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Genius Act Aims to Bring Stablecoins Into the Financial Mainstream

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The Genius Act, recently passed by the Senate with bipartisan support, is poised to reshape how Americans use digital dollars by setting clear rules for stablecoins and other emerging cryptocurrencies. Lawmakers are betting that thoughtful regulation can unlock innovation and make the United States a leader in digital finance.

Stablecoins, a type of cryptocurrency designed to maintain a stable value by tying it to traditional assets like the U.S. dollar, have been gaining momentum among investors and payment platforms. Unlike highly volatile digital tokens such as Bitcoin and Ethereum, stablecoins offer a less risky way to transfer funds quickly and at a lower cost. Dante Disparte, chief strategy officer at the financial technology company Circle, described stablecoins as “digital dollars” that can move seamlessly across borders and beyond banking hours. Circle, which issues the stablecoin USD Coin (USDC), has voiced strong support for the legislation.

Formally named the Guiding and Establishing National Innovation for U.S. Stablecoins Act, the Genius Act would create legal definitions, consumer protections, and a framework for issuing stablecoins. Supporters argue that by clarifying standards, the measure could spur responsible growth and encourage banks, credit unions, and fintech companies to participate in the \$250 billion market. Senator Bill Hagerty of Tennessee, the bill’s sponsor, emphasised that faster settlement of payments could give U.S. businesses an edge in global commerce.

The legislation is part of a broader initiative by Republican lawmakers and President Donald Trump to foster innovation and reduce regulatory uncertainty in the cryptocurrency sector. Alongside the Genius Act, the House is considering the Clarity Act, which would regulate digital commodities more broadly, and the Anti-Central Bank Digital Currency Surveillance State Act, designed to prevent the Federal Reserve from issuing a retail Central Bank Digital Currency (CBDC) directly to consumers.

Despite their promise, stablecoins are not without risk. They can become “depegged,” losing their link to underlying assets in times of stress, as seen when U.S. bank failures last year briefly caused USD Coin and DAI to lose value. According to S&P Global Ratings, these vulnerabilities highlight the importance of clear guardrails to protect market stability and consumer confidence.

Major financial institutions are already exploring how to integrate stablecoins into their services. Citigroup, the nation’s third-largest bank, said it is evaluating options to issue its token to keep pace with fast-moving competitors. JPMorgan Chase, the largest U.S. bank, also plans to use stablecoins for payments, signalling that traditional finance sees long-term potential in the technology.

In line with his commitment to make America “the crypto capital of the world,” President Trump has endorsed the Genius Act and pledged to work closely with Congress to pass it. As the House prepares for renewed debate, the legislation could become a cornerstone in defining how digital dollars fit into the U.S. financial system.