STABLECOINS

The $245 Billion Quiet Revolution Reshaping Global Payments

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FOREWORD

When I first delved into the world of payments, the idea that digital tokens pegged to real-world currencies would one day move billions across borders in seconds seemed fanciful. Today, stablecoins are not only real, they're quietly rewiring the global financial system. Their rise has been swift (pun intended 😉), yet their story is often misunderstood, overshadowed by the noise of crypto speculation and regulatory debate.

I wrote this paper because I've witnessed how innovation can outpace both our expectations and our frameworks for trust, regulation, and operational resilience. Having spent years at the intersection of finance, technology, and compliance, I know that the best outcomes come from asking the uncomfortable questions and embracing change with a clear-eyed view of both risks and rewards.

My aim is for this white paper to help decision makers and knowledge seekers, whether you're in the boardroom, the treasury, or leading digital transformation, decode the hype and navigate the opportunities and pitfalls of stablecoins. I've tried to make it practical, thought-provoking, and, dare I say, even a bit enjoyable (because financial plumbing doesn't have to be dull).

The future of money is being built now. Let's make sure it's robust, transparent, and fit for purpose.

Neira Jones

June 2025

ORGANISATIONS MENTIONED IN THIS REPORT

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Amazon
Antier Solutions
BBVA
BCP Technologies
Bank of International Settlements
BPM LLP
BVNK
Bain & Company
Bank of America
Bank of England
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Blockchain App Factory
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If any of the organisations mentioned are surprised to find themselves featured, rest assured, they had no say in the matter!

EXECUTIVE SUMMARY

The Stablecoin Crossroads: Payments' Quiet Revolution

A silent transformation is underway in global finance, one where digital tokens pegged to fiat currencies are moving value faster, further, and more flexibly than ever before. Stablecoins now underpin trillions in annual transactions, enabling instant cross-border trade, streamlined B2B settlements, and new forms of merchant payouts. Yet beneath this surge lies a paradox: the same attributes driving adoption - speed, programmability, and 24/7 availability -also introduce new risks, regulatory challenges, and operational complexities.

The Stakes Are High

- **Efficiency Unleashed**: Stablecoins offer instant settlement, reduced costs, and programmable treasury operations, unlocking working capital and new business models.
- **Regulatory Uncertainty**: Diverging global frameworks, from the EU's MiCA to the UK's sandbox and US legislative debates, create both opportunity and risk for first movers.
- **Retail Reality Check**: Despite the hype, stablecoins remain the domain of institutions and the digitally savvy, with mainstream consumer adoption still on the distant horizon.
- **Systemic Implications**: Market concentration, liquidity risks, and the interplay with traditional finance mean that stablecoins are now too significant to ignore.

Strategic Imperatives for Executives

This report reveals the main themes:

1. **Focus on B2B and Cross-Border:** The clearest value lies in high-value, cross-border, and treasury use cases, not retail payments.
2. **Prioritise Compliance and Resilience:** Regulatory clarity, robust risk management, and business continuity planning are essential for sustainable adoption.
3. **Prepare for Integration:** Success depends on interoperability with legacy systems and readiness for rapid regulatory change.

Why This Matters Now

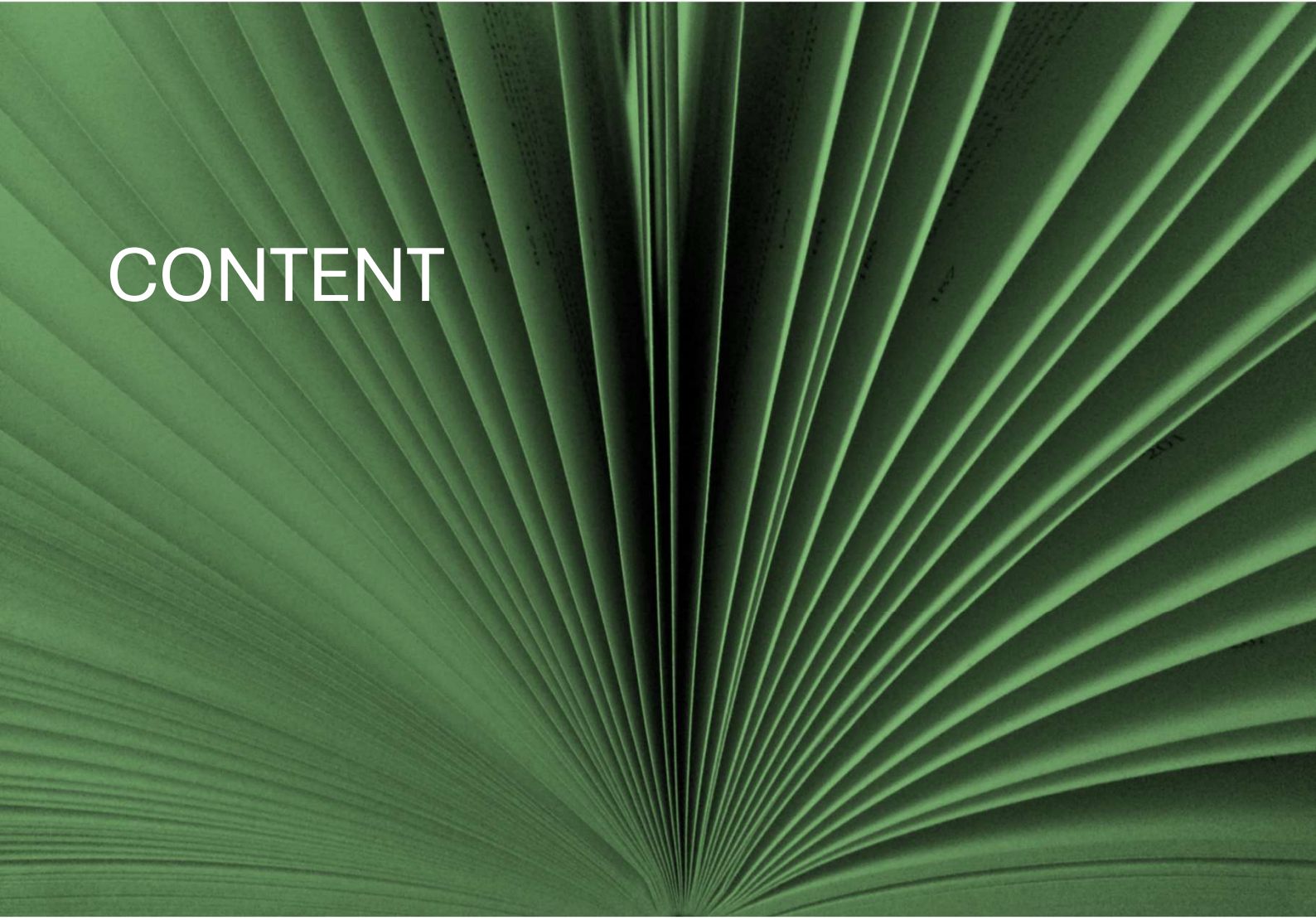
Stablecoins are gaining prominence as global payments and regulatory frameworks evolve, prompting organisations to reassess how value is transferred and managed across borders. As adoption accelerates among institutions and corporates, understanding the strategic, operational, and compliance implications of these digital assets has become increasingly relevant for decision-makers seeking to navigate a rapidly changing financial landscape.

What Lies Ahead

Within these pages, discover:

- how leading organisations are piloting, partnering, and sometimes pivoting as the stablecoin landscape matures.
- where the true opportunities - and the hidden pitfalls - lie,
- and how to position your business to benefit from this quiet but profound revolution in global payments.

Turn the page. The future isn't coming, it's already here.



CONTENT

Stablecoins:
The $245 Billion Quiet Revolution Reshaping Global Payments

While Bitcoin's volatility dominates crypto headlines, stablecoins have quietly become the backbone of a $245 billion* financial revolution[1]. These digital assets, pegged to currencies like the dollar and pound, now facilitate more transaction volume than many legacy payment networks.

From cross-border trade to merchant settlements, stablecoins aim to redefine value movement in a globalised economy. Yet, from what I observe, lack of understanding and confusion still reign amongst many executives.

1,125% increase
Stablecoin market cap soared from $20 billion in 2020 to $245 billion in 2025

Numbers That Tell A Story

In the rapidly evolving landscape of digital finance, numbers speak louder than words. The explosive growth of stablecoins over the past few years has reshaped the way global transactions are conducted, yet their true impact often remains hidden behind complex charts and statistics.

In Latin America,
71% of firms use stablecoins
for cross-border payments

This section uncovers the scale and geographic distribution of the stablecoin market, revealing where adoption is accelerating, where regulatory hurdles are slowing progress, and how different regions are leveraging these digital assets to bypass traditional financial barriers. By understanding the story told by these numbers, executives can grasp the real momentum behind stablecoins, and the opportunities they present for strategic advantage, as well as the risks they present.

We cut through the noise with hard numbers that reveal where - and why - stablecoins are gaining ground. From Latin American businesses dodging hyperinflation to Asian SMEs slashing cross-border fees, the data paints a picture of a financial tool rapidly evolving from experimental to increasingly important for specific use cases.

In this paper, we'll focus exclusively on fiat-backed stablecoins (the enterprise-ready choice for B2B transactions), leaving riskier algorithmic or crypto-collateralised variants to the DeFi crowd.

** Fiat-backed stablecoin market capitalisation, June 2025*

From Zero to $245 Billion: Mapping the Boom

The growth of stablecoins has been nothing short of extraordinary. The total market capitalisation has skyrocketed from just $20 billion in 2020 to $245 billion in June 2025[3], representing a staggering 1,125% increase in five years! This growth is fuelled by surging trading activity, expanded payment use, and regulatory clarity in major markets. As of June 2025, Tether (USDT) leads with $155 billion market cap, while USDC has reached $61 billion.

What Stablecoin Is It Anyway?

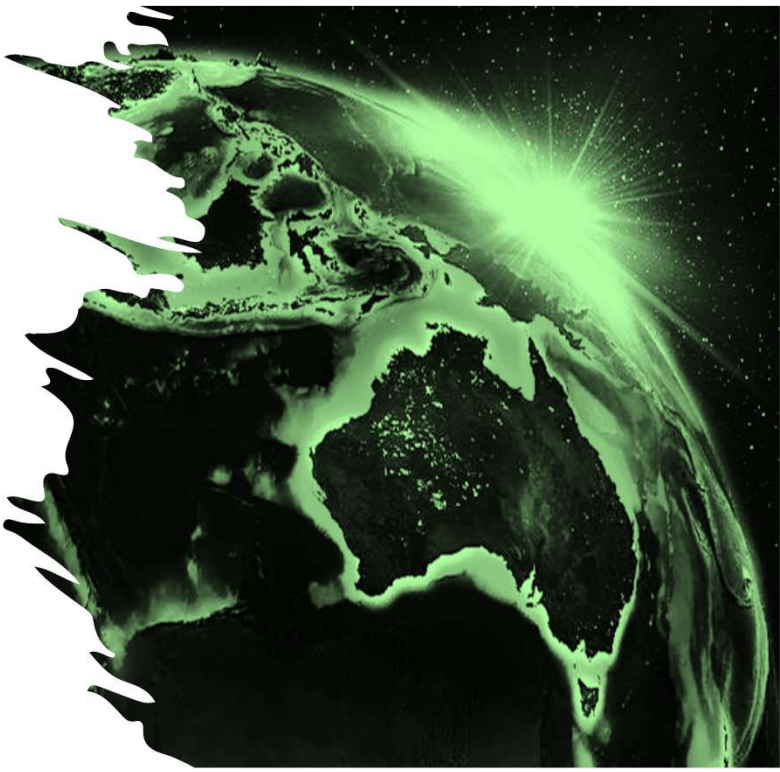
While there are several types of stablecoins, including fiat-backed, crypto-backed, algorithmic, and commodity-backed, the focus of this white paper is on fiat-backed stablecoins. These are the most widely adopted for business payments, merchant settlement, and cross-border transactions, as they are meant to be pegged 1:1 to traditional currencies (such as GBP, USD, or EUR) and backed by reserves held by regulated financial institutions.

Other types, such as crypto-collateralised or algorithmic stablecoins, are generally used in decentralised finance (DeFi) or for speculative purposes and are not currently relevant for mainstream B2B or treasury applications due to their complexity and risk profile. In this paper, I will concentrate on fiat-backed stablecoins and leave the rest for another time. For those interested in a more in-depth analysis of stablecoins (and other crypto assets), check out Chapter 5 of my book, “Beyond Payments” .

Europe’s regulatory shock

Europe accounts for just 22% of global stablecoin usage despite implementing the world's first comprehensive regulatory framework through MiCA, which has consolidated the market to only 12 licensed Crypto-Asset Service Providers (CASPs) and 10 Electronic Money Token (EMT) issuers by early 2025[7]. The regulatory implementation has caused significant market contraction, with 75% of Europe's 3,167 registered crypto service providers projected to lose registration status by June 2025, whilst compliance costs have increased sixfold from €10,000 to €60,000.

> ***“Europe’s pioneering stablecoin regulations have shrunk the market, driving up compliance costs and leaving just a handful of licensed providers standing.”***



Asia-Pacific: Institutional Leadership

Asia-Pacific leads globally in overall institutional stablecoin adoption, with 56% of institutions already implementing stablecoins - the highest institutional adoption rate worldwide - with an additional 40% piloting or planning deployment across Singapore, Seoul, Tokyo, and Hong Kong[4]. Singapore's XSGD processed over $8 billion in transaction volume, whilst Hong Kong's comprehensive stablecoin legislation took effect in August 2025.

Latin America: Cross-Border Revolution

Latin America achieves the fastest regional deployment for cross-border payments, with 71% of firms now using stablecoins for this purpose, significantly ahead of the 49% global average[5]. Argentina leads with stablecoins accounting for 61.8% of all crypto activities, whilst Brazil follows at 59.8%, with Brazil's Central Bank reporting that 90% of the country's crypto flows are linked to stablecoins as of February 2025[6].

> ***Asia-Pacific leads in overall institutional stablecoin adoption, while Latin America is out in front for cross-border payment deployment.***

United States: Leading Share, Measured Uptake

The United States commands 50% of global stablecoin usage, the largest regional market share worldwide, primarily through USD-backed tokens like USDT and USDC that are issued by US-based entities and used extensively for trading, settlement, and liquidity across both domestic and international crypto markets[8]. In practice, the US shows modest current stablecoin deployment, with only 7% of Fortune 500 companies using stablecoins operationally, whilst 18% of SMEs report daily usage, significantly trailing Latin America's 71% cross-border payment adoption and Asia-Pacific's 56% institutional implementation rate[9]. Despite this conservative actual usage, American corporate interest has surged dramatically, with Fortune 500 executive interest tripling from 8% in 2024 to 29% in 2025, whilst 34% of US small businesses now integrate crypto tools into operations, double the 2024 figure, as regulatory clarity through the pending GENIUS Act creates optimism for broader deployment[10].

United Kingdom: Sterling's Stablecoin Struggle

As of June 2025, GBP-linked stablecoins have a combined market capitalisation of less than $400,000 (~ £295,000), with VNX British Pound (VGBP) representing most of this total[11]. This represents an extremely small fraction (less than 0.2%) of the overall stablecoin market, which recently surpassed $250 billion[12]. The recent launch of Tokenised GBP (tGBP) by BCP Technologies[13], an FCA-registered crypto firm, may alter this landscape, but previous attempts (e.g. Tether, poundtoken, Celo British Pound) to launch successful British pound-backed stablecoins have not gained significant traction[14]. Undeniably, the overall GBP stablecoin market remains niche compared to its US dollar counterparts. Yet the sterling stablecoin space is far from dormant, with a growing constellation of British players - from Santander's early-stage plans to launch both euro and dollar-denominated stablecoins through its Openbank platform[15], to ClearBank's active partnerships supporting Poundtoken's reserves at the Bank of England[16], and BCP Technologies' freshly minted tGBP following a gruelling 14-month FCA sandbox review[17] - all quietly building the infrastructure that could transform how pounds flow through tomorrow's digital economy.

> ***The US dominates stablecoin volume but remains cautious in business adoption, while the UK's sterling stablecoin market is still finding its feet.***

Where Stablecoins Deliver Real Value

Stablecoins enter this landscape as a complementary solution, addressing pain points such as instant settlement, lower costs, and transparency.

However, as incumbents modernise, stablecoins must demonstrate clear, sustainable advantages and interoperability with existing infrastructure to achieve widespread adoption.

Global remittance costs average

6.62% of amount sent

excluding hidden costs

Cross-Border Payments: Slashing the $120 Billion Fee Burden

Cross-border payments remain surprisingly expensive and frustratingly slow in our hyperconnected world, but stablecoins are beginning to offer a compelling alternative, though the revolution is still more evolution than transformation[18].

Faster settlement

Lower costs

24/7 availability

Global companies moving nearly $23.5 trillion across borders annually incur transaction costs of more than $120 billion[19]. According to the World Bank[20], global remittance costs average 6.62% (March 2025) of the amount sent, with significant regional variations[21] (from a relatively modest cost in developed markets to over 7% in sub-Saharan Africa), with additional hidden costs including currency conversion markups that can add substantial fees per transaction. But moving money across borders in 2025 still feels like sending a letter by carrier pigeon in the age of instant messaging.

To be fair, the traditional payments infrastructure hasn't been sitting idle. SWIFT's Global Payments Innovation (GPI) has dramatically improved processing times, and recent data shows that 90% of SWIFT cross-border payments reach destination banks within an hour, with median processing under two hours[22].

Nevertheless, stablecoins offer a fundamentally different approach to digital payments, operating on blockchain networks that provide continuous availability without the constraints of traditional banking hours or geographic limitations.

For cross-border payments, stablecoins may offer several advantages:

- **Faster settlement times**: Stablecoin transactions typically settle within seconds or minutes, a marked improvement over the several days often required for international bank transfers; however, this speed can be reduced if users need to convert to local currency or if blockchain networks are congested.
- **Lower transaction costs**: most stablecoin transfers incur fees well under £1, offering a notable cost advantage over cross-border bank transfers. However, stablecoin fees can increase during periods of network congestion or on certain blockchains, and actual savings will depend on the transaction size, corridor, and platforms involved.
- **24/7 availability**: stablecoins can be sent and received at any time, including weekends and holidays, offering continuous access that traditional banks can't match. However, actually converting stablecoins to or from local currency may still depend on banking hours or be restricted by local regulations.

> ***Stablecoins offer notable speed, cost, and availability advantages over legacy payment rails, though real-world results depend on network conditions and integration with traditional finance.***

B2B Payments: The Corporate Treasury Revolution

The $36 billion B2B stablecoin payment volume reveals emerging operational changes across corporate treasury functions[23]. Research indicates that stablecoin implementations are generating measurable improvements in specific areas, though adoption remains concentrated among early-adopting enterprises.

- **Real-time settlement** capabilities can release working capital trapped in traditional payment systems, with analysis suggesting $11.6 billion is currently held in transit across major B2B payment corridors. Stablecoins can release this capital by reducing settlement times from 3-6 days to minutes, with projected returns of $2.9 billion for businesses by 2027[24].
- **Automated FX hedging** may reduce risk for adopters. Stablecoins provide currency risk mitigation tools for international businesses, particularly in volatile currency environments[25]. Enterprises can use dollar-pegged stablecoins to bypass exchange rate fluctuations that traditionally require complex forex hedging strategies. However, specific adoption rates for automated FX hedging through stablecoins require further verification, as this remains an emerging use case.
- **Supply chain finance** programmes using stablecoins surged dramatically from under $100 million monthly at the start of 2023 to over $3 billion by early 2025, representing a 30-fold increase. This growth demonstrates expanding adoption in treasury operations and cross-border settlements.

Whilst a real-life quote from a business user couldn't be found, a Nilos analysis of over 200 enterprise implementations found that "a Fortune 500 manufacturer implemented stablecoin settlements across 12 countries, reducing average settlement time from 3 days to 2 minutes and saving $45 million annually in banking fees"[26]. This absence of publicly attributed corporate testimonials itself reflects the cautious approach many businesses take when discussing emerging financial technologies, even as adoption accelerates behind the scenes.

Merchant Settlement Innovation

For a few years now, leading global acquirers, including Worldpay, Nuvei, and Checkout.com, have partnered with networks such as Visa to enable merchants to receive settlements directly in stablecoins like USDC, even when customers pay in traditional fiat currencies.

Checkout.com has offered stablecoin settlement since 2022, allowing merchants to receive payouts in USDC and reconcile transactions in near real time.

Visa's pilot programmes have already moved millions of USDC between issuers and acquirers, using blockchain networks such as Solana and Ethereum to settle fiat-denominated payments authorised over VisaNet.

According to Worldpay, this capability positions merchants at the forefront of digital finance, unlocking faster and more efficient treasury operations.

Nuvei and Checkout.com have reported similar benefits, including same-day settlements and real-time transaction visibility for acquirers and merchants globally.

By leveraging stablecoins, merchants gain greater flexibility, improved cash flow, and the ability to bypass traditional banking delays, especially valuable for global e-commerce and marketplaces.

Key Takeaways

The evidence reveals that stablecoins have found their sweet spot in three distinct areas where traditional payment rails struggle most. **Cross-border payments** represent their strongest value proposition, where the $120 billion annual fee burden and multi-day settlement delays create genuine pain points that stablecoins can address through faster settlement times, lower transaction costs, and continuous availability. The **B2B revolution** demonstrates measurable impact, with $36 billion in annual payment volume showing how corporate treasury functions can release working capital trapped in traditional systems whilst benefiting from real-time settlement capabilities and **supply chain finance** programmes that have surged from under $100 million to over $3 billion monthly

Meanwhile, merchant settlement innovation through strategic partnerships between established payment processors and stablecoin networks proves that these digital currencies excel as programmable settlement infrastructure, enabling same-day settlements and real-time transaction visibility that traditional banking delays may not be able to match.

Traditional Payment Infrastructure Challenges

While stablecoins offer compelling advantages, it is important to understand the limitations of existing traditional payment infrastructure, and how established players like SWIFT are evolving in response.

Where Old Rails Get Rusty

Traditional payment infrastructure faces genuine challenges in an increasingly digital economy but dismissing it as "Victorian railway system" technology overlooks remarkable innovations happening across the globe.

While businesses demand faster settlements and lower costs, traditional systems are responding with sophisticated solutions that match or exceed stablecoin capabilities.

Brazil's Pix processed 64 billion transactions in 2024[27], with instant settlement capabilities that have transformed the country's payment landscape.

India's UPI handles approximately 6,971 transactions per second based on May 2025's record 18.68 billion monthly transactions, demonstrating massive scale within established infrastructure[28].

Slow processing & payment delays

Fragmentation & complexity

High transaction costs

Limited transparency & traceability

Regulatory & compliance burdens

Legacy technology & lack of agility

Despite ongoing technological advances, traditional payment infrastructure still wrestles with six persistent challenges that keep financial engineers busy and users occasionally bewildered.

1. **Slow Processing and Payment Delays**: Cross-border payments can take days to clear due to multiple intermediaries and limited banking hours[29]. While 90% of cross-border payments sent over the SWIFT network now reach the destination bank within an hour, only 43% of all cross-border payments over SWIFT reach the end customer's account within an hour. These delays at the beneficiary leg are caused by factors in receiving countries such as regulatory controls, compliance checks, limited banking hours, and domestic processing infrastructure.
2. **Fragmentation and Complexity**: Businesses often manage multiple, disconnected systems, bank portals, payment gateways, spreadsheets, and manual processes, slowing reconciliation and increasing error rates. The corporate payment landscape has become increasingly complex, with enterprises requiring sophisticated orchestration services to manage this fragmentation across different payment providers and reporting formats.
3. **High Transaction Costs**: Multiple intermediaries mean higher overall costs, with credit card processing fees typically ranging from 2-3% and additional fees for cross-border transfers. Traditional correspondent banking fees can vary widely but typically range between $15-50 USD equivalent per transaction, with costs potentially higher depending on the banks involved. Legacy banking infrastructure maintains expensive operational overhead, requiring costly maintenance of decades-old systems.
4. **Limited Transparency and Traceability**: Real-time visibility into payment status is often lacking, complicating dispute resolution and increasing operational risk. The complexity of accessing, manipulating, and reconciling payment data makes it challenging to track payments in real time, even for sophisticated financial institutions. Poor payment visibility negatively impacts cash flow management, budgeting, and reconciliation processes across business operations.
5. **Regulatory and Compliance Burdens**: Growing AML, sanctions screening, and fraud requirements add complexity and cost, with legacy systems struggling to efficiently support these demands. Financial institutions face increasing compliance expenses as regulators expect banks to monitor data quality in both outgoing and incoming messages, creating additional operational burdens[30]. Capital controls and related compliance processes contribute significantly to prolonged processing times, particularly in emerging markets.
6. **Legacy Technology and Lack of Agility**: Decades-old infrastructure is costly to maintain and difficult to upgrade, inhibiting innovation and slowing adoption of new technologies. Many banking systems rely on outdated technology stacks that require extensive testing and development cycles for basic feature updates. Limited operating hours and batch processing systems at beneficiary banks contribute to delays, particularly in lower-income countries with weaker banking competition.

These challenges underscore why businesses increasingly seek alternatives to traditional payment rails, despite ongoing modernisation efforts. While innovations like Brazil's Pix and India's UPI demonstrate that legacy systems can evolve dramatically, the persistent issues of cost, complexity, and operational friction continue to create opportunities for new payment technologies.

The payment industry's response to these challenges, whether through continued traditional system upgrades or adoption of alternative solutions like stablecoins, will ultimately determine how global commerce evolves in the coming decade.

For executives evaluating payment strategies, understanding these fundamental limitations provides crucial context for assessing whether traditional infrastructure improvements can meet their business needs or whether transformative alternatives offer necessary competitive advantages.

Old Guard, New Tricks

Traditional financial institutions are not standing idle as stablecoins reshape global payments. Rather than viewing digital assets as existential threats, established players are pursuing sophisticated adaptation strategies that blend competitive response with strategic collaboration.

Major banks including JPMorgan, Bank of America, and Santander are developing proprietary digital currencies and stablecoin initiatives, while card networks Visa and Mastercard have integrated blockchain settlement capabilities into their core infrastructure.

Payment processors from Worldpay to Stripe are partnering with stablecoin providers to offer merchants instant, borderless settlement options that bypass traditional correspondent banking delays.

SWIFT has evolved beyond messaging to embrace blockchain interoperability through initiatives like Project Agorá[31], demonstrating how legacy systems can interface with digital asset networks whilst maintaining regulatory compliance.

Central banks worldwide are taking measured approaches, with 63% accelerating their digital currency work specifically in response to stablecoin emergence, viewing them as stepping stones toward central bank digital currencies rather than competitive threats[32].

In addition, traditional financial institutions are simultaneously advancing sophisticated fraud prevention and compliance capabilities specifically designed for stablecoin integration, with JPMorgan's blockchain division partnering with fraud prevention platforms for real-time vendor verification, card networks implementing AI-powered detection systems that double compromised card detection rates whilst reducing false positives, and financial institutions deploying comprehensive AML programmes with automated sanctions screening, geolocation controls, and audit-ready reporting systems that provide clear transaction trails suitable for international regulatory reviews.

As the lines blur between legacy and next-gen finance, the industry is proving that innovation is not just for startups, it's a team sport, where even the oldest players are learning new moves to keep pace with a rapidly evolving game.

This comprehensive transformation, spanning banking giants' proprietary tokens, payment networks' blockchain integration, advanced fraud prevention capabilities, and central bank digital currency experimentation, reveals a financial ecosystem in active adaptation rather than passive resistance.

The detailed mechanisms and strategic implications of these developments are explored further in the “Engines of Change” section.

> ***“As the lines blur between legacy and next-gen finance, the industry is proving that innovation is not just for startups, it's a team sport.”***

The Institutional Adoption Curve

Stablecoins are no longer just a niche experiment, they are prompting established financial institutions, corporates, and regulators to re-examine how money moves across borders and through balance sheets. This section takes a closer look at how the traditional financial sector is engaging with digital assets, balancing innovation with risk management as new payment models, compliance tools, and treasury approaches emerge.

Are stablecoins set to transform institutional finance, or will they remain a specialist solution for targeted use cases? Read on as we explore the data, the motivations, and the practical realities shaping this evolving landscape, highlighting what's driving adoption, where challenges persist, and what the future might hold.

$23.5 trillion

Annual cross-border transfers by multinational companies

$11.6 billion

Potential working capital that could be released from traditional payment systems

$120 billion

Annual losses in transaction fees alone from cross-border transfers

49%

Multinationals using stablecoins in treasury operations

50%

The share of stablecoin transactions that are cross-border B2B payments

$36 billion

B2B stablecoin payments global annual rate

63%

Central banks that have accelerated digital currency work in response to stablecoins

$3.5 billion

Treasury trading threshold where stablecoin companies can shift interest rates

288%

YOY increase in B2B stablecoin payments

What's Driving Adoption?

Four fundamental shifts are reshaping corporate finance, creating an unstoppable momentum behind institutional stablecoin adoption that smart executives can no longer afford to ignore.

The collapse of patience

Modern businesses are losing patience with settlement delays. Corporate treasurers are discovering that working capital trapped in traditional payment systems represents billions in opportunity cost that blockchain settlement can eliminate[42].

The fee rebellion

When multinational companies transfer $23.5 trillion across borders annually, losing more than $120 billion each year in transaction fees alone, the mathematics become undeniable[43]. By eliminating intermediaries, stablecoin solutions may enable substantial cost reductions, with fees typically ranging from well under £1 per transaction compared to traditional banking costs.

The 24/7 economy imperative

Global supply chains don't sleep, but traditional banking infrastructure does. Blockchain networks don't care about weekends or time zones. This operational flexibility is becoming important for maintaining competitive supply chain relationships in an always-on global economy.

The transparency revolution

Transparent ledgers are beating opaque SWIFT messages in the fraud prevention arms race. Every transaction creates an immutable audit trail, transforming compliance and dispute resolution.

Stablecoins are no longer just a curiosity, they're making measurable inroads into institutional finance, but the story is more nuanced than simple disruption. Adoption is rising fast, with B2B payment volumes up 288% year-on-year and nearly half of surveyed institutions now using stablecoins, yet most deployments remain targeted and experimental rather than transformative.

The numbers show stablecoins excel where speed, transparency, and cost matter most, especially for cross-border B2B flows and in markets where traditional rails fall short. At the same time, central banks are watching closely, treating stablecoins as both a catalyst for innovation and a risk to be managed, not ignored.

The result? Stablecoins are carving out a significant role as a flexible, efficient complement to traditional systems, proving that in finance, evolution often trumps revolution, and the most interesting changes happen at the intersection of old and new.

The Retail Reality: Hype vs Adoption

Despite the headlines, stablecoins' use in retail payments faces formidable psychological and practical barriers that keep them firmly in the realm of crypto enthusiasts rather than mainstream consumers. The stark reality is that **only 10% of on-chain stablecoin transactions are from genuine retail participants**, with the remaining 90% driven by bots, arbitrage trading, and automated market-making activities[44]. This sobering statistic exposes the chasm between stablecoin hype and retail reality.

UK consumer sentiment reveals the depth of these barriers to mainstream adoption. The FCA's 2024 cryptoasset consumer research shows that whilst 12% of UK adults now own cryptoassets, only 22% of non-cryptoasset users cite "lack of understanding of how cryptoassets work" as the main reason they haven't bought or don't plan to buy cryptoassets[45]. Research from Toluna shows that 31% of Britons fundamentally distrust cryptocurrencies, with complexity emerging as the primary deterrent for 38% of consumers, outweighing concerns about risk (28%) or cost (19%)[46]. This psychological resistance runs deeper than technical limitations, reflecting genuine consumer anxiety about complexity and unfamiliar technology. The Financial Lives 2024 survey reveals that only 2% of UK adults have ever paid for goods or services using cryptocurrency, demonstrating the vast gap between ownership and actual payment usage[47].

The 10% Problem

10%

The share of on-chain stablecoin transactions from genuine retail participants

Negligible

The acceptance rate of stablecoins across UK merchants

$12,000

The average USDT transaction value

38%

UK consumers deterred by complexity

40%

UK crypto owners earning over £200,000/ year

What the numbers tell us

Curious whether stablecoins are just a passing trend or reshaping the financial landscape? The numbers tell a story worth reading.

- While recent industry surveys indicate that **approximately 49% of financial institutions are actively using stablecoins for payments and treasury operations**[33], this adoption remains predominantly focused on specific use cases rather than comprehensive treasury transformation[34]. Research reveals that cross-border B2B flows are driving adoption, with stablecoin transactions now accounting for nearly half of total volume on major platforms. These implementations could potentially release up to $11.6 billion (approximately £9.1 billion) in working capital trapped in traditional payment systems[35]. However, most deployments remain at pilot stage or limited to specific payment corridors, with 41% of institutions still in piloting or planning phases rather than full-scale implementation. As Bain & Company notes in their April 2025 analysis[36], broader treasury adoption depends on regulatory clarity, compelling value propositions, and seamless integration with legacy systems, conditions that are still developing.
- **B2B stablecoin payments are growing rapidly, reaching an annualised rate of $36 billion (approximately £28.4 billion) globally** as of February 2025, with significant adoption across emerging markets in Africa, Latin America, and Southeast Asia. This represents a 288% increase year-over-year, making B2B transfers the largest category of stablecoin payment volumes worldwide[37].
- **Central banks worldwide are taking a measured approach to stablecoins**, focusing on regulatory oversight rather than direct adoption whilst monitoring their growing influence on monetary policy and financial stability[38] [39]. **Approximately 60% of central banks have accelerated their digital currency work specifically in response to the emergence of stablecoins**, viewing them as both a challenge to existing frameworks and a potential stepping stone toward central bank digital currencies[40]. Central banks are particularly concerned about stablecoins' impact on government securities markets, as major USD-pegged stablecoin issuers have become among the largest purchasers of US Treasury bills[41]. Research indicates that when stablecoin companies buy or sell large amounts of Treasury securities (specifically around $3.5 billion worth) it can noticeably shift interest rates on short-term US government bonds. Therefore, while regulatory approaches vary (with some jurisdictions like the EU implementing comprehensive frameworks that have led to market consolidation, and others adopting more flexible sandbox approaches) the overarching theme remains consistent: central banks view stablecoins as requiring careful oversight to ensure they complement rather than undermine traditional monetary systems.

> ***Nearly half of financial institutions are actively using stablecoins, with B2B volumes surging 288% YOY, proof that these digital assets are evolving from experiments into instrumental tools.***

A tale of two markets

Stablecoin transaction data tells a fascinating story of financial bifurcation: whilst USDT and USDC clock in at around $12,000 and $27,000 per transfer respectively - suggesting serious traders and mid-sized businesses rather than pocket change - the heavyweight champions FDUSD and DAI are playing in an entirely different league at $3.76 million and $2.83 million per transaction[48], with market peaks hitting a staggering $2.6 million during 2024's most frenzied periods[49]. This isn't just a gap, it's a chasm that reveals stablecoins have become the financial equivalent of a dual carriageway, with one lane for substantial commercial activity (non-professional traders and small businesses) and another reserved for the institutional giants moving mountains of money at digital speed. As for the cycle lane and the pedestrian route, there's no evidence of them thus far. In addition, research shows that in 2022, 40% of British crypto owners earn over £200,000 annually[50]. Meanwhile, the UK retail infrastructure remains woefully unprepared: the FCA bluntly states that stablecoins have "negligible acceptance rates across UK merchants" (Consultation Paper CP25/14).

The numbers reveal stablecoins' uncomfortable truth: they've become the digital equivalent of luxury sports cars: brilliant engineering, but somewhat impractical for everyday use (unless you're totally dedicated...).

A surprising reality emerges: stablecoins have achieved something remarkable, just not what they promised. stablecoins have achieved something remarkable, just not what they promised. There was a period when many industry leaders, fintech companies, and analysts argued that stablecoins would revolutionise consumer payments.

Undeniably, they've created a parallel financial system processing $15.6 trillion annually[51], putting them in Visa's league and surpassing Mastercard by 60%. But they've utterly failed at their democratising mission, if they ever had one. Instead of banking the unbanked, they've created an exclusive club for the digitally wealthy.

The technology works brilliantly for moving millions between sophisticated institutions at 3 AM but struggles to buy coffee without causing existential crises about private keys. Until the industry makes stablecoin payments as intuitive as contactless cards, these digital currencies will remain fascinating plumbing for the financial elite rather than transformative tools for everyday commerce.

The true test isn't processing volume, it's whether your grandmother would use them for groceries. On that metric, we're still waiting for the revolution to visit actual shops.

> ***"The numbers reveal stablecoins' uncomfortable truth: they've become the digital equivalent of luxury sports cars."***

Why Hasn't Retail Adoption Taken Off?

Despite all the buzz, retail adoption is stuck in first gear. From confusing user experiences and a dizzying array of tokens to deep-seated consumer distrust and a lack of clear merchant incentives, stablecoins face a gauntlet of hurdles before they can rival cash or cards at the till. Add in regulatory grey areas and business models still searching for profit, and it's no wonder most people are watching from the sidelines. Here's a look at the real-world roadblocks keeping stablecoins out of everyday wallets:

1. **Lack of consumer demand and familiarity**: Consumers and small businesses still overwhelmingly prefer established fiat currencies. The benefits of stablecoins (such as lower fees or faster settlement) are not always obvious at the point of sale. The existence of many different stablecoins, each with varying degrees of transparency and stability, creates confusion and hesitancy.
2. **Complexity and user experience**: Stablecoins, and the wallets and platforms required to use them, remain complicated for the average consumer. The onboarding process, key management, and blockchain concepts present real barriers. As John McNaught of Worldpay points out, "the major obstacle to widespread acceptance is stablecoins' complicated nature, and existence of many different types of stablecoins... it's going to turn away some consumers."[52]
3. **Consumer psychology**: A 2024 FCA survey reveals 68% of UK consumers fear irreversible blockchain transactions, compared to 23% who distrust credit cards[53]. Toluna's research further shows 31% of Britons "do not trust cryptocurrencies at all" with 38% citing complexity as the primary barrier, higher than concerns about risk (28%) or cost (19%)[54]. This distrust persists despite stablecoins' technical advantages, highlighting the need for intuitive UX design and regulatory assurances.
4. **Infrastructure and merchant acceptance**: For stablecoins to be useful in everyday retail, merchants must be willing and able to accept them. This requires investment in new point-of-sale technology and integration with existing payment systems. While some fintechs are making progress - Stripe, for example, now supports stablecoin payments through partnerships with Paxos and Bridge - widespread merchant adoption is still in its infancy.
5. **Regulatory uncertainty and consumer protection**: In the UK and EU, stablecoin-related services are largely unregulated, which limits consumer protection and restricts marketing to retail users. The Bank of England has also warned that the risks associated with stablecoins are judged to be an order of magnitude greater for wholesale rather than retail use, but the lack of clear rules for consumer-facing products remains a stumbling block.
6. **Economic incentives and business models**: For stablecoin issuers, building a sustainable business model in retail payments is a challenge. They need to find ways to generate revenue, whether through minting fees, transaction charges, or interest income on reserves. Until issuers can scale their operations and demonstrate clear value to both consumers and merchants, retail adoption will likely remain slow.

Stablecoins might be making headlines, but on the high street, they're still waiting for their moment. Until these digital tokens become as easy, trusted, and rewarding to use as cash or cards - and merchants see a real reason to accept them - retail adoption will stay in the slow lane. For now, stablecoins remain the domain of the digitally savvy and those navigating economic turbulence, not the everyday shopper looking for a quick tap-and-go.

> ***"Stablecoins might be making headlines, but on the high street, they're still waiting for their moment."***

What Would Need to Change?

For stablecoins to become useful in retail, two things must happen: consumers must want to use them, and businesses must invest in the technology to accept them. This would likely require:

- **Regulatory clarity and consumer protection frameworks**
- **Simpler, more intuitive user experiences**
- **Clear incentives for both merchants and consumers** (such as lower fees or loyalty rewards)
- **Greater interoperability** between traditional and evolving payment systems

While developed economies with robust banking infrastructure see little demand for stablecoin retail payments, there is potential in markets with high inflation, unstable local currencies, or limited access to banking services.

Silver Linings in Turbulent Economies

In countries grappling with high inflation and currency volatility, stablecoins have emerged as a vital financial refuge. Turkey stands out globally: during its inflation surge to 67% in March 2024[54], stablecoin purchases soared to the equivalent of 4.3% of the nation's GDP, the highest proportion worldwide[55]. According to Chainalysis, this amounted to $38 billion in stablecoin transactions between April 2023 and March 2024, as Turkish citizens sought to protect their savings from lira devaluation by turning to dollar-pegged digital assets like USDT and USDC[56].

A similar story is unfolding across Latin America, where remittance corridors are being transformed by stablecoins. In Mexico, fintech providers such as Félix and Circle have enabled instant, low-cost cross-border payments using USDC, reducing fees for families and freelancers by up to 40% compared to traditional methods. For example, Félix's USDC-powered WhatsApp remittance service allows US senders to transfer dollars that are converted into pesos in minutes, bypassing the delays and high costs of traditional banking rails[57]. Visa's recent launch of stablecoin payments in Mexico and Argentina further signals how mainstream financial players are embracing these digital assets to serve populations facing economic uncertainty[58].

In Mexico, Coinbase's international transfer service presents a crypto-based remittance alternative which, according to the company, is 25–50% less expensive than traditional providers such as Western Union[59]. These savings apply to transactions over $200, where traditional fees are highest, but for smaller amounts, savings may be less dramatic. In addition, analysts cautioned that traditional remittance fees to Mexico are often lower than the 6 to 7% cited by crypto firms[60], with median costs for cash payouts already competitive[61].

This suggests that while stablecoin-based transfers may offer savings in specific scenarios, their cost advantage is not universal and depends on factors like transaction size and payout method. However, these examples highlight how, in turbulent economies, stablecoins are not just speculative instruments but essential tools for financial resilience and inclusion, offering stability, speed, and access where traditional finance often falls short.

While stablecoins offer clear advantages in these challenging environments, their long-term impact will depend on regulatory clarity, robust reserve management, and continued integration with local financial systems[62].

Stablecoins have proven their value in high-value transfers, cross-border payments, and as tools for financial resilience in turbulent economies, but their retail adoption remains limited. Only 10% of on-chain stablecoin transactions involve genuine retail participants, with the vast majority driven by bots, arbitrage, and institutional trading, highlighting a significant gap between hype and everyday use. Consumer barriers such as complexity, lack of trust, and minimal merchant acceptance persist, with just 2% of UK adults ever using crypto for payments and 31% expressing fundamental distrust in cryptocurrencies. Average transaction sizes - $12,000 for USDT, $27,000 for USDC, and millions for institutional tokens - underscore that stablecoins primarily serve traders, businesses, and institutions, not typical consumers. Until user experience, regulatory clarity, and merchant incentives improve, stablecoins will remain a niche solution for the digitally savvy and those in unstable economies, rather than a mainstream payment method.

The Engines of Change: Who's Bringing Stablecoins to Life?

The fiat-backed stablecoin ecosystem is being shaped by several distinct initiative structures, each with unique stakeholders and real-world examples. Understanding these structures is essential for grasping how stablecoins are moving from crypto-native circles into mainstream payments, business, and banking.

Direct Issuer-Led Stablecoins

Stablecoin-as-a-Service

Infrastructure Providers

Retail Giants & Airlines

Payment Processor Partnerships

Bank-Led Initiatives

Card Schemes

SWIFT

Central Banks

Direct Issuer-Led Stablecoins

Fiat-backed stablecoins issued directly by regulated entities are emerging as a critical layer in the evolving digital payments ecosystem. Increasingly adopted for treasury management, cross-border payments, and liquidity solutions, these tokens, pegged 1:1 to major currencies, blend blockchain efficiency with institutional-grade compliance, offering a programmable alternative to the still dominant traditional payment rails. Key stakeholders in this ecosystem include the stablecoin issuers themselves alongside the custodian banks, auditors, and regulators who underpin their credibility and market reach.

Tether USDT: USDT remains the world's most widely traded stablecoin, with a market share of approximately 62% and a $152.7 billion market cap[63]. Pegged to the US dollar, Tether's direct US Treasury holdings are ~$98.5B (March 2025), but total Treasury exposure (including repos and money market funds) is closer to $120B[64]. While Tether has faced regulatory scrutiny, including a $41 million fine from the CFTC in 2021 for misrepresenting its backing, it has since moved to regular attestations and greater transparency, cementing its role as a liquidity engine for both crypto and traditional markets.

Circle USDC: USDC, issued in partnership with Coinbase, has emerged as the transparency benchmark among stablecoins. Fully backed by US dollar reserves and subject to monthly audits by Grant Thornton, USDC's supply has surged to $61.4 billion in 2025, driven by institutional adoption and a growing reputation for compliance[65]. Even after briefly losing its peg during the 2023 SVB collaps[66], Circle's rapid disclosure and redemption guarantees reinforced USDC's credibility among corporates and regulators.

Paxos USDP: USDP stands out as a pioneering regulated stablecoin[67], with reserves held in segregated accounts and oversight by the New York State Department of Financial Services. Paxos is unique in also powering stablecoin-as-a-service for brands like PayPal, but its own USDP remains a trusted, directly issued token for businesses seeking regulatory clarity and operational reliability.

First Digital Trust FDUSD: FDUSD, launched in 2023, is designed for seamless, stable transactions across multiple blockchains. Backed 1:1 by US dollars and subject to independent audits, FDUSD has quickly gained traction, especially after Binance migrated users from BUSD to FDUSD. Despite a March 2025 de-pegging incident[68] where FDUSD fell to $0.76 amid reports of illiquid reserves, the stablecoin recovered its peg within days and remains popular among institutions for its programmability and transparency.

TrustToken TUSD: TUSD, once promoted the stablecoin as a model of real-time transparency, has recently faced significant challenges to its credibility and stability. In September 2024, the SEC settled charges with TrustToken and TrueCoin for defrauding investors by misrepresenting TUSD's reserves, which were largely invested in a risky offshore fund rather than held as cash or equivalents[69]. By late 2024, 99% of TUSD's backing was exposed to illiquid assets, resulting in a severe liquidity crisis that required a $456 million emergency bailout from Justin Sun to maintain redemptions[70]. These events, coupled with ongoing legal disputes and allegations of mismanagement, have raised serious concerns about TUSD's risk profile, reserve quality, and governance.

Gemini Trust GUSD: GUSD is fully backed by US dollars held at State Street Bank and undergoes monthly audits by BPM LLP[71]. GUSD's strict regulatory oversight by NYDFS and its focus on institutional-grade security have made it a niche favourite for corporates and funds demanding the highest standards of solvency and transparency.

Ripple RLUSD: RLUSD, the newest entrant, is fully backed by cash and cash equivalents[72]. Since its launch in December 2024, RLUSD has rapidly reached a market cap of $293 million and over $10 billion in trading volume by April 2025. Already integrated into Ripple Payments[73] and used as collateral in both crypto and traditional financial markets, RLUSD's NYDFS approval and partnerships with exchanges, payment providers, and DeFi platforms like Chainlink further extend its credibility and reach.

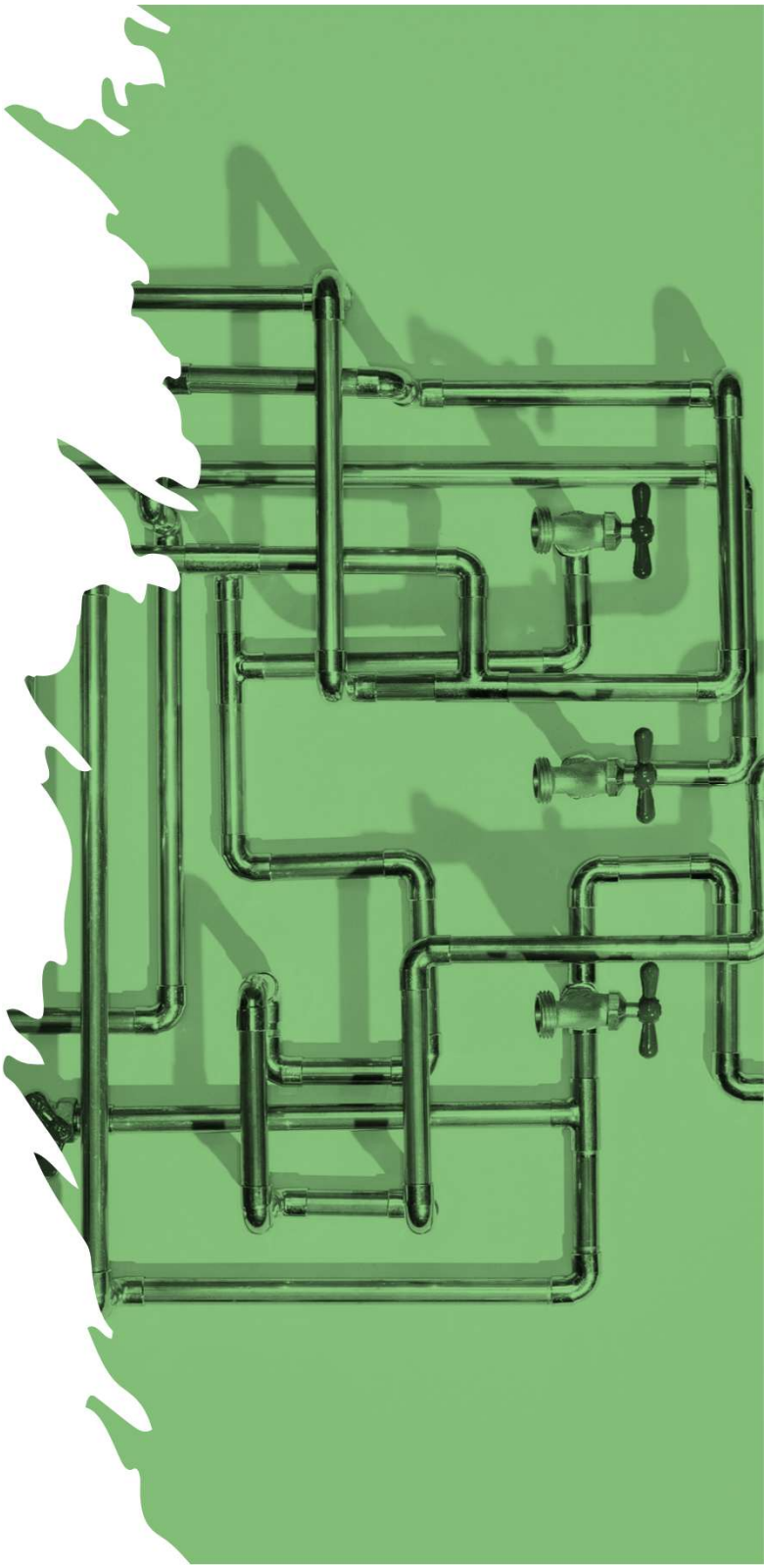
Direct Issuer-Led Stablecoins: The Bottomline

While direct issuer-led stablecoins have made notable progress as programmable, transparent instruments for cross-border payments, treasury operations, and liquidity management, traditional payment rails remain the backbone of global finance.

Stablecoins are increasingly being adopted as a complementary settlement layer, offering speed and programmability where legacy systems face limitations, but their broader impact depends on continued regulatory clarity, robust reserve management, and proven interoperability with established infrastructure.

In this evolving landscape, trust and compliance are as essential as technological innovation.

> ***"Are stablecoins building new channels, or just running alongside the old pipes?"***



Stablecoin-as-a-Service (SCaaS)

The "Stablecoin-as-a-Service" (SCaaS) market is growing rapidly, with new entrants and specialised providers emerging to serve banks, fintechs, and even non-financial corporates[74]. In this model, a regulated issuer not only creates its own stablecoins but also issues tokens on behalf of other brands. These platforms typically offer regulatory compliance, reserve management, smart contract development, and integration support, lowering the barrier for brands and institutions to launch their own stablecoins. This trend is making it easier for brands and institutions to enter the stablecoin space without building everything in-house.

The SCaaS sector has emerged as a critical infrastructure layer in the evolving digital asset ecosystem, with providers offering turnkey solutions that handle the complex regulatory, technical, and operational requirements of stablecoin issuance.

Paxos

Paxos issues its own USDP but also provides SCaaS for others. Global Expansion: Paxos has regulatory approval in the US, Singapore (MAS), and Abu Dhabi (FSRA), and partners with major banks like DBS for reserve custody. It has also launched yield-bearing stablecoins in Argentina and partnered with Chainlink to provide on-chain data for PYUSD. Paxos's approach is akin to BIN sponsorship in card payments, offering regulatory and operational infrastructure for other brands' stablecoins. Paxos is unique in combining regulatory trust status, reserve management, and branded issuance for third parties at global scale.

Paxos provides these services for the following companies:

- **PayPal USD (PYUSD)**: Issued by Paxos for PayPal, PYUSD is fully backed by US dollar deposits, Treasuries, and cash equivalents, and is regulated by the New York State Department of Financial Services. It is integrated into its wallet and payments ecosystem, but the legal and regulatory responsibility for issuance and reserves rests with Paxos.
- **Binance USD (BUSD)**: Previously issued by Paxos for Binance until NYDFS halted new issuance in 2023 due to compliance issues.

Paxos is the global benchmark for SCaaS, providing regulated, white-label stablecoin issuance for major brands and enabling enterprises to enter the stablecoin market efficiently and compliantly. Its approach is widely cited as the reference model for SCaaS globally.

Other SCaaS Providers

Regional providers like Quantoz, Centi, and others offer SCaaS for euro and regional stablecoins. Quantoz's regulated SCaaS platform (NEXUS) enables enterprises to issue their own tokens for payments and loyalty programmes, with full PSD2 compliance and auditable reserve management. Centi provides turnkey SCaaS for Swiss franc and euro stablecoins, supporting retail and merchant payments with integrated compliance and reporting. While these providers do not match Paxos's global reach, they demonstrate that SCaaS is a global phenomenon and not limited to USD stablecoins.

An Emerging Winner?

SCaaS is enabling a new wave of branded, regulated stablecoins for global enterprises. Paxos is the benchmark for this model, but regional providers are emerging as regulation matures. Visa's entry into the SCaaS space with its Tokenized Asset Platform (VTAP)[75] marks a pivotal moment for the industry. By enabling banks and financial institutions to issue their own stablecoins directly on Visa's infrastructure, VTAP signals that stablecoins are moving from experimental to mainstream finance. This development not only validates the SCaaS model pioneered by Paxos but also demonstrates that the world's largest payment networks now view stablecoins as a core part of future financial infrastructure, not a passing trend.

Visa's VTAP and Paxos are now direct competitors in this space, especially as banks, fintechs, and merchants seek turnkey, low-friction, compliant solutions for issuing and managing digital fiat tokens. The competition is likely to accelerate innovation, improve interoperability, and drive broader adoption of tokenised money in mainstream finance.

Payment Processor Partnerships: Bridging Old and New

Payment processors and acquirers are rapidly partnering with stablecoin issuers and blockchain infrastructure providers to bring stablecoin-powered settlement, payouts, and cross-border payments to merchants and businesses worldwide. These partnerships are bridging the gap between traditional finance and blockchain-based payments, enabling businesses to access near-instant, borderless settlements, seamlessly integrated with their existing treasury and payout workflows. By removing the need to grapple with digital asset management or crypto wallets, and dramatically reducing reliance on traditional correspondent banking, these collaborations are unlocking a new era of efficiency, flexibility, and global reach in commercial payments.

At the heart of this evolution is a dynamic ecosystem: global acquirers such as Worldpay, Checkout.com, Stripe, and Nuvei; blockchain infrastructure innovators like BVNK, Fireblocks, Bridge, and Rain; card networks including Visa and Mastercard; digital asset custodians such as BitGo; and leading stablecoin issuers like Circle (USDC) and Paxos (USDP, PYUSD). This collaborative web connects merchants, business clients, and end users worldwide, redefining what's possible in global commerce.

Worldpay & BVNK

In 2025, Worldpay partnered with BVNK , a digital asset infrastructure provider, and Visa to enable stablecoin payouts for clients in over 180 countries. This collaboration allows businesses to pay contractors, sellers, and creators in stablecoins through Worldpay's existing payout platform, with BVNK providing the embedded wallet infrastructure and compliance layer, and Visa facilitating USDC settlement on high-performance blockchains like Solana and Ethereum.

Building on Worldpay's earlier USDC settlement offerings and its direct participation in Visa's stablecoin pilot, this latest step signals a broader shift towards stablecoins as core commercial payment rails, meeting the growing demand for faster, more flexible global disbursements.

Checkout.com & Fireblocks

In 2022, Checkout.com partnered with Fireblocks, a leading digital asset custody and payments platform, to pioneer stablecoin settlement for merchants worldwide . This collaboration enables businesses to receive payouts in USDC through Checkout.com's established payments platform, with Fireblocks providing the secure blockchain infrastructure and compliance layer.

During its initial beta, Checkout.com and Fireblocks facilitated over $300 million in USDC settlements for a diverse range of merchants, including crypto exchanges, Web3 platforms, and e-commerce innovators. While more recent cumulative settlement volumes have not been disclosed, Checkout.com continues to expand its stablecoin offering and global reach, positioning stablecoins as a core component of next-generation payment infrastructure for digital enterprises worldwide.

Payment Processor Partnerships: Bridging Old and New (cont.)

Shopify and Coinbase

Coinbase Payments launched in June 2025[79], introducing a stablecoin payment solution for e-commerce with Shopify as its initial partner. This integration enables Shopify merchants to accept USDC payments within existing checkout flows, without requiring specialised blockchain knowledge. The platform consists of a wallet-native Stablecoin Checkout supporting hundreds of crypto wallets, an eCommerce Engine with merchant-focused APIs, and a Commerce Payments Protocol for smart contract transactions.

Customers can pay with USDC while merchants choose between receiving local currency or retaining stablecoins. Benefits include global 24/7 transactions, 200-millisecond settlement times, and transaction fees below $0.01. In select regions, merchants may receive up to 0.5% cashback on USDC transactions. Could this be the start of stablecoin payments in mainstream e-commerce?

Stripe

In 2025, Stripe, the global payments giant, completed its $1.1 billion acquisition of Bridge[80], a leading stablecoin orchestration platform, to launch Stablecoin Financial Accounts for businesses in over 100 countries[81]. This collaboration enables entrepreneurs and enterprises to hold balances in USDC, send and receive funds globally via stablecoins or established fiat rails, and seamlessly manage payments through Stripe's familiar dashboard.

Bridge provides the blockchain infrastructure and API integration, allowing Stripe customers, especially those in emerging markets, to access stablecoin-powered accounts and operate on a level playing field across the global financial system. This marks Stripe's boldest move yet into crypto payments, building on earlier pilots and reflecting a broader industry shift towards stablecoins as programmable, borderless money for the digital economy.

In June 2025, Stripe further deepened its digital asset strategy by acquiring Privy, a crypto wallet infrastructure provider that powers over 75 million accounts worldwide[82]. Privy enables seamless embedded wallet creation and management within applications, eliminating the need for external wallet providers and reducing friction for both developers and end users. With Privy's technology, Stripe can offer businesses and platforms the ability to onboard users directly into stablecoin and crypto services, supporting wallet creation, storage, and transactions all within the Stripe ecosystem. Privy will continue to operate independently but will now be integrated into Stripe's expanding crypto infrastructure suite, accelerating Stripe's goal of making digital asset payments and wallet services as accessible and intuitive as traditional finance.

Stripe is clearly positioning itself as a comprehensive provider of both stablecoin financial accounts and embedded wallet infrastructure, further lowering barriers for global businesses to adopt and scale stablecoin-powered payments and treasury solutions.

Furthermore, Stripe's acquisitions of Bridge and Privy, paired with its agentic AI SDKs and APIs[83], are clear signals that the company is building the infrastructure for AI agents to use stablecoins as their default payment rails.

Stripe is now at the intersection of programmable money and autonomous software, enabling a future where agentic AI can transact globally, instantly, and with minimal friction, precisely the environment for which stablecoins are designed.

Why stablecoins are a natural fit for agentic AI

Programmability: Stablecoins are natively programmable, allowing AI agents to execute payments, manage treasury, or settle transactions in real time without human intervention.

Global reach: Stablecoins bypass traditional banking rails, enabling AI agents to operate across borders and currencies, which is essential for autonomous, internet-native systems.

Low friction: Embedded wallets and seamless API integration remove onboarding and compliance hurdles, letting AI agents interact with money as easily as with data.

If you want to delve down into the world of agentic AI in financial services, check out my white paper "The £1.2 Billion Question: Are We Ready for Agentic AI in Financial Services?".

Infrastructure Providers

Sometimes branded under the SCaaS banner, these are technology or payment infrastructure companies (e.g. BVNK, BitGo, Blockchain App Factory, Antier Solutions) that provide the technical stack, custody, wallet integration, and compliance tooling for clients to launch or manage stablecoins. However, they typically do not act as the regulated issuer of record or take on reserve or legal responsibility for the tokens. Instead, their clients (or a regulated partner) are responsible for regulatory filings and reserve management. These firms are essential to the stablecoin ecosystem but should be clearly distinguished from true SCaaS providers like Paxos and Quantoz who assume full regulatory and operational responsibility for branded stablecoins.

Key Takeaways

The convergence of payment processors and blockchain innovators is not merely a technical upgrade, it's a profound reimagining of how value moves across the world. As stablecoins become seamlessly embedded in the workflows of global businesses, the boundaries between legacy finance and the digital economy are dissolving. What was once the exclusive domain of crypto enthusiasts is now quietly underpinning mainstream commerce, allowing enterprises to unlock liquidity, agility, and reach that were previously out of grasp.

Stripe's strategic acquisitions and the integration of programmable wallets signal a future where money itself becomes software, flexible, borderless, and responsive to both human and machine intent. This shift is not only about speed or efficiency; it's about empowering businesses and, increasingly, AI agents to transact and interact with unprecedented autonomy. Could stablecoins become the new payment rails for agentic AI?

> ***"Could stablecoins become the new payment rails for agentic AI?"***

The infrastructure being built today hints at a world where payments are no longer an afterthought, but an intelligent, adaptive layer woven into the fabric of every digital experience.

Yet as this new architecture takes shape, one must wonder: in a world where payments are instant, programmable, and accessible to both people and machines, who will set the rules? And what new possibilities, or risks, might emerge when value moves at the speed of code?

> ***"In a world where payments are instant, programmable, and accessible to both people and machines, who will set the rules? And what new possibilities, or risks, might emerge when value moves at the speed of code?"***

Retail Giants & Airlines: Big Brands, Bigger Moves

The stablecoin ecosystem is witnessing a seismic shift as America's largest retailers and travel companies explore issuing their own digital currencies, moving beyond traditional payment processor partnerships to direct corporate issuance. Walmart, Amazon, Expedia, and several major airlines are actively evaluating U.S. dollar-pegged stablecoins as a strategic weapon against the billions they currently pay in card processing fees[84].

Amazon, with $638 billion in total revenue for 2024, represents the scale of transformation possible through corporate stablecoins[85]. Walmart's annual revenue reached $648.1 billion in fiscal year 2024, highlighting the massive transaction volumes that could benefit from stablecoin-powered settlements[86]. Current interchange fees ranging from 1.15% to 3.25% of transaction value translate to billions in annual costs for these retail giants. Traditional credit card payments require 1-3 business days to settle, whilst stablecoin transactions can clear almost instantly, dramatically improving cash flow management for global supply chains.

The timing of these corporate stablecoin initiatives is intrinsically linked to the Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act[87]. The US Senate advanced the legislation with a decisive 68-30 vote, setting the stage for comprehensive stablecoin regulation that would provide the legal certainty major corporations require.

The Merchants Payments Coalition, representing major retail trade associations, has actively lobbied for stablecoin legislation[88]. The potential market impact became immediately apparent when news of the retail stablecoin initiatives sent Visa and Mastercard stocks down approximately 4.98% and 4.62% respectively, wiping out over $60 billion in combined market value[89]. This corporate movement represents more than cost optimisation, it signals a fundamental shift in how major corporations view payment infrastructure.

> ***As retail and travel giants move to issue their own stablecoins, they're not just cutting costs, they're rewriting the rules of payment infrastructure. Are banks and card networks ready for this new era of corporate-controlled digital money?***

Card Schemes: On the Chain

Step into the evolving world of payments, where familiar giants Visa and Mastercard are leading a quiet revolution on the blockchain. No longer content with simply processing transactions, these card networks are embracing stablecoins as both a settlement tool and a foundation for new financial products. From instant, borderless settlements to empowering banks to issue their own digital tokens, the story unfolding here is one of rapid innovation and strategic reinvention.

Visa and Mastercard have taken centre stage in bringing stablecoin settlement to mainstream payments. In 2023, Visa expanded its stablecoin settlement capabilities by partnering directly with Worldpay and Nuvei[90], enabling its treasury to send USDC on-chain, via high-performance blockchains like Solana and Ethereum, to acquirers, who then route these funds to merchants in real time. This innovation allows for near-instant, borderless settlement, dramatically reducing reliance on legacy correspondent banking and unlocking new liquidity for merchants and payment providers. Visa has moved beyond experimental pilots to operational stablecoin settlement capabilities across multiple blockchain networks, with particular emphasis on high-performance infrastructure. The company has expanded its stablecoin settlement capabilities to include Solana alongside Ethereum, working with merchant acquirers like Worldpay and Nuvei to enable real-time cross-border settlement. Through live pilots with issuers and acquirers, Visa has already moved millions of USDC between partners over these blockchain networks to settle fiat-denominated payments authorised over VisaNet.

In October 2024, Visa announced the Visa Tokenized Asset Platform (VTAP)[91], a new infrastructure allowing banks and financial institutions to issue, manage, and transfer fiat-backed tokens, including stablecoins and tokenised deposits, on public blockchains such as Ethereum. BBVA is the first major bank to pilot VTAP, with live issuance of euro- and dollar-backed tokens expected in 2025[92]. VTAP is designed as a B2B solution, enabling Visa's 15,000+ financial institution partners to mint, burn, and transfer stablecoins and tokenised assets via APIs, with seamless integration into existing financial infrastructure. This marks a significant evolution: Visa is not only settling with stablecoins but is also empowering banks to become stablecoin issuers themselves, using Visa's technology and compliance framework.

Mastercard, meanwhile, piloted stablecoin-based payouts in collaboration with MoonPay[93], allowing merchants and platforms to accept and disburse funds in stablecoins globally, with seamless conversion to local currencies where needed. Mastercard also announced comprehensive stablecoin payment functionalities in May 2025, introducing a 360-degree framework covering wallet enablement, card issuance, merchant settlement, and cross-border remittances. The company's partnerships with crypto-native platforms like MetaMask, Kraken, Gemini, and Binance allow consumers to spend stablecoins via traditional cards at over 150 million merchant locations accepting Mastercard globally[94].

The rapid escalation of stablecoin activity by Visa and Mastercard signals a fundamental shift in card network strategy: stablecoins are no longer viewed as a threat to the four-party model, but as a new settlement and value layer that can be integrated, regulated, and monetised at scale.

The launch of Visa's VTAP platform is particularly significant, it positions Visa not just as a facilitator of stablecoin settlement, but as an enabler of stablecoin issuance for the global banking sector. This move could bring Visa into direct competition with regulated SCaaS providers like Paxos, as banks may choose to issue their own branded stablecoins via VTAP rather than relying on third-party issuers.

For executives, the message is clear: stablecoins are moving from the periphery to the heart of global payments, and card networks are positioning themselves as the central orchestrators of this programmable money era.

> ***As card networks reinvent themselves for the era of programmable money, a new question emerges: will their embrace of stablecoins cement their dominance, or open the door for an entirely new class of financial disruptors?***

Bank-Led Initiatives: Old Money, New Tricks

Banks, once the stewards of tradition in global finance, are now embracing the digital frontier with a surprising agility. From Wall Street titans to European powerhouses, financial institutions are experimenting with proprietary digital currencies and closed-loop stablecoins, not just to streamline internal settlement and loyalty programmes, but to position themselves for the coming wave of central bank digital currencies. This section explores how established banks like JPMorgan Chase, Santander, and KBC, along with innovative consortia such as Fnality, are leveraging blockchain technology to reimagine payments, loyalty, and liquidity management. As regulatory clarity improves and technical capabilities mature, these initiatives reveal a sector eager not to be left behind, but to lead the evolution of money itself.

US Banks: JP Morgan Chase and Others

JPMorgan Chase has emerged as the clear leader in institutional digital currency adoption, and its private JPM Coin (Now Kinexys Digital Payments) processes over $2 billion daily in institutional payment flows in 2024[95]. More notably, in June 2025, JPMorgan launched a pilot for a new digital deposit token called JPMD on Coinbase's Base blockchain[96]. Unlike JPM Coin, which operates on a private, permissioned blockchain and is used primarily for internal settlement between JPMorgan accounts, JPMD is designed as a permissioned deposit token for institutional clients and will operate on a public blockchain. JPMD represents a tokenised claim on a deposit at JPMorgan, offering programmability and the ability to interact with broader blockchain ecosystems.

Several prominent US banks, including Bank of America, Citigroup, and Wells Fargo, are actively exploring stablecoin initiatives as regulatory clarity improves[97]. Bank of America's CEO Brian Moynihan confirmed in March 2025 that the bank is prepared to launch a stablecoin once Congress authorises stablecoins for general banking use, stating, "If they make that legal, we will go into that business"[98]. According to Moynihan, the bank has already developed blockchain patents and internal systems, suggesting technical readiness to proceed once regulatory approval is secured

Santander

As of May 2025, Santander is exploring its own stablecoin to streamline transactions and bridge fiat and digital currencies/ Aiming to enhance digital service offerings and liquidity management[99] , the bank is preparing to expand its footprint in the digital asset space by introducing stablecoins pegged to major currencies such as the Euro and US Dollar through its digital banking arm, Openbank[100]. It has applied for licenses under the EU's Markets in Crypto-Assets regulatory framework, signalling intent to offer compliant crypto services to retail clients across Spain and other EU countries.

According to Bloomberg reports from May 2025[101], Santander is considering both creating its own stablecoin or providing access to existing tokens, with services potentially launching as early as 2025 pending regulatory approval.

KBC

In 2022, Belgium's KBC Group launched Kate Coin, a fully collateralised, euro-pegged digital currency operating on KBC's private blockchain and used exclusively within the KBC Mobile app[102]. Customers can earn Kate Coins through loyalty activities, product purchases, or sustainable actions (such as taking out a loan for an electric bike), and then redeem them for discounts on KBC products or with selected commercial partners. Its programmability allows KBC to tailor incentives and drive customer behaviour, while maintaining operational efficiency and compliance. Although not a public stablecoin, Kate Coin's closed-loop model demonstrates how banks can leverage blockchain to enhance user experience, deepen loyalty, and streamline payments within their own digital ecosystems.

Fnality

Fnality, backed by a consortium of major banks and Nasdaq, is pioneering a blockchain-based platform for wholesale interbank payments. Its Sterling Fnality Payment System (£FnPS), launched in 2023[103], enables instant, 24/7 settlement of large-value payments fully backed by funds at the Bank of England. Unlike public stablecoins, Fnality tokens represent digital cash always redeemable for central bank money, providing the security and trust required for institutional markets. The system supports use cases such as real-time repo, FX swaps, and delivery-versus-payment, and is designed for interoperability with both legacy and DLT-based infrastructures[104]. Fnality's approach is sometimes described as a "wholesale stablecoin" or "synthetic CBDC",[105] highlighting how banks are leveraging blockchain to modernise settlement and reduce risk. While not a public stablecoin, Fnality exemplifies the broader trend of financial institutions adopting programmable, blockchain-based assets to enhance efficiency and resilience in global payments and securities markets.

As banks continue to blend centuries-old trust with cutting-edge technology, they're proving that "old money" can indeed learn new tricks. Yet, as proprietary coins and programmable payments gain further adoption, one can't help but wonder: will these bank-led innovations foster a more open and efficient financial system, or simply reinforce the walls of an already powerful club?

SWIFT: Still in the Game

SWIFT announced in October 2024 that central and commercial banks will be able to conduct live trials of digital currency and asset transactions starting in 2025, marking a significant step towards integrating digital assets into mainstream financial systems[106]. The trials will demonstrate SWIFT's capability to facilitate the movement of tokenised value across multiple blockchain networks and connect central bank digital currencies globally through a single access point.

SWIFT also joined Project Agorá, a Bank for International Settlements initiative exploring the integration of tokenised commercial bank deposits and wholesale CBDCs on a unified platform[107]. This collaboration aims to test the desirability, feasibility and viability of a multi-currency unified ledger for wholesale cross-border payments, involving seven central banks representing the five top international reserve currencies.

Central Banks: The Balancing Act

Stablecoins are forcing central banks to rethink their role in the digital money ecosystem. While central banks have traditionally focused on monetary policy and financial stability, the rapid growth of fiat-backed stablecoins is challenging established frameworks for money issuance, payments, and oversight.

Stablecoins introduce new forms of private money that can circulate widely, sometimes across borders, outside of central bank direct control. This raises questions about the “singleness of money”: will users always be able to exchange stablecoins 1:1 for central bank money, and can confidence in the monetary system be maintained if stablecoins become systemic in payments?
As the Bank of England has highlighted, interoperability and the ability to redeem stablecoins at par with bank deposits and cash are critical for financial stability and public trust[108].

As SWIFT moves to bridge traditional banking with the world of digital assets and central banks grapple with the systemic implications of stablecoins, the global financial system stands at a crossroads. The integration of tokenised money across networks promises greater efficiency and connectivity, yet it also challenges long-held assumptions about monetary sovereignty and the very nature of public trust in money. The coming years will test whether established institutions can adapt quickly enough to ensure stability, interoperability, and confidence in an increasingly digital and decentralised landscape.

What Does This All Mean?

1 Stablecoins, particularly fiat-backed stablecoins, are no longer a speculative experiment, they are now becoming part of the global financial infrastructure. Their adoption is being driven by tangible business needs: faster settlements, lower costs, and 24/7 availability. However, the path to mainstream adoption is shaped by regulatory clarity, robust compliance, and the ability to integrate with legacy systems. For executives, the message is clear: stablecoins are here to stay, and the winners will be those who embrace them strategically, manage risks proactively, and remain agile as the regulatory and technological landscape evolves.

2 Stablecoins have the potential to impact monetary policy transmission and the demand for central bank reserves. If stablecoins gain significant market share in payments or savings, they could reduce demand for traditional bank deposits, alter the effectiveness of interest rate policy, and even affect the transmission of monetary policy to the real economy[109]. The European Central Bank has found that US monetary policy already has a larger impact on stablecoin market capitalisation than on crypto markets generally, and that large-scale stablecoin adoption could eventually feed back into money market funds and broader financial conditions[110].

3 Stablecoins are prompting central banks to accelerate regulatory and supervisory responses. The EU's MiCA framework, the UK's proposed stablecoin regime, and the US GENIUS Act all aim to ensure that stablecoin issuers are subject to robust prudential standards, reserve requirements, and transparency rules[111]. Some proposals, such as allowing stablecoin reserves to be held at central banks, seek to ensure that stablecoins remain fully backed and redeemable, preserving monetary sovereignty and financial stability.

4 Stablecoins are influencing the debate over central bank digital currencies (CBDCs). In the US, stablecoins are now explicitly favoured over CBDCs as the preferred digital dollar model, while in Europe and the UK, policymakers see stablecoins and CBDCs as potentially complementary but are cautious about stablecoins' systemic risks[112]. Central banks are considering whether to support tokenised reserves or allow banks (and possibly non-banks) to issue stablecoins backed by central bank money, blurring the lines between public and private digital money.

5 Central banks recognise that stablecoins can drive innovation, but only if risks are managed. Stablecoins offer faster, cheaper, and programmable payments, but they also introduce new risks: operational failures, cyber threats, market manipulation, and potential runs. As such, central banks are moving to establish clear regulatory perimeters, ensure interoperability with existing money, and maintain the ability to oversee and, if necessary, intervene in stablecoin markets.

> ***Stablecoins are not just a technical innovation, they are a catalyst for central banks to modernise regulatory frameworks, safeguard monetary sovereignty, and ensure that the future of money remains stable, trusted, and interoperable. For executives, this means that stablecoin adoption will increasingly be shaped by central bank policy decisions, and that alignment with evolving regulatory standards will be essential for long-term success.***

Risk Landscape: A Global Perspective

The rapid growth and institutionalisation of stablecoins brings new risks and amplifies old ones. For global executives, understanding the evolving risk landscape is essential for responsible adoption and long-term success.

In this section, we explore the most pressing risk factors.

REGULATORY WHIPLASH

CONSUMER PROTECTION & LEGAL RECOURSE

MARKET CONCENTRATION RISKS

LIQUIDITY & REDEMPTION RISKS

BLOCKCHAIN INFRASTRUCTURE DEPENDENCIES & TECHNICAL RISK

EMERGING THREATS

Regulatory Whiplash

The Financial Stability Board has established comprehensive high-level recommendations for stablecoin regulation, supervision, and oversight, which are being implemented across jurisdictions under the principle of "same business, same risk, same rules“[113]. After all, from a regulatory perspective, what are the fundamental differences between fiat-backed stablecoins and e-money?

Beyond headline-grabbing policy swings, stablecoins introduce a layer of regulatory complexity that traditional payment systems rarely face. Because stablecoins operate across jurisdictions and on decentralised networks, issuers and users must navigate a patchwork of overlapping rules, often simultaneously. Compliance obligations can shift rapidly, with requirements for anti-money laundering (AML), sanctions screening, and data privacy differing not just by country, but by the type of wallet or transaction involved. This multi-jurisdictional exposure means that a stablecoin fully compliant in one market may be out of bounds in another overnight, especially as new regulations are introduced or existing ones are reinterpreted.

Technical compliance challenges are also unique to stablecoins. Operators must implement real-time monitoring for blockchain transactions, robust smart contract auditing, and cryptographic key management, compliance burdens that go well beyond traditional banking. Furthermore, stablecoin arrangements often require issuers to maintain detailed, transparent disclosures of reserve assets, subject to frequent audits and stress testing, to meet evolving standards for liquidity and redemption risk.

Finally, the borderless nature of stablecoins means that regulatory changes in one major jurisdiction (such as the EU or US) can have immediate global consequences, forcing issuers and users to adapt their compliance and operational frameworks at speed. For executives, this means regulatory risk is not just about headline policy shifts, but also about the day-to-day complexity of staying compliant in a rapidly changing, multi-layered environment.

EU’s MiCA

The EU’s Markets in Crypto-Assets Regulation (MiCA) caused significant market contraction, with fewer than twenty crypto businesses registered across seven member states, down from over 3,000 previously[114]. Now, only ten companies have been authorised to issue stablecoins, covering a total of fifteen approved tokens, ten euro-pegged and five dollar-pegged.

Notably, Tether (USDT), the largest stablecoin by market capitalisation, is absent from the approved list and major exchanges have delisted non-compliant stablecoins following ESMA guidance. This contraction reflects the stringent compliance requirements and operational costs introduced by MiCA, which have prompted a considerable proportion of stablecoin issuers and broader crypto asset service providers to either restructure their operations or exit the EU market.

UK’s Sandbox Approach

The UK’s regulatory environment for stablecoins is defined by a multi-pronged approach. The Financial Conduct Authority’s (FCA) regulatory sandbox has enabled a diverse group of firms to test GBP-linked stablecoin solutions within a controlled framework. The FCA is also taking a consultative approach to the regulation of stablecoins[115]. The UK's Financial Services and Markets Act 2023 (FSMA 2023) excludes stablecoin issuance from its current regulatory scope, unlike the EU's MiCA framework, though this is expected to change when HM Treasury introduces secondary legislation in 2025 to bring stablecoins within the UK's regulatory perimeter, establishing a comprehensive framework for issuance, custody, and use in payment systems under FCA supervision[116].

US Regulatory Fragmentation

The US lacks a unified federal framework for stablecoins, resulting in a patchwork of state and federal oversight. Agencies such as the SEC, CFTC, and Treasury apply existing laws to stablecoin issuers, with requirements for anti-money laundering, consumer protection, and reserve transparency. Recent momentum in Congress, including the GENIUS Act and STABLE Act[117], signals a move toward comprehensive federal regulation, mandating full reserve backing and enhanced issuer disclosures. Until these laws are enacted, regulatory fragmentation persists, creating operational uncertainty for issuers and users alike.

Others

Nigeria banned stablecoins entirely while developing its e-Naira, pushing P2P stablecoin trading underground. The ban was lifted in December 2023 , and by early 2025, Nigeria approved its first regulated stablecoin, cNGN[119]. P2P trading remains widespread and legal, with stablecoins account for over 40% of Nigeria’s total crypto transaction volume[120].

Other examples include India, where the Reserve Bank of India maintains a cautious stance, warning of risks to financial stability and continuing to discourage banks from facilitating crypto transactions, despite the 2020 Supreme Court reversal of its formal ban[121], and China, which has banned stablecoins outright as part of its broader cryptocurrency prohibition and is actively promoting the digital yuan[122].

Regulation at a Crossroads

As stablecoins surge onto the global stage, their borderless nature exposes profound regulatory fault lines, each jurisdiction crafting its own rules, from the EU's stringent MiCA regime to the UK's experimental sandbox and the US's patchwork of oversight.

The resulting regulatory whiplash challenges not only compliance teams but the very viability of cross-border stablecoin innovation.

Meanwhile, Big Tech's forays into digital currency, from Meta's abandoned Libra/Diem project to ongoing initiatives by global technology giants - have heightened regulatory scrutiny, amplifying concerns around market dominance, data privacy, and systemic risk.

As lawmakers race to keep pace, one question lingers: can regulators harmonise their approaches before the next wave of digital money leaves them behind?

> ***Can regulators harmonise their approaches before the next wave of digital money leaves them behind?***

Consumer Protection and Legal Recourse

Despite regulatory advances, stablecoin holders face limited legal protections compared to traditional bank depositors. In the event of issuer insolvency or operational failure, consumers may have little recourse and could face delays or losses in redeeming their assets. Current proposals in the US and EU aim to strengthen consumer safeguards, such as requiring independent audits, clear redemption policies, and, potentially, insurance-like protections. Executives should closely monitor evolving consumer protection frameworks, as future regulation may require issuers and intermediaries to provide clearer disclosures, faster redemptions, and more robust legal remedies for end users.

Market Concentration Risks

Tether's dominance introduces pronounced systemic vulnerabilities. In May 2022, after briefly losing its dollar peg, Tether's circulating supply dropped by about $7 billion in just a few days as investors redeemed tokens en masse[123], underscoring the fragility that comes with such concentration. Tether's holdings of over $120 billion in U.S. Treasury securities now rival those of major nation-states, positioning it as a significant force in global bond markets[124].

The landscape is largely shaped by a handful of issuers, Tether, Circle, and Paxos, raising concerns about single points of failure. Should confidence falter in any major stablecoin, the risk of destabilising "runs" becomes acute, with potential to force large-scale asset liquidations. The heavy concentration of reserves in short-term US Treasuries means that sudden redemption waves could ripple through broader financial markets, amplifying volatility well beyond the crypto sector[125].

In short, the market's efficiency and resilience now hinge on the sound management of its largest issuers, a structural risk that regulators and market participants can no longer ignore.

Liquidity and Redemption Risks

Liquidity management for stablecoins differs from traditional deposits. During periods of market stress, redemption requests may be delayed, minimum redemption thresholds imposed, or secondary market liquidity may dry up. This exposes holders to liquidity risk not typically encountered with fiat bank deposits, especially when stablecoin trading is concentrated on a few exchanges.

Blockchain Infrastructure Dependencies & Technical Risks

Stablecoins introduce new dependencies on blockchain network performance and reliability. Network congestion, validator failures, and smart contract vulnerabilities can disrupt settlement, increase transaction costs, or even result in loss of funds. As stablecoins increasingly rely on cross-chain bridges and interoperability solutions, technical failures or hacks in these components can create new single points of failure and amplify operational risk.

Emerging Threats

As stablecoins become more deeply embedded in global finance, new and evolving risks are emerging alongside familiar ones. These threats are not just technical, they span operational, regulatory, and geopolitical domains, requiring executives to remain vigilant and adaptive. Emerging risks include:

- The potential for quantum computing to break current cryptographic standards, making stablecoin networks vulnerable to attack.
- Stablecoin "runs", where large numbers of users redeem tokens simultaneously, could drain billions from crypto markets daily, especially if triggered by loss of confidence or regulatory action.
- Sanctions evasion remains a concern, as stablecoins can be used to bypass traditional financial controls despite the transparency of blockchain transactions.
- The rise of programmable money introduces new vectors for smart contract bugs, operational errors, and cyberattacks, all of which require robust technical and governance controls.
- Finally, as stablecoin adoption expands, scrutiny of blockchain energy use and ESG compliance is increasing, making network sustainability a growing consideration for executives.

The convergence of these risks means that stablecoin adoption cannot be a "set and forget" exercise. Ongoing risk assessment, investment in security, and close monitoring of regulatory and technological developments are essential to safeguard both operational resilience and reputation.

Risk Landscape: What Does It All Mean?

The stablecoin landscape presents a complex web of interconnected risks that demand strategic vigilance from global executives.

Regulatory fragmentation dominates the risk profile, where compliance in one jurisdiction offers no guarantee elsewhere. The EU's stringent MiCA framework has contracted the market to just a few authorised issuers, while the UK embraces sandbox experimentation and the US operates under disjointed oversight.

Market concentration amplifies systemic vulnerabilities. When Tether briefly lost its dollar peg in 2022, $7 billion in redemptions followed within days, illustrating how dominance by a handful of issuers - Tether, Circle, and Paxos - creates pronounced risks. Confidence shocks in any major stablecoin could precipitate destabilising runs with effects rippling far beyond crypto into traditional financial markets.

Technical architecture introduces unique dependencies. Blockchain infrastructure exposes users to network congestion, validator failures, and smart contract vulnerabilities - risks largely absent from traditional payment systems. As cross-chain bridges proliferate, new single points of failure emerge, demanding robust security protocols.

Emerging threats further complicate the landscape. Quantum computing threatens current cryptographic standards, while coordinated stablecoin runs could drain billions from markets daily. Sanctions evasion concerns persist despite blockchain transparency, and programmable money introduces novel vectors for smart contract vulnerabilities. Growing scrutiny of blockchain energy consumption adds environmental considerations to an already complex equation.

Consumer protections remain inadequate compared to traditional banking. In cases of issuer insolvency or operational failure, stablecoin holders face limited legal recourse, with few established remedies for delayed redemptions or losses.

This multifaceted risk environment demands continuous assessment and adaptation. Stablecoin adoption cannot be a "set and forget" exercise but requires ongoing vigilance across regulatory, technical, and market dimensions.

As these digital assets become more embedded in global finance, the critical question emerges: can regulators, issuers, and users keep pace with the relentless evolution of risks - ranging from regulatory fragmentation and market concentration to technical vulnerabilities and consumer protection gaps - or are we destined for a future where the stability and safety of digital money depend on where you are and how quickly you can adapt?

> ***Can regulators, issuers, and users keep pace with the relentless evolution of risks or are we destined for a future where the stability and safety of digital money depend on where you are and how quickly you can adapt?***

Strategic Considerations for Global Executives

Stablecoins are rapidly shifting from niche innovation to a significant force in global payments infrastructure, with adoption accelerating in B2B, cross-border, and treasury operations. Yet, the regulatory environment remains unsettled and as the EU tightens oversight, the US, UK, and APAC regions continue to navigate fragmented and evolving frameworks. Major incumbents like Visa and Mastercard are now integrating stablecoins as a strategic value layer, and the emergence of Stablecoin-as-a-Service models is enabling more brands to participate as the landscape matures.

Against this backdrop of opportunity and uncertainty, global executives must weigh the strategic, operational, and risk considerations that will define their approach to stablecoin adoption.

When stablecoins make sense

Choosing between stablecoins and traditional payment rails depends on your business's needs and risk profile. Stablecoins offer benefits where speed, cost, and global reach are crucial, especially in cross-border and high-value B2B payments, but offer less benefit for domestic or retail transactions where efficient and trusted infrastructure exists.

- Consider using stablecoins for high-value, cross-border B2B payments where speed, cost, and 24/7 availability deliver a clear advantage over SWIFT or correspondent banking.
- Consider stablecoins for treasury management, working capital optimisation, and supplier payments in volatile or high-cost FX corridors.
- Evaluate the ease of integrating stablecoins with existing treasury, ERP, and payment systems, and assess interoperability risks across different blockchains or networks.
- Assess counterparty and settlement risk, particularly the stability and solvency of stablecoin issuers and the quality of their reserves.
- Factor in legal and compliance considerations, as regulatory requirements for stablecoins can vary widely across jurisdictions and may affect feasibility for certain corridors or transaction types.
- Consider using stablecoins where liquidity and redemption are reliable, allowing for conversion to fiat at predictable rates, especially during periods of market stress.
- For retail or domestic payments, stablecoins may offer limited benefit until regulatory clarity, consumer trust, and merchant acceptance improve.

Ultimately, the decision should be driven by a careful analysis of payment corridors, transaction volumes, and operational requirements. Stablecoins are not a one-size-fits-all solution, but when deployed strategically, they can deliver efficiency gains and competitive advantage.

Risks and Rewards Across Business Models

The risk-reward profile of stablecoin adoption varies by business model and market exposure. For corporates, fintechs, and banks, the calculus involves balancing operational benefits against regulatory and counterparty risks.

- **For multinational corporates**, the reward is in liquidity savings, faster settlement, and reduced FX risk, but the risk is regulatory uncertainty and counterparty exposure to stablecoin issuers.
- **For fintechs and payment processors**, stablecoins enable new business models and global reach, but require robust compliance, technical integration, and ongoing regulatory monitoring.
- **For banks**, stablecoins are both a threat and an opportunity: they can disintermediate legacy rails but also offer new revenue streams if adopted strategically.

A tailored approach is essential: businesses should start with low-risk pilots, partner with regulated issuers, and ensure robust compliance and contingency planning. As the ecosystem matures, those who manage these risks proactively will be best positioned to capture the rewards.

Treasury Strategy and Liquidity Management

For treasury teams, stablecoin adoption requires new approaches to liquidity management, portfolio allocation, and counterparty risk assessment. Tiered liquidity structures, regular reserve audits, and clear policies for yield generation and redemption are essential to ensure operational resilience and regulatory compliance.

Geographic considerations for implementation

Geography plays a decisive role in stablecoin strategy. Regulatory frameworks, market maturity, and local business needs all shape the optimal approach to adoption and scaling.

- Asia: Leverage stablecoins for supplier payments and trade finance, especially in Singapore, Hong Kong, and emerging ASEAN markets with supportive regulation.
- Africa: Use stablecoins to bypass currency controls and inflation in high-volatility markets but ensure compliance with local restrictions.
- Europe: Wait for MiCA to settle before major commitments, as regulatory risk remains high.
- Latin America: Exploit stablecoins for cross-border payments and remittances, particularly in Argentina, Brazil, and Mexico, where adoption is highest.
- US: Monitor GENIUS/STABLE Act progress and state-level developments to anticipate new compliance requirements and opportunities.

Success depends on aligning stablecoin initiatives with local regulatory requirements and market realities. By tailoring strategies to regional dynamics, businesses can unlock new efficiencies and access untapped markets while minimising risk.

Interoperability and Integration Risks

Executives should account for interoperability risks when integrating stablecoins with legacy systems or deploying across multiple blockchains. Incompatibilities, bridge vulnerabilities, and evolving technical standards can disrupt payment flows or expose firms to new cyber threats. Careful vendor selection and ongoing technical due diligence are critical to mitigate these risks.

Navigating the risks and rewards of stablecoin adoption is far from one-size-fits-all. Each business model faces a distinct balance of opportunity and exposure, shaped by geography, regulation, and operational realities. The most successful organisations will be those that approach stablecoins with discipline: piloting cautiously, partnering wisely, and embedding robust compliance and contingency planning at every step. As the ecosystem evolves, the ability to adapt strategies to shifting regulatory, technical, and market conditions will separate leaders from laggards. Ultimately, stablecoin adoption is not just about seizing efficiencies, but about building resilience in a landscape where risk and reward are in constant flux

Adoption Roadmap

A successful stablecoin strategy requires a phased, disciplined approach, one that prioritises high-impact use cases, leverages strong partnerships, and builds organisational capability over time.

1. Prioritise corridors with high FX costs or slow settlements for initial stablecoin adoption.
2. Partner with regulated custodians and SCaaS providers for institutional-grade security and compliance.
3. Integrate stablecoins with existing treasury management systems and ERP platforms rather than building new infrastructure from scratch.
4. Start with pilot projects in non-core markets or business units to build internal expertise and operational resilience.
5. Monitor regulatory developments and update internal policies regularly to ensure ongoing compliance.
6. Build flexibility into payment systems to accommodate future shifts in regulation, technology, and market structure.

By following this roadmap, or something like it, organisations can capture the benefits of stablecoins while minimising risk, ensuring they are ready to adapt as regulation and technology continue to evolve.

Business Continuity and Disaster Recovery

As organisations move from stablecoin strategy to execution, robust business continuity and disaster recovery planning become essential. Executives should ensure that contingency plans address blockchain-specific disruptions (e.g. network forks, validator outages, bridge failures) by establishing clear protocols and regularly testing recovery processes for digital asset operations. Integrating these safeguards into a stablecoin adoption roadmap will help maintain operational resilience and protect both reputation and financial stability in the face of unforeseen events.'

> ***"The most successful organisations will be those that approach stablecoins with discipline: piloting cautiously, partnering wisely, and embedding robust compliance and contingency planning at every step."***

The Path Ahead: Plumbing, Not Replacement

Stablecoins are set to become a key connective layer in global finance, not as replacements for traditional currencies, but as part of the digital "plumbing" linking banks, businesses, and platforms across borders. Industry forecasts from Citi suggest the stablecoin market could reach between $1.6 trillion and $3.7 trillion by 2030[126], depending on regulatory progress and institutional adoption. This trajectory underscores that stablecoins are poised to complement, not supplant, existing payment rails.

Their long-term success will depend on several critical factors.

Robust reserve integrity and transparency: High-quality, liquid backing assets and real-time, independent attestations are essential to maintain trust and prevent destabilising incidents like the Terra collapse.

Regulatory compliance and legal clarity: Navigating a fragmented global landscape requires adherence to evolving standards on licensing, disclosures, anti-money laundering, and consumer protection, ensuring stablecoins remain viable across jurisdictions.

Operational resilience and redemption assurance: Reliable liquidity and clear redemption mechanisms, especially under stress, are vital to prevent runs and maintain confidence among users and counterparties.

Interoperability with CBDCs, legacy systems, and other blockchains: Seamless integration across payment networks and digital asset platforms will determine the practical utility and reach of stablecoins as financial "plumbing".

Strong cybersecurity and risk management: Immediate threats such as smart contract exploits, bridge vulnerabilities, and key management failures must be addressed, while also preparing for future challenges like quantum computing.

Stablecoins are increasingly viewed not as a disruptive threat, but as a catalyst for building modern financial infrastructure fit for a borderless world. Their rise marks a quiet but profound rewiring of global financial "plumbing," enabling new efficiencies and connections across traditional and digital domains. The stablecoin revolution is no longer on the horizon, it is unfolding now. The most prudent approach is to begin with low-risk, high-value B2B use cases, stay vigilant to regulatory and technological shifts, and design payment systems with adaptability in mind. As this transformation accelerates, those prepared to navigate its complexities will be best positioned to benefit from the next era of global finance.

> ***"Stablecoins don't fail from distant threats, but from today's unmanaged risks, whether in reserves, regulation, redemption, security, or interoperability."***

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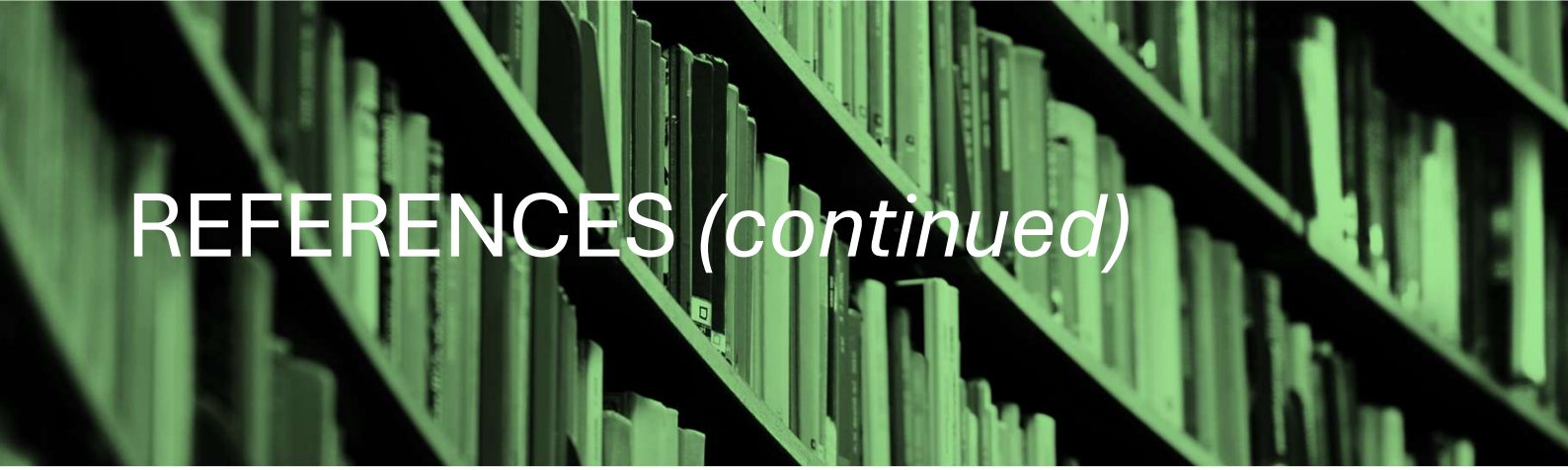

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GET IN TOUCH

I hope you've enjoyed this report and found it of value, as producing it certainly clarified things in my own mind. If you have time, I'd love to hear your feedback!

Interested in learning more? I'd love to help you decode the payments world! My keynotes, training and books make payments and fintech fun and accessible. Whether you need consulting, expert advice or training, I'll support your journey with 25+ years of experience in financial services. Let me transform your payment knowledge with a personal touch and a bit of humour!

Where to see me next:

24th June 2025: **The cVRP Potential: Redefining Recurring Payments** *(webinar with GoCardless and Yonder)*

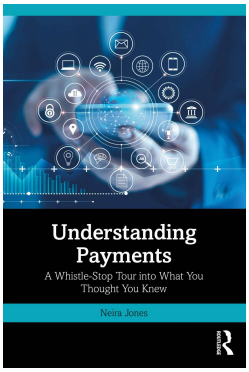
25th June 2025, 09:30 – 13:00: **CBDC 101** *(live training)*
*(Readers of this white paper can use **code STABLE** at checkout for a **20% discount**)*

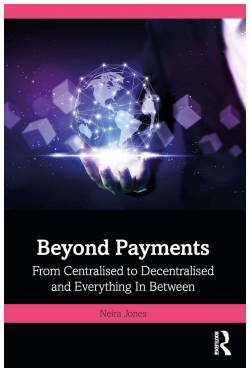
My e-learning platform: https://neirajones.thinkific.com/

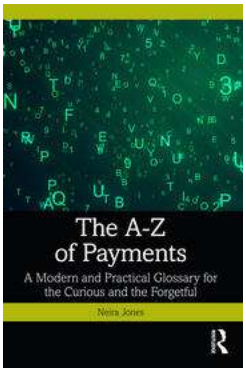
Book me for your event

I regularly address global audiences, in person or virtually, with thought-provoking insights on payments, fintech, and related topics. From intimate boardrooms to bustling conference halls, I transform complex industry concepts into lively, accessible discussions.
Need a keynote that educates whilst entertaining? I deliver presentations that resonate long after the applause fades!

My books







Need help?

With over 25 years in financial services and technology, I'm passionate about change through innovation and partnerships, constantly demystifying the hype around industry trends. I advise organisations of all sizes on payments, fintech, regtech, cybersecurity, and regulatory matters. As a strategic board advisor and non-executive director, I take immense pleasure in collaborating with innovative companies, catalysing their growth through pragmatic guidance and industry savvy.