

**Testimony of Patrick Collison
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**Before the
House Financial Services Committee
Hearing on**

**“Navigating the Digital Payments Ecosystem:
Examining a Federal Framework for Payment Stablecoins and
Consequences of a U.S. Central Bank Digital Currency”**

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Chairman Hill, Ranking Member Waters, and distinguished Members of the Committee, thank you for the opportunity to testify today.

My name is Patrick Collison, and I am the cofounder and CEO of Stripe. Born in Ireland, I founded Stripe in the United States with my brother John in 2010 to make it easier for businesses to accept payments online. What began as a simple idea to solve payment friction for software developers has grown into a global financial infrastructure platform that powers millions of businesses worldwide.

Today, businesses running on Stripe process over \$1.4 trillion in total payment volume annually, equivalent to approximately 1.3% of global GDP. We serve customers ranging from the world's largest corporations to early-stage startups, with a particular focus on providing payment solutions that help businesses grow and adapt to changing technological landscapes.

Stripe now connects every corner of the financial ecosystem. We began by supporting card payments, which continue to be a large part of our business. Today, we also facilitate bank transfers, direct deposits, and wire transfers, and offer access to over 100 local payment methods that are essential in markets worldwide.

Stablecoins: the next evolution in payments

It is from this vantage point across the financial ecosystem that we see promise in stablecoins. Our deep experience with traditional payment systems gives us insight into friction points in global money movement and where new technologies can create meaningful improvements. Our interest in stablecoins is not about replacing existing payment infrastructure, but instead complementing it with innovations that solve real world problems American businesses face related to cost, speed, and accessibility of global payments.

In October 2024, we announced Stripe's acquisition of Bridge, the world's leading stablecoin platform, which provides infrastructure for developers and businesses that want to build with stablecoins. Bridge has helped accelerate the use of dollar-backed stablecoins as a complement to traditional payment rails. This acquisition was driven by our recognition that stablecoins represent the next significant innovation in the evolution of money and payments.

Throughout history, improvements in the basic usability of money have consistently made economies more prosperous. From coins to banknotes, from gold to fiat currency, and from paper tender to electronic exchange—each transition expanded economic opportunity. Stablecoins represent the next logical step in this evolution.

Stablecoins solve five specific problems for American businesses:

1. **Global by design:** As open-access and decentralized technology, stablecoins are immediately available worldwide without requiring complex bilateral agreements between financial institutions. This global architecture not only facilitates international trade but also assists legibility and transparency, potentially strengthening anti-money laundering efforts.
2. **Lower costs:** Stablecoin-based systems may end up much cheaper for many use-cases. If a US company wants to, for example, pay out a contractor in another country, it can often take several days for the money to arrive, and the transaction may incur separate fees because of necessary intermediaries. Stablecoins can reduce these costs by up to an order of magnitude.
3. **Greater speed:** Stablecoin transactions settle nearly instantly, 24/7/365, eliminating delays inherent in legacy systems. In today's digital age, it is unnecessary for international money movement to still be bound by formal banking hours. Stablecoin transactions significantly reduce settlement times across global corridors.

4. **Programmable money movement:** Smart contracts, and other forms of native programmability, can enable new business models and applications that would be difficult or costly to implement with traditional financial rails.
5. **Strengthening financial integrity:** Stablecoins can also strengthen financial integrity while promoting inclusion. Traditional financial crime systems are fragmented, creating both security gaps and unnecessary rejections. Stablecoins are built on transparent networks that can enable more precise risk management—better targeting actual illicit activity while reducing false positives that exclude legitimate participants who lack extensive financial histories, simultaneously strengthening security of the ecosystem and expanding financial access.

At Stripe, our history with and thinking about digital currencies has evolved. While we pioneered Bitcoin support in 2014 but paused it due to limited demand, we are now seeing meaningful business interest in stablecoins as the underlying technology has matured. To give a sense of the demand: when Stripe launched stablecoin pay-ins in April of 2024, we saw more volume in stablecoin payments over the first week than we saw with Bitcoin over a year and a half.

Real-world applications

What makes stablecoins particularly compelling is their focus on solving tangible, real-world problems rather than speculative use cases. Today, we are seeing how businesses and citizens are adopting stablecoins for:

- **Business growth:** Stablecoins expand payment options across both established and underserved global markets, allowing US businesses to reach more customers who were previously inaccessible through traditional payment methods. By integrating stablecoins, companies can serve more customers, creating more commerce that boosts economic output and growth.
- **Corporate treasury management:** Businesses use stablecoins to make cross-border money movement more programmable and efficient. This enables American companies to repatriate funds earned abroad more quickly and at a lower cost, returning money back into the US economy faster.
- **Global remittances:** Stablecoins enable faster, cheaper money transfers for international workers.
- **Financial stability:** Providing individuals in countries with direct access to U.S. dollars, regardless of their local currency condition, and protecting them from inflation or depreciation of their local fiat currency. This allows entrepreneurs and

consumers around the world to easily transact with U.S. businesses and services, strengthening America's economic reach and influence.

Top stablecoin uses today involve tangible, real-world financial operations across borders. Some specific examples served by Bridge today include:

- Powering fintechs that provide USD denominated stablecoin accounts to individuals in LATAM and Africa, enabling them to receive salary and contractor payments in USD.
- Supporting enterprise companies with globally distributed workforces, enabling them to pay their employees and contractors across the world—without those workers needing USD accounts or the enterprise needing to handle complex and costly FX exchange and local payouts.
- Enhancing access to US goods and services for international enterprise clients on large projects—like inventory, manufacturing, and agriculture—without requiring USD bank accounts. This approach reduces cross-border payment costs and boosts sales for American companies.

These are not theoretical applications. This is real economic activity happening today, creating tangible value for consumers and businesses worldwide.

Reinforcing Dollar Dominance

As Treasury Secretary Bessent noted last week, the broader adoption of stablecoins may substantially strengthen American monetary leadership. Despite regulatory uncertainty in the United States, early stablecoin adoption has shown a remarkable U.S. dollar weighting—an estimated 99% of stablecoin balances are USD-based.

This phenomenon can be compared to the “petrodollar” system established in the 1970s, which created substantial international demand for U.S. dollars and contributed to America's leading position in the global financial system. Stablecoins may well represent the next wave of durable, trade-agnostic demand for U.S. dollars, further strengthening the dollar's reserve status.

Framework for the future

Stripe is now a major player in the financial ecosystem, supporting millions of businesses of all sizes, and we understand that this comes with great responsibility. We are proud of

our deep partnerships with financial partners and regulators around the world, and of our work in together fighting crime and online fraud.

As this Committee considers a federal framework for payment stablecoins, I would respectfully encourage focusing on several key principles:

1. **Regulatory clarity:** Businesses need clear guidelines on how payment stablecoins are classified and regulated. Well-designed stablecoins functioning primarily as payment instruments should have a distinct regulatory treatment that provides certainty while fostering innovation. A balanced regulatory approach would ideally create conditions where diverse providers can participate in the ecosystem, encouraging healthy competition that ultimately benefits the broader economy.
2. **Innovation-forward:** Any stablecoin regulatory framework should focus on addressing core risks—including AML, safety and soundness, consumer protection and cybersecurity—in a manner that creates a level playing field. A well-crafted approach built on the inherent benefits of blockchain and stablecoin design (i.e., on-chain transaction monitoring and controls, reserve transparency, etc.) and which encourages outcome-based innovations would lay a strong foundation for the industry.
3. **Neutrality and interoperability:** Any framework should ensure payment system access by allowing stablecoin issuers and custodians to readily connect with existing payments infrastructure in a technology neutral manner. This integration facilitates interoperability between traditional financial systems and stablecoin networks, ensuring that benefits can be broadly realized across the economy.
4. **Consumer protection:** As noted above, stablecoin providers should maintain transparent disclosures about reserve assets, redemption rights, and custody arrangements. Strong safeguards for consumers are essential while maintaining the accessibility that makes stablecoins powerful tools for financial inclusion. One of the most promising aspects of stablecoins is that consumer deposits ought to be *safer* than they are at many other depository institutions, because of better duration matching in the assets on the issuer's balance sheet.
5. **Global leadership:** We see other countries (e.g. in Europe) already putting their legal frameworks into motion to regulate stablecoins. The U.S. should move quickly and seize the opportunity to lead on global standards for stablecoin and payments regulation, reinforcing dollar dominance and ensuring American companies remain at the forefront of financial innovation.

Conclusion

At Stripe, we believe that stablecoins represent a significant opportunity to enhance the efficiency of the global financial system, strengthen U.S. monetary leadership, and create new economic opportunities for American businesses and individuals.

The businesses on our platform are already benefiting from stablecoin adoption. And major financial institutions are integrating stablecoins into their operations, demonstrating the broad recognition of their potential. With thoughtful regulation that balances innovation with appropriate safeguards, the United States can lead the next evolution of the global financial system, just as it has done throughout much of modern history.

Thank you for the opportunity to share these perspectives. I welcome your questions.