

Biden's executive order signals US crypto regulations are on horizon

Article

The news: US President Joe Biden signed a sweeping executive order on cryptocurrencies, signaling broader future oversight of the industry.

What's in the Order? It [lays out](#) a policy for digital assets and attempts to address the lack of a US regulatory framework for crypto:

- The order **directs the Treasury Department to produce a report** on the “future of money and payment systems,” including implications for economic growth, national security, and inclusion.
- It also calls for **research and development into the creation of a US central bank digital currency (CBDC)**. It directs the government to assess the capacity needs for a potential CBDC and encourages the Federal Reserve to continue its research efforts.

What this means: The Biden administration **struck a neutral tone on crypto**.

- A White House official acknowledged digital assets “provide opportunities for American innovation and competitiveness,” while the order also noted they pose possible “risks for consumers, businesses, the broader financial system, and the climate.”
- The order **does not impose new crypto regulations** or give opinions on rules the administration wants agencies to follow. However, it does hint **that future regulations may be on the horizon**.
- The call for more research into a CBDC follows a paper the Fed **issued** in January outlining the pros and cons of a digital dollar.
- There’s also a veiled mention of an **increased focus on “national security,”** which the order mentions several times. This may be driven by **concerns** that crypto is being used by Russia to evade financial sanctions imposed after its invasion of Ukraine and recent high-profile **cases** of crypto crime.

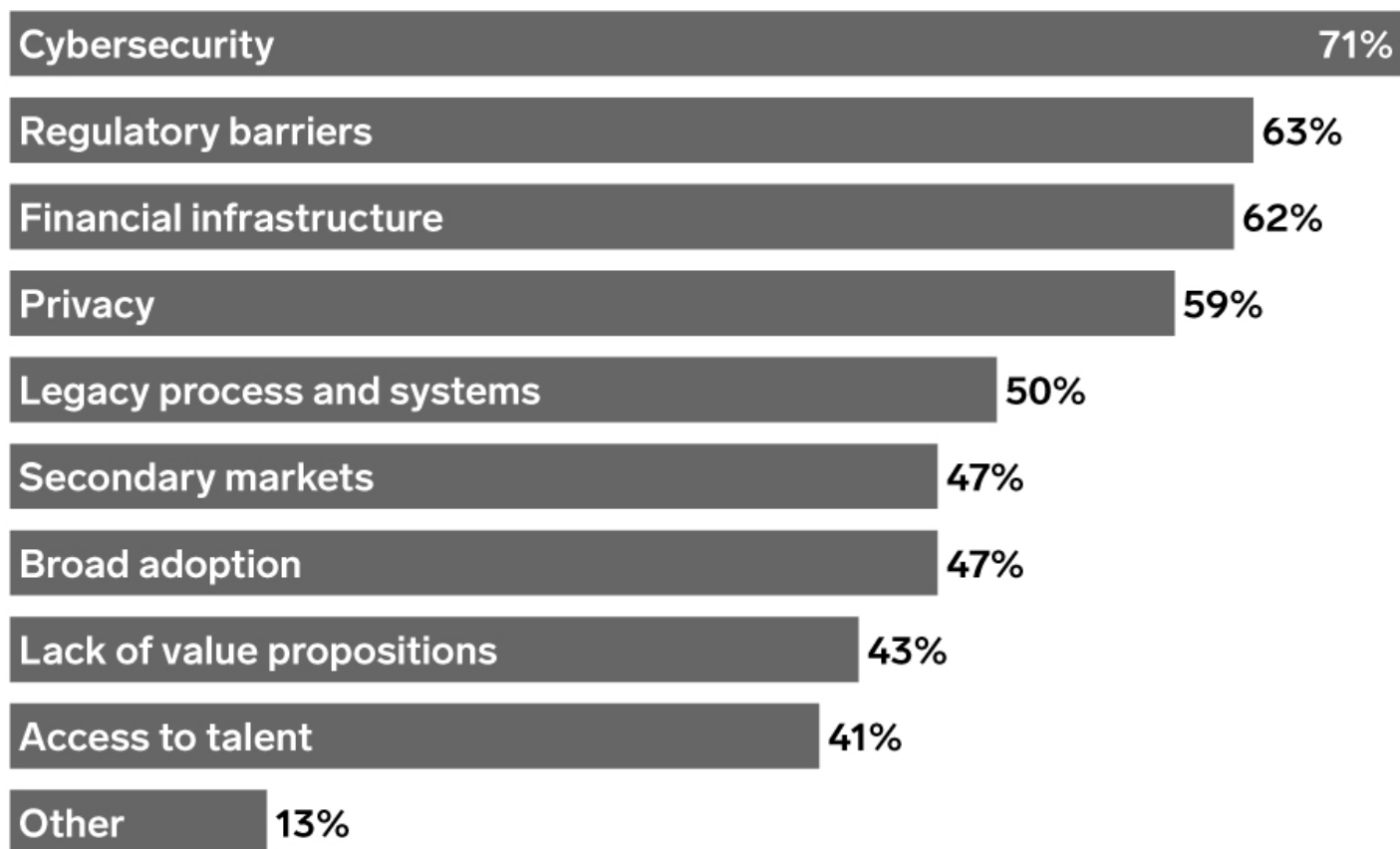
The big takeaway: The order doesn’t offer a timeframe and it’s hard to predict when oversight will become law. But it’s clear that big changes are on the way for US crypto regulation. The signing of the order **signals the Biden administration will become increasingly involved** in oversight of the digital asset space and expresses its concern that an absence of governance leaves consumers and financial systems at risk.

As the order’s fact sheet noted, around 16% of adult Americans or about 40 million people use crypto. **Its emergence into the mainstream is forcing the White House to reconsider how it is regulated** and where it belongs within traditional financial systems.

In addition, while the Biden administration's official **backing of research into a CBDC isn’t an explicit show of support, it’s evidence that the concept is being taken seriously** and it may help expedite a final decision on whether the US will follow other countries that are **looking into and testing** a CBDC.

Biggest Obstacles to Acceptance and Use of Digital Assets According to Financial Services Executives Worldwide, April 2021

% of respondents



Note: n=1,280; respondents could select more than one

Source: Deloitte, "2021 Global Blockchain Survey," Aug 19, 2021

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