

RE: HB1355 – Financial Institutions - Payment Stablecoin Services - Establishment and Regulation (Maryland Stablecoin Act)

Position: Support

The MD|DC Credit Union Association is a trade association representing over 65 credit unions in Maryland, along with their more than 2.3 million members. Maryland credit unions are not-for-profit, member-owned financial cooperatives that serve communities across the State.

We respectfully urge a favorable report on SB 662, the “Maryland Stablecoin Act.” Credit unions strongly support a solid, risk-based regulatory framework that protects Maryland consumers while allowing responsible innovation in digital payments and stablecoin-related services.

SB 662 thoughtfully positions the Office of Financial Regulation as the State’s “payment stablecoin regulator” and creates a clear pathway for regulated entities to participate in this emerging market consistent with the Federal GENIUS Act of 2025. By using existing structures for nondepository trust companies and credit union service organizations (CUSOs), the bill builds on proven supervisory tools rather than creating an untested parallel regime. Credit unions appreciate this incremental approach, which recognizes that stablecoin activity must be subject to the same expectations for safety, soundness, and consumer protection that already govern traditional financial services.

From the credit union perspective, several features of SB 662 are particularly important for Maryland consumers:

- First, the bill confines “payment stablecoin-related services” to clearly defined functions, such as exchanging stablecoins for monetary value, custodial and safekeeping services, and management of reserve assets, explicitly excluding the issuance of payment stablecoins itself. This separation of issuance and servicing roles helps limit concentration of risk and provides the Commissioner with clear lines of accountability.
- Second, SB 662 requires that any products and services approved for a payment stablecoin services institution must facilitate the use of payment stablecoin in a manner that is not inconsistent with federal law, including the GENIUS Act of 2025. This alignment reduces regulatory fragmentation and helps ensure Maryland consumers receive protections comparable to those in other jurisdictions.
- Third, the bill retains strong prudential expectations by requiring the Commissioner to find that applicants have good moral character, financial responsibility, and business experience, and that their activities support the welfare of the State’s economy and are not detrimental to the public interest. These standards mirror the risk-sensitive oversight credit unions already experience and expect.



Credit unions are member-owned, not-for-profit cooperatives with a statutory mission to promote thrift and provide access to credit for provident purposes. In practice, this mission means credit unions approach new technologies like stablecoin and tokenized payments as tools to improve member service, faster settlement, lower transaction costs, and expanded access, rather than as speculative assets. Under SB 662, a credit union-owned CUSO may seek authority to operate as a “payment stablecoin services institution,” subject to Commissioner approval, a tailored certificate, and ongoing supervision. This structure allows credit unions to deliver innovative payment solutions at scale while keeping core insured depository activities appropriately insulated from experimental or higher-risk use cases.

Consumer protection is central to credit unions’ support for SB 662. The bill requires applications to include business plans, disclosures about key individuals, and any additional information the Commissioner may require by regulation, providing transparency into governance, risk management, and compliance frameworks before any stablecoin-related service is offered to the public. The authority to impose specific terms and conditions in the certificate, enter into memoranda of understanding, and tailor powers and products on an institution-by-institution basis gives the Commissioner practical tools to address emerging risks, including cybersecurity, operational resilience, fraud, and third-party vendor relationships. These tools are consistent with the way regulators and the credit union industry have successfully managed innovation in areas such as remote deposit capture, P2P payments, and open-banking APIs.

SB 662 also appropriately integrates stablecoin-related activity into existing assessment, examination, and information-sharing regimes. The Commissioner is authorized to set assessments for institutions engaging in business under Title 14 by regulation and to share information with federal regulators and other state agencies, supporting coordinated oversight and reducing the risk of regulatory arbitrage. Credit unions support this coordinated approach because fragmented oversight ultimately increases risk for consumers and compliant institutions alike.

As member-focused institutions, credit unions see opportunities for responsible use of payment stablecoins in areas such as real-time member-to-member transfers, cross-border remittances for immigrant and military families, and lower-cost merchant settlement for small businesses in Maryland’s communities. SB 662 provides a framework within which those use cases can be explored carefully, under state supervision, and in alignment with federal standards, rather than leaving Maryland consumers to rely solely on unregulated or out-of-state providers.

For these reasons, Maryland’s credit unions support SB 662 and appreciate its balanced effort to marry innovation with prudential oversight and strong consumer safeguards. We respectfully ask the Committee to issue a favorable report.



Thank you for your consideration and for your continued work to protect Maryland consumers while modernizing our financial regulatory framework.

We respectfully request a **FAVORABLE** report on Senate Bill 662.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Bratsakis", is written over a faint, light blue circular background.

John Bratsakis
President/CEO
MD|DC Credit Union Association