



The Economic Club of New York

119th Year
834th Meeting

Jeremy Allaire
Co-Founder, Chairman and CEO
Circle

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Moderator: Brian Sozzi
Executive Director, Yahoo Finance

Introduction

President Barbara Van Allen

Hello. Welcome everyone. Thank you for being here. It turned out to be a pretty nice day, especially compared to yesterday. This is actually the 834th meeting of The Economic Club of New York. I'm Barbara Van Allen, President and CEO of the Club, and it's a pleasure to have you here. I want to extend a warm welcome to students joining us virtually from Syracuse University and Boston University.

The Economic Club, as many of you know, is proud to stand as the nation's leading nonpartisan platform for discussions on social, economic, and political issues. And we've been doing this for more than a century, and we've hosted many, many guests that are of just outstanding interest, and that includes today.

As part of our Digital Payments Series, we're pleased to introduce our distinguished guest, Jeremy Allaire. Chairman is Co-Founder, Chair, and CEO of Circle, a global financial technology firm that enables businesses to harness the power of stablecoins and public blockchains for payments and commerce. He's responsible for the company's strategy, vision, and operational execution as it works to expand digital currency infrastructure around the world.

Jeremy brings more than two decades of experience building and leading global internet technology companies. Earlier in his career, he founded and led Brightcove, and served in senior technology roles including Chief Technology Officer at Macromedia, and Co-Founder and CTO of Allaire Corporation.

In addition to his work in the private sector, Jeremy has provided expert testimony on digital assets and monetary policy before the U.S. Senate Committee on Homeland Security and Government Affairs, and the Senate Banking Committee, and has served on the International Monetary Fund's High Level Advisory Group on FinTech. He's a graduate of Macalester College, where he earned a degree in political science and philosophy with a concentration in economics.

Today's format will be a conversation moderated by Brian Sozzi, the Executive Editor of Yahoo Finance. And the program is going to conclude promptly at 7:00 and the discussion, as a reminder, is on the record. We will have time to take questions from the room. And so, without further ado, please join me in welcoming Jeremy and Brian.

Conversation with Jeremy Allaire

BRIAN SOZZI: Thanks so much. Barbara. Jeremy, I'm not used to doing these anymore in, like a sweater. I'd usually be doing it with big podcast mikes in front of us. So it's

good. I appreciate the formality of this room, just taking in the history, right?

JEREMY ALLAIRE: It's amazing.

BRIAN SOZZI: This is amazing. I've known you for many years. I remember when you were just Jeremy to me, doing this thing called Circle. We didn't know what it was. For those not familiar with your journey, why is it so important, what you're working on is so important, and that ultimately this is a successful venture?

JEREMY ALLAIRE: That's a great question. You know, so actually, you know, tying back to the introductory remarks, I sort of studied global political economy in college and have always been interested in sort of the way that the internet, as an infrastructure, can evolve, what's possible in the world – socially, economically, politically, and things like that.

And really the genesis of Circle, which gets to answering your question, really grew out of my fascination with, and really my exploration of the global financial system after the Great Financial Crisis of 2008, 2009. And I was very interested in more deeply understanding the structure of the monetary system, the nature of central banking, the nature of risk in the financial system. So I took an interest in that. I was running another company that I took public, Brightcove, a video technology company, totally unrelated to

this.

But I had this interest in understanding what went on and then really, I encountered the technology of cryptocurrency and blockchains in 2012 and it really absorbed me. And really in forming the company, ultimately the thought for me was, over 10 or 20 years, that we could actually rebuild the financial system natively on the internet. Money itself, the base layer of money, we could create a safer form of the base layer of money. We could create a way for machines and software to program money, and that you could actually ultimately build a financial system that was more open, more inclusive, more efficient, and safer. And that we could actually build a better financial system. And that's important to me.

And so the belief here is that we, as a company, can increase global economic prosperity through this frictionless exchange of value that's made possible by this technology and really contribute to a new economic system, which we can talk more about obviously what I think that looks like. But that's the motivation and so ultimately the success of this, well, first of all I hope this is an institution that lasts for hundreds of years, like this institution, both the University Club and The Economic Club of New York. It will outlast me certainly. But I think it's important because there is such an opportunity to, and in fact there are forces that are transforming the economic system as we speak in very deep and fundamental ways. And so it's very important work as far as I'm

concerned.

BRIAN SOZZI: What was the year – I won't say moment, that's a little cheesy – what was the year that you knew you were onto something and you were about the change the game on how the financial system operates?

JEREMY ALLAIRE: Well, as an entrepreneur, as a founder-entrepreneur, it's like when you found a company. Because you have a vision and you can sort of, and I'm a technologist as well, so I can see where the technology is going, and I can sort of see the path. And you develop a very, very deep belief system and a very, very deep conviction about realizing that possibility. And so you know it. You know it. And so, in fact, even in, you know, when we started, right, like I couldn't get, I couldn't get an accounting firm to answer my phone call. I couldn't get a bank to deal with us. I couldn't get an insurance company to write even basic insurance for the company because we were dealing with crypto.

So the point being, you face adversity, but you know you're right, and you know what's going to become possible. I think many zooming in a little bit, to your question, I think until the technology evolved to a place, like we envision the technology becoming, certain technologies becoming possible that weren't possible when we started the company. So we were betting on kind of where the puck was going in terms of

technology development.

As that technology matured, and as we could execute fully on the founding visions of the company and deliver that, and then started to see, kind of flywheels going, that was like 2019, really. And so it was well into the founding of the company, but like people kind of call it product market fit, where you get these, like flywheels moving, was really back then, with USDC and its ascendance that really started then. So, you know, both from the start, but also in a concrete way in some ways, like when the vision was actually being fully catalyzed and realized.

BRIAN SOZZI: What is your technology powering today?

JEREMY ALLAIRE: So, I mean Circle operates a broad set of infrastructure and so we're a market infrastructure. We issue digital currencies and we issue the largest regulated digital dollar, USDC. We issue the largest regulated euro, EURC. We issue the largest tokenized Treasury money market fund called USYC. We run a blockchain which is in beta, beta test as we'd say, which is already attracting incredible companies to it. We have fun developer tools. And we have a payment network that's nascent as well called Circle Payments Network, CPN. And that's handling billions of dollars of flows amongst institutions around the world. So we do a bunch.

Now, I think most people, when they think about the company, think about USDC, which has sort of been kind of a catalyst engine through all of this. And just speaking about that specifically, I mean in Q4, you know, USDC handled almost \$12 trillion of transactions on the blockchain. It's used really broadly around the world. There are hundreds of millions of people who can reach in their pocket and access and use USDC in 190 countries around the world.

It's used by everything from major banks, like a standard chartered bank, to major payments networks like Visa that's actually using it to settle transactions on their network, to leading, you know, what we think of as fin-tech brands, the Revolut of the world or the new banks in Brazil, to exchanges globally. And so it's used very broadly. And we provide that infrastructure on the public internet and anyone can use it. So if you're an individual, you can connect and use it and transact with it. If you're a financial institution, you can integrate it into your operations and have these very safe digital dollars that can transact on the internet.

BRIAN SOZZI: Has your technology arrived to the point where it is core to the fabric of the financial system?

JEREMY ALLAIRE: I don't think we're there. I think we certainly believe we will get there. I think, you know, a couple notable things, like we helped kind of invent and

popularize this notion of stablecoins. But for us, like the mission was always, how can we create a system of fully reserved money? Not fractionally reserved money. So you could have full reserve money in a digital currency form that could run on the public internet just like we run other things on the public internet. Very globally available, instant, very inexpensive to use. You could program it into software. That's what we set out to build. And that was novel and a new thing.

And there were regulators around the world that started to regulate it. But until we saw the Genius Act passed into federal law last year, which is really the only major piece of bipartisan legislation passed in this entire Congress, until that was passed, that was really a critical point. Right now, encoded and embedded into federal law is this form of money.

And by having that happen, and we're in the process of all the rules being written for how that works with entities that are supervised by the Federal Reserve, the OCC, and around the country, that will make this a technology that I think the individuals, the senators, the people in the administration and the White House and Congress members and industry that help drive this, we all believe that this is going to be a very fundamental part of the dollar financial system and therefore the global financial system.

BRIAN SOZZI: What's their biggest concern when you talk to these lawmakers, about

what you're doing?

JEREMY ALLAIRE: Well, I mean I think, I mean there were a lot of concerns about this, and I think the laws have addressed a lot of those concerns. So the concerns are, you know, are the people issuing these, like real financial institutions that are held to the standards of financial institutions? Are the backing reserves of these digital dollars, are they safe, so that they really can be redeemed always one for one? Is the technology and the infrastructure safe? And are the operations that go behind running this held to bank-grade standards, or even financial market infrastructure standards? And so those are the kinds of considerations? Can we alongside other laws that enforce on this, can we adequately protect the integrity of the financial system from financial crime and things like that? So those are the kinds of things that policymakers would be thinking about.

I think full reserve money is something that I think has been thought about and talked about since really, well, for a very long time, hundreds of years, but really in a serious way since the 1930s when the Great Depression hit and there was a total collapse of the financial system. And I think the best economic thinkers of the time proposed a full reserve banking model. We didn't get that. We got an insurance-backed model. But I think we're now seeing this full reserve model codified into law and I think it has tremendous potential to improve the financial system.

BRIAN SOZZI: I'm convinced you know everybody in this industry. You're now like the Grand Master of this space. You've been doing this for a while. How do you think the banks' perception of Circle has changed over the years?

JEREMY ALLAIRE: I mean, it's changed a huge amount. Obviously when we started, like I said, I couldn't get a meeting with a bank. Now we work with many significant, you know, globally significant institutions, literal G-SIBs, around the world, in Asia, in Europe, in North America. We have banks around the world that are integrating and building on top of this technology alongside us.

And I think Circle has always been focused on doing things the right way, always working with governments and policymakers and regulators, and having a very high standard around compliance and risk management. And so I think as banks have gotten to know us, they realize, like wow, these guys are actually, in some cases run infrastructure that's more sophisticated than even their infrastructure for many of these same kinds of issues.

And now, now that this has become a defined part of the global financial system, and by the way, it's not just the U.S., it's in Europe, Japan, the Middle East, it's in Southeast Asia, Hong Kong, the U.K., everywhere stablecoins are becoming part of the financial system. But now that this is becoming a defined part of the financial system, you know,

the banks that are involved in, you know, global repo transactions and FX transactions, and involved in dealing with markets and the clearing of derivatives and the movement of capital and global Treasury management, all the things that go on that are, like fundamental to the financial system, they're realizing like, oh, wow, this actually can be applied in those areas.

And so we've gone from a company that needed banks and needed banks to help us to create and provide the products that we were creating, to a world where banks are amongst the most significant target partners of ours in the world, like everywhere. And so it's a very significant shift that's happened in particular over the last 12 to 18 months.

BRIAN SOZZI: How is the regulatory environment different internationally compared to the U.S.? And is it a lot easier to get done what you want to get done?

JEREMY ALLAIRE: It's really varied. I think not a lot of people were paying attention, but many years ago, the G20 and the Financial Stability Board adopted a set of global policy recommendations for regulating stablecoins. And then the big countries in the G20 started doing it. So Japan was first. The EU was second. Countries like Singapore, Hong Kong, the U.K., all put forward kind of legislative proposals. Now those are moving into law. The U.S. was in some ways not last, but sort of waited a little while.

So other parts of the world were in some ways ahead and we operate in many of these places under regulation that exists around what we do. But I think the posture of the U.S. has changed this dramatically over the past year. The U.S. is now leading by far. The U.S. has embraced this. Not only have they embraced this, but the United States government has said this is a strategic priority for the country. This is about national economic competitiveness because national economic competitiveness is about the competitiveness of the dollar on the global stage versus would-be challengers to the dollar. It's about technological competition with our largest competitors. And this is a bet on technology, the free market, and good prudential regulation, and opening that up and making that a huge advancement for the U.S.

And, in fact, if you talk to someone like Secretary Bessent, he will talk about how strategic dollar stablecoins are to the future of the way the government runs, the funding of Treasury bill purchases and this exporting of digital dollars. These digital dollars are export products of the United States. We haven't thought about it in those terms, but the U.S. government is. And so they have gone from most other governments looking at this as something to risk manage, to making this a strategic competitive tool for the fundamental economic policy of the government.

Now, not everyone agrees with that. I do agree with that. I think it's the right policy. And I give a lot of credit to this administration for taking it on in that way. And, by the way,

there are lots of leading Democrats who have the same view and that's why there was a super-majority in the Senate that voted for the bill. Right? It was very strong bipartisan support behind these ideas.

BRIAN SOZZI: I can't help myself. Let's get wonky a little bit. How does this change the future of government? What you're doing, how does it change it over the next decade?

JEREMY ALLAIRE: How does it change the future of the government?

BRIAN SOZZI: Just getting transactions done.

JEREMY ALLAIRE: Well, I mean, look, I think there are a few things. I think one is, you know, if this becomes a new global source of demand for Treasury debt, that has an impact on sort of how fiscal policy is conducted. That's one dimension. I think a second is the government, actually under the U.S. Treasury leadership right now, is working to modernize the U.S. Treasury and how it operates in terms of its own use of infrastructure for moving money and things like that. And so it could be significant in terms of improving the efficiency of the way the government actually operates with financial infrastructure.

But I think the bigger impact is on, you know, this is sort of one piece of a broader

puzzle, which is modernization of markets for capital, modernization of the way in which digital assets can function in the market and opening up opportunities for capital formation much more broadly, which is really about entrepreneurship, competitiveness, capital formation. It can become, I believe, a key infrastructure to reduce risk in credit markets and improve access and efficiency of credit as well. And so that would be, you know, net positive to the U.S. government ultimately by reducing systemic risk and other forms of risk in the real economy, which could potentially lead to a more recession-resilient economy, which would be very beneficial to the U.S. government. So these are long-term things.

But I think probably the biggest area is, you know, there's a huge question that's looming in everyone's mind right now, which is how rapidly will the economy be essentially absorbed by artificial intelligence and how much of the economic system's activity is going to be performed by AI? And I have a set of very strong views about that, which I'm happy to talk about. But that change, which is a very deep change in the nature of the economic system needs to be married to a similarly dramatic change in the infrastructure of the economic system itself. And so, like these are hand and glove. These have to be addressed together – this new internet-based infrastructure for the economy and this new internet-based infrastructure for all forms of work and how those connect. And that will have a huge impact on the future of the way government functions and the role of government itself potentially.

BRIAN SOZZI: I think there was a conversation you and I had at Davos a couple of years ago and AI was just popping onto the scene there. And the talk was AI is going to drive greater global economic prosperity. Are you in that camp? Because all I've heard for the past month is how AI is taking human jobs.

JEREMY ALLAIRE: I mean, look, I think, I have many views on this. I think the first is that AI, agentic AI in particular, is going to enable dramatically higher velocity of economic activity. And it will, I believe, allow for dramatically more efficient forms of corporations. I think what we even think of as a corporation will change because of AI and because of blockchains. And so I do believe, my own belief is that on an absolute basis in terms of productivity in the economy, GDP growth across every major industry, I think can be transformed and grown in very, very significant ways. And so I think that the real economic impact is going to be dramatic.

I think the role that people play in that is going to change dramatically as well because, you know, effectively AI agents will replace a huge percentage of work that's currently performed by humans on a massive scale. And I think it's going to be most dramatic in white collar work. It's going to be most dramatic for people that, yes, I mean that's a defined category. You could put a lot of things in there.

But at the same time, and this is the message that I give to every single employee in my

company, is that if you actually embrace these agentic capabilities, you, as a person, have new superpowers. And your ability to have impact grows dramatically. And so it's simultaneously going to, I think, eliminate roles that humans need to perform, but at the same time it's going to empower humans in incredible and unprecedented ways. And that's a tremendous opportunity for economic output and enhancing economic output and creating exceptional opportunities for people as well. But I think there are going to be this kind of discontinuous relationship between, you know, the way in which the job transformation impacts the labor and the way in which humans pick up these tools and use these tools.

We can all go back to, you know, the 1980s. Very few people used personal computers, like lots of work was done without personal computers.

BRIAN SOZZI: I can't believe it.

JEREMY ALLAIRE: And we replaced a lot of work that was being done with paper and pens and files and a lot of other stuff, and we moved it onto personal computers. And then there was a world before there was an internet and online and radical efficiencies that came from that in all these ways, and frankly you could chart global GDP growth over the expansion, this internet expansion of like 20 years. And, you know, labor markets transform through that. And so I think, you know, the opportunities for what

people can accomplish with this are extraordinary.

BRIAN SOZZI: What happens to the people, Jeremy, that get left behind? And what role, does government have a role to retrain a massive chunk of the U.S. workforce?

JEREMY ALLAIRE: So I think there are very simplistic concepts that get thrown around, and actually I talk to a lot of political leaders about this topic because they are now realizing, oh, sh**, this is going to be probably the defining set of issues of certainly the 2028 elections. This is going to dominate. Because the impact will have swept through the economy in very, very significant ways over the next 24 months. And so they're trying to think, well, what do we say about this? You know, we need universal basic income or we need retraining? Like those are like the basic concepts.

My view is that these are, like I said, over-simplistic. And I don't have the answers certainly, but I think that there is a rethinking of the social contract that is needed. It's going to be very hard for politicians on electoral cycles to do that work. And so we need some inspired political and economic thinkers and cultural thinkers to help us consider how we might structure society and the polity and the economy right now. And you can't find them. Tell me who to read. You can't find them.

So there's this huge opening now for new thought. And as noted, I studied political

philosophy and political economy and all this stuff, and that meant I read all these people like Hume and Rousseau and Hobbes and all the, Locke, and all of these philosophers. And they were all writing during the Enlightenment and then in the varied stages of the Industrial Revolution and other things, Adam Smith, etc., about what was happening and creating a vision for how we might structure our political economy. And we need that, we need that fresh. These are changes as big as the Enlightenment, changes probably as big or bigger than the Industrial Revolution and so we need that thought, because it's not going to come from politicians.

BRIAN SOZZI: How would you structure it?

JEREMY ALLAIRE: You know, I think that, first of all, I believe that because these technologies, like AI, are inherently global scale, that these are not going to be problems that are solved nation by nation. We need to think about this more broadly. And I think that there's an opportunity to kind of come up with new forms of social, economic, and political organizations that are native to the internet and that combine humans and AI together to perform the work of the economy and of governance as well.

And so I actually, my own view is that, for example, we're working on something called Arc, and Arc is an economic operating system. And it uses blockchains as an infrastructure but it's an economic operating system. And we're designing it so that you

could represent an organization, an economic organization, a political organization. You can perform all of the functions of that organization. You know, manifest in software, that can be humans and AI. You can perform governance functions on this infrastructure, economic functions, value exchange, and storing value and all of that. And we believe that the two paradigms that we have now – AI, operating systems, these are really computers that are the most advanced computers that ever existed – and these economic operating systems can come together and give us new tools to construct these different kinds of political and economic organizations.

So it's early days in this. I mean we're talking about, you know, this is going to evolve over the next five, ten, fifteen to twenty years. And I don't, you know, I think it's going to take a lot of creativity – this is good news for lawyers – from lawmakers who need to really think about how we map this, you know, joint stock corporation, universe of corporate, Delaware things, into this new world. And that's again a global phenomenon.

BRIAN SOZZI: Maybe you could frame it for this room because you know a lot of people, obviously you're plugged into AI. How fast is this technology moving? You mentioned things may look dramatically different 24 months from now. That's not that far away.

JEREMY ALLAIRE: I mean things will look different six months from now. So in

particular, so AI has been evolving, blockchains have been evolving. But on the AI side, just to talk specifically, the ultimate, you know there's sort of a set of goals around levels of intelligence and the ability to perform levels of intelligence against benchmarks in major domains. And so the progress on that's been pretty profound.

But the real breakthrough essentially was systems where the AI could reason in a very significant way and where the combination of the intelligence, the reasoning, and the technical capabilities, like the computer skills, just think of it as the computer skills of the AI were sufficient that you could have autonomous agents. And basically over the last three months, both through the most successful open-source project in the history of computing, OpenCLAW, by far the fastest adopted open-source technology ever in history, as well as pooling and agent building breakthroughs from Anthropic and Open AI, in the last three months we've gone through the vortex. Like this is a huge change.

And my own view, I've been in technology for 30-plus, 35 years in internet technology, software technology, this is the biggest change that I've ever seen. And the impact is, in my view, extremely high velocity. And we are seeing output multipliers at a scale that were just, were inconceivable. Even, maybe they were conceivable five, six months ago, but like in many ways inconceivable.

And so agentic applications where autonomous agents are performing incredibly

sophisticated work and where swarms of AI agents work together to perform work and collaborate and perform economic work and other work is sort of in a lift-off period. And, you know, people talk about the singularity, and like some people are arguing that Q1 2026 may be the start of the singularity. And it certainly feels like that to me. And so my view is because of this, the capabilities that are available to organizations are going through just an extraordinary change. And so that's happening. So I think, like to the comment, like 18, 24 months, I mean, I think the changes that we'll see over that 18 to 24 months are very significant.

BRIAN SOZZI: Is this a massive...I'm listening to this, you're blowing me away...is this a massive, increase, you think, in the number of unemployed this year?

JEREMY ALLAIRE: Quite possibly. I think we're starting to see the indications of massive firms. What's interesting about it is that the most technologically advanced firms are actually reducing their headcount faster than anyone else, which is a pretty interesting tell. And I think, you know, when you think about, like one of the most successful products that's been ever created is Claude Code and Claude Code is now basically generating itself. It's swarms of AI agents continuously working building itself, which was sort of theoretical many years ago, and there's people kind of overseeing the AI agents doing the work. And that's on this incredible slope.

And so the pace by which this cuts across so many different areas, I think, is fairly high. There's friction, right? The diffusion of technology, there's friction. There's regulatory friction. There's other forms of inertia that can slow it down. But for many organizations, I think they will find that they certainly don't need to hire people, or they need to hire much more selectively. And there are areas where they don't need people and they can accomplish the same objectives and maybe ten times more with less people as well.

So I think by 2027, my belief is that, you know, the scrutiny on OpEx from Wall Street is going to be super intense. Probably by the back half of this year, but certainly into 2027, the scrutiny on OpEx is going to be incredibly intense because you're going to be able to figure out which organizations are optimizing on using this technology or not. But I do think it will impact the labor market in the near term.

BRIAN SOZZI: Barbara mentioned that folks from Syracuse are on here currently. How does this next generation of workers adapt to the environment you're laying out here?

JEREMY ALLAIRE: So I think it's probably the most exciting time to be a college graduate ever, and that's not the conventional wisdom. I have good evidence of that because my son is sitting here who is a recent college graduate from Tulane University – congratulations, Max – who got a job in a tech startup that, you know, tech startups are hard, laid off people. It's like what is going on. This young man went down the AI

rabbit hole and realized that it gave him extraordinary superpowers and is now building things that he never imagined he could build and participating in industries that he didn't think he could participate in, and he's doing it with incredible velocity. Now, I'm biased. He's my son.

But the point is, is that if you are young and you are focused and you are technically adept and you want to learn these tools, you can do that and you will be incredibly useful. Like this is the moment. It's like did you learn how to use the spreadsheet? Did you learn how to build a database? Did you learn how to write code? Did you learn how to use the web? Like f**king learn the tools.

All these people can learn the tools. And young people are way more open to learning than people that are older. Not always, but like you tend to see, like you're coming out of the college environment, so I believe that if I'm a chemistry grad or I'm a medical grad or whatever field I'm in, you have an opportunity to be 100xer in your field and in your interest. And so to me this is the best opportunity ever to enter the labor force if you decide to master these tools.

BRIAN SOZZI: Within Circle, just staying on your son's generation, I guess we're now like the older guys here, how is your technology already changing their everyday life? And how will it change it even more?

JEREMY ALLAIRE: Within our organization, you know, we've had a kind of a relatively strong AI mandate in Circle for quite some time. And it's kind of evolved in line with the capabilities of the technology as well. And so, you know, we've had agentic flows going in key areas for some time. We have been applying AI in our software engineering for quite some time.

And we're now seeing it kind of lift off in terms of the amount of software that we can create, deploy, test, etc. So it's had an impact in many areas. It's allowed us to much more efficiently onboard customers. It allowed us to much more efficiently analyze risk in different areas to automate different and have safer systems for automating functions of our Treasury system. Just lots of different places. It's allowed us to speed through how we generate content in different areas. So it's applied in a lot of places.

But I think because of the changes of the last three months, it's taken on a very different, a very different meaning right now. And so there's a kind of fundamental kind of retooling and re-calibration of the entire cooperation around the ability to have agents with skills that can perform work. And now that that's real, and you could do this but it took a lot of work, but now it's sort of much more real, I think it's sort of, the diffusion now is becoming more pervasive.

BRIAN SOZZI: Do the developments in quantum computing, is that like gas on a

business model like yours?

JEREMY ALLAIRE: I mean it sort of remains to be seen. Theoretically, quantum is extremely helpful to what we do. I think one thing people don't really realize is that blockchain networks are computers. They're like operating systems. And they do something really well, which is they provide, using crypto, cryptography, using cryptography they provide a way to prove data, to have trust minimized transactions, to actually have compute that is kind of provable compute that then you can have people trust and that intermediates things as well.

And so quantum cryptography in a sense could be a many order of magnitude improvement in cryptographic computing capabilities. And given that these blockchain networks are cryptographic computers, it's kind of like going from dial-up modem to fiber optic, right, if you think about the speed and the capacity that existed between the 14.4 modem which some of us remember or the 300 baud modem which some of us remember, all the way up to fiber optic multi-gigabit internet. Right? It's like that kind of jump. Think of it like the throughput of these capabilities. And so theoretically, because it's still theoretical, no one has proven it – I mean they've proven that you can do it – but like proven it a commercial and industrial scale, but theoretically it could be a massive turbo charger of these cryptographic computer networks.

BRIAN SOZZI: You're moving at such a pace. Why don't we even still have physical money, Jeremy? Why is this still a thing? Why do we have this in our wallets?

JEREMY ALLAIRE: What's interesting actually is that, you know, money has three roles as we know. It has a role as a store of value, as a unit of account, and as a medium of exchange. And demand for physical currency actually exists. The highest demand in physical currency is the U.S. dollar and the U.S. exports over half of the money it prints every year because people want the dollar as a unit of account and they want the dollar as a store of value. It's not so much that they think passing around paper bills is the best medium of exchange, but they want those other attributes.

And of the \$120 trillion in M2 aggregates, the last time I looked, around \$60 trillion of that was a combination of physical cash and non-interest-bearing demand deposits in banks. So kind of payment money, store of value, working capital type of money. But a big piece of that is physical currency. And it's because people want possession and control of money. And they want money that has risk that's away from intermediaries. And that's a very real thing. It's a very human freedom instinct. And I think that will continue and grow. I don't think that goes away.

BRIAN SOZZI: The U.S. dollar is not going anywhere.

JEREMY ALLAIRE: I think the U.S. dollar is fine. Yes.

BRIAN SOZZI: Okay. That's interesting. I just want to make sure. You know, this is a very interested room, I'm sure, in the outlook for the U.S. dollar. What's your next big unlock for Circle? You talked a little bit about the Genius Act. And a lot of your industry are looking for the Clarity Act to finally get through. Is that a big deal for you should it get through?

JEREMY ALLAIRE: The Clarity Act is, and the market structure regulation is very important in our view. It will firmly define in our financial regulatory statutes what all of these different types of digital assets are, how they can be used, how they can be offered, sold, exchanged, distributed. But I think importantly, that's all very important, and it's important about modernizing the way capital markets work, improving access to capital, efficiency of markets, all these things.

But I think one of the most important things is, and it actually ties back to the discussion we had about agentic-powered new corporate forms that exist in software on the internet, which is that the innovation of digital tokens on blockchains creates the ability to have kind of mechanism design and economic incentive design on products, services, and organizations that is far more advanced than the tools that we have like equity today.

And I actually believe that the Clarity Act creates the clarity for builders to utilize these technologies to create, to form capital differently and to create incentive systems around their products and services and operations that take advantage of this. And that has the potential to be a huge breakthrough for entrepreneurs and creators and builders and can actually advance capital formation around technical innovation in very powerful ways.

And I know folks like a16z, Chris Dixon of a16z, has been extremely passionate about this. He has a great book, *Read, Write, Own*, which speaks to this fundamentally. And so I think with these changes in law, and they're obviously incentivized around capital formation and how tech entrepreneurs do things at a16z. They're very focused on this, I think, for all the right reasons, which is this is an unlock in the way, in the kind of substance of the way economic activity can be organized. So I think it's a very big deal. I think it's a very big deal. I really am hopeful about it. I think, you know, that's certainly there.

And then maybe, you know, there are other, I think, significant things. I think we're making a lot of bets on the agentic economic system and the proliferation of AI agents as economic actors and AI agents coordinating work and exchanging value. So we're making bets on that. And it remains to be seen how quickly that scales, but it's a very fast-moving area that we're quite aligned with.

And then, you know, look, we're building a broad platform that spans operating system infrastructure, digital assets across many different types of digital assets, digital money, you know, different tokenized forms of money. And, you know, building kind of the next generation of the way payment systems can work with CPN. And so we've got a number of investments that we're excited about, and we have obviously our core franchise.

BRIAN SOZZI: Can Circle become a bank eventually?

JEREMY ALLAIRE: So we've received conditional approval from the OCC for a new bank that we formed called First National Digital Currency Bank. And First National Digital Currency Bank is conditionally approved as a national trust bank. So not a commercial bank to be a lender, but to be a trust bank, to provide infrastructure that can support the way we operate USDC and the reserves of USDC and to provide custody and fiduciary capabilities around custody of all these new types of digital assets and digital tokens. So that is part of what we're doing. And we need to become operational with that. It's not yet operational.

BRIAN SOZZI: When does that happen?

JEREMY ALLAIRE: We need to go through the process of getting approval for going

operational with the OCC. We're working on that.

BRIAN SOZZI: Bank purchase? Are you going to be on TV...at some point?

JEREMY ALLAIRE: So, again, like people can, institutions can sign up for a Circle Mint Account and can send us dollars and mint USDC and use that. And there's 79.5 billion USDC in circulation, just over that, right before this talk. And we've seen that grow, you know, over the last six weeks, about \$9 billion or so, significant growth in that. But that's full reserve dollar digital currency that you can use on the internet. It's different.

BRIAN SOZZI: One more before I get some questions from the audience. What in the world is going on with your stock price? It has gone absolutely bonkers the past month or so. To the lay folks out there, like what is going on?

JEREMY ALLAIRE: I mean, look, I think it's great that people are starting to understand more of what we're doing. I think we reported our Q4 results, we felt like we delivered excellent results on many, many fronts. I think we saw a lot of growth in many areas, and I think we feel very good about those results. And, you know, look, I think we're making progress on this broadening out of our platform. And whether it's with Arc or CPN or our core USDC franchise, I think we're demonstrating that the competitive modes that we have and the network effects that we have are strong and continuing to

be the case. Just recently, literally in the past couple of weeks, according to third party data, we have become by far the majority of stablecoin transactions on the internet.

Bigger than Tether, which has a larger amount of circulation, but we're now larger in terms of just transactional activity. So, you know, there's things going on in the business that we're excited about and investors have to obviously evaluate this for themselves.

BRIAN SOZZI: But the moment is, you and I have talked about this in the past, you have become finally untethered from being seen as a crypto play. You're being almost viewed as financial infrastructure which you are.

JEREMY ALLAIRE: Well, that's always what we thought of ourselves as. And, you know, it's sort of like, is Amazon a worldwide web play? Like a web technology company?

BRIAN SOZZI: It's a Whole Foods play, Jeremy.

JEREMY ALLAIRE: It's a Whole Foods play. No, the point is, it's like there's technology that we're building on and it's great technology and we're inventing that technology, and we're inventing how that technology is used. And we're in a milieu of that technology, and cryptographic computing systems and blockchain networks are super powerful. And I think for so long, I think mistakenly, people associated this technology with whether or

not you believe bitcoin is a good investment or not, and that's just simplistic thinking. And so we've always looked at ourselves this way. And I think obviously we think of ourselves as an internet platform company, as a technology platform company and as a financial infrastructure company. And I do think people are starting to understand that more.

BRIAN SOZZI: Barbara, did you want to take some questions from the audience?

PRESIDENT BARBARA VAN ALLEN: Sure. And if you could just state your name and where you're from.

QUESTION: Hi, I'm Sara. I'm an Economic Club Fellow. It's nice to meet you, Jeremy. Thank you for taking the time. I would love to understand if you think that there's a benefit that a stablecoin would reap in agentic commerce versus like more traditional forms of payments and what that might be.

JEREMY ALLAIRE: Yes, for sure. So, what's wonderful about stablecoins is that, first of all, they operate everywhere that the internet exists. So they operate global scale. They operate and can be interacted with entirely programmatically with software. You don't need a bank account to create a digital wallet that can handle stablecoins. Stablecoins, you know, overwhelmingly are digital dollars and so it's a stable unit of account. But

importantly, stablecoins can transact with instant settlement so it's like a direct settlement, instant settlement where the value is final and settled in fractions of a second for fractions of a cent.

And so if you're an AI agent and you need to consumer resource for a dollar, there's no other payment system in the world that can allow you to do that. And so programmatic, automated control, global availability, inter-operability, cost efficiency, speed, all of these things. And so AI agents will very quickly figure out that this is by far the best possible form of money for a machine-intermediated world. And so that's starting to happen in the agent universe.

Now there's a looking back view, which is like we all have credit cards and we shop on e-commerce sites, could an AI agent do that? That's very likely going to continue to be credit cards until merchants are replacing payment acceptance with stablecoins which will happen over the next two or three years in a much more scaled way. And we're beginning to see that because there's huge advantages to merchants for that.

But it's the looking forward which is the amount of economic activity that's going to happen between agents, between software and agents where there's value exchange that that value exchange needs to be settled kind of at, in an internet-native way. That's where I think stablecoins will be much larger. And I think the volume of those

transactions will likely be eventually orders of magnitude larger than the volumes of transactions that we currently see from things like credit card networks.

QUESTION: James Brown from TD Bank. When you look at the data that gets posted around stablecoin adoption, a lot of it is related to crypto trading today and very little of it is real world examples in terms of the total percentage of volume, which I think is kind of a backward way of looking at it. So I'm just curious, outside of Circle, what are some of the leading indicators that you look at that kind of show the adoption accelerating within real world examples, namely B2B and bank-specific adoption?

JEREMY ALLAIRE: Yes, so I think historically that was the case. That has been changing every single year for the past three years. And the percentage of activity that is related to individuals and businesses that are holding and using stablecoins as a store of value has increased markedly and we see that in emerging markets all around the world. We're seeing significant growth in cross-border payments that are taking place, both individuals and businesses. And these are, again a lot of this driven by emerging markets but also between developed markets and emerging markets, so those volumes are increasing.

If you look at payment volumes that are associated with settlements within payments networks, like just Visa's own reported data is growing at a sharp rate. I think there's

data that they put out today. It was something like 5X year over year from comparable basis, current period versus their earlier period. And you're seeing, you're beginning to see banks engage in this. But the reality is a lot of this has happened on this open infrastructure and it's happened through digital asset firms and payment service providers and brokerages and other types of products that make this kind of product available, make stablecoins available to people.

You know, there are, for example, major digital asset exchanges combined have, I think, around \$700 or \$800 million end user accounts that are stablecoin-native. And, in fact, what we see when we look at emerging markets like, you know, a Brazil or an Argentina or a Mexico or a Turkey or in Southeast Asia, is that businesses are using those platforms as substitutes for banks. They're using them as substitutes for commercial banks. They're using them as substitutes for retail banks. And so just like people adopted WhatsApp, and they said, well, I'm kind of substituting my tel-com for WhatsApp. And you still needed data, but you were kind of substituting things. So there's a lot of substitution that's happening.

I think critically though, and we love the TD Bank group and team, is that established banks, especially in the United States, they couldn't do anything. In fact, they were forbidden from doing anything. Like that was actually the policy of the United States government was essentially to say don't. And if you do, we're going to scrutinize the hell

out of you and you might get in trouble. Basically, that was like the message. So that's not conducive to a lot of experimentation.

We're in a 180-degree change. We now have the federal banking regulators saying you can, and we're encouraging you to take advantage of these. But you've got to do it in a risk-managed way. And now with stablecoins a part of the federal, kind of financial system and all the rules going into effect for bank use and broker-dealer use and commodities dealer use and all these things going into effect, literally this is kind of rolling out as we speak, that's really opening up the opportunity for banks.

And so my view is that banks aggregate billions of consumer accounts and millions of business accounts and provide valuable services to them and so banks can plug into this technology and continue to service those customers and get the technology lift that's there and not just give it over to fin-techs or give it over to, you know, digital asset firms as well. And so I think that is changing. We're seeing that happen. We're seeing, again global systemically important banks that are seriously looking at how to improve even some of their own cross-border money movement, their own Treasury flows, inter-day repo applications. Lots of fundamental applications in banking, we're starting to see those shifts happen.

PRESIDENT BARBARA VAN ALLEN: I think we're going to have to wrap it up.

Unfortunately, it's 7:00. Actually 7:03 according to my clock. But this was just an amazing conversation and full of insights. Thank you both so much.

I just want to mention that we do have a full March schedule still ahead of you with many great speakers. Tomorrow, we have David Petraeus, obviously a very learned person on war. And he, the General will be sharing insights on a lot of what's going on today. So we look forward to that tomorrow at lunch and there are seats still available. March, the 24th, we have Jon McNeil, the Former President of Tesla and COO of Lyft on his new book. On March, the 30th, Chris Bradley, a Senior Partner at McKinsey Global Institute. He's going to share a homogenization of a lot of McKinsey research that they've recently put together to give an eye toward the future. March 31st, Tyler Goodspeed, Chief Economist with ExxonMobil, will join us. And there's more and more on the back of your programs. So I encourage you to take a look at that.

As always, we want to thank members of the Centennial Society joining us today as their financial contributions provide the backbone making our program possible. So to everyone virtually joining us, thank you for being there. And for everyone in the room, please enjoy the refreshments and have a nice evening. Thank you.