

Crapo Statement at Hearing on Digital Currencies and Blockchain
July 30, 2019

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing entitled, “Examining Regulatory Frameworks for Digital Currencies and Blockchain.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Last Congress, this Committee held two hearings examining the digital currency ecosystem.

“In those hearings, we heard about some of the developments that have occurred within the digital currency marketplace since the creation of Bitcoin in 2008; the potential benefits of digital currencies; and concerns about value stability, fraud and illicit uses, market manipulation, and privacy.

“Since then, Facebook announced its intention to launch a blockchain-based payment system and digital currency, Libra, that will be governed by an association that will include up to 100 financial and non-financial members, including Facebook’s digital wallet service, Calibra.

“Facebook’s Libra project has generated renewed interest in digital currencies and blockchain, generally, including how they interact with U.S. and international regulatory frameworks, the potential benefits and challenges they pose, and concerns around issues like anti-money laundering and counterterrorism efforts, data privacy, consumer protections, commerce and monetary policy.

“A few weeks ago, the Head of Calibra, David Marcus, joined the Committee to provide an update on Facebook’s proposed digital currency.

“During that hearing, Mr. Marcus emphasized some important points and commitments, including that: there are a number of regulators globally that are currently engaged on Facebook’s project, including the Federal Reserve, FSOC, FinCEN, Financial Conduct Authority, the G-7 and more; Calibra and the Libra Association will have the highest standards when it comes to data privacy, and no financial data or account data that is actually collected in Calibra will be shared with Facebook; and the Libra Association will be headquartered in Geneva, Switzerland, but will still register with FinCEN and have oversight from U.S. regulators.

“It seems to me that digital technology innovations are inevitable, could be beneficial, and I believe that the U.S. should lead in developing these innovations and what the rules of the road should be.

“The digital currency and blockchain ecosystem is diverse, and care must be taken in determining what gaps may be present in the existing framework and developing a more comprehensive approach.

“In mid-July, Treasury Secretary Mnuchin said, ‘To be clear, the U.S. welcomes responsible innovation, including new technologies that may improve the efficiency of the financial system and expand access to financial services. That being said, with respect to Facebook’s Libra and other developments in cryptocurrencies, our overriding goal is to maintain the integrity of our financial system and protect it from abuse.’

“He also noted that Treasury has serious concerns regarding the growing misuse of digital currencies by money launderers, terrorist financiers, and other bad players.

“As Facebook’s and other’s digital currency efforts move forward, I am particularly interested in better understanding how these technologies may impact individuals’ ability to exercise control over their data, including the right to receive information about and access their data, correct inaccuracies, and delete their data.

“During this hearing, I look forward to learning more about: the encryption and networking features behind blockchain technology and how that technology enables digital currency transactions; ways that the market for digital currencies has grown and evolved over the last decade; different types of digital currencies in the marketplace, including their key differences with Facebook’s proposed digital currency; how other countries are approaching the regulation of digital currencies and blockchain technology, and what we might learn from their successes and failures; potential gaps in existing regulatory frameworks; whether distributive ledger technology can help to facilitate meaningful privacy for individuals’ data; and approaches Congress should consider in developing a comprehensive regulatory regime for digital currencies, including ensuring individuals have real control over their data.

“With the appropriate balance of regulation, digital currencies and their innovative underlying technology could provide meaningful benefits and I look forward to learning more about the ecosystem during this hearing.”

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