coinbase

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Committee on Small Business,
Subcommittee on Innovation, Entrepreneurship, and
Workforce Development

Tuesday, September 15, 2026

Chairman Jack, Ranking Member Scholten, and members of the Subcommittee, thank you for inviting me to testify about what digital assets can mean for America's small businesses.

My name is Faryar Shirzad, and I am the Chief Policy Officer at Coinbase. Coinbase operates the largest and most trusted platform in the United States for buying, selling, holding, and securely managing digital assets. We are also one of the leading builders of blockchain-based financial infrastructure. Our mission is to increase economic freedom by giving people and businesses greater access to better financial tools.

I want to make one central point today: **Digital assets can make the life of a small business owner simpler**. They can lower costs, move money faster, and open markets that used to be out of reach, and remove financial friction that owners have simply learned to live with.

Running a small business is hard. Small business owners are often their company's chief strategists, the bookkeeper, the operations manager, head of HR and even the cleaning person. Finding ways to make some of the more complex financial tasks that small businesses face - how to pay employees, how to speed access to the money the business has earned, how to serve customers and suppliers beyond my local market - can be overwhelming given the multitude of pressures small business owners face every day.

The numbers bear that out. In the Federal Reserve's 2025 Small Business Credit Survey, **75% of firms named rising costs as the single greatest financial challenge**. Rising costs topped the list again in 2026, and roughly half of the business reported uneven cash flow.

I learned what kind of pressures small businesses face early on. The United States took my family in following the Iranian Revolution. We took everything we had and opened a small deli and food shop in suburban Maryland. I spent afternoons after school and weekends behind the register, making sandwiches, stocking shelves and cleaning our little store. I watched how hard my parents worked to make every dollar count. Inventory would spoil. Customer checks would sometimes bounce. Fees could eat into margins that were already thin. If cash did not get from our cash register to the bank in time, money my family had already earned might not be available when the next bill or supplier payment came due. There was no treasury department or payments team. It was my mother and father - together with my siblings and me - trying to make the numbers work.

Many years later, over the course of my corporate career, I saw the other side of the financial system. Large institutions can negotiate better pricing, build systems around their own needs, and hire teams to manage payments, settlement, compliance, and risk. Small businesses generally cannot. The tools exist; they are just too expensive,too complicated, or simply out of reach for Main Street.

Making financial solutions available to everyone is also the story behind Coinbase. Brian Armstrong founded the company in 2012 on a simple idea: the internet transformed how information moves, but the infrastructure for moving money had not kept pace. He had seen in

Argentina what inflation and unstable financial systems do to ordinary people, and as an early employee at Airbnb he built the systems that paid hosts around the world, only to find that even a well-resourced technology company struggled to make global payments fast, cheap, and simple. If Airbnb struggled with that, a small business owner had no chance of building it alone. Digital assets close that gap.

The technology behind crypto can sound more complicated than it is. A blockchain is a shared digital record for moving and recording value. Instead of one company keeping the only ledger, participants on the network can verify the same record. It is persistent, auditable, and available around the clock.

Under the GENIUS Act, a stablecoin is a digital token representing a dollar that can move on that shared infrastructure. Other tokens can represent membership, loyalty rewards, event admission, or proof of authenticity. None of that is new to Main Street. Small businesses have used punch cards, gift certificates, tickets, memberships, and certificates of authenticity for years. Blockchain puts them on shared infrastructure rather than requiring every business to build or rent a closed system.

**A small-business owner does not have to understand blockchain to use it.** Most should no more need to think about blockchain than about the protocols that make an email arrive or a card terminal work. The technology should stay in the background. What matters is whether it solves a real business problem.

For Main Street, that means keeping more of what you earn, putting money to work faster, reaching more customers and suppliers, and competing on a level playing field. It starts with understanding where that friction hits hardest.

## Why This Matters: Main Street Feels Financial Friction First

### A. Small Businesses Feel Every Dollar of Financial Friction

Consider a neighborhood restaurant or retailer. It may rely on cards to get paid, a bank account for payroll, ACH or wires for suppliers, and international payments for inventory. Each can add cost, delay, and administrative friction, and the smaller the business, the harder that friction is to absorb.

That restaurant cannot negotiate payment terms like a national chain. A retailer waiting for funds may still need to restock tomorrow. An importer may need to pay a supplier before inventory can ship. And the owner is often managing all of it while serving customers and employees. A minor administrative cost for a large corporation can be the difference between profit and loss for a small business.

For small businesses, every dollar of financial friction matters. The challenge comes down: what does it cost to move money, how quickly can that money be put to work, how easily can the business reach customers and suppliers, and can it access the same financial tools as larger competitors? Digital assets can help on each front.

### B. Small Businesses Face a Scale Penalty

A large company can negotiate processing rates, run a sophisticated treasury operation, manage foreign exchange, build custom infrastructure, and staff legal and compliance teams. It can spread those fixed costs across enormous transaction volumes. A small business cannot. The result is a scale penalty. Tools that are sensible investments for a large firm can remain effectively out of reach for a smaller one. The business that would benefit most from lower transaction costs and better cash-flow management is often the business least able to justify the expense of getting them.

Small businesses themselves recognize this potential. In Coinbase's 2026 survey of U.S. small and medium-sized businesses, 65% said crypto and stablecoins could help level the financial playing field. In the same survey, 78% agreed that the current financial system gives large corporations an unfair advantage over small businesses, and a similar share agreed that making the financial system more efficient would help businesses like theirs.

## What Digital Assets Can Do for Main Street

### A. Keep More: Lowering the Cost of Moving Money

For a small business on thin margins, payment costs are not theoretical. A two- or three-percent fee can take a meaningful share of profit from every sale. Cross-border payments can add bank fees, foreign-exchange costs, intermediaries, and delays.

Stablecoins can reduce certain costs, especially in cross-border or other high-friction payments, by allowing dollar-denominated payments to move on shared networks with fewer handoffs. That matters for merchants, but it also matters for the smaller financial institutions that serve them.

**Vantage Bank in Texas is a powerful example.** With roughly $5 billion in assets, it is small by banking standards and competes with institutions that spend tens of billions of dollars a year on technology, compliance, and payments infrastructure.

Vantage projected that stablecoin settlement could reduce its cost per cross-border payment from about $6.78 to $0.28 - more than 95%. That matters because roughly a third of its customers do business internationally and need to pay suppliers, move money across borders, and compete with larger firms that already have better pricing and infrastructure.

The point is what this can mean for the businesses Vantage serves. If smaller banks can use stablecoin rails to provide faster, cheaper services, their small-business customers benefit too. If they cannot, more activity will migrate to the largest banks or outside the banking system.

For Main Street, lower-cost financial infrastructure means more of each sale stays with the entrepreneur.

### B. Move Faster: Turning Revenue into Working Capital

Small businesses do not experience settlement delay as a technical matter. They experience it as cash flow. A business may have made the sale or completed the job but still be waiting to use the money for payroll, inventory, rent, suppliers, or the next order.

In one example described by Circle, **Thunes**, a global payments network operating in more than 130 countries, used USDC to reduce settlement that could take as long as two days to same-day in some markets and minutes in others.

Coinbase Business now serves more than 5,000 companies, and Coinbase payment tools have processed more than 100,000 payments. That does not mean every small business should hold stablecoins or manage blockchain wallets. Most should not have to think about the underlying technology. The point is that faster rails can make payments settle faster.

My parents would have understood that immediately. If money earned on Friday can be used on Friday, that changes how a small business manages the weekend, the next delivery, or Monday payroll. Faster settlement turns earned revenue into working capital.

### C. Reach Farther: Opening New Markets

Small businesses are no longer purely local. The Federal Reserve's 2026 survey found that 48% of SMBs source at least some inputs from outside the United States, and roughly one in five sell internationally. A business may sit on Main Street while its suppliers, customers, contractors, or employees are anywhere.

The internet made it easy to find those people. Payments have not always kept up. A retailer can find a supplier abroad and place an order in minutes. Paying that supplier can still involve intermediaries, currency conversion, wire fees, bank cut-off times, and days of uncertainty. Stablecoins offer another way to move dollar-denominated payments across borders on networks that operate continuously.

That can matter for a retailer importing inventory, a contractor paying a remote worker, a creator selling to customers abroad, or any small business that wants the same ability to transact globally that larger companies already take for granted.

Reaching farther is not only about geography. Independent musician and entrepreneur **Latashá** became an early adopter of music NFTs and blockchain distribution. In 2021, her music video sold as an NFT for more than 13 ETH, about $50,000 at the time. She has used blockchain as another way to distribute and monetize her work while emphasizing artist ownership of intellectual property.

Her experience shows how open networks can give an individual entrepreneur another way to reach supporters, establish ownership, and monetize creative work without relying exclusively on traditional intermediaries.

Whether it is a retailer reaching an overseas supplier or an independent artist reaching supporters directly, the opportunity is the same: helping Main Street reach farther.

### D. Compete Better: Giving Main Street Access to Better Tools

This is where the pieces come together. Large companies have better payments pricing, treasury tools, customer data, loyalty systems, and access to engineers, lawyers, compliance staff, and capital. They can build or buy infrastructure a small business cannot justify.

Digital assets can narrow that gap through shared networks and off-the-shelf tools. Shopify and Coinbase Commerce integrations can let merchants accept USDC without building blockchain infrastructure. Stablecoin invoicing can help pay an overseas supplier without an international treasury function. Tokenized loyalty or membership tools can help a local business reward customers without building its own platform.

**Prevail Coffee Roasters: What This Looks Like on Main Street**

Prevail Coffee Roasters in Alabama shows both the promise of this technology and the practical barriers that still stand in the way.

Wade Preston and his wife Megan founded Prevail Coffee in Montgomery about twelve years ago. Wade came to entrepreneurship after nonprofit work in West Africa, where he saw how access to capital and fair markets could strengthen communities. That led him to direct-trade coffee. Prevail now has retail locations across the Southeast, a wholesale roastery, a direct-to-consumer business, and about 25 employees.

Prevail depends on relationships with coffee-growing partners around the world. But paying growers and suppliers internationally can be slow and expensive. Prevail began using stablecoin payments to reduce friction and settle faster, and Wade and Megan worked with partners on invoicing tools that can be paid in stablecoins.

Because the existing products did not fully meet his needs, Wade built a stablecoin payment app called Drip to integrate with his business point-of-sale system. Think about that: a coffee roaster in Alabama ended up building payment software because the tools he needed were not yet easy enough for a business like his to use.

Even Wade said the regulatory burden around other potential uses can feel overwhelming. If he has trouble navigating it, the average small-business owner is not going to build an app, hire counsel, or sort through unsettled regulatory questions alone.

Prevail is more than a use case. It is a policy lesson: innovation reaches Main Street when entrepreneurs can use trusted products built on clear rules - not when every small business is expected to solve the technology and the law for itself.

## Make Digital Assets Work for Main Street

### A. Technology Should Meet Small Businesses Where They Are

The best infrastructure is infrastructure the user barely has to think about. It should work in the background, making everyday tasks - from moving dollars to keeping records - easier.

For a small-business owner, the questions are practical: Will it work with the systems I already use? Who is responsible if something goes wrong?

Large companies can hire lawyers, accountants, engineers, and compliance staff to answer those questions. Most small businesses cannot. The technology has to become simpler.

The survey data points to what would move adoption. 75% percent of SMBs said that receiving requests from customers, employees, or vendors and partners would make them more likely to adopt crypto or use it more. 74% percent said easy integration into existing financial systems would have the same effect.

That is a practical roadmap. Small businesses do not need more complexity. They need trusted providers, familiar interfaces, dollar conversion, clear accounting, and systems that work with the tools they already use.

### B. Interest Is Outpacing Adoption

That gap is already visible. In Coinbase's 2026 SMB Financial Landscape Study, 22% of SMBs reported using stablecoins. Yet among non-users, 97% expressed interest in at least one potential benefit, and 73% said adoption could open new business opportunities.

The interest is there. The challenge is making the products and the rules simple enough to act on it.

### C. Regulatory Uncertainty Is Another Scale Penalty

The scale penalty does not end with the cost of financial infrastructure. It applies to regulation, too. Large companies can pay lawyers and compliance teams to navigate unsettled rules. Most small businesses cannot. Wade Preston built his own payment software and still found the regulatory burden overwhelming.

For Main Street, uncertainty itself becomes a cost and often a reason to do nothing. Nearly three-quarter of owners in the U.S. Chamber of Commerce's small business technology report said regulatory clarity would increase their interest in using these tools. That is the clearest signal in the data: the barrier is not the technology. It's knowing whether the rules will let you use it.

### D. Clear Rules Can Protect Main Street Without Stifling Innovation

Fraud, scams, theft, ransomware, and illicit finance are real problems. Small businesses can be especially vulnerable because they often lack dedicated cybersecurity, compliance, and fraud-prevention teams.

But it would be a mistake to define the technology by bad actors who misuse it. Public blockchains create persistent transaction records that can be analyzed and traced, while regulated intermediaries can identify customers, monitor activity, comply with sanctions, and work with law enforcement.

Consumer protection and innovation are not opposing goals. Clear rules advance both. They can protect customers, establish accountable intermediaries, and keep responsible activity inside the United States, where American law applies.

The answer to illicit activity is not to push responsible activity offshore. It is to give law enforcement clear rules, responsible counterparties, and the tools to pursue bad actors here at home.

That is where Congress comes in.

## What Congress and the SBA Can Do

The Committee should not  pick a technology or tell businesses what to use. It needs to decide whether the rules will let responsible companies, banks, and entrepreneurs build useful products for Main Street and whether small businesses can use them with confidence about what rules they need to follow.

### A. Give Main Street Clear, Durable Rules

Congress has already taken an important first step with the GENIUS Act, which created a federal framework for payment stablecoins. It should now establish clear, durable market-structure rules, including through the CLARITY Act, which this body passed on an overwhelmingly bipartisan basis last summer. Small businesses and the providers that serve them need to know which rules apply, who has authority, what intermediaries must do, and what protections customers receive.

Durability matters because businesses make investments over years, not regulatory cycles. Adopting a new payment method can mean integrating technology, training employees, changing accounting processes, and investing in new products. Businesses are more likely to make those investments if they know the rules will still be there when the work is finished. CLARITY would help resolve jurisdictional ambiguity, establish rules for digital-asset businesses, strengthen consumer protections, and give responsible providers confidence to build in the United States. For Main Street, that means greater confidence that the products they adopt operate under durable American standards.

#### Consumer Protection and Law Enforcement Must Be Part of the Framework

A responsible framework should establish accountable intermediaries, strong protections against fraud and abuse, appropriate custody and disclosure standards, and cooperation with lawful investigations. The answer to illicit activity is clear rules at home and the authority, tools, and responsible counterparties law enforcement needs to pursue bad actors.

### B. Remove Practical Barriers to Adoption

#### Tax Treatment

Congress should address tax treatment that can make small-dollar digital-asset payments impractical. Today, using a digital asset for payment can create a taxable event requiring gain-or-loss calculations on individual transactions. That may be manageable for a company with a tax department; it is not workable for a coffee shop or retailer. Congress should consider de minimis and qualified small-business payment treatment. Do not turn an ordinary payment into a tax-compliance project. I commend the Ways & Means Chairman Jason Smith and the entire Committee for their important work to advance legislation clarifying tax treatment.

## Give Small Businesses Clear Guidance Through the SBA

This Committee also has an important role to play through its oversight of the Small Business Administration. As new financial technologies become more widely used, SBA should ensure its programs and guidance are technology-neutral and do not create unnecessary barriers for small businesses that choose to use them.

SBA can help by providing clear guidance to lenders on how ordinary digital-asset payment activity should be treated, including stablecoin revenue and digital-asset receivables. It can also ensure that Small Business Development Centers are equipped to answer practical questions from small-business owners about accounting, tax, cybersecurity, fraud prevention, and choosing service providers.

We must give small businesses clear rules and reliable information and make sure the government does not become an unnecessary barrier to adoption.

Clear rules and guidance solve the problems we can see today. But these rules are still being written and what Congress decides now will shape Main Street's options for years to come. The best way to get those rules right is to make sure the people they affect are more in the room.

## Make Sure Main Street Has a Seat at the Table

As agencies and Congress build out the rules of the road for digital assets, rules should test against one question: can smaller players, not just the largest incumbents, still participate and compete? The three areas below illustrate where that question matters most: how rules get written, who can afford to offer this technology, and how the government itself puts it to use.

**SBA Office of Advocacy and the Regulatory Flexibility Act**
Agencies writing digital-asset rules should consult SBA's Office of Advocacy early and take the Regulatory Flexibility Act seriously. Rules should be tested not only against whether a global financial institution can comply, but whether a small business, startup, community bank, or emerging provider can compete, too.

**Community Banks**
Community banks and smaller financial institutions should also be able to use this technology. If only the largest institutions can afford digital-asset payment services, the result will be more concentration, not more competition. Vantage Bank shows why this matters: better infrastructure at a smaller bank can mean better pricing and services for the Main Street businesses it serves.

**Modernizing Government Payments**
SBA and Treasury should study whether modern payment infrastructure can improve government disbursements to small businesses, including disaster assistance, emergency grants, refunds, and other programs. Any pilot should be optional, carefully scoped, and focused on speed, cost, resilience, and fraud prevention.

## Build the Next Generation of Financial Infrastructure for Main Street

Digital assets will not solve every problem facing small businesses. They will likely not lower rent, reduce raw-material costs, or fix workforce shortages.

But they can help with something real: the financial friction small businesses live with every day - how complicated, slow, and expensive it is to move money and get access to financial tools.

That matters to Vantage Bank, serving international business customers without the scale of the largest banks. It matters to Wade and Megan Preston at Prevail Coffee, paying growers across borders and building better tools for businesses like theirs. It matters to Latashá and other independent creators reaching supporters directly. And it would have mattered to my parents, running a deli on thin margins, with bounced checks and money that was not always there when they needed it.

**Small businesses can benefit from digital assets and should have the opportunity to do so safely, simply, and under clear American rules.**

That is a choice Congress can shape and is already doing so. With the Genius Act, Congress demonstrated that clear rules for digital assets can pass with strong bipartisan support. Members on both sides of the aisle have put in serious work on comprehensive market structure rules, and there is real momentum to finish the job. Durable rules that protect consumers and give responsible innovators confidence to build here also keep this infrastructure, and the businesses built on it, in the United States rather than offshore. This Subcommittee can make sure those rules work for the entrepreneur with 25 employees, the community bank serving local customers, and the family behind the counter - not only for the companies with the largest balance sheets, technology teams, and legal departments.

At a time when every dollar counts on Main Street, digital assets can help small businesses keep more of what they earn, put money to work faster, reach new markets, and compete on a more level playing field. **Put simply, they can make running a small business simpler**: fewer intermediaries, fewer cutoffs, less waiting on money you have already earned. Congress has started building the rules that let them reach Main Street.

Thank you, Chairman Jack, Ranking Member Scholten, and members of the Subcommittee. I appreciate the opportunity to testify and look forward to your questions.