Community Banks Power Local Economies

Community banks hold
$4.8T
in total deposits.

Resulting in
$4T
of lending activity to America's local communities.

Yield-Bearing Stablecoins Could Significantly Reduce Community Bank Lending

If interest can be paid on stablecoin holdings:
$1.3T
in community bank deposits could be displaced.

Resulting in an
$850B
decline in lending activity.

Local Lending Is at Risk

Stablecoins pose the threat of siphoning deposits away from community banks, which rely heavily on local deposits to fund lending to Main Street. As deposits and lending capacity shrink, America's small businesses, farmers, ranchers, and rural communities will have reduced access to critical capital and credit that fits their unique needs and sustains their local economy.

Community bank lending capacity is most negatively impacted if payment stablecoin holdings are permitted to earn yield, interest, or "rewards." Based on macroeconomic modeling from new industry research, ICBA estimates that the growth of the stablecoin market resulting from payment of yield or interest on stablecoins will significantly reduce community banks' ability to support local lending needs. A $1.3 trillion reduction of the $4.8 trillion in total deposits held by community banks could result in an $850 billion decline in lending activity.

Sources: FDIC Summary of Deposits; FFIEC Call Reports; Small Business Association; Whited, Wu & Xiao (2023); Nigrinis (2025).

Methodological Note: This research is based on comprehensive modeling laid out in "The Lending Impact of Stablecoin-Induced Deposit Outflows" by Andrew Nigrinis (2025) and "Will Central Bank Digital Currency Disintermediate Banks?" by Whited et al (2023). The researchers employ two market size projections: (1) $1.22 trillion, based on a scenario where stablecoin holders cannot collect interest on holdings directly or indirectly, and (2) $5.01 trillion, based on a scenario where stablecoin holders can collect interest at the federal funds rate. These market size estimates are applied to a macroeconomic model that estimates subsequent deposit and lending losses for each scenario. ICBA applied this methodology to state deposit and lending estimates using data from FDIC, FFIEC, SBA, and CRA.