet to establish clear, uniform guidance regarding how credit unions can engage in digital asset-related activities. Additionally, the fragmented federal and state regulatory landscape creates compliance burdens and uncertainties that deter credit unions from offering services such as cryptocurrency custody, stablecoin payments, or digital asset lending.
2. **Lack of Secure Custody and Safekeeping Solutions for Digital Assets** - While credit unions are trusted custodians of financial assets for millions of members, there is no clear framework that allows credit unions to serve as custodians of digital assets like cryptocurrency or tokenized securities. Without proper guidance and support from regulators, credit unions risk being excluded from this emerging financial services sector, leaving their members vulnerable to unregulated third-party providers with weaker consumer protections.
3. **Unequal Access to Federal Payment Systems for Digital Asset Transactions** - Credit unions lack direct access to Federal Reserve payment rails that could facilitate digital asset transactions in a safe and efficient manner. Current Federal Reserve policies make it difficult for credit unions to participate in real-time payment networks for stablecoin settlements and blockchain-based transactions. This puts credit unions at a competitive disadvantage compared to larger financial institutions and non-bank fintech firms.

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4. Consumer Protection Concerns and Fraud Risks - The digital asset market has been plagued by fraud, illicit activities, and volatile market behavior, all of which create risks for credit union members—particularly military families who may be targeted by scams. Without clear standards for know-your-customer (KYC), anti-money laundering (AML), and fraud prevention, credit unions face increased risks when engaging in digital asset services.

5. Uncertain Treatment of Stablecoins and Their Role in Credit Union Operations - Stablecoins, when properly regulated, could provide a faster and more efficient payment option for credit union members, particularly for military personnel who frequently conduct cross-border transactions. However, the lack of clear regulatory treatment for stablecoins issued by non-bank entities creates challenges in ensuring their stability, security, and integration into the traditional financial system.

6. Barriers to Innovation for Credit Unions Due to Overregulation - Many existing and proposed digital asset regulations focus primarily on large banks, fintech companies, and securities markets, failing to account for the unique structure and mission of credit unions. Heavy compliance burdens and excessive restrictions could prevent credit unions from participating in digital innovation, ultimately leaving their members without safe and regulated digital asset services.

### **Proposed Solutions for a Credit Union-Friendly Digital Asset Framework**

To ensure that credit unions can participate in the digital asset space while maintaining financial stability and consumer protection, DCUC proposes the following solutions:

#### 1. NCUA-Directed Guidance on Digital Asset Activities

- The NCUA should establish clear, uniform guidance on how credit unions can legally and safely engage in digital asset-related activities, including custody, lending, and payments.
- Credit unions should be explicitly authorized to provide digital asset custody services to their members, ensuring secure storage and fraud protections.

#### 2. Access to Federal Payment Systems for Digital Asset Transactions

- Credit unions should be granted equal access to Federal Reserve payment systems that facilitate stablecoin transactions and other blockchain-based payments.
- The Federal Reserve should provide clear guidelines on how credit unions can integrate stablecoins into their operations for member payments and remittances.

#### 3. Implementation of Tailored Consumer Protection Rules for Digital Assets

- Regulators must ensure strong fraud prevention standards for digital asset transactions without imposing unnecessary burdens on credit unions.
- Clear guidance should be provided on how credit unions can safely integrate digital assets into their financial education and fraud prevention programs for military families.

#### 4. Legal Clarity on Stablecoin Issuance and Credit Union Participation

- Credit unions should have a clearly defined regulatory pathway to use, hold, or issue stablecoins backed by deposits held at insured institutions.
- Stablecoin issuers must be subject to appropriate regulatory oversight to ensure stability, security, and integration with the traditional banking system.

#### 5. Parity in Regulatory Treatment for Credit Unions Engaging in Digital Asset Services

- Credit unions should not face disproportionate compliance burdens compared to banks and non-bank fintech companies when offering digital asset services.
- Any new regulations must preserve the unique cooperative structure of credit unions and recognize their member-focused mission.

## Guiding Principles for Future Digital Asset Legislation and Regulation

As policymakers consider new legislation and regulations for digital assets, DCUC urges the following core principles to be included in any framework:

1. **Regulatory Clarity and Consistency** – Credit unions need clear, consistent rules across federal and state jurisdictions to ensure compliance and operational certainty.
2. **Parity in Access and Participation** – Credit unions should have equal access to digital payment networks and emerging financial technologies.
3. **Consumer Protection and Security** – Digital asset regulations should prioritize consumer protection while allowing credit unions to serve as trusted providers.
4. **Inclusion of Credit Unions in Innovation Efforts** – Credit unions must have a seat at the table in discussions on digital asset innovation, ensuring their unique member-first mission is recognized.
5. **Proportional and Tailored Regulation** – Regulations should be appropriately scaled to account for credit unions' smaller size and non-profit cooperative structure.

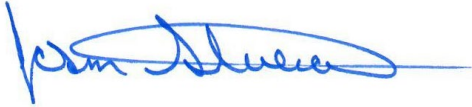
DCUC strongly supports efforts to establish a safe, fair, and innovative digital asset ecosystem that allows credit unions to serve their members without unnecessary regulatory barriers. We urge Congress to ensure that credit unions have equal access to digital asset markets and payment systems while maintaining strong consumer protections and financial integrity.

We appreciate the Subcommittee's leadership on this issue and welcome the opportunity to work collaboratively on solutions that align with the needs of credit union members, particularly those serving in our nation's military.

Thank you for your continued support of credit unions and the financial well-being of America's military communities.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at [jstverak@dcuc.org](mailto:jstverak@dcuc.org).

Sincerely,



Jason Stverak  
Chief Advocacy Officer  
DCUC

CC: HFSC Committee Members  
NCUA Board Members