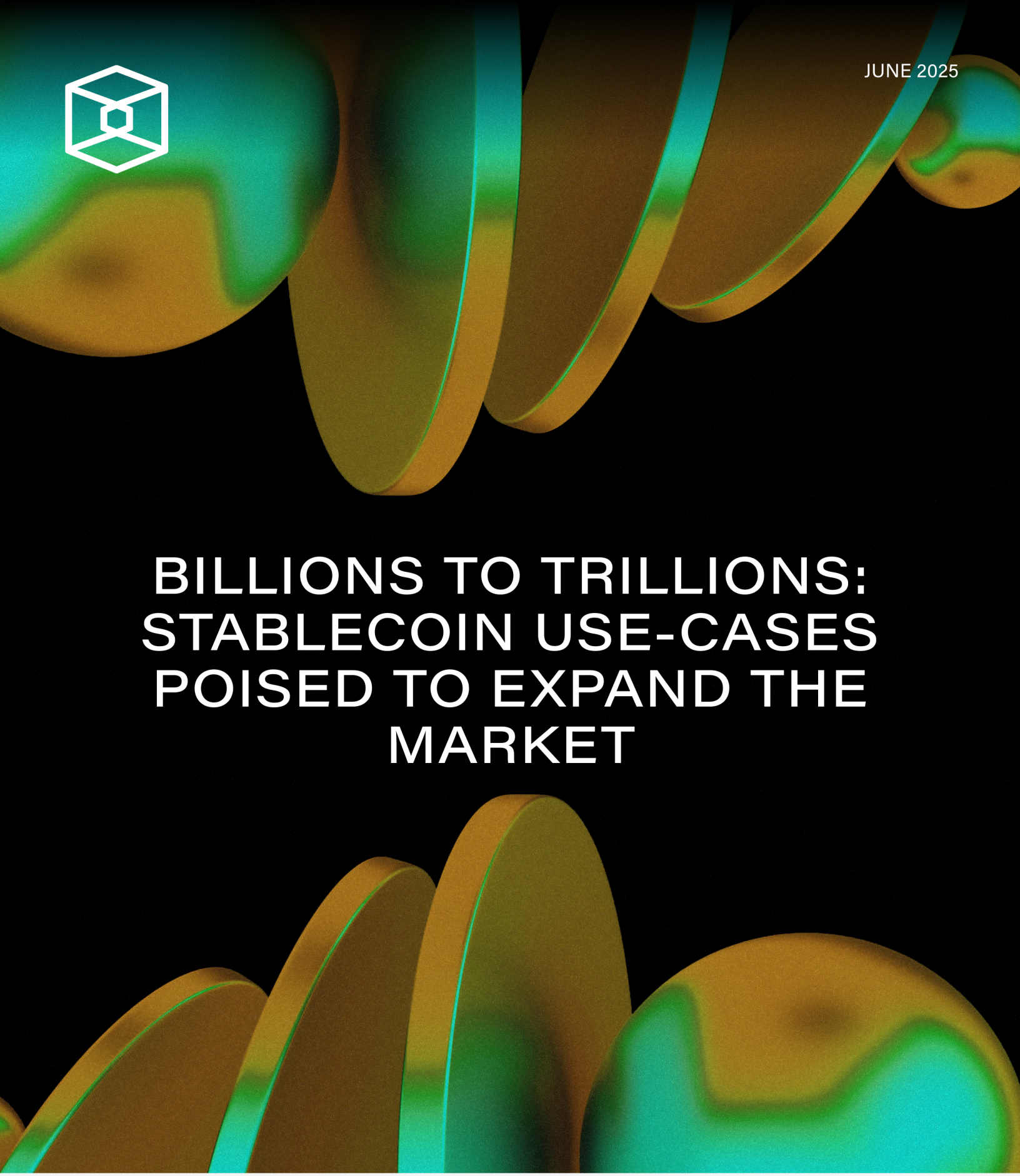


JUNE 2025

BILLIONS TO TRILLIONS: STABLECOIN USE-CASES POISED TO EXPAND THE MARKET

COMMISSIONED BY Global Dollar Network

THEBLOCK.CO

COMMISSIONED BY Global Dollar Network

Global Dollar Network (GDN) is an open, distributed network of leading enterprises working to accelerate stablecoin adoption worldwide. Powered by Global Dollar (USDG), a US dollar-backed stablecoin issued by Paxos Digital Singapore, GDN offers a transparent and equitable economic model that rewards partners for their contributions. Founded by Anchorage Digital, Bullish, Galaxy Digital, Kraken, Nuvei, Paxos, and Robinhood, GDN is revolutionizing the financial system by making it more accessible and efficient for all.

RESEARCHED BY THE BLOCK PRO · RESEARCH

The Block Pro is The Block's premium product portfolio designed to help institutions evaluate opportunities in digital assets. Pro's research, news, and data products are powered by teams of subject matter experts deeply entrenched in the digital asset ecosystem who deliver actionable intelligence so businesses can make informed decisions.

The Block Pro Research produces research content covering the digital assets, fintech, and financial services industries.

CONTACT

Email: research@theblock.co X: @TheBlock__

ACKNOWLEDGEMENTS

We would like to thank the Global Dollar Network for commissioning this research report. We would like to thank their team for providing feedback and input for this report. We would also like to thank everyone at The Block who assisted with this report—design team: Josh Gragg; research team: Steven Zheng and Brandon Kae.

The authors of this report may hold tokens mentioned in this report. Please refer to The Block's financial disclosures page for author token holdings.

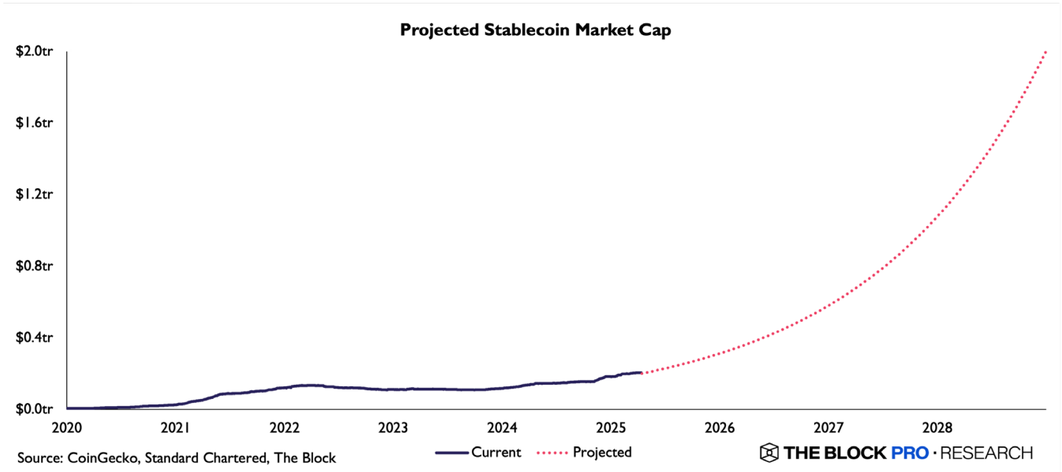
AUTHOR

Eden Au
Research Director
X | LinkedIn

TABLE OF CONTENTS

SECTION 1
INTRODUCTION

The interconnected global financial system is undergoing a fundamental transformation. Stablecoins, once limited to facilitating crypto trading, have evolved into a versatile medium for value transfer, settlement, and liquidity management, addressing long-standing inefficiencies in traditional finance. Standard Chartered forecasts that the stablecoin market cap could grow tenfold by the end of 2028, driven by the emergence of alternative use cases.



Enterprises are increasingly evaluating stablecoins as operational tools to streamline cross-border payments, enhance the efficiency of treasury management, and unlock new financial opportunities. This shift reflects broader demands for faster, lower-cost settlement and more agile liquidity management in the corporate world.

The appeal of stablecoins lies in their hybrid nature: they combine the stability of fiat currencies with the efficiency and programmability of blockchain networks. For corporations, they offer a compelling alternative to slow and expensive legacy banking infrastructure.

As regulatory clarity improves and corresponding infrastructure matures, stablecoins are well-positioned to serve as foundational instruments across a growing range of financial activities, from supply chain finance to institutional securities clearing.

This report examines how enterprises are leveraging stablecoins to address real-world frictions in global finance and highlights key barriers that must be overcome for stablecoins to achieve mainstream adoption.

SECTION 2
CURRENT STABLECOIN APPLICATIONS

Stablecoins have become a foundational pillar of the digital asset ecosystem. Their emergence was not just a technological advancement, but a pragmatic solution to several persistent challenges that hindered the development of early crypto markets.

2.1: ON-RAMPS FOR CRYPTO TRADING

In the formative years of digital asset trading, centralized crypto exchanges were often viewed as high-risk entities by traditional financial institutions. This perception severely limited their access to reliable banking services, frequently leaving them without essential fiat on- and off-ramps.

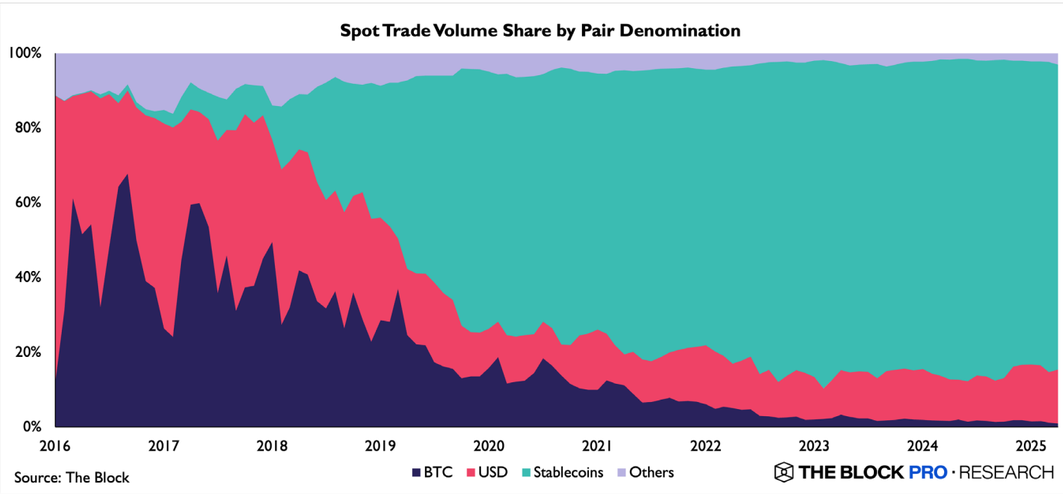
As a result, market participants faced significant friction when moving funds between traditional financial systems and the then-nascent crypto economy. This lack of seamless fiat access discouraged new entrants and constrained the growth trajectory of the broader digital asset ecosystem.

These limitations were further compounded by the dominance of Bitcoin as the quote currency for most altcoin trading pairs. Using a highly volatile asset like Bitcoin as the unit of account introduced numerous inefficiencies and risks. It complicated position

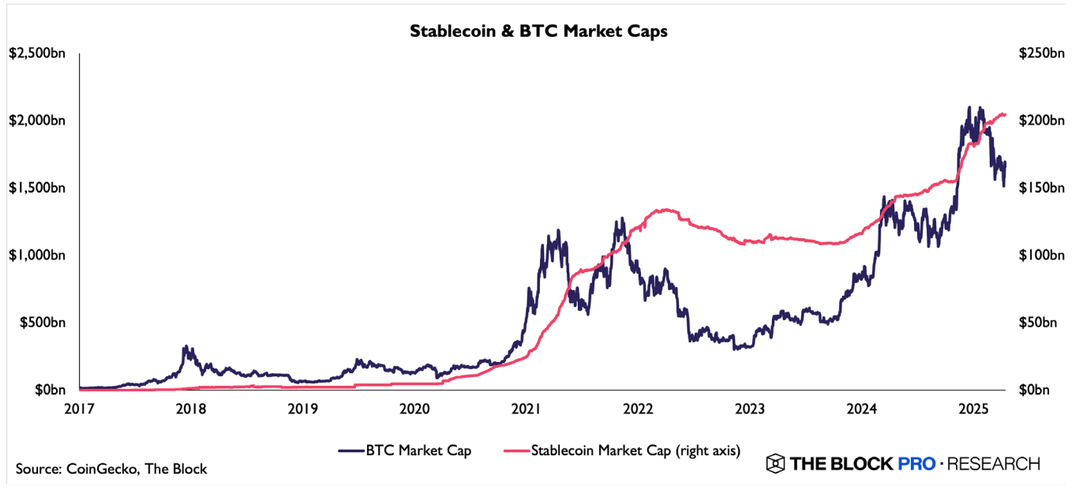
management, magnified exposure to volatility, and increased transaction costs due to unpredictable price movements and slippage. Traders had to manage fluctuations in both base and quote assets, making risk management and hedging far more complex.

Stablecoins emerged as an elegant and effective solution to these structural inefficiencies. Designed as digital tokens pegged to fiat currencies, most commonly the US dollar, they function as blockchain-native representations of fiat money. Their relatively stable value makes them ideal as a unit of account and medium of exchange within the digital asset ecosystem. They enable more consistent pricing, reduce volatility in trading pairs, and improve market efficiency, especially for altcoins.

Today, stablecoins are the dominant quote assets in crypto spot markets, accounting for over 80% of total spot trading volume in 2025, according to The Block. This marks a dramatic shift from a decade earlier, when BTC- and USD-denominated pairs were the norm. The rise of stablecoin-denominated markets underscores their critical role in shaping today's crypto landscape.



As cryptocurrency adoption expanded and market capitalizations grew, demand for stablecoins followed. Since 2017, the market caps of Bitcoin and stablecoins have shown a strong positive correlation, suggesting that stablecoin demand moves in tandem with broader crypto market cycles.



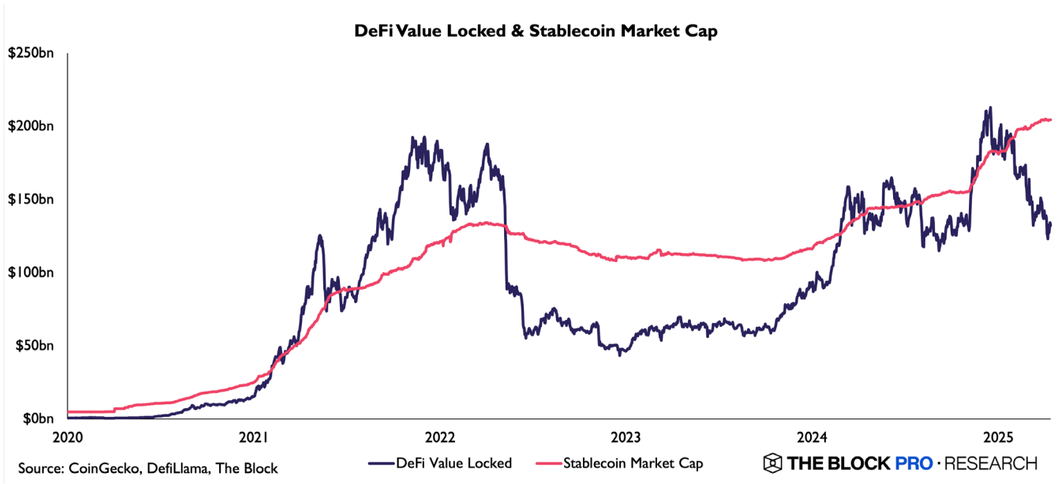
2.2: DECENTRALIZED FINANCE

The year 2021 marked a pivotal inflection point for stablecoins, coinciding with the explosive growth of decentralized finance (DeFi). As DeFi gained momentum, stablecoins assumed an even more critical role, becoming the unit of account across a wide range of decentralized platforms.

On decentralized exchanges, stablecoins help reduce impermanent loss and provide more stable pricing. In permissionless lending protocols, users can deposit volatile crypto

assets as collateral and borrow stablecoins in return. This mechanism allows participants to unlock liquidity without selling their speculative holdings, thereby introducing a new layer of capital efficiency to the digital asset economy.

As the DeFi ecosystem matured, the importance of stablecoins only grew. By 2025, the total market cap of fiat-backed stablecoins exceeded $200 billion, a dramatic rise from just $5 billion in 2020. This growth underscores the central role stablecoins now play in the broader digital asset landscape.



2.3: USD EXPOSURE IN NON-US MARKETS

Beyond crypto-native use cases, stablecoins are increasingly being adopted in emerging markets burdened by high inflation and chronic currency instability, with Venezuela and Turkey as notable examples.

In these economies, local currencies have often suffered sharp devaluations, eroding purchasing power and diminishing trust in domestic financial systems. Direct access

to US dollars is typically limited by capital controls, banking restrictions, or prohibitively high transaction costs in these regions.

USD-pegged stablecoins offer a digital, accessible, fast, and low-cost alternative that enables users to preserve wealth, conduct everyday transactions, and connect to global markets, without depending on local banks or black-market currency exchanges.

This trend underscores the growing relevance of stablecoins as a global financial tool, particularly for underbanked populations seeking financial stability and access amid persistent regional economic uncertainty.

Yet despite their rising importance, stablecoin usage today remains concentrated mainly in crypto-native contexts and retail-driven hedges against hyperinflation. This narrow scope understates the broader potential stablecoins hold.

SECTION 3
THE NEXT WAVE OF STABLECOIN APPLICATIONS

As enterprises and consumers demand faster, cheaper, and more transparent financial services, stablecoins are emerging as a practical solution to long-standing inefficiencies in traditional finance.

Their potential spans a range of domains, from streamlining supply chain settlements and enhancing corporate treasury operations to enabling cross-border remittances and broadening access to financial products.

Use Case	Description	Stablecoin Solution
Payment Network Settlement	Payment settlement between payment service providers and merchants	Stablecoins enable near-instant, low-cost, and cross-border transactions that improve merchant cash flow and operational efficiency
Enterprise Treasury & Liquidity Management	Liquidity & financial management of corporate treasury	Stablecoins streamline liquidity management, reduce transaction costs, and enable automation of treasury functions via smart contracts
Individual Cross-border Remittances	Sending money internationally between individuals	Stablecoins offer near-instant, low-cost global transfers and provide financial access for the underbanked through digital wallets
Supply Chain Finance	B2B payments and financing solutions between buyers and suppliers	Stablecoins reduce settlement times, reduce intermediary fees, and enable programmable payments that enhance trust and efficiency in global supply chains
Institutional Custody & Settlement	Secure storage and settlement of financial assets for institutions	Stablecoins allow real-time, verifiable, and cross-border asset settlement without T+1/T+2 delays, reducing capital costs and counterparty risks
Online Payments	C2B online e-commerce transactions	Stablecoins offer low-cost, chargeback-free transactions that mitigate fraudulent chargeback disputes and reduce the barrier to entry for small merchants
Improved Access to Financial Products	Expanding availability of financial services to the underbanked populations	Stablecoins empower DeFi platforms to provide global access to on-chain financial opportunities, including the tokenization of traditional assets

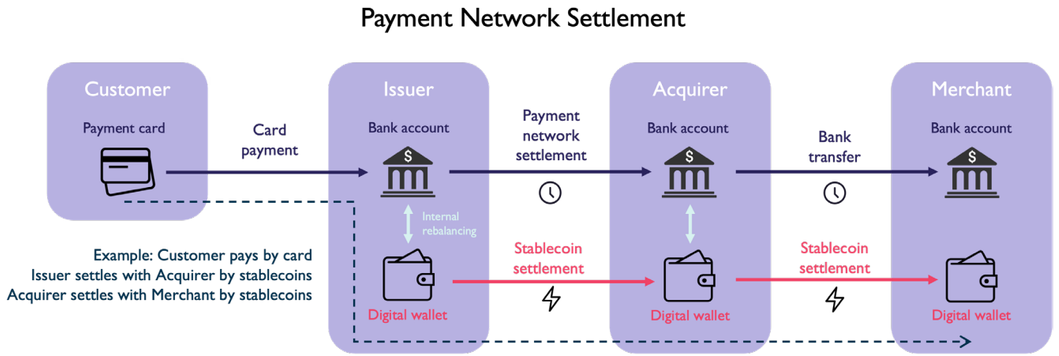
THE BLOCK PRO · RESEARCH

By reshaping how value moves across company structures, industries, and borders, stablecoins are positioning themselves as a critical enabler of the next generation of financial infrastructure.

3.1: PAYMENT NETWORK SETTLEMENT

Settlement between payment service providers (PSPs) and merchants typically takes several days. Acquirers collect batch payments from issuers on behalf of customers through payment networks, then remit funds to merchants via wire transfer. These processes involve multiple intermediaries, strict cut-off times, and reconciliation delays, all of which tie up merchant cash flow, increase operational complexity, and expose parties to counterparty and settlement risks.

Stablecoins offer a compelling alternative. When a PSP receives customer funds, it can issue an equivalent amount of stablecoins to the merchant's digital wallet in near real-time, across borders, and without relying on traditional payment infrastructure. Instead of waiting days for funds to clear through legacy systems, merchants receive their payouts instantly in stablecoins.



THE BLOCK PRO · RESEARCH

According to McKinsey, the global payments industry processed 3.4 trillion transactions in 2023, generating $2.4 trillion in total revenue. The sector is expected to grow at a compound annual growth rate (CAGR) of 5% over the next few years. Coupled with the continued decline of cash usage in both developed and emerging economies, stablecoins are well-positioned to capture a growing share of digital payment flows.

Some forward-thinking PSPs are already piloting or implementing stablecoin settlement networks, recognizing the strong demand for faster, cheaper, and more transparent payout mechanisms.

Visa has been pioneering stablecoin settlement capabilities since 2021, enabling Crypto.com to fulfill its Visa card settlement obligations as an issuer in Australia. Visa has since expanded the program to include acquirers like Worldpay to speed up settlement times for their merchants.

Mastercard now allows merchants to receive payments in stablecoins, regardless of how a consumer chooses to pay.

Paxos offers regulated blockchain infrastructure that enables PSPs to accept stablecoin payments and send stablecoin payouts globally. Their APIs allow merchants to benefit from real-time settlement, lower transaction costs, and optional instant conversion to fiat currencies.

Stripe's "Pay with Crypto" product is powered by Paxos' stablecoin infrastructure, making it easier for merchants to accept stablecoin payments without operational complexity.

3.2: ENTERPRISE TREASURY & LIQUIDITY MANAGEMENT

Multinational enterprises often need to move capital across subsidiaries and geographies to fund payroll, balance accounts, settle intercompany charges, and manage working capital. Traditional treasury operations are often slow, fragmented, and inefficient, as they depend on multiple banking partners and manual processes.

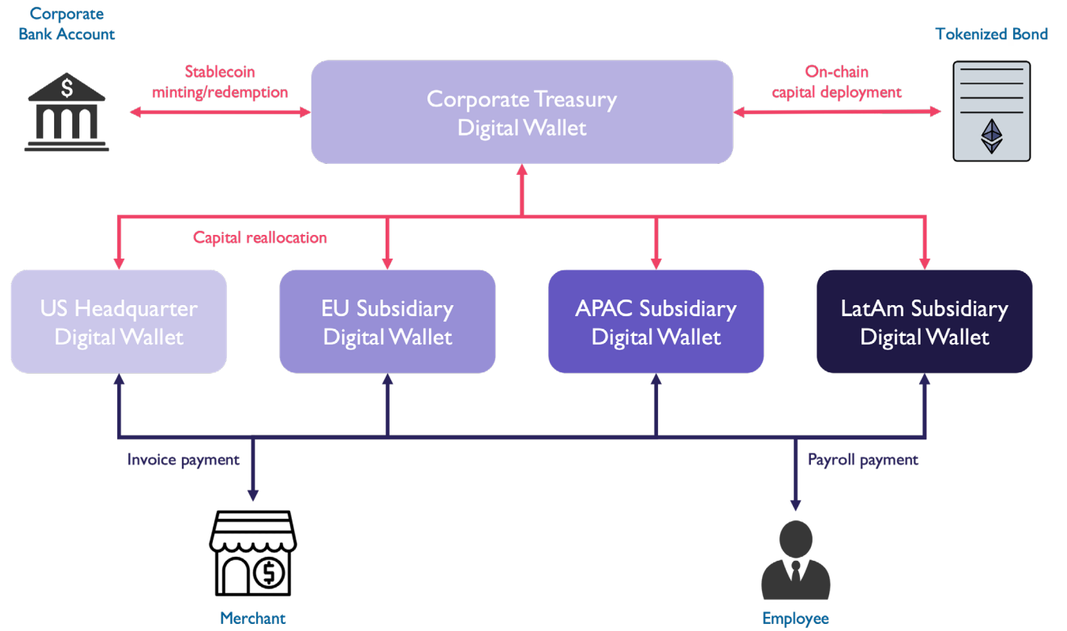
Stablecoins offer a faster and more cost-effective alternative. By adopting stablecoins,

enterprises can manage liquidity in real time, reduce foreign exchange conversion costs, and build programmable systems that streamline treasury workflows.

Stablecoins simplify treasury workflows by minimizing the number of counterparties involved. Instead of maintaining dozens of local bank accounts across jurisdictions and currencies, companies can implement a unified, blockchain-native treasury model that centralizes cash management, enables real-time reconciliation, and ensures transparent audit trails.

Smart contracts can automate functions such as cash sweeps, liquidity provisioning, and intercompany settlements, significantly lowering administrative overhead. With stablecoins, new treasury models such as cash pooling and real-time treasury networks become feasible and scalable.

Stablecoin-based Enterprise Treasury Management



THE BLOCK PRO · RESEARCH

A working paper from the International Monetary Fund (IMF) noted that cash holdings of non-financial corporate firms rose during the COVID-19 pandemic and further increased amid post-pandemic monetary tightening in the United States, reflecting heightened economic uncertainty.

In this context, stablecoins offer corporations the flexibility to manage and deploy capital rapidly, enabling them to adapt to government policy changes and macroeconomic shifts.

One of the major limitations of stablecoins, compared to traditional bank accounts and financial instruments used in corporate treasury management, is the absence of mechanisms to generate low-risk yield on cash reserves, which is a key factor that has hindered broader enterprise adoption.

Paxos' USDG addresses this by distributing up to 100% of reserve revenue to its stablecoin network partners, helping to offset the opportunity cost of holding stablecoins in corporate treasuries.

As the tokenization of financial assets accelerates, stablecoins are becoming an increasingly attractive tool for agile treasury management, providing access to a wide range of regulated financial instruments.

Visa has integrated stablecoins into its treasury operations, settling transactions with selected financial institutions using stablecoins. Visa's partnership with Anchorage, a federally chartered digital asset bank, supports reconciliation, currency conversion, and settlement reporting for stablecoin transactions, demonstrating early real-world adoption of stablecoin-driven treasury systems.

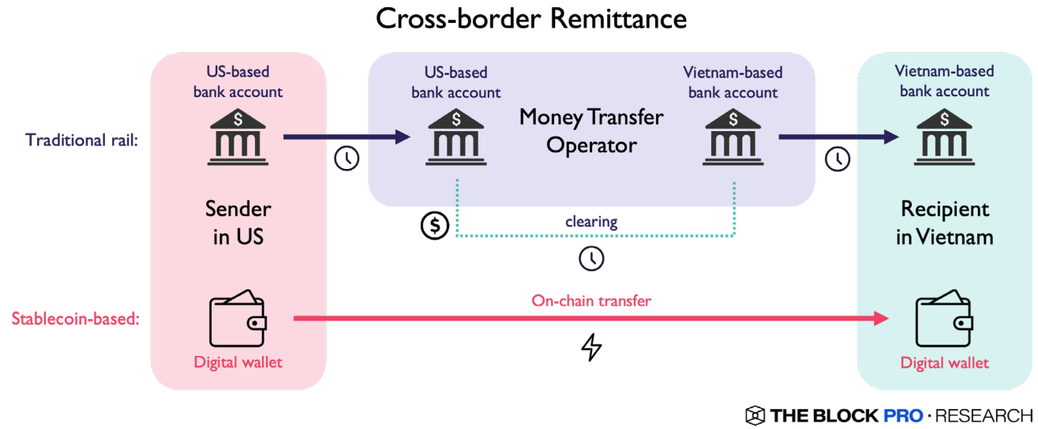
3.3: INDIVIDUAL CROSS-BORDER REMITTANCES

In today's increasingly globalized world, cross-border payments have become a vital part of everyday life, particularly for individuals sending remittances to their families across national borders.

Traditional remittance corridors are notoriously expensive and slow. In Q3 2024, the global average cost of sending $200 and $500 stood at 6.6% and 4.4%, respectively, according

to the World Bank. The same report also noted that digital remittances are slower than their non-digital counterparts across all continents, mainly due to bottlenecks within traditional banking services.

Stablecoins offer a solution that facilitates fast and low-cost money transfers between individuals across borders. Individuals can send stablecoins globally via digital wallets or payment providers, settling transactions within seconds and at minimal cost, bypassing the delays and exorbitant fees associated with legacy banking systems and money transfer operators.



Approximately 1.4 billion adults worldwide remain unbanked, with no access to traditional banking services, according to the World Bank. Still, mobile phone penetration is high even in low-income countries.

By leveraging mobile-friendly digital wallets, stablecoins can serve as a form of economic empowerment for the unbanked, enabling them to access and store value digitally. This opens up remittances to a broader segment of the global population, making financial services more inclusive.

According to the World Bank, remittance flows to low- and middle-income countries reached $685 billion in 2024, with a projected CAGR of 5.8%. In contrast, remittance flows to high-income countries totaled $219 billion, with a CAGR of 0.7%. The expanding remittance industry, especially in emerging markets, presents a significant opportunity for stablecoins to capture market share.

MoneyGram, in partnership with Stellar, now enables cross-border stablecoin remittances in selected markets. This partnership signals a growing and inevitable role for stablecoins within the global remittance industry.

3.4: SUPPLY CHAIN FINANCE

Traditional supply chain finance heavily relies on intermediated, fiat-based banking systems. These processes are often burdened by long settlement cycles and high intermediary fees, which constrain cash flow efficiency and introduce pricing uncertainties between buyers and suppliers, particularly in cross-border transactions.

Stablecoins offer a compelling alternative for business-to-business (B2B) payments in global supply chains. By enabling direct, near-instant settlement between counterparties, stablecoins eliminate delays associated with correspondent banking networks, intermediary processing, and regional banking holidays.

For example, instead of waiting two to five business days for a wire transfer, a US-based retailer can settle an invoice with a supplier in Vietnam within minutes, enhancing liquidity and reducing settlement risk.

Moreover, stablecoin transactions can bypass multiple intermediaries, cutting transaction costs by up to 80% in some cases, according to a 2023 study by Uniswap Labs. This is particularly impactful in high-volume procurement or low-margin industries, where every basis point in cost matters.

Beyond speed and cost, stablecoins also introduce programmability to payments. Smart contracts can embed conditional logic into invoices or trade agreements, such as automatically releasing a payment upon the shipment, receipt, or inspection of goods. This

automation strengthens trust between counterparties, minimizes human error, reduces fraud, and streamlines dispute resolution.

According to estimates by IMARC Group, the global supply chain finance market was valued at $7.5 billion in 2024 and is projected to exceed $15 billion by 2033, reflecting a CAGR of over 8%. This high-growth trajectory presents significant opportunities for stablecoins to gain a foothold in the market.

The same study also highlights that small- and medium-sized enterprises (SMEs), which constitute the majority of suppliers worldwide, collectively face a financing gap of up to $8 trillion. This underscores a vast, untapped addressable market where stablecoins could play a transformative role. By facilitating faster, cheaper, and more transparent cross-border payments, stablecoins offer a scalable solution to improve liquidity and bridge financing shortfalls across global supply chains.

3.5: INSTITUTIONAL CUSTODY & SETTLEMENT

Institutional asset managers, investment funds, and custodians currently rely heavily on legacy systems for clearing and settling trades, especially in cross-border securities transactions. These systems are often hindered by different working hours in various time zones, multiple intermediaries, and slow reconciliation processes. Settlement delays can create liquidity risks, increase capital costs, and exacerbate counterparty risk.

Stablecoins offer a transformative solution by enabling instant, programmable, and verifiable transfers of assets across jurisdictions and time zones without dependence on centralized clearing houses or traditional banking hours.

Consider an investment fund in Hong Kong purchasing equity in a US-listed company. Under traditional systems, once the trade is executed, it enters a clearing cycle where custodians handle reconciliation and risk checks. The final settlement often takes one to two business days (as with T+1 and T+2 systems), exposing both parties to market and operational risks.

With stablecoins and tokenized securities, the settlement process becomes significantly

more efficient. Upon trade execution, the fund can transfer stablecoins from its digital wallet to the seller's custodian. Simultaneously, tokenized securities are delivered on a shared, cryptographically secure ledger. The transaction is verified instantly, ensuring real-time settlement finality and drastically reducing settlement times from days to seconds.

According to RWA.xyz, the current market cap of tokenized real-world assets (RWAs) stands at $21 billion (excluding stablecoins), with McKinsey estimating the total tokenized market cap could reach up to $4 trillion by 2030. This growth will be driven by the adoption of mutual funds, bonds, exchange-traded notes (ETNs), loans, and securitization. The rapid expansion of RWA tokenization is setting the stage for stablecoin-driven on-chain settlement in cross-border securities transactions.

Additionally, the Depository Trust & Clearing Corporation (DTCC), a major US clearinghouse, processes over $2 quadrillion annually in securities transactions, according to the World Economic Forum. Blockchain technology and stablecoins are poised to reduce friction in the settlement process, enhancing the efficiency of securities transactions, even if tokenized markets represent only a limited fraction of the total securities market.

3.6: ONLINE PAYMENTS

E-commerce has revolutionized the way businesses and consumers interact, with online transactions becoming a common method of purchasing goods and services. However, traditional card-based online payments come with challenges, including high transaction fees and slow processing times. Average online payment processing fees typically range from 1.5% to 3.5% of the transaction amount, plus a fixed fee (often $0.30 per transaction). Stablecoin payments are often much cheaper, involving fewer intermediaries and settling within seconds.

Chargebacks are another longstanding issue with card-based payments. Customers can dispute transactions, sometimes fraudulently, leading to revenue losses and additional administrative costs for merchants. The dispute process is often slow, costly, and biased toward consumers.

Merchants can opt into 3-D Secure (3DS) as an additional security for chargeback-free

transactions, shifting the liability to card issuers in cases of fraud. However, the added friction in the authentication process leads to lower conversion rates, negatively impacting business revenue.

Stablecoins, in contrast, offer settlement finality. Once a stablecoin transaction is confirmed, it cannot be reversed without explicit consent from the merchant. This eliminates unauthorized chargebacks and provides stronger protection against fraudulent disputes.

As stablecoins gain mainstream traction, a growing number of customers may prefer to pay with them, further incentivizing merchants to support stablecoin payments and potentially expanding their customer base.

Moreover, stablecoins pave the way for more decentralized marketplaces. By leveraging blockchain's transparency and security, stablecoins can democratize e-commerce, enabling small merchants to participate globally without relying on traditional financial intermediaries. This would foster a more inclusive digital commerce ecosystem.

Early examples of decentralized marketplaces are emerging in the NFT space, where customers can purchase digital art permissionlessly using stablecoins with minimal fees. Royalty payments, if applicable, can be transparently tracked on public blockchains, ensuring fairness and trust between creators and buyers.

With over five billion internet users worldwide, e-commerce continues to grow. According to Statista, retail e-commerce sales are projected to exceed $4 trillion globally by 2025, with further growth expected thereafter. Regions with high mobile and crypto penetration, such as Southeast Asia and Africa, represent fertile ground for stablecoin adoption in e-commerce.

Recognizing the opportunity, Shopify, one of the largest global e-commerce SaaS platforms, has integrated Solana Pay to enable merchants to accept stablecoin payments, eliminating traditional bank fees, chargebacks, and holding times.

3.7: IMPROVED ACCESS TO FINANCIAL PRODUCTS

Access to traditional financial products like loans, savings, and investment opportunities

remains limited in many regions. Local financial institutions often restrict access to foreign currencies and equities, making them available only to high-net-worth individuals (HNWIs).

DeFi platforms using stablecoins offer a more accessible alternative with global reach. By combining the programmability of blockchains with the stability of fiat-pegged assets, stablecoins empower underbanked populations, unlock new yield opportunities, and support the creation of a more inclusive financial system.

Retail users with internet access can now tap into global liquidity permissionlessly, opening new financial opportunities for both individuals and institutions. This shift builds on stablecoins' existing role in providing underbanked populations access to USD exposure, helping them preserve wealth in the face of unstable local economic conditions.

As RWA tokenization gains traction, the total addressable market for DeFi expands dramatically. Traditional assets can now be brought on-chain, enabling them to be traded, borrowed against, and invested in within a blockchain environment.

As a result, DeFi is evolving beyond crypto-native assets and into the much larger world of traditional finance in part by its use of stablecoins, significantly amplifying its growth potential.

SECTION 4
PATHWAYS TO GREATER ADOPTION

Realizing these opportunities will require structural, regulatory, infrastructural, and operational shifts to transition stablecoins from crypto-native use cases to mainstream enterprise and institutional adoption.

This shift involves addressing challenges such as market trust, regulatory uncertainty, integration with existing corporate workflows, and market fragmentation. Overcoming these barriers is essential for stablecoins to unlock their full potential across a wide range of sectors.

4.1: PRICE STABILITY

The primary utility of stablecoins lies in their price stability. However, this stability has been tested, and at times failed, during their short history.

The collapse of Terra's UST in May 2022 was a pivotal moment, exposing the fragility of algorithmic stablecoins that rely heavily on endogenous collateral. Over $18 billion in value evaporated in a death spiral triggered by a loss of market confidence, underscoring the risks associated with the unstable backing of volatile assets.

Even fiat-backed stablecoins could face depegging risks if their reserve assets are

inaccessible or perceived as unsafe. In March 2023, Circle's USDC briefly depegged after $3.3 billion of its reserves were caught in the collapse of Silicon Valley Bank (SVB)—approximately 8% of USDC's total reserves. USDC dropped to $0.88 before re-pegging, following the FDIC's assurance that all SVB depositors would be made whole.

Stablecoin Must-have: Robust Reserve Management

As stablecoins become more deeply embedded in global payment and financial systems, their failure could introduce systemic risks with widespread economic consequences. To mitigate this, issuers must adopt robust reserve management practices that ensure redemption requests can be met even under extreme stress.

First and foremost, to enable trust via transparency, stablecoins must be fully backed by reserves held on at least a 1:1 basis in cash or cash-equivalent assets. This principle is reinforced by regulatory frameworks, such as the 2022 guidance from the New York Department of Financial Services (NYDFS) and the upcoming Single Currency Stablecoin regulations from the Monetary Authority of Singapore (MAS).

In addition to adequate backing, reserve assets for regulated stablecoins must be held in bankruptcy-remote, segregated accounts, legally insulated from other creditor claims in the unlikely event of the issuer's insolvency. This structure protects stablecoin users and ensures that stablecoins remain redeemable regardless of the issuer's financial health.

Transparency also plays a critical role in fostering trust. Regulated stablecoin issuers must provide regular reporting of reserve holdings and undergo third-party audits to verify their claims regarding stablecoin reserves. Singapore's MAS mandates that licensed stablecoin issuers publish monthly attestation reports, while ongoing legislative efforts in the US, such as the GENIUS Act and the STABLE Act, support a similar reporting standard.

Stablecoin Issuers Comparison

Issuer	Tether	Circle	First Digital	Paxos
Stablecoin	USDT	USDC	FDUSD	USDG
Incorporation	BVI	US	HK	SG
Bankruptcy remoteness	No	Claimed but uncertain	Claimed but unregulated	Bankruptcy protected & regulated
Attestation	Quarterly	Monthly	Monthly	Monthly
Reserve revenue sharing	No public disclosure	50% w/ Coinbase	No public disclosure	Up to 100% w/ GDN partners

THE BLOCK PRO · RESEARCH

4.2: REGULATORY COMPLIANCE

One of the most persistent obstacles to wide-scale institutional adoption of stablecoins is regulatory uncertainty, particularly concerning anti-money laundering (AML) and counter-terrorism financing (CTF) compliance. Enterprises looking to integrate stablecoins into their operations face a complex and often fragmented global regulatory landscape, which increases their exposure to legal and reputational risks.

While traditional financial institutions and payment systems operate under well-established compliance regimes, emerging stablecoins occupy a gray area. In particular, the decentralization aspect of blockchains means that on-chain activities are not comprehensively covered by existing compliance regulations, which were drafted before the advent of blockchain technology.

As a result, concerns about the potential misuse of stablecoins for illicit activities have arisen, creating compliance challenges that hinder enterprise adoption.

Stablecoin Must-have: Multi-jurisdictional Licenses

To mitigate these challenges, various jurisdictions are beginning to establish unified AML regulations in alignment with the 2021 guidance from the Financial Action Task Force (FATF) on stablecoins. As stablecoins become more integrated into the global financial system, ensuring consistent AML standards across jurisdictions is essential to reduce the risks of non-compliance and regulatory arbitrage. A coordinated approach will help pave the way for compliant, stablecoin-based cross-border B2B transactions.

The European Union (EU) has introduced the Markets in Crypto-Assets Regulation (MiCA) framework, which mandates that stablecoin issuers be licensed and supervised by national authorities. While issuers like Circle and Paxos have obtained licenses in France and Finland, respectively, others, like Tether, have yet to receive EU regulatory approval. This has led some exchanges and digital asset service providers to delist Tether's USDT for customers in the European Economic Area (EEA).

Similarly, Singapore's MAS has implemented a comparable licensing scheme, with other jurisdictions expected to follow suit in the coming years. In the United States, the proposed GENIUS Act would require stablecoin issuers to register with state regulators, with issuers boasting over $10 billion in market value also needing to register with federal authorities.

Licensing schemes help legitimize stablecoins by placing them on par with other modes of electronic money transmission, making stablecoin payments legally recognized as a form of electronic fund transfer. This shift in regulatory status is crucial for ensuring the widespread institutional adoption of stablecoins, as it normalizes their use in enterprise applications, including custody, settlement, and treasury management.

Ultimately, coordinated multi-jurisdictional licensing frameworks provide stablecoin issuers with the clarity and regulatory certainty needed to operate globally while minimizing compliance risks for enterprises seeking to integrate stablecoins into their financial operations. As regulations evolve and become more standardized, institutional confidence in stablecoins is likely to grow, accelerating their adoption as a trusted means of payment and value storage.

4.3: INFRASTRUCTURE READINESS

Stablecoins offer compelling benefits such as near-instant settlement, reduced reliance on intermediaries, and programmability. However, the technological infrastructure needed to support secure, scalable, and enterprise-grade adoption is still maturing.

Many legacy systems in financial institutions and multinational corporations are not natively compatible with blockchain technology. Integrating stablecoins into treasury operations, invoicing systems, or cross-border payment flows often requires complex middleware, new API layers, or complete platform overhauls. These changes demand significant upfront investment and ongoing operational effort, especially since enterprises must maintain high standards of reliability, auditability, and compliance.

Another challenge is the irreversibility of blockchain transactions. Unlike traditional systems, where errors can often be corrected through intermediaries, stablecoin transfers on-chain are final. This introduces new operational risks, as misrouted, duplicated, or unauthorized transactions can result in permanent financial loss. Enterprises need resilient internal controls to mitigate these risks.

Infrastructure fragmentation adds further complexity. Different blockchains have varying standards for wallets and tokens. As a result, enterprises operating across multiple chains face inconsistent tooling, fragmented integrations, and increased security exposure. This makes platform orchestration a pressing need.

Stablecoin Must-have: Platform Orchestration

To scale stablecoin adoption, enterprises need more than isolated tools. They require orchestrated platforms that unify stablecoin operations across all infrastructure layers, with a focus on security, scalability, and interoperability.

Core functionalities should include integrated flows for stablecoin issuance and redemption, multi-party computation (MPC) wallets with granular access controls, and enterprise-grade compliance systems with real-time transaction monitoring and

automated adherence to FATF's Travel Rule.

To address the risks of irreversible on-chain transactions, stablecoin platforms should also provide safeguards such as pre-transaction simulations, policy enforcement engines, and anomaly detection tools that flag unusual activity before transaction execution.

Ultimately, robust platform orchestration helps bridge the gap between blockchain-native stablecoin management and traditional enterprise operations. It enables institutions to adopt stablecoins in a secure, efficient, and scalable manner.

4.4: MARKET FRAGMENTATION

As stablecoin adoption accelerates, the market is becoming increasingly fragmented. Dozens of issuers, ranging from crypto-native firms to fintech startups and traditional financial institutions, are launching their own stablecoins in a bid to capture market share in a rapidly expanding sector.

While this proliferation signals confidence in the future of stablecoins, it also leads to liquidity fragmentation. Value is dispersed across numerous stablecoins, weakening network effects and reducing interoperability. Enterprises face greater operational friction when navigating the usage of different stablecoins across different platforms and jurisdictions.

The lack of a unified and reliable digital dollar adds complexity. This is especially problematic for enterprise use cases that depend on scale, consistency, and trust.

Stablecoin Must-have: Incentive Alignment

In a crowded and fragmented market, stablecoin issuers must align incentives with enterprise users across the full transaction lifecycle in order to differentiate themselves.

Most issuers currently retain the majority of reserve-generated revenue, offering limited direct benefits to ecosystem participants. The Global Dollar Network (GDN), through its native stablecoin USDG, adopts a different economic framework that distributes reserve

revenue to partners that actively drive adoption and utility.

GDN partners are rewarded for holding, minting, and receiving USDG. This creates a comprehensive incentive model that promotes both liquidity and usage. Holding rewards encourage enterprises to convert and retain idle cash in the form of USDG. Minting rewards incentivize growth by expanding the supply base.

Most importantly, rewards for accepting USDG transactions promote its use as a medium of exchange rather than just a store of value. This full-spectrum incentive alignment helps establish a positive feedback loop of adoption, setting USDG and the GDN apart from other stablecoin models and strengthening their position as a potential enterprise standard.

Adoption Challenge	Stablecoin Must-have
Price Stability • Stablecoins may depeg under extreme market stress as market confidence deteriorates	**Robust Reserve Management** • Stablecoins should be backed by at least 100% cash or cash-equivalent assets held in bankruptcy-remote accounts, with monthly attestation of reserve holdings
Regulatory Compliance • Stablecoin transactions may not be fully compliant with existing AML/CTF regulations	**Multi-jurisdictional Licenses** • Stablecoins should be licensed in multiple jurisdictions to be on par with other modes of e-money transmission in order to facilitate compliant cross-border transactions
Infrastructure Readiness • Integrating stablecoin operations into legacy corporate systems may be complex	**Platform Orchestration** • Stablecoins should be accompanied by orchestrated platforms that unify stablecoin operations with secure, scalable, and compliant infrastructure for enterprise use
Market Fragmentation • A crowded stablecoin landscape dilutes liquidity and reduces interoperability, creating friction for enterprise adoption	**Incentive Alignment** • Stablecoins should incentivize enterprise users across the full transaction lifecycle • E.g., USDG's reserve revenue is shared among institutional partners of the Global Dollar Network (GDN) who hold, mint, and receive USDG

THE BLOCK PRO · RESEARCH

SECTION 5
TAKEAWAYS

Enterprises are increasingly recognizing the value of stablecoins as efficient tools in global finance, supporting use cases ranging from payment settlement to streamlined treasury management. By enabling fast, low-cost cross-border transactions via blockchain networks, stablecoins present a compelling alternative to legacy banking infrastructure.

Nevertheless, realizing their potential as a universal settlement layer depends on overcoming several key barriers. These include ensuring robust and transparent reserve management, navigating evolving regulatory requirements, and facilitating seamless integration into existing corporate systems through effective platform orchestration.

One of the most overlooked challenges is the risk of market fragmentation. Existing stablecoins often provide little to no financial upside for the enterprises supporting their ecosystems. This misalignment of incentives slows adoption and innovation, prompting some companies to launch proprietary stablecoins in an attempt to capture more value. This further dilutes liquidity and weakens network effects.

To address this, collaboration should be prioritized, and stablecoin models must align incentives across the ecosystem to support the adoption of shared solutions. Paxos' USDG exemplifies this approach with a novel revenue-sharing model, where reserve revenue is distributed among GDN partners based on their usage of USDG.

For instance, Kraken, a leading US-based crypto exchange and a GDN partner, offers

Billions to Trillions: Stablecoin Use-cases Poised to Expand the Market THEBLOCK.CO

rewards on USDG holdings to its subscribing customers, delivering returns through a stablecoin designed to share the upside. This incentive model drives corporate participants to boost the utility and adoption of a common solution, fueling a sustainable cycle of network growth.

As the global financial system evolves, stablecoins are at the forefront of innovation, poised to redefine how value moves across borders and industries. Enterprises that embrace this shift stand to gain significantly, unlocking greater efficiency, enhanced liquidity, and a competitive edge in the emerging digital asset economy.