

May 20, 2024

The Honorable Mike Johnson  
Speaker  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Hakeem Jeffries  
Minority Leader  
United States House of Representatives  
Washington, D.C. 20515

Re: American Bankers Association Support for H.R. 5403 – the CBDC Anti-Surveillance State Act

Dear Speaker Johnson and Minority Leader Jeffries:

The American Bankers Association (ABA) is the voice of the nation's \$23.7 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2.1 million people, safeguard \$18.8 trillion in deposits and extend \$12.5 trillion in loans.

In recent comments and testimony, ABA has expressed serious concerns about the Federal Reserve Board issuing a Central Bank Digital Currency (CBDC).<sup>1</sup> ABA believes strongly that a CBDC, defined as a digital form of central bank money that is widely available to the general public<sup>2</sup>, is unnecessary in the United States and would present unacceptable risks and costs to the financial system. The dollar is already digital today, and it is unclear how issuing a CBDC would improve financial inclusion or achieve other laudable goals. In fact, issuance of a CBDC would fundamentally change the relationship between citizens and the Federal Reserve, undermine the important role banks play in financial intermediation, exacerbate economic and liquidity crises, and impede the transmission of sound monetary policy.

The risks associated with issuing a CBDC are real and likely to undermine any possible benefit that a CBDC would offer. For example, a CBDC would be an advantaged competitor to retail bank deposits that would move money away from banks and into accounts at the Federal Reserve, severely limiting the ability of commercial banks to make loans that power economic growth in communities across the country.

For these reasons, the ABA welcomes and strongly supports H.R. 5403, the CBDC Anti-Surveillance State Act, which was introduced by Rep. Tom Emmer (R-MN). H.R. 5403 has 165 cosponsors and was favorably reported by the Financial Services Committee. It would prohibit the Federal Reserve Banks from issuing a CBDC directly or indirectly to individuals. It would

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<sup>1</sup> American Bankers Association Letter to House Financial Services Committee Leadership Supporting H.R.4035, Sept. 12, 2023. See: <https://www.aba.com/advocacy/policy-analysis/letter-to-hfsc-leadership-hr-4035>; Statement for the Record on Behalf of the American Bankers Association before the Subcommittee on Digital Assets, Financial Technology and Inclusion of the House Financial Services Committee, Sept. 14, 2023. See: <https://www.aba.com/advocacy/policy-analysis/statement-for-the-record-on-digital-dollar-dilemma>

<sup>2</sup> <https://www.federalreserve.gov/faqs/what-is-a-central-bank-digital-currency.htm>



**Kirsten Sutton**  
Executive Vice President  
Congressional Relations & Legislative Affairs  
202-663-5356  
ksutton@aba.com

also prohibit the use of a CBDC to implement monetary policy and prohibit the Federal Reserve Board or the Department of Treasury from issuing a CBDC without Congressional approval.

The ABA respectfully requests that Members of the House vote in favor of H.R. 5403.

Sincerely,

A handwritten signature in cursive script that reads 'Kirsten Sutton'.