

Trump Kills the US CBDC — Why It Matters for Crypto

The Executive Order That Changed the Monetary Battleground Forever — Q2 2026

On January 23, 2025 — the third day of his second term — President Donald Trump signed an executive order titled Strengthening American Leadership in Digital Financial Technology. Buried beneath the headline provisions about regulatory frameworks and working groups was a single clause that represented the most consequential monetary policy decision in the United States since Nixon closed the gold window in 1971: the explicit prohibition of any federal agency from establishing, issuing, circulating, or promoting a Central Bank Digital Currency within the jurisdiction of the United States. The US CBDC was dead before it was born. This report examines what that decision actually means — for Bitcoin's monetary thesis, for the global CBDC race, for the stablecoin market that is filling the vacuum, and for crypto investors trying to understand the long-term regulatory and macro implications of the most pro-crypto executive action in the history of the United States.

01 — WHAT THE EXECUTIVE ORDER ACTUALLY SAYS

The executive order titled Strengthening American Leadership in Digital Financial Technology, signed January 23, 2025, did four things simultaneously that together constitute the most significant shift in US digital asset policy ever enacted. Understanding each component is essential for assessing the order's full implications rather than focusing narrowly on the CBDC ban alone.

First and most dramatically, the order prohibits the establishment, issuance, circulation, and use of a Central Bank Digital Currency within the jurisdiction of the United States. Federal agencies were ordered to immediately terminate any plans or initiatives related to CBDC creation. This was not a pause or a moratorium — it was a categorical prohibition backed by executive authority, revoking Biden's 2022 Executive Order 14067 that had initiated CBDC research and directing all agencies to treat any CBDC-related work as terminated.

Second, the order explicitly promotes dollar-backed stablecoins as the preferred alternative to a government-issued digital currency. The executive order frames private sector stablecoin development as the mechanism through which the US dollar maintains global dominance in digital payments — a fundamental ideological commitment to market-based digital money over state-issued digital money. This framing has profound implications for the GENIUS Act and the broader stablecoin regulatory environment that followed.

Third, the order establishes a Presidential Working Group on Digital Asset Markets, chaired by the Special Advisor for AI and Crypto, with membership from Treasury, Commerce, Homeland Security, the SEC, and the CFTC. The Working Group was tasked with proposing a comprehensive federal regulatory framework for digital assets within 180 days — including stablecoin market structure, the potential creation of a national digital assets stockpile, and recommendations for rescinding or modifying existing regulations that have hindered the digital asset industry.

Fourth, the order affirms the right of Americans to access open blockchain networks without threat of unlawful censorship — a direct rebuke of proposals that would have given the government authority to blacklist wallet addresses or restrict access to permissionless blockchain networks on the basis of policy objectives rather than legal process.

KEY DATE: January 23, 2025 — Trump signs executive order banning CBDC establishment, issuance, and use in the United States. Biden's 2022 EO 14067 revoked the same day. Senator Mike Lee subsequently introduced the No CBDC Act to enshrine the ban permanently in federal law.

02 — WHY BITCOIN'S THESIS GETS STRONGER WITHOUT A US CBDC

The death of the US CBDC is more significant for Bitcoin's long-term investment thesis than almost any other regulatory event in the asset's history. To understand why, it is necessary to understand what a US CBDC would have represented as a competitive threat to Bitcoin — and what its absence means for Bitcoin's positioning as digital monetary infrastructure.

A Central Bank Digital Currency is, at its core, programmable government money. It is not merely a digital version of the dollar — it is a dollar that can be programmed with rules: rules about where it can be spent, when it expires, how it can be transferred, and who can access it. A US CBDC with programmable features would have given the federal government unprecedented surveillance and control over every financial transaction conducted in US dollar digital form. It would have created a direct government competitor to Bitcoin's value proposition of censorship-resistant, programmable, decentralized money — backed by the full faith and credit of the US government and accessible through the existing banking infrastructure that billions of Americans already use.

That threat has been eliminated — not merely delayed. The Trump executive order does not pause CBDC research. It bans it outright and directs all existing initiatives to be terminated immediately. Senator Mike Lee's No CBDC Act, co-sponsored by Senators Ted Cruz and Rick Scott, is designed to enshrine this prohibition permanently in federal statute rather than leaving it vulnerable to reversal by a future executive order. If enacted, the legislative ban would make a US CBDC impossible without an act of Congress — a far higher bar than reversing an executive order.

For Bitcoin, the elimination of the CBDC threat reinforces the monetary scarcity narrative at precisely the moment when institutional adoption is scaling. The core Bitcoin thesis — that a fixed-supply, decentralized, censorship-resistant monetary asset offers protection against government currency debasement and financial surveillance — is strengthened when the world's most powerful government explicitly rejects the digital surveillance money concept and instead endorses private sector digital money alternatives. Bitcoin does not need the US government's endorsement to succeed. But the

explicit rejection of CBDC — the instrument that would have most directly competed with Bitcoin's monetary role — removes one of the most plausible structural risks to the long-term thesis.

03 — THE GLOBAL CBDC RACE AND WHAT US WITHDRAWAL MEANS

The United States' explicit withdrawal from the CBDC race is the most consequential geopolitical development in global monetary policy since the Bretton Woods collapse — because the US is not just any country. It is the issuer of the world's reserve currency. When the US says it will not build a CBDC and instead endorses private stablecoins as the mechanism for dollar dominance in digital payments, it fundamentally alters the competitive dynamics of the global CBDC race.

China's digital yuan — the e-CNY — is the most advanced large-economy CBDC in active deployment, with ongoing rollouts across Chinese cities and cross-border payment pilots with Belt and Road Initiative partners. The e-CNY is explicitly designed as a tool of monetary surveillance, capital controls enforcement, and geopolitical influence — giving the Chinese government complete transaction visibility and the ability to impose restrictions on how, where, and when digital yuan balances can be spent. China's CBDC strategy is not primarily about financial innovation. It is about monetary control and the geopolitical project of reducing dollar dominance in global trade settlement.

The US executive order's response to this challenge is strategically coherent: rather than building a surveillance-capable government digital currency that would generate domestic political opposition while attempting to compete with China's state-directed CBDC rollout, the US is betting that dollar-denominated private stablecoins — USDT, USDC, and successors operating under the GENIUS Act framework — will maintain dollar dominance in global digital payments more effectively than any government-issued alternative could. The argument is that the network effects of existing stablecoin infrastructure, combined with the US dollar's reserve currency status, will outcompete China's e-CNY in emerging market adoption without requiring the surveillance apparatus that would make a US CBDC politically toxic.

The European Central Bank's digital euro project continues on its own timeline — with the ECB's retail CBDC design phase still progressing despite the US withdrawal. The absence of US CBDC competition does not slow European CBDC development, but it does remove the competitive pressure that might have accelerated the ECB's timeline. For the euro CBDC, the US withdrawal means that its primary competition in global digital payment infrastructure will come from private dollar stablecoins rather than a government-issued digital dollar — a competition the ECB may be less equipped to win.

GEOPOLITICAL SIGNAL: The US is betting that private dollar stablecoins will outcompete China's e-CNY in global digital payments without requiring a surveillance CBDC. This is the most consequential monetary policy bet since Bretton Woods — and if it succeeds, it validates the private sector digital money model that Bitcoin pioneered.

04 — STABLECOINS AS THE CBDC SUBSTITUTE: WINNERS AND IMPLICATIONS

The vacuum left by the US CBDC's death is being filled by dollar-backed stablecoins — and the Trump executive order's explicit endorsement of stablecoins as the preferred mechanism for dollar dominance

in digital payments has created a regulatory and commercial environment that is accelerating stablecoin adoption at exactly the moment when the GENIUS Act is providing the compliance framework that institutional participants require.

The immediate commercial beneficiaries of the CBDC ban are Tether and Circle — the two dominant stablecoin issuers whose combined market cap of approximately \$267 billion represents the private sector digital dollar infrastructure that the US government has explicitly chosen to endorse over a government-issued alternative. Circle's USDC, designed from inception for regulatory compliance, is particularly well positioned: the executive order's endorsement of private stablecoins, combined with the GENIUS Act's framework for compliant stablecoin issuance, creates the clearest regulatory runway that Circle has ever had.

The longer-term implication is that the stablecoin market's trajectory toward a projected \$1 trillion market cap by end-2026 is now backed by an explicit US government policy preference — not just market adoption dynamics. When the world's most powerful government explicitly states that private dollar stablecoins are its preferred mechanism for maintaining dollar dominance in digital payments, the institutional and sovereign demand for compliant dollar stablecoins in emerging markets, trade settlement, and cross-border payments receives a political endorsement that no amount of marketing could replicate.

For crypto investors, the CBDC ban combined with the stablecoin endorsement creates a specific investment signal: the stablecoin infrastructure layer — the exchanges, payment processors, DeFi protocols, and L1 networks that process stablecoin volume — is operating with the implicit backing of US monetary policy. The networks that capture the most dollar stablecoin volume are, in a meaningful sense, participating in the US government's chosen strategy for maintaining dollar dominance in the digital economy.

05 — THE WORKING GROUP AND WHAT CAME NEXT

The Presidential Working Group on Digital Asset Markets established by the January 2025 executive order set an aggressive implementation timeline that shaped the entire regulatory environment for crypto in 2025 and into 2026. The Working Group's mandate — to propose a comprehensive federal regulatory framework for digital assets within 180 days — produced the regulatory clarity that the GENIUS Act, market structure legislation, and institutional adoption infrastructure are built upon.

The Working Group's inventory of existing digital asset regulations — identifying rules, guidance, and orders that should be rescinded, modified, or maintained — produced a significant reduction in the regulatory overhang that had suppressed institutional participation in crypto markets under the previous administration. The rescission of Biden's EO 14067 removed the framework that had been used to justify restrictive agency guidance, and the Working Group's recommendations provided institutional investors with the clearest signal yet that the regulatory environment had fundamentally shifted in their favor.

The consideration of a national digital assets stockpile — a proposal within the Working Group's mandate — has evolved in parallel with the broader Bitcoin strategic reserve discussion. As of Q2 2026,

19 states have introduced or passed legislation to establish a Bitcoin strategic reserve, and the federal-level strategic reserve discussion continues to develop. The executive order's mandate to consider a national digital assets stockpile planted the institutional seed for what may become the most significant sovereign Bitcoin accumulation program in history if federal-level action follows the state-level trend.

06 — CONCLUSION: THE MONETARY BATTLEGROUND HAS CHANGED FOREVER

The Trump CBDC ban is not merely a regulatory event in the crypto market's history. It is a civilizational choice about what digital money looks like — and the world's most powerful government has chosen the private sector, decentralized model over the surveillance, government-controlled model. That choice has consequences that will compound over decades.

For Bitcoin investors specifically, the CBDC ban strengthens the fundamental thesis in ways that compound with every passing quarter. Bitcoin is the original decentralized digital money — the asset that first demonstrated that programmable, censorship-resistant value transfer was possible without government intermediation. When the US government explicitly rejects government-controlled digital money and endorses private digital money alternatives, it validates the philosophical foundation on which Bitcoin was built, even as it supports a different class of private digital money — dollar stablecoins — as the immediate commercial mechanism.

The distinction between Bitcoin and dollar stablecoins is important and must not be lost in the analysis. Dollar stablecoins serve the US government's interest in maintaining dollar dominance — they are, by design, dollar-denominated instruments whose value is pegged to the fiat currency that central banks control. Bitcoin serves no government's interest — it is the neutral, supply-capped monetary asset whose value is entirely independent of any government's monetary policy decisions. The CBDC ban strengthens the stablecoin thesis in the near term and strengthens the Bitcoin thesis in the long term. Both can be simultaneously correct.

The monetary battleground has changed forever. The question is no longer whether the United States will issue a digital dollar — it will not. The question is which form of private digital money captures the long-term role of digital monetary infrastructure: the government-endorsed dollar stablecoin, operating within the GENIUS Act framework and serving the dollar's reserve currency function, or the neutral, decentralized, fixed-supply asset that 21 million coins of Bitcoin represents. The answer may be both — serving different monetary functions in a multi-asset digital monetary system that the world is only beginning to understand.

The US government banned government money and endorsed private money. For Bitcoin, that is not just good news — it is the validation of everything the asset was built to represent.