

2026

# Asia Stablecoin Market Overview

February 2026



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# Summary

- Stablecoin market at ~\$300B (Feb 2026), 99% USD-pegged. **The GENIUS Act mandates Treasury bond reserves, turning stablecoins into a distribution channel for U.S. sovereign debt and a tool for sustaining dollar dominance.**
- **Asian governments agree that legislation alone cannot stop market momentum. The solution is not blocking dollar stablecoins but strengthening domestic currency competitiveness, while building safeguards such as issuance and reserve requirements.**
- Five Asian jurisdictions are responding at different speeds and with distinct strategies.
  - Singapore: Attracting global issuers as a regulatory hub; already in the issuance and operations phase.
  - Japan: First in Asia to legislate, using a bank-exclusive model. Startups (JPYC) and three mega-banks are opening the market simultaneously.
  - Hong Kong: Enacted standalone legislation, but no licenses have been granted yet.
  - South Korea: Legislation stalled as the Financial Services Commission and the Bank of Korea remain in dispute over issuance authority.
  - China: Banned all private stablecoins, opting for full substitution via the digital yuan.
- Asian governments recognize the need for local-currency stablecoins but remain cautious over regulation and capital outflow risks. Meanwhile, the global market is consolidating around the dollar. Over-interpreting unrealized risks turns caution into delay, costing domestic currencies their place in digital payments. **Perfection is impossible. It's ultimately a matter of speed.**

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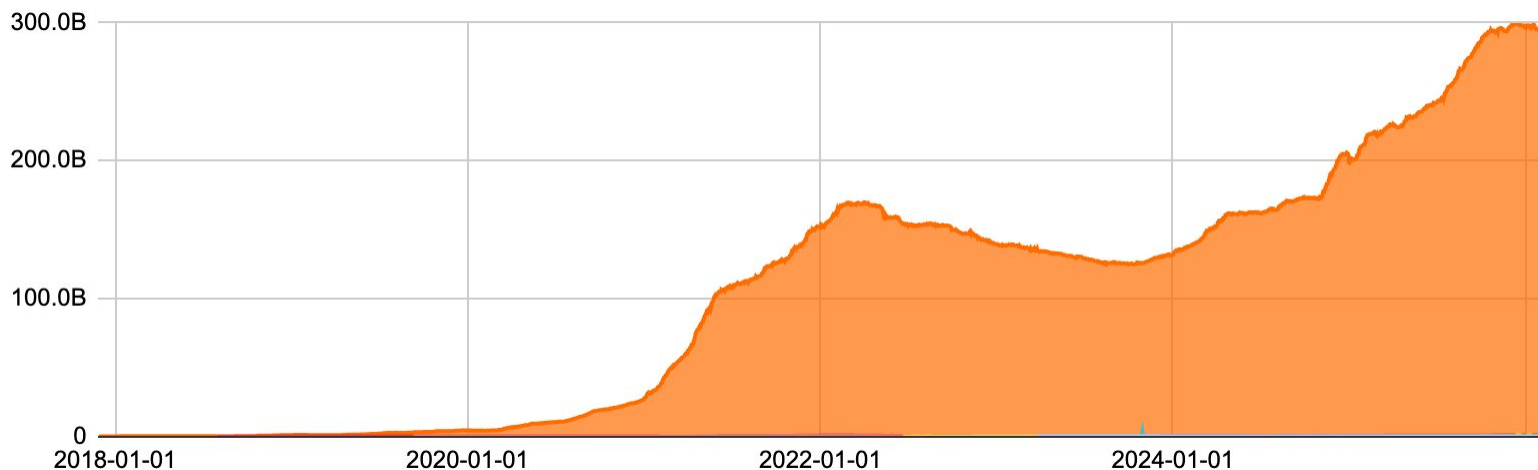
# USD Dominance in the Stablecoin Market



# Dollar-Dominated Stablecoin Market

- Explosive growth averaging ~750% CAGR since 2018. Total market cap reached ~\$300B as of Feb 2026.
- ~99% of circulating supply is USD-pegged. Dollar dominance has only strengthened in proportion to market growth.

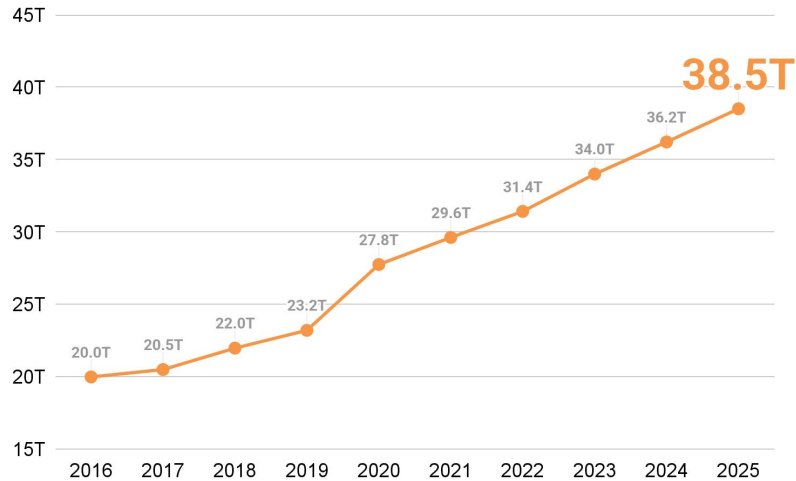
## Annual Stablecoin Market Cap & Currency Breakdown



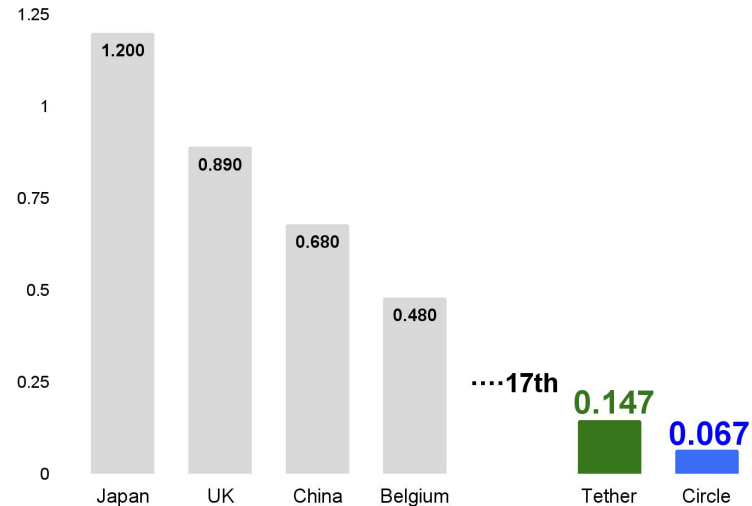
# Stablecoins as a U.S. Policy Tool

- U.S. federal debt stands at \$38T. Roughly \$11T in new Treasuries to be issued in 2025. Demand shortfall is deepening as major holders like China reduce their positions.
- Tether and Circle are now ranked 17th and ~35th globally in U.S. Treasury holdings through continuous purchases.

New U.S. Treasury issuance volume by year



Top U.S. Treasury holders by country and stablecoin issuers



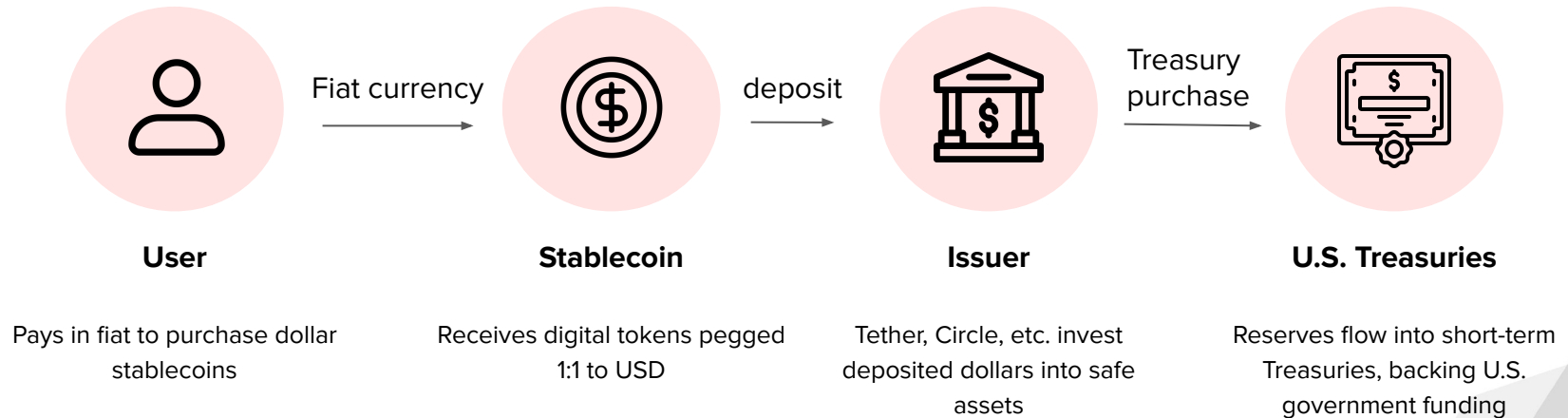
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# Why Asia, Despite It All?

# Why Asia Needs Domestic Currency Stablecoins

- When domestic users and firms transact in USD stablecoins, those funds flow into sustaining U.S. dollar hegemony rather than the domestic financial system.
- The technical advantages are clear: lower costs, 24/7 operations, and faster cross-border payments. But putting value on-chain also opens a direct conversion path to the dollar. A double-edged sword.

## The Issuance Process of a Stablecoin



# Balancing Openness and Control

- Governments initially prioritized CBDCs over private stablecoins. But USD stablecoin adoption outpaced regulation, building consensus that legislation alone cannot block industry momentum.
- Rather than blocking USD stablecoins, the emerging view is that enhancing the appeal of local currencies is the fundamental solution.
- Countries are accepting stablecoins while simultaneously designing institutional safeguards around issuance requirements and reserve regulations.

## Shift in Stablecoin Policy Response

### Before CBDC-first, cautious on stablecoins

#### Blocked private stablecoins

Concerns over opening fiat-to-USD conversion pathways

#### CBDC substitution

Central bank directly controls issuance and distribution

### After

### Local-Currency Stablecoins + Institutional Safeguards

#### Private stablecoin issuance permitted

Embracing technological advantages of stablecoins






#### Reserve and redemption safeguards

100% backing, trust segregation, periodic audits

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# Asia's Stablecoin Landscape in 2026

# Asia's Stablecoin Landscape in 2026

Category	 Singapore	 Hong Kong	 Japan	 South Korea	 China
<b>Current stage</b>	Framework finalized, issuance and operations underway	Standalone legislation enacted, license review in progress	Payment Services Act enforced, issuance and testing underway	Basic law passed, secondary legislation under discussion	Full private ban
<b>Regulated issuance possible</b>	Yes	Yes (under review, no issuance yet)	Yes	No	No
<b>Reference currency</b>	SGD + G10	No restriction	JPY	KRW	N/A
<b>Eligible issuers</b>	MPI license holders and SCS framework-compliant entities	HKMA-licensed entities	Banks, trust companies, fund transfer service providers	TBD	N/A
<b>Key players</b>	StraitsX, Paxos, etc. (6-8 entities)	3 sandbox participants	JPYC, 3 mega-banks	Naver Pay-Upbit, FRAX, BDACS, etc. on standby	N/A
<b>Strategy</b>	Attracting global issuers as a regulatory hub	Currency-agnostic open framework accommodating diverse issuers	Bank-exclusive model layering stablecoins on top of existing financial system	TBD	Full private ban

# 3-1

# Singapore

# A City-State Competing as a Regulatory Jurisdiction

- Singapore has opened issuance not only for SGD but also for USD and other G10 currency stablecoins. A hub strategy designed to attract issuers, capital, and talent.
- StraitsX, Paxos, Ripple, Circle, and other local and global players have obtained MPI licenses. 6 to 8 key operators as of January 2026.

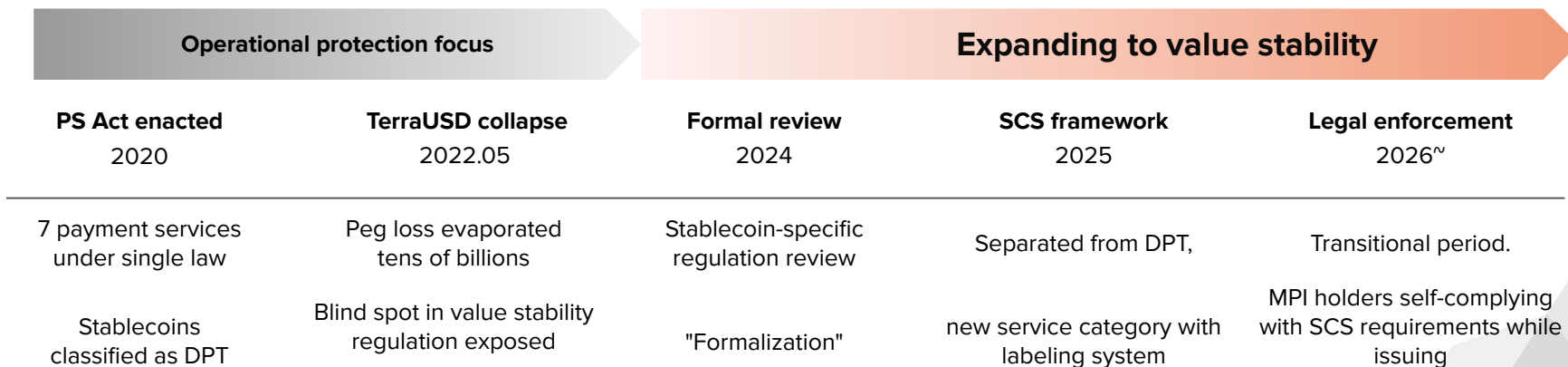
## Singapore Stablecoin Issuers

Operator	Type	Key Coins	Features
<b>StraitsX</b>	Local issuer	XSGD, XUSD	Grab, Alipay+ payment integration
<b>Paxos</b>	Global issuer	USDG	Revenue-sharing model
<b>Ripple</b>	Global issuer	RLUSD	Cross-border payment infrastructure
<b>Circle</b>	Global issuer	USDC	USDC-SGD liquidity pool

# Regulatory Focus Expands from Operational Protection to Value Stability

- The existing PS Act focused on operational stability and customer asset protection.
- After the TerraUSD collapse in 2022, the SCS (Single-Currency Stablecoin) framework was finalized in August 2023 to address the gap around value stability.
- The SCS framework is finalized but enforcement is expected mid-2026. In the interim, MPI-licensed operators are voluntarily meeting SCS requirements while continuing to issue and operate.

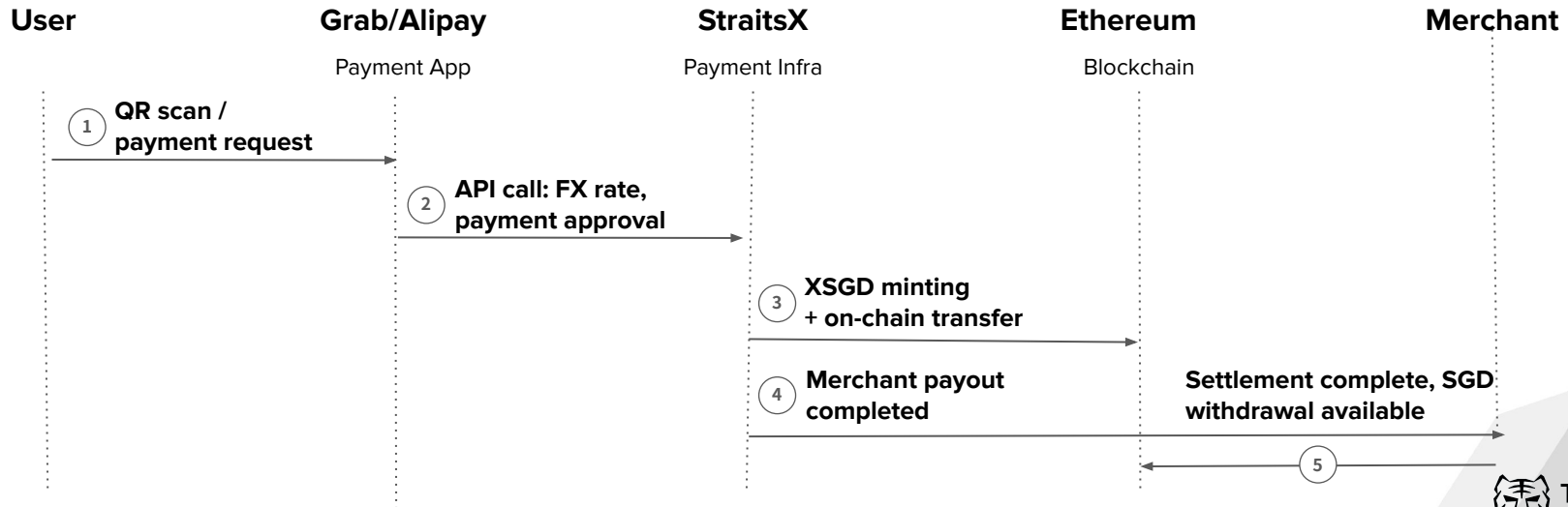
## Singapore Stablecoin Regulatory Timeline



# Case Study: StraitsX

- A stablecoin brand created by Singapore fintech firm Xfers Group. Issues XSGD (SGD-pegged) and XUSD (USD-pegged).
- Real-world use cases expanding rapidly, including Grab merchant payments and Alipay in-store payments in Singapore.

## StraitsX-Grab Transaction Process



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# Hong Kong

# Standalone Legislation, Currency-Agnostic Open Structure

- Unlike Singapore, which amended its existing Payment Services Act, Hong Kong enacted a standalone law, the Stablecoins Ordinance (effective August 2025).
- No restrictions on reference currencies, covering HKD, USD, EUR, and any fiat-pegged stablecoin. JD.com was among sandbox participants, but paused operations after China's government imposed a strong ban on offshore issuance as well.

## Hong Kong Stablecoin Regulation: 3 Key Points

### Standalone legislation

- Dedicated law, not an amendment
- Unlicensed FRS: professional investors only
- Dual oversight: HKMA (issuance), SFC (exchanges)

### Currency-agnostic

- No restriction on reference currency
- HKD, USD, EUR all eligible
- Broader than Singapore (G10 only)

### China Workaround

- Legal issuance channel unavailable on mainland
- JD.com subsidiary in sandbox
- **Paused after mainland banned offshore issuance**

# Law Enacted, but No Licenses Granted Yet

- A dual oversight structure. HKMA supervises issuance, SFC oversees exchanges. As of February 2026, zero licenses have been granted, with 36 applications pending. The first license is expected in H1 2026.
- Regulation targets Fiat-Referenced Stablecoins (FRS). FRS issued without an HKMA license cannot be sold to retail investors and are restricted to professional investors only.

## Dual Oversight Structure

Category	HKMA	SFC
<b>Role</b>	Central banking function	Securities and futures regulator
<b>Jurisdiction</b>	FRS issuer licensing and supervision	Virtual asset exchange licensing and supervision
<b>Legal basis</b>	Stablecoins Ordinance (SO)	Anti-Money Laundering Ordinance (AMLO)

\*FRS: Stablecoins pegged 1:1 to fiat currency

## Sales Eligibility by License

Category	HKMA-licensed	Unlicensed FRS
<b>Retail investors</b>	○	✗
<b>Professional investors</b>	○	○

## Case Study: 3 Sandbox Participants

- RD InnoTech (HK blockchain firm): Digital asset trading and cross-border trade settlement PoC
- JINGDONG Coinlink (JD.com affiliate): Supply chain finance, targeting 90% reduction in cross-border payment costs
- Standard Chartered / Animoca Brands / HKT consortium: Web3 payments and telecom payment simulation

### Hong Kong Sandbox Participants

#### Local blockchain firm



- Digital asset trading infra
- cross-border trade settlement

**Stablecoin-based PoC  
validated in trade  
settlement**

#### Chinese corporate affiliate



- Supply chain finance
- cross-border payment efficiency

**90% cost reduction vs.  
legacy systems validated**

#### Global consortium



- Bank + gaming/Web3 + telecom

**Web3 payments, metaverse  
economy, telecom payment  
simulation**

# 3-3

## Japan

# First in Asia to Legislate, Bank-Exclusive Model

- Amended the Payment Services Act in 2022, effective June 2023. The first country in Asia to grant legal status to stablecoins.
- Issuance limited to three entity types: banks, trust companies, and fund transfer operators. All three are already supervised by the FSA, making this effectively a bank-exclusive model.

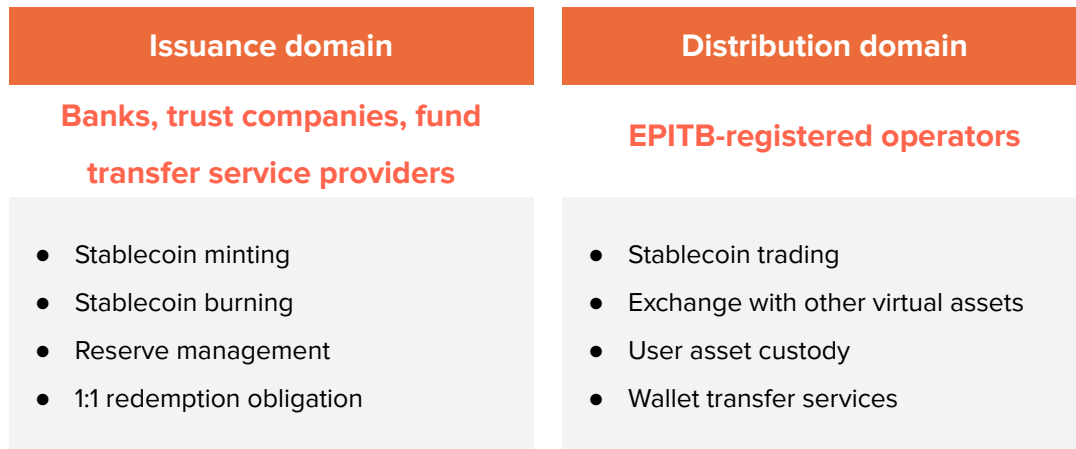
## 3 Entity Types Under FSA Supervision

Category	Banks	Trust companies	Fund transfer service providers
Legal classification	Deposit	Trust beneficiary rights	Claims
Role	<ul style="list-style-type: none"><li>• Stablecoin issuance and redemption</li><li>• reserve custody</li></ul>	<ul style="list-style-type: none"><li>• Trust-structured issuance</li><li>• yield-bearing stablecoins</li></ul>	<ul style="list-style-type: none"><li>• Non-bank issuance pathway</li><li>• JPYC issues under this category</li></ul>
Transfer limits	None	None	JPY 1M/day cap on issuance/redemption
Key feature	Same legal protection as deposits	Same flexibility as banks	JPY 1M daily limit

# Dual Regulation and Domestic Bond Channeling

- A dual structure. Issuance (mint/burn) is limited to banks, trust companies, and fund transfer operators. Distribution (trading, exchange, custody) requires separate EPITB registration.
- For JPY stablecoin issuers, currency mismatch risk and hedging costs make JGBs a more natural reserve choice than U.S. Treasuries. Reserves effectively flow into domestic sovereign debt.

## Japan Stablecoin Regulatory Structure



## Case Study: JPYC

- JPYC Inc. registered with the FSA as a fund transfer operator and officially launched JPYC, a 1:1 JPY-pegged stablecoin, as an "electronic payment instrument" in October 2025. A notable case of a startup entering the market ahead of major banks.
- Through its dedicated platform "JPYC EX," depositing JPY mints an equivalent amount of JPYC, and redeeming JPYC returns JPY.

### JPYC Transaction Process

Deposit flow    Withdrawal flow



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# South Korea

# The Only Country Without Dedicated Legislation

- Phase 1 complete with the passage of the Digital Asset Basic Act (DABA) in 2025, establishing the market's foundational framework. However, DABA lacks detailed stablecoin issuance provisions. Phase 2 subordinate legislation expected to be finalized in 2026.
- Activity already underway outside the regulatory perimeter. IQ/Frax's KRWQ is supplying KRW liquidity to global DeFi markets. BDACS's KRW1 is running institutional infrastructure demos at the PoC stage.

## Stablecoin Legislation and Issuance Status Across 5 Jurisdictions

	Banned	Under discussion	Law enacted	Licensed /Testing	Issuance /Operations
 Singapore	SCS framework finalized, MPI granted				
 Japan	JPSA enforced, JPYC launched				
 Hong Kong	<b>Ordinance enacted, 36 license applications</b>				
 South Korea	<b>Under discussion</b>				
 China	Full ban				

# The Issuer Debate

- FSC (industrial policy). Fintechs and consortiums should be eligible to issue if capital and technical standards are met.
- BOK (monetary stability). Stablecoins function like deposits. Banks must hold 50%+1 share in any issuing consortium.
- Democratic Party Digital Asset TF met Feb 24 but advisor disagreements delayed the bill from February to March. Now coordinating a unified proposal with financial authorities.

## Stablecoin Legislation and Issuance Status Across 5 Jurisdictions

Category	FSC	BOK
<b>Core position</b>	Private participation including fintechs	Bank-centric (50%+1 share consortium)
<b>Control mechanism</b>	Capital requirements + issuance volume caps	Reserve ratio linked to monetary policy
<b>Key rationale</b>	Regulatory oversight can manage risk	Mass non-bank issuance weakens monetary control
<b>Concern</b>	Loss of national industrial competitiveness	Financial instability from failed money supply management

# Case Study: Pre-emptive Moves Outside the Regulatory Perimeter

- Early movers outside the regulatory framework include IQ/Frax's KRWQ and BDACS's KRW1.
- Beyond these, major players such as Naver Pay and Upbit consortiums are exploring joint issuance models.

## KRW Stablecoin Issuer Comparison

Category	KRWQ	KRW1
Issuer	IQ / Frax joint development	BDACS
Approach	Offshore issuance	Domestic PoC
Stage	Launched	Launched
Purpose	Supplying KRW liquidity to global DeFi	On-chain infrastructure verification for institutional use
Features	Built on Frax infrastructure	100% escrowed at Woori Bank

# 3-5

# China

# Full Private Ban, Digital Yuan Substitution

- In 2021, ten agencies including the PBoC designated all virtual asset activities as illegal. In Feb 2026, unauthorized CNY-pegged stablecoin issuance was explicitly banned, both domestically and offshore.
- The ban extends to offshore issuance. CNY-pegged coins issued in Singapore or Hong Kong face penalties if a mainland entity is involved. Offshore USD stablecoins are also barred from domestic payment infrastructure. Effectively no legal entry for private stablecoins into China's financial system.

## Full crypto ban (2021)

中国人民银行 中央网信办 最高人民法院 最高人民检察院 工业和信息化部 公安部 市场监督管理总局 银保监会 证监会 外汇局 关于进一步防范和处置虚拟货币交易炒作风险的通知（银发〔2021〕237号）

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**Virtual currency-related business activities constitute illegal financial activities.**

(二) 虚拟货币相关业务活动属于非法金融活动。开展法定货币与虚拟货币兑换业务、虚拟货币之间的兑换业务、作为中央对手方买卖虚拟货币、为虚拟货币交易提供信息平台和定价服务、代付发行虚拟货币以及虚拟货币衍生品交易等虚拟货币相关业务活动涉嫌非法替代货币职能、擅自公开发行证券、非法经营期货业务、非法集资等非法金融活动，一律严格禁止，坚决依法取缔。对于开展相关非法金融活动构成犯罪的，依法追究刑事责任。

(三) 境外虚拟货币交易所通过互联网向我国境内居民提供服务同样属于非法金融活动。对于相关境外虚拟货币交易所的境内工作人员，以及明知或应知从事虚拟货币相关业务，仍为其提供营销宣传、支付结算、技术支持等服务的法人、非法人组织和自然人，依法追究有关责任。

(四) 参与虚拟货币投资交易活动存在法律风险。任何法人、非法人组织和自然人投资虚拟货币及相关衍生品，违背公序良俗的，相关民事法律行为无效，由此引发的损失由其自行承担；涉嫌破坏金融秩序、危害金融安全的，由相关部门依法查处。

二、建立健全应对虚拟货币交易炒作风险的长效机制

(五) 部门协同联动。人民银行会同中央网信办、最高人民法院、最高人民检察院、工业和信息化部、公安部、市场监督管理总局、银保监会、证监会、外汇局等部门建立工作协调机制，协同解决工作中的重大问题，督促指导各地区按统一部署开展工作。

(六) 强化属地落实。各省级人民政府对本行政区域内防范和处置虚拟货币交易炒作相关风险负总责，由地方金融监管部门牵头，国务院金融管理部门分支机构以及网信、电信主管、公安、市场监管等部门参加，建立常态化工作机制，统筹调动资源，积极预防、妥善处置虚拟货币交易炒作有关问题，维护经济金融秩序和社会和谐稳定。

三、加强虚拟货币交易炒作风险防范预警

## Structural crypto risk management (2026)

(十一) 严厉打击相关违法犯罪活动。公安部、中国人民银行、市场监管总局、金融监管总局、中国证监会等部门以及审判机关、检察机关，按照职责分工依法严厉打击虚拟货币、现实世界资产代币化相关诈骗、洗钱、非法经营、传销、非法集资等违法犯罪活动，以及以虚拟货币、现实世界资产代币化等为抓手开展的相关违法犯罪活动。

(十二) 加强行业自律管理。相关行业协会要加强会员管理和政策宣传，立足自身职责定位，指导和督促会员单位抵制虚拟货币、现实世界资产代币化相关非法金融活动，对违反监管政策和行业自律规则的会员单位，依照有关自律管理规定予以惩戒。依托各类行业基础设施开展虚拟货币、现实世界资产代币化相关风险监测，及时向有关部门移送问题线索。

四、对境内主体赴境外开展相关业务实行严格监管

(十三) 未经相关部门依法依规同意，境内主体及其控制的境外主体不得在境外发行虚拟货币。

(十四) 境内主体直接或间接赴境外开展外债形式的现实世界资产代币化业务，或者以境内资产所有权、收益权等（以下统称境内权益）为基础在境外开展资产证券化、具有股权性质的现实世界资产代币化业务，应按照“相同业务、相同风险、相同规则”原则，由国家发展改革委、中国证监会、国家外汇局等相关部門按照职责分工，依法依规进行严格监管。对于境内主体以境内权益为基础在境外开展的其他形式的现实世界资产代币化业务，由中国证监会等部门

**Domestic entities may not issue virtual currencies offshore without approval.**

注：形成中央统筹、明确职责、共同负责的长效机制，保持高压态势，防范化解风险，有力有效防范化解风险，依法保护人民群众财产安全，全力维护经济金融秩序和社会稳定。

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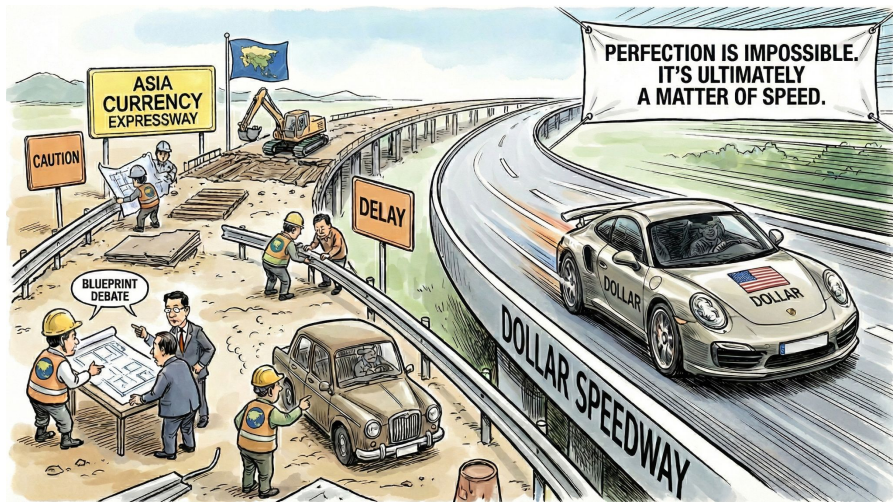
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**It All Comes  
Down to Speed.**



# The dollar is in a Ferrari. Speed is all that matters now.

- Asian local-currency stablecoins account for less than 1% of the \$300B market. Most laws only took effect between 2023 and 2025, so this is partly expected. But USD stablecoins did not stand still in the meantime.
- Local-currency stablecoins are a double-edged sword. Once on-chain, a dollar conversion path opens simultaneously. Without careful institutional design, rushing ahead risks triggering capital outflows.
- **But if caution turns into delay, the very position of the local currency that these efforts aim to protect may disappear. Getting to market first matters more than perfecting the framework.**



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