

Opinion **The FT View**

## Crypto wins a champion in the White House

Trump family's enthusiasm for digital assets creates a glaring conflict of interest

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Within days of returning to office, an executive order by Donald Trump revoked Biden-era measures aimed at limiting crypto risks © Ian Maule/AFP/Getty Images

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Donald Trump has been on quite a journey since the days when he said bitcoin “seems like a scam”. This week, the Trump family media company said it was raising \$2.5bn from investors to buy up the cryptocurrency. His sons Eric and Donald Jr promised thousands of orange-clad bitcoin investors in Las Vegas a bonanza, in part because, as his vice-president JD Vance told the same conference, “crypto finally has a champion and an ally in the White House”. Bitcoin has hit a recent record high on optimism that US lawmakers will soon agree their first crypto regulations — for stablecoins, or digital tokens pegged to the dollar or another currency.

Yet the Trump family’s enthusiasm for crypto ventures combined with his administration’s [pro-crypto stance](#) creates a glaring conflict of interest. The drive to legitimise often volatile crypto assets also threatens to inject new risks into the financial system.

Few presidents and their families have associated themselves so closely, in office, with [one industry](#). The US leader has promoted his \$TRUMP memecoin, and hosted a [gala dinner](#) for its biggest holders. [World Liberty Financial](#), which lists Trump as its “[chief crypto advocate](#)”, has launched a dollar-pegged stablecoin, USD1, which now has a \$2.15bn market value.

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Within days of returning to office, a Trump [executive order](#) revoked Biden-era measures aimed at limiting crypto risks, promising to promote US “leadership in digital assets and financial technology”. Another order set out to create a [strategic bitcoin reserve](#). The president has appointed crypto advocates to key roles, including Paul Atkins as Securities and Exchange Commission chair.

The incoming administration has shifted from “regulation by enforcement” to efforts to create a regulatory framework for crypto and foster growth. The Department of Justice has, along with the SEC, [dropped several cases](#) against crypto firms. Crypto enthusiasts have long suggested providing regulatory clarity via congress rather than the courts could bolster innovation and legitimate crypto businesses. But a more permissive environment risks amplifying dangers such as fraud and market manipulation.

Until recently, it seemed the Trump family’s own crypto interests might become a block on legislative efforts. A group of Democratic senators refused to back the so-called Genius Act to regulate stablecoins unless it included steps to prohibit elected officials and their families — including the president — from owning or participating in stablecoin ventures. But they joined Republicans this month in allowing the bill to advance, arguing that the need for clear rules took priority.

The bill does set worthwhile rules including requiring US stablecoin issuers to maintain reserves equal to 100 per cent of outstanding coins in dollars, US Treasuries or equivalents, and set out clear redemption procedures. But some senior Democrats [have warned](#) it has insufficient consumer protections and would still enable US exchanges to trade offshore-issued stablecoins such as Tether, which they say has a record of being used to facilitate criminal activity (Tether itself has [denied](#) any wrongdoing). Stablecoins exist in a grey world in which they act like [banks](#), payment systems and securities, yet will be regulated as none of those. The Genius Act offers a very [light-touch framework](#).

Digital asset proponents argue they could speed up payments and increase financial inclusivity. But these benefits could be more safely harnessed through central bank digital currencies. Trump vigorously opposes a US CBDC, insisting instead that private stablecoins will “expand the dominance of the US dollar”. Unless they are extremely carefully policed, they may only do the opposite.

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