

**Testimony of Denelle Dixon, CEO and Executive Director,
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**Before the United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services**

**Regarding "Innovation Revolution:
How Technology is Shaping the Future of Finance."**

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Washington, D.C.*

Good morning, Chairman McHenry, Ranking Member Waters, and members of the Committee.

Introduction

Thank you for inviting me to testify today. My name is Denelle Dixon, and I'm the CEO and Executive Director of the Stellar Development Foundation. I'm once again honored to be before this prestigious Committee to talk about how the use of new technologies like blockchain has resulted in improvements and enhancements in the global financial space.

The Stellar Development Foundation and the Stellar Network

Our organization, the Stellar Development Foundation or SDF, is a US-based, nonstock, nonprofit organization. Our mission is to create equitable access to the global financial system, and we do that by contributing to the growth and development of the Stellar network.

We focus our work on a few top priorities: we shepherd the code base for the Stellar network, participate in the ecosystem of businesses and developers building solutions on Stellar, and support global public policy and education around Stellar and blockchain technology.

What is Stellar? Stellar is an open, public blockchain network with smart contract capabilities that is optimized for asset issuance and payments. You don't need permission to use the technology; just like the underpinnings of the Internet, it is open and ready for use.

Stellar provides a platform for creating, transferring, and exchanging digital assets backed by nearly any form of value. It also was designed with compliance tools built in to help issuers of regulated assets meet their own regulatory obligations. The network interoperates with the traditional financial system to leverage the benefits of blockchain technology and enhance, not replace or supplant, existing financial infrastructure.

The Stellar network is one of the most mature blockchain protocols, as it has been operating for over 10 years. Today, it has 9 million active accounts, processing over 650 million transactions each quarter for a total volume of almost \$5 billion transacted in the same period.

The innovation journey

After almost 6 years in crypto and blockchain and many more in the technology sector, I can confidently say that innovation is not for the faint of heart.

It requires perseverance and commitment, vision and leadership to bring about change and help create more effective systems. And sometimes it requires going up against strongly held beliefs fueled by misinformation and fear.

Over the last many years, Chairman McHenry, Ranking Member Waters, and this Committee have done their part to decipher the benefits, clear up misconceptions, and demonstrate the value of innovation, all with a bipartisan approach that places the issues above politics – and for this I am grateful.

Moreover, innovation is hardly an all-or-nothing game. It's more like a process that requires patience and support. Take, for example, the traditional financial infrastructures operating today, like payments or securities settlement systems. They usually work, but they can also be slow, cumbersome, expensive, and, in turn, inaccessible for many.

Here is where blockchain and digital assets are game changers. They can safely contribute to making financial infrastructures faster, more secure, and cheaper, and with that, more inclusive. This transformation won't happen all at once. It requires constant work and continued support.

When it comes to encouragement to leverage blockchain and crypto where they best work, this Committee has led the way, starting with Ranking Member Waters' leadership

last congress and continuing seamlessly as Chairman McHenry took over the reins. Both members and staff of this Committee have long been working hard to understand the benefits of this technology and pushing to ensure the United States not only realizes the opportunity these innovations offer but leads the way on the global stage.

Innovation in Payments

As an industry, we talk a lot about how the digital economy promises to let people freely send, receive, and hold their money and wealth as digital assets whenever and wherever they want. The reality, though, is that today, it's nearly impossible to access the digital economy without a bank account or a credit card. While that can be an inconvenience for most crypto enthusiasts, it is an outright impediment for those without access to banks and the traditional financial system.

Why does that matter? Because it's not enough for blockchain to make the financial system better only for those already using and benefiting from it. This understanding is particularly important for us at the Stellar Development Foundation. The true potential of this technology is to help reach those excluded from the current financial system and all that it unlocks.

We also know that blockchain-powered innovation is not about replacing the existing financial system. It's about enhancing it. It's about using the right tool for the job and creating an interoperable and accessible global financial system.

Digital wallets and stablecoins built on the Stellar network combined with crypto-to-cash on and off ramps across more than 180 countries and 475,000 locations deliver exactly that: a better financial system for everyone.

The use cases happening right now on the Stellar network show the actual power of combining these new and traditional technologies to achieve real-world results, especially in cross-border payments.

This technology is improving access, removing barriers, streamlining the movement of money, providing new product opportunities for traditional finance, and saving millions of dollars for financial institutions and organizations that are embracing it.

Benefits for cross-border payments

Without blockchain, moving money across borders is like trying to drive on railroad tracks with a car – it's bumpy. The way we send money across borders today is outdated, relying on systems largely set up more than half a century ago.

The process can be slow, taking days or even weeks, as it goes through various intermediaries. It can also be fragmented as it requires a lot of tracking across different operating systems to make sure the money ends up in the right place. And because of all of this, it is expensive for businesses and individuals alike.

Cross-border payments is a \$190 trillion-dollar industry – and is growing. In 2023, B2B cross-border payments reached a total volume of \$39.3tn.¹ And unlocking some of this value means that it can be used towards more effective means of sustainable economic growth.

Blockchain is the right financial technology to bring cross-border payments and the financial system into the 21st century. Blockchain can help us move beyond walled gardens and closed innovation to open, interoperable systems that inspire developers to build solutions to real-world problems – in particular, the very fundamental real-world problems of affordable, fast, and secure everyday financial services. When it comes to something as important as financial access, we are compelled to remove barriers and friction and create simplicity and accessibility.

The Stellar network and the ecosystem building solutions on it offer opportunities to improve the existing cross-border payment system for the businesses and individuals that use these services, for example, the 800 million people – about one in nine globally – who are supported by funds sent home by migrant workers; or the rapidly growing number of gig workers who struggle to expand their work opportunities across borders; or the small businesses upon which our global economies rely who face barriers to accessing even basic financial tools.

A lot of times, we focus on the promise of blockchain. I'd like to shift that narrative and share some concrete examples of use cases that are live on the Stellar network today. They demonstrate how blockchain technology – and more specifically, tokenized assets

¹ See <https://www.statista.com/statistics/1385187/cross-border-payments-value-worldwide-by-segment/>

like stablecoins – drives us toward a more equitable financial system, delivering greater access to financial services for underserved and marginalized populations.

The power of stablecoins

Stablecoins are crucial for these use cases not only because they're an essential ingredient for safe, secure, and fast payments. They are crucial also because they do not suffer from the same volatility that other digital and even traditional assets do. A sender knows that when she sends a \$1 fiat-backed asset, the recipient will receive a \$1 fiat-backed asset, no matter where they are.

Stablecoins, such as Circle's USDC running on Stellar, enable products like:

- **Airtm:** A digital dollar wallet to facilitate the exchange between stablecoins and different payment methods through a global peer-to-peer network that has been built over the years. For example, Airtm uses USDC to allow businesses to deliver low-cost, dollar-denominated payouts, and enables recipients to easily convert them to local currency.²
- **Decaf:** A non-custodial wallet designed for seamless entry into the crypto space, allowing users to easily send money globally with stablecoins and convert them into local currency using MoneyGram Access.³ In a recent video,⁴ we showed how the Decaf wallet helped a foreign entrepreneur use stablecoins to pay workers in a rural and remote village in Colombia – most of them local women who are heads of household. The solution allowed these women to continue their employment because they could receive their salary in digital dollars after cash payments became too dangerous. This benefit extended beyond these women's households to the entire community as the money received was eventually spent locally. The ability to be paid using this solution also empowers individuals in the global south to remain in their communities and build wealth locally by extending their work opportunities beyond borders. For example, they can work as virtual assistants or foreign language teachers without having to migrate to their clients' countries.
- **Stellar Aid Assist:** A blockchain solution for the delivery of humanitarian aid into the hands of those who need it, how and when they need it. Recipients don't need a bank account to receive aid, in the form of stablecoins, and can more safely hold, transport, and convert funds. The solution was launched by the UN Refugee

² See <https://www.airtm.com/en/>

³ See <https://www.decaf.so/>

⁴ See <https://stellar.org/case-studies/decaf>

Agency (UNHCR) in Ukraine in December of 2022 and has now benefited over 2500 households and expanded to other jurisdictions.⁵

Blockchain and stablecoins are the right tools for the job to send and receive value – but this toolset requires interoperability with the traditional financial system to solve the first and last-mile problem – in other words, to reach people and businesses where they are, in their local currency.

In all the case studies I just mentioned, these products integrate with players like MoneyGram for their users to seamlessly exchange between cash and digital assets across the globe and easily transact in their local markets with local currency.

With near-instant settlement flows and an accelerated transfer of funds, consumers, some of whom may have been limited to using cash for various payments, will be able to use the blockchain network after going through appropriate compliance checks by MoneyGram and its agents.

So it's a win-win for everyone: traditional finance moves faster and more seamlessly with blockchain as an added tool.

In each of these blockchain-powered products, we see benefits to the end users and also to the businesses that can remove intermediaries and offer fast, affordable, and secure payment rails to users all over the world.

Why it matters

The strength and growth of the US dollar is also something that this toolset has already enabled. Stablecoins, which have been a big focus for this Committee, have become an incredible tool for enhancing payments across the globe. Indeed, it is the US dollar-backed stablecoins that are in highest demand globally.

Stablecoins provide a global digital asset with price stability, enabling swift, low-cost transfers and easy conversion to local currencies, thus addressing critical financial needs in volatile or underserved regions.

⁵ See <https://stellar.org/use-cases/stellar-for-aid>

And all this matters to the US because the stablecoin market has now surpassed \$190 billion,⁶ and almost 99% of stablecoins are denominated in US dollars.⁷ In practice, stablecoins are a way for people around the globe to hold and spend digital dollars. That's why the US must lead the stablecoin debate and not just watch from the sidelines.

A valuable legacy

In that spirit, Chairman McHenry seamlessly built upon the strong foundation that Ranking Member Waters established last congress and has collaborated across the aisle and with industry to get legislation in place for innovators to take advantage of the digital assets opportunity.

Chairman McHenry has been a thoughtful advocate for creating a more defined regulatory framework for crypto and blockchain, supporting legislation that would provide regulatory clarity without stifling innovation or preventing technological advancement.

Even in my earliest conversations with him years ago, he immediately saw the value that innovators and developers in the Stellar ecosystem have been building, in particular when it comes to using blockchain for payments.

His development and support of the *Clarity for Payment Stablecoins Act* and *Financial Innovation and Technology for the 21st Century Act* (FIT 21) serve as shining examples of his two decades as a Congressman:

- reaching across the aisle to foster and build consensus on matters that are crucial for the Americans;
- listening and learning from industry experts to ensure his mastery of the issues; and
- openly debating complex and sensitive issues while respecting different points of view.

In light of all that, and as this is his last hearing as Chair of this Committee, we all owe him a debt of gratitude for his tireless efforts.

Conclusion

⁶ See <https://coinmarketcap.com/view/stablecoin/>

⁷ See <https://castleisland.vc/writing/stablecoins-the-emerging-market-story/>

In conclusion, I will quote Chairman McHenry, who aptly remarked back in August 2023, “We are currently at a crossroads to keep America at the forefront of digital asset innovation. Congress is making significant, bipartisan progress on legislation to ensure the US leads the financial system of the future. We must finish the job.”⁸

Embracing new technology allows for a more vibrant economy here in the United States and globally. We hope that Chairman McHenry’s spirit of championing innovation in blockchain and digital assets lives on – and that all of us, together, can help finish the amazing job he started.

⁸ See <https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=408945>