



Mutual Alert

Bank Coalition Announces Creation of New Stablecoin

A coalition of community banks [announced on January 12th](#) that it is forming its own stablecoin. The founding members of the coalition, called the USDForward Consortium (USDF), include New York Community Bank, NBH Bank, FirstBank, Sterling National Bank, and Synovus Bank. USDF's goal is to create a stablecoin minted by FDIC insured depository institutions. The group says its coin will be "redeemable on a 1:1 for cash from [any] Consortium member bank." As adoption increases, USDF believes its coin can be used for supply chain finance, money transfers, and potential governance activities. The coin will be built on the Provenance blockchain, adding another layer of transparency to USDF.

USDF addresses several existing issues with stablecoins, including the lack of regulatory oversight and asset-backing transparency, given that it is created by and limited to use at select FDIC insured institutions. As AMB has relayed, the [President's Working Group has recommended](#) that stablecoin issuers should obtain bank charters, or that issuing stablecoins should be restricted to existing banks. This is a significant development, and can serve as an example for mutual institutions looking to grab a slice of the stablecoin "pie", while better serving their members and communities.

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