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Contents

Stablecoins Are Imperfect but Inevitable

A deep dive into the value chain, transaction mechanics, and the inconvenient truths about adoption

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- **Stablecoins are becoming financial infrastructure, but they complement rather than replace traditional finance:** This report maps the six-layer value chain, explains how stablecoin transactions work end-to-end, and identifies which use cases, geographies, and business models justify investment versus where traditional rails remain superior.

- **Stablecoins win as a settlement layer:** They are seeing their strongest use cases among cross-border B2B payments in dollar-constrained markets, corporate treasury operations that require 24/7 liquidity mobility across jurisdictions, and capital markets settlement. In capital markets, instant collateral movement and programmable workflows create operational advantages that traditional T+1 settlement (next business day after transaction date) cannot provide.

- **Stablecoins are not always better than traditional payment infrastructure:** In markets where existing rails are already fast, cheap, and trusted, stablecoin benefits are marginal. Some markets already operate real-time payment rails, and stablecoin transactions are not necessarily cheaper if there are liquidity and foreign exchange constraints.

- **Thin liquidity is the current Achilles heel:** Stablecoin-to-fiat spreads can be significantly wider than interbank rates in emerging markets, preventing large institutional flows from coming online. Without deeper bid-ask flows and tighter foreign exchange spreads, stablecoins cannot compete with traditional rails on cost.

- **Market makers will determine adoption success:** Their ability to quote competitive foreign exchange spreads and maintain deep liquidity pools across corridors is critical for payment at the last mile.

- **Capital efficiency favors banks over stablecoins:** Traditional clearing systems, such as the Clearing House Interbank Payments System, achieve 29:1 liquidity efficiency ratios through netting, while stablecoins require 1:1 backing. This forces stablecoin intermediaries to operate more capital-intensively, fragmenting liquidity across currencies and blockchains.

- **Stablecoins do not disintermediate banks but rather depend on them:** Real-time on-chain settlement still requires traditional banking infrastructure for fiat pre-funding, local market-maker reserves, and last-mile payouts. The speed advantage exists at the settlement layer, but liquidity provisioning remains anchored in the legacy system.

- **Banks are adapting, not disappearing:** While deposit leakage is a concern, banks' roles as trusted intermediaries and compliance anchors position them as essential to the stablecoin ecosystem. The winning strategy is integration, not competition. Banks exploring stablecoin strategies are evaluating how to offer tokenized deposits and stablecoin rails alongside traditional products to meet customers wherever they transact.

- **Broader tokenization trends are converging with stablecoins:** The same infrastructure that facilitates instant stablecoin payments is now being used to trade securities 24/7, earn yield on idle cash, and leverage investments as collateral. The future will involve a unified system where moving money, trading assets, and managing corporate treasuries are interoperable on a blockchain.

- **Currency controls can lead to stablecoin premiums and arbitrage opportunities:** In dollar-constrained markets with strict foreign exchange caps, stablecoins can sometimes trade above official rates, providing parallel dollar access. Regulators see these flows as undermining monetary policy and often shut down local off-ramp partners, creating constant enforcement risk.

- **The stablecoin value chain is complex and includes players from traditional finance and digital assets:** Beyond issuers and applications, infrastructure providers can be broken out into traditional finance infrastructure, digital asset infrastructure, orchestrators, and enablement platforms. Each layer has a role to play in an end-to-end transaction.

Background and context

This report provides an in-depth examination of stablecoins, building on our earlier research into cross-border money movement. For readers who are new to the space, we recommend starting with our primers on stablecoins and cross-border payments, which provide the necessary context for the themes explored in this note.

The stablecoin shift

2025 has been a monumental year for stablecoin adoption. What was once confined to crypto-native companies has now rapidly gained momentum across the broader financial services landscape. In recent months, incumbents, banks, fintech companies, and startups alike have quickly mobilized to develop stablecoin strategies.

This shift has broadened stablecoin utility, extending well beyond payments into the wider landscape of tokenized assets. Merchants are piloting stablecoin acceptance, startups are raising capital around stablecoin-centric business models, banks are evaluating tokenized deposits, capital markets institutions are testing tokenized instruments, and fintech companies are even introducing purpose-built Layer 1 (L1) blockchains tailored for payments.

Recent significant stablecoin news

Date	Description
July 2025	PayPal introduces Pay with Crypto, enabling merchants to accept crypto that converts instantly to stablecoin or fiat across more than 100 currencies.
July 2025	FIS partners with Circle to integrate USDC payments, giving thousands of banks a path to offer stablecoin transactions via existing infrastructure.
July 2025	JPMorgan Chase and Coinbase partner to allow Chase customers to directly link their bank accounts to Coinbase, enabling seamless transfers between fiat and crypto.
August 2025	Ripple acquires stablecoin payments platform Rail for $200 million, expanding its stablecoin-based cross-border and foreign exchange settlement solutions.
August 2025	JPMorgan goes live with on-chain foreign exchange settlement for Ant Financial, enabling near-instant multicurrency cross-border payments in Asia.
September 2025	Cloudflare announces NET Dollar, a USD-backed stablecoin designed for instant and secure payments in AI-driven internet transactions.
September 2025	Nubank plans to pilot dollar-pegged stablecoin payments via credit cards.
September 2025	Tether seeks to raise $15 billion to $20 billion in a deal that could be valued at $500 billion, putting its value on par with OpenAI's.
September 2025	SWIFT plans to add a blockchain-based shared ledger for real-time, 24/7 cross-border payments to enhance global transaction speed, security, and interoperability, developed with Consensys and more than 30 financial institutions.
September 2025	Brex announces it will enable businesses to send, receive, and pay card balances with stablecoins starting with USDC.
September 2025	Visa announces it will pilot stablecoin prefunding for businesses through Visa Direct.

Source: PitchBook • Geography: Global • As of September 30, 2025

Evidence of this momentum is already showing up at scale. Alongside rapidly growing interest, stablecoin transaction volumes and supply have also grown. YTD transaction volume, adjusted for high-frequency trading and bot activities, has reached $7.2 trillion,[1] now more than half of Visa's total 2024 payments volume of $13.2 trillion.[2] Likewise, stablecoin market capitalization has expanded 66.1% YoY, reaching $289.8 billion as of October 1, 2025.[3]

1: "Adjusted Transaction Methodology," Visa, n.d., accessed October 7, 2025.
2: "Annual Report 2024," Visa, 2024, accessed October 7, 2025.
3: "Stablecoins," rwa.xyz, n.d., accessed October 7, 2025.

Stablecoin stats snapshot

$289.8B Market cap	**+66.1%** YoY market cap growth	**+18.3%** QoQ market cap growth	**+6.0%** MoM market cap growth
$7.2T Adj. transaction vol YTD	**+89.4%** YoY grwoth YTD adj. transaction vol	**$1.0T** Adj. transaction vol Sept. 2025	**+158.8%** YoY growth Sept. 2025 adj. transaction vol
1.6B Adj. transaction count YTD	**+77.3%** YoY growth YTD adj. transaction count	**197.3M** Adj. transaction count Sept. 2025	**+82.6%** YoY growth Sept 2025 adj. transaction count
307.7M Active unique addresses LTM	**116.9M** Active unique addresses Q2 2025	**51.1M** Active unique addresses Sept 2025	**+82.9%** YoY growth Sept. 2025 active unique addresses

Source: Visa and rwa.xyz • Geography: Global • As of October 1, 2025

Naturally, skepticism has emerged at this stage of the hype cycle, with some in the industry believing stablecoins are overhyped. We do not share that view. While some stablecoin-focused startups may command inflated valuations driven by short-term market dynamics—particularly those capitalizing on foreign exchange arbitrage opportunities in emerging markets—the underlying technology addresses fundamental inefficiencies in cross-border payments, treasury management, and capital markets that traditional systems struggle to solve efficiently.

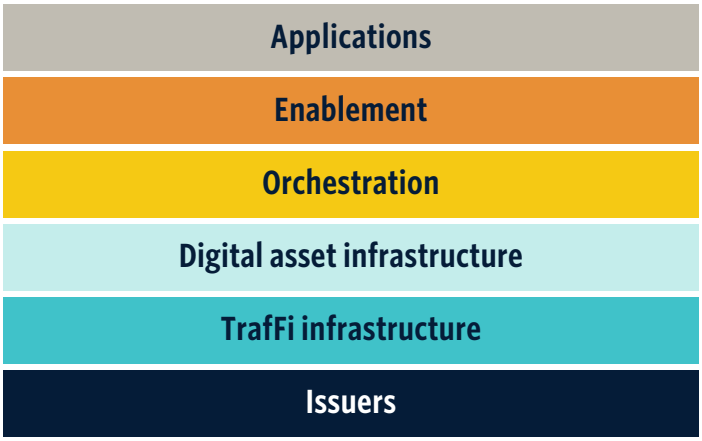
Additionally, adoption will be sticky. We expect that once companies adapt to a global-first money movement system that enables instant settlement at any time of year, the operational efficiencies will become difficult to abandon in many applications. Recent regulatory clarity in the US has further laid the groundwork for broader institutional participation and long-term integration into the financial infrastructure. While additional frameworks will be needed, the Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act marks a significant first step in legitimizing stablecoins as a regulated asset class and providing institutions with the confidence to scale their adoption.

Across our conversations in the last month, the consensus is that demand for stablecoins is only continuing to surge. At the same time, there continues to be a robust pipeline of conversations around stablecoin integration that is actively taking place among many financial institutions, fintech companies, and crypto companies. Several announcements around stablecoin product launches and partnerships should be expected in the coming months.

Below, we examine the strategic implications of accelerating stablecoin adoption across financial services. We provide a framework for understanding the stablecoin ecosystem, analyze how stablecoin transactions work under the hood, and identify where these solutions deliver the greatest value. Rather than positioning stablecoins as a universal payment solution, we focus on the specific use cases and markets where they offer meaningful advantages over traditional rails.

Mapping the value chain

Overview of the stablecoin value chain

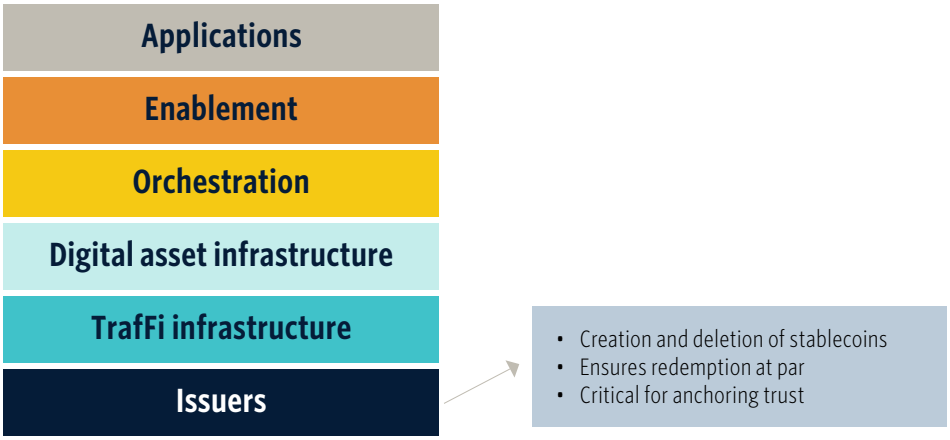


Before determining where stablecoins add value and where they fall short, we believe it is essential to understand the key players and their functions. At a high level, the stablecoin stack can be viewed in three broad layers: issuers, infrastructure, and applications. In practice, however, the movement of money—between counterparties, across borders, and on- and off-chain—involves multiple intermediaries, making the infrastructure layer particularly complex.

A more comprehensive view of the value chain examines six key categories: issuers, traditional financial infrastructure, digital asset infrastructure, orchestration, enablement, and applications. Note that some players offering multiple products and services may appear in more than one category.

Layer 1: Issuers

Layer 1 overview



Overview: At the base of the stack, issuers create and redeem stablecoins and ensure redemption at par. Most do this by backing tokens with high-quality liquid assets, though some use derivatives or algorithms to maintain price stability.

Under the GENIUS Act, only licensed US entities, or authorized foreign issuers under certain conditions, may issue or redeem payment stablecoins in the US. Their activities are restricted to issuance, redemption, reserve management, and custody, and they are prohibited from broader financial services such as lending or investment advisory, unless explicitly approved by regulators. Issuers must obtain a federal or certified state license, operate under prudential oversight (Office of the Comptroller of the Currency, Federal Reserve, Federal Deposit Insurance Corporation, or approved state regulators), and comply with Bank Secrecy Act requirements, including know-your-customer (KYC), and anti-money-laundering (AML).

Permitted reserve assets for these regulated issuers include US cash, demand deposits at insured banks, Treasuries with maturities under 93 days, balances at Federal Reserve Banks, and overnight repos collateralized by Treasuries. Shares of money-market funds investing exclusively in these instruments—or their tokenized equivalents, excluding repo—are also allowed.

Examples: Circle, Tether, Paxos, Agora, Archblock, BitGo, Ethena, First Digital Group. Frax, MakerDAO, Native Markets

Business model: Issuers primarily generate revenue through float income by investing in reserves. For example, 96% of Circle's revenues in H1 2025 came from reserve income.[4] To diversify beyond interest income, issuers are charging enterprises for API integrations and user-based licensing, capturing transaction revenues from stablecoin redemptions and blockchain infrastructure usage, and clipping performance fees for fund management activities. More recently, some

4: "Form 10-Q: Circle Internet Group, Inc.," US Securities and Exchange Commission, June 30, 2025.

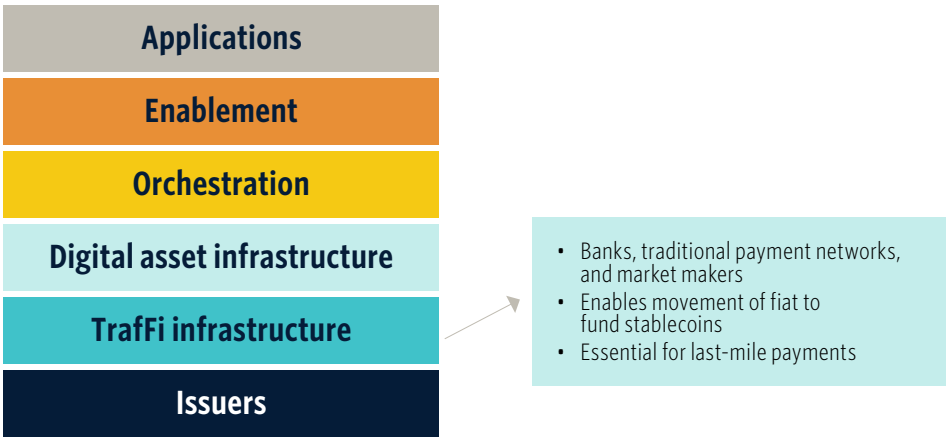
issuers, such as Circle, have launched proprietary Layer 1 blockchains, creating potential revenue streams from transaction fees, validator rewards, and enterprise payment infrastructure services.

Value creation: Issuers are critical for anchoring trust in stablecoins. They ensure stablecoins remain fully redeemable at par and provide the liquidity and reliability that enable the broader ecosystem to function. At scale, issuers play a significant role in deepening adoption through network effects. The more widely a stablecoin is trusted and available across different chains, the more it will be accepted and relied upon by users, exchanges, and financial institutions. This is why issuers actively pursue partnerships with exchanges, wallets, fintech companies, and payment networks to extend distribution and interoperability.

Opportunities: For investors, issuers offer exposure to a large and durable revenue pool in reserve income, though returns remain sensitive to rate cycles and regulatory shifts. Upside depends on whether newer revenue streams, such as orchestration and API services, transaction fees, or proprietary blockchains, can scale meaningfully. However, newer and smaller issuers may have a hard time competing for market share, given that Circle and Tether capture over 85% of the stablecoin market share combined.[5] For partners, issuers are key entry points for embedding stablecoins into payments and treasury workflows. They play a critical role as regulated entities that enable other firms to bring branded stablecoins to market, such as Paxos with PayPal's PYUSD.

Layer 2: Traditional finance infrastructure

Layer 2 overview



Overview: The traditional finance infrastructure layer links stablecoins to the fiat banking system, ensuring stability and convertibility. Reserve custodians safeguard the fiat assets backing stablecoins, while market makers and liquidity providers facilitate price discovery and maintain liquidity for large-scale and cross-border flows. Payment infrastructure and technology providers cover both the traditional rails themselves and the integration and processing layers that connect businesses

5: "Stablecoins," rwa.xyz, n.d., accessed October 7, 2025.

to those rails. Banks also play supporting roles. Although stablecoins bypass correspondent networks, they remain essential for funding and pre-funding fiat accounts that enable minting, redemption, and last-mile settlement.

Examples:

- **Reserve custodians:** Bank of New York Mellon, State Street, Northern Trust, JPMorgan Chase, BNP Paribas, Standard Chartered, Wells Fargo, DBS Bank, SEBA Bank, Anchorage Digital
- **Market Makers & Liquidity Providers:** Jump Trading, Wintermute, GSR, DRW Cumberland, Galaxy Digital Trading, B2C2, Rio, Amber Group, Flowdesk, Zodia Markets
- **Payment infrastructure and technology providers:** Visa, Mastercard, FIS, Jack Henry, Fiserv, Worldpay, Authorize.net, Chase Merchant Services, Wells Fargo Merchant Services, Stripe, Adyen, Stablecore
- **Banks:** JPMorgan Chase, Bank of America, Citi, BBVA, HSBC, Deutsche Bank, Crown Agents Bank, Barclays, Santander, Absa, Lead Bank, Standard Bank, Itaú Unibanco

Value creation: Despite the broader narrative of disintermediation, traditional finance players are essential for making stablecoins viable. Reserve custodians ensure stablecoins can be redeemed at par, anchoring trust. Market makers keep spreads tight—a key component in ensuring stablecoin transactions can be cheap. Banks enable last-mile fiat redemptions and payouts, which ultimately allow stablecoin transactions to deliver a seamless user experience.

Opportunities: For reserve custodians, stablecoins represent a new pool of low-risk deposits, with growth in issuance directly expanding assets under custody. Custody mandates are likely to concentrate among a handful of global banks, creating durable and fee-generating relationships with issuers.

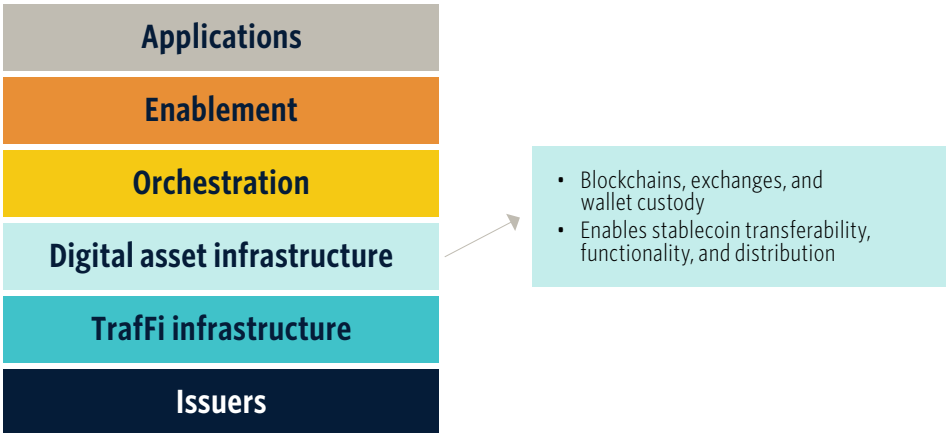
For market makers and liquidity providers, stablecoins open high-volume foreign exchange and trading opportunities, particularly in underserved or high-cost corridors. This is an interesting area that we believe is still in early innings, and we expect market makers to be significantly involved in partner conversations going forward. They are integral to the stablecoin value chain, since tight foreign exchange spreads and deep liquidity are prerequisites for the actual delivery of faster and cheaper payments.

For banks, stablecoins present both opportunity and risk. Banks remain essential for fiat on- and off-ramps but may lose correspondent banking revenues as transfers move on-chain. However, they can still stay ahead by integrating stablecoins into their foreign exchange and treasury businesses, while leveraging the capital efficiency of traditional clearing systems.

Payment infrastructure providers serving financial institutions can play a large role in helping banks capitalize on this opportunity. Incumbents such as FIS and Fiserv are already launching new products that support stablecoins, while new startups like Stablecore help banks and credit unions integrate digital asset capabilities.

Layer 3: Digital asset infrastructure

Layer 3 overview



Overview: The digital asset infrastructure layer comprises several components that enable stablecoins to be functional and transferrable within blockchain-based ecosystems. At this foundational level, blockchain networks provide the transaction rails for issuance, transfer, and settlement. Exchanges supply the liquidity and conversion infrastructure that allow stablecoins to be seamlessly traded, redeemed, or deployed across capital markets. Custody providers offer secure storage and key management for stablecoin tokens held by institutions and end-users.

Examples:

- **Blockchain networks:** Ethereum, Polygon, Solana, Avalanche, Base Arbitrum, Optimism, Tron, Arc, Tempo, Plasma
- **Exchanges:** Coinbase, Binance, Bitso, Kraken, Gemini, Bitstamp (acquired by Robinhood), OKX, KuCoin
- **Custody providers:** Anchorage Digital, Coinbase Custody, Cobo, Fidelity Digital Assets, BitGo Trust, Prime Trust, Safeheron, Turnkey, Privy (acquired by Stripe)

Business model: Blockchain networks earn primarily from transaction fees, while exchanges monetize through trading fees, conversion spreads, listing fees, and liquidity provisioning. Custody providers generate revenue from assets-under-custody, enterprise licensing, and compliance services. Rising stablecoin volumes amplify each of these—they increase fee revenue for networks, boost trading and conversion activity for exchanges, and drive institutional demand for custody.

Already, stablecoins account for a large share of on-chain activity and have become a meaningful revenue source for exchanges. In 2024, stablecoin activity accounted for 60% of the $7.3 billion transaction fee revenue generated on Ethereum.[6] Meanwhile, Coinbase has earned $630 million from stablecoins in H1 2025, or 17.8% of its total revenue,[7] through trading, spreads, and revenue sharing on USDC reserves.

Value creation: Digital asset infrastructure ensures stablecoin transactions can move on-chain and scale. Blockchain networks process settlement with speed and throughput, reducing costs as volumes grow. Exchanges provide a means for end-users to access stablecoins and help drive stablecoin adoption. Custody providers deliver the trust and compliance needed for regulated adoption, which will ultimately help bring more traditional finance players into the market.

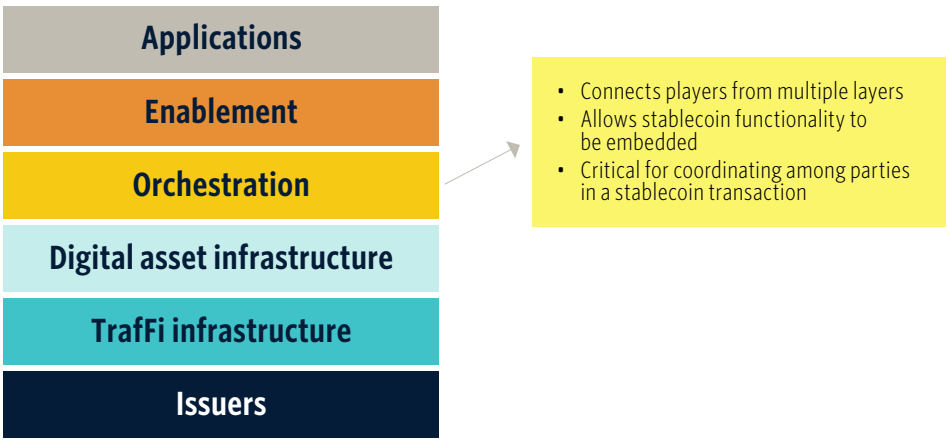
Opportunities: For blockchains, rising stablecoin volumes directly translate into higher transaction fee revenue, while purpose-built payment chains could capture meaningful upside if they overcome cold-start challenges and interoperability risks.

For exchanges, stablecoins are both a distribution channel and a revenue opportunity: Circle shares USDC revenue with Coinbase, and platforms with deep liquidity are increasingly launching their own stablecoins to capture settlement economics, as highlighted by Hyperliquid's push for USDH.

For custody providers, growth will come through partnerships with banks, fintechs, and asset managers that need secure, compliant integration of stablecoins into payments and treasury workflows. Those that win issuer and exchange mandates can build sticky, recurring revenues protected by high regulatory barriers to entry.

Layer 4: Orchestration

Layer 4 overview



6: "Ethereum Generates $7.3 Billion in Revenue from Transaction Fees," AInvest, June 27, 2025.
7: "Form 10-Q: Coinbase Global, Inc.," US Securities and Exchange Commission, June 30, 2025.

Overview: The orchestration layer can be thought of as the operational middleware that abstracts away blockchain complexity by connecting the parties from previous layers together. Rather than businesses managing separate relationships with dozens of infrastructure providers, orchestration platforms handle the operational complexity of KYC/AML checks while coordinating payments, settlements, and treasury operations across networks.

Examples: Bridge (acquired by Stripe), BVNK, Bastion, Caliza, Conduit, Fireblocks, Kalisa, Lumx, Rafiki (NALA's B2B payments platform), Talos, Yuno, BlindPay, zerohash, Iron (acquired by MoonPay), Sphere

Business model: Orchestrators typically monetize through subscription fees, usage-based fees for access to their APIs, and transaction fees. Some also generate revenue by offering adjacent services, such as stablecoin issuance and custody solutions.

Value creation: The key advantage provided by orchestrators is the single layer of connectivity they provide. For companies seeking to integrate stablecoin functions, this significantly reduces implementation time. Instead of "Manhattan-project" builds involving dozens of separate vendor relationships, users can integrate stablecoin functions using APIs that handle payment routing, price-sourcing across liquidity providers, and built-in compliance and risk controls. Another important offering from some orchestrators is that they streamline liquidity management. This involves moving funds to where they are needed in real time, pooling capital across routes, and automating with tools such as AI to keep balances lean but effective.

Opportunities: Orchestrators are well-positioned to capture subscription and payment revenues as institutions adopt stablecoin rails. The near-term upside is in serving businesses that need an integration point for payments, liquidity, and compliance. This is quickly accelerating: BVNK has rapidly grown its annual transaction run-rate volume from $0.1 billion in January 2025 to $4.7 billion in July 2025.[8]

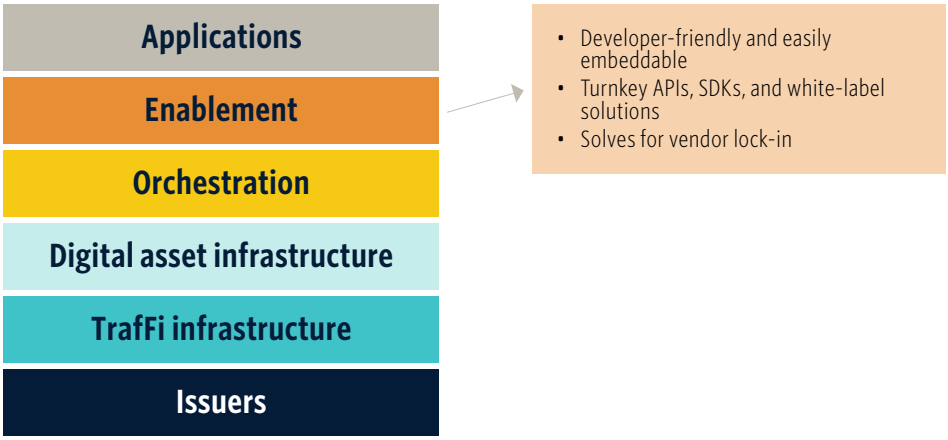
Opportunities are also large for banks, which can become significantly involved. For example, Lead Bank supports Bridge on compliance, card issuance, and traditional payment rails. Local banks, particularly in emerging markets, will also be key for last-mile settlement. On the other end, companies such as Stablecore are dedicated to helping banks support stablecoin integration, bridging the gap between complex legacy banking technology and digital asset infrastructure.

The most advantaged players will be those combining direct bank connectivity, regulatory licensing, and multi-liquidity provider access. By routing across liquidity providers and selectively utilizing traditional financial rails—including even SWIFT—alongside blockchains, they can deliver faster, cheaper, and more reliable settlement for greater volume, especially in corridors where liquidity is thin. We expect regional champions to emerge over the next one to three years and become acquisition targets for larger platforms seeking licensed, locally embedded operators.

8: "Amit Cheela, LinkedIn profile, LinkedIn, n.d., accessed October 7, 2025.

Layer 5: Enablement

Layer 5 overview



Overview: Enablement platforms sit above orchestration, transforming complex infrastructure into developer-friendly, ready-to-use experiences. They offer turnkey APIs, SDKs, and white-label solutions that let enterprises integrate stablecoin workflows through a single interface. They are different from orchestrators, who primarily focus on coordinating the back end, including funds movement, compliance, and liquidity, for businesses already operating on crypto and fiat rails. Enablement platforms package those capabilities into an embeddable solution, in what one industry participant described as a "Shopify-like experience" for stablecoin integration.

Examples: Infinite, Mesh, Due, Portal (acquired by Monad), Transak, Banxa (acquired by OSL Group), Yellow Card

Business model: Similar to orchestrators, enablement layer companies generate revenue through subscriptions, usage-based charges, and transaction fees.

Value creation: Enablement platforms compress deployment timelines from months to weeks and prevent vendor lock-in by allowing businesses to switch underlying providers without rebuilding integrations. Additionally, for companies not necessarily native to payments or crypto, enablement companies make stablecoin use cases such as merchant payments, payroll, and treasury much more accessible. Whereas orchestrators will often go deep with tight banking relationships and specific corridors, enablement prioritizes broader market coverage, on- and off-ramp depth, and end-user UX.

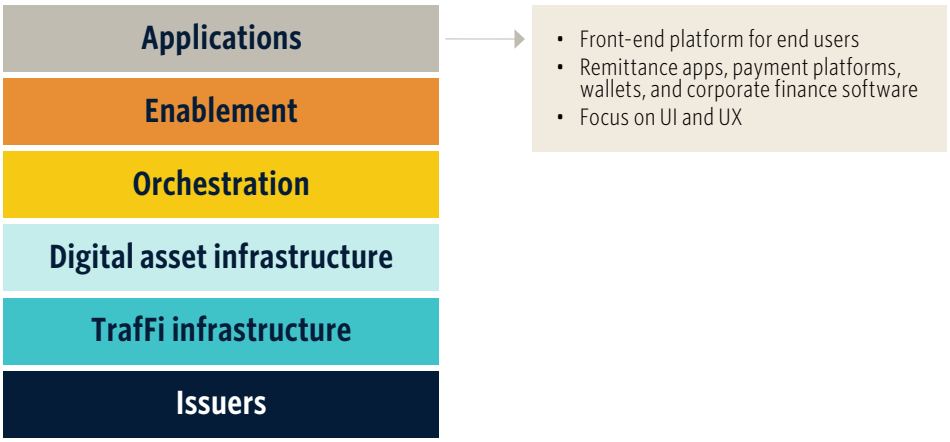
Opportunities: Enablement platforms see a large addressable market by being able to target businesses that are not native to payments or crypto and often lack in-house developer capacity. In other words, they serve companies that will not engage with stablecoins without a no-code solution, as well as those that want building blocks to design fully branded payment systems.

Compliance also plays a large role in differentiation. Unlike orchestrators that handle compliance at the infrastructure level between banks and custodians, enablement platforms solve end-user onboarding by embedding KYC, sanctions screening, and monitoring into APIs that can be replayed across multiple ramps without rebuilding compliance workflows.

As Nikhil Srinivasan, CEO and co-founder of Infinite, explained: "If stablecoins are instant or near instant, then your limiting factor now becomes compliance. With the current model, there wasn't necessarily a unifying body determining if the counterparty was going through any sort of identity check, or the same types of identity checks expected at their local banking institution. We've built the compliance infrastructure in the same subsystem as our payments so everything is tightly coupled instead of bolted on.[9]

Layer 6: Applications

Layer 6 overview



Overview: Applications are the front-end use cases that enterprises, merchants, consumers, and end-users directly interact with. These include remittance apps, merchant acceptance of stablecoins at checkout, digital wallets, B2B trade settlement, and even emerging use cases like stablecoin-linked debit cards or treasury management platforms.

Examples:

- **Wallets and payments:** PayPal, Coinbase Wallet, MetaMask, Trust Wallet, Robinhood Wallet, Phantom, Nubank, Lemon, Plasma One, RedotPay
- **Consumer remittances:** Wise, Remitly, DolarApp, Sling Money, Dollar App, Felix Pago, NALA

9: Nikhil Srinivasan, CEO and Co-Founder at Infinite, telephone interview by Rudy Yang, September 8, 2025.

- **Merchant acceptance:** Shopify, PayPal, Flexa, Bitpay, CoinGate, Triple-A
- **Treasury and corporate finance:** Modern Treasury, Ramp, Dakota, Request, Triple-A, Bitwave
- **Payroll:** Deel, Remote, Rise, Bitwage, Request, Triple-A

Business model: Applications monetize through various methods depending on the function they serve. Remittance platforms earn from transfer fees and foreign exchange markups, while wallets monetize through swap fees and, in some cases, staking or yield products. Merchant acceptance apps capture interchange and merchant service fees, mirroring payment processors. B2B platforms tend to blend SaaS subscriptions with usage-based pricing, supplemented by revenues from payment flows, compliance services, and in some cases, float income.

Value creation: Applications are where stablecoins translate into real-world utility. By embedding stablecoin rails into products consumers and businesses already use, whether payroll platforms, merchant checkouts, remittance apps, or consumer wallets, applications make the technology tangible and drive network effects. This layer is also where user trust is built. Strong UX, brand recognition, and distribution determine whether stablecoins reach scale beyond crypto-native circles.

Opportunities: The application layer is where stablecoins cross into mainstream adoption, though the biggest openings are uneven. Remittances remain the wedge use case, with the most upside in corridors where liquidity is thin and foreign exchange costs remain high, such as Colombia. Applications that can work closely with their infrastructure providers and pool liquidity across partners or net-settle flows will be well-positioned to deliver a strong user experience and capture share. In B2B, enterprise adoption is accelerating as corporates demand real-time visibility into global cash positions and faster settlement of pay-ins. Today, many are forced to pre-fund accounts across markets, leaving large amounts of working capital trapped. Stablecoin-integrated treasury and invoicing apps are well-positioned to solve this, with adoption accelerating as more counterparties transact in stablecoins.

Anatomy of a stablecoin transaction

To make the value chain concrete, we provide a simplified example below that traces a stablecoin transaction from start to finish, showing how each layer of the stack connects and the role different actors play along the way. However, not all stablecoin payments may flow this way. In practice, there are several ways a stablecoin transaction could be completed from start to finish, which could vary depending on the vendors involved and whether the payer and payee are consumers, businesses, or governments.

Context: A US food distributor needs to pay a Colombian coffee exporter $1 million. The exporter requires payment in Colombian pesos (COP), but the buyer holds US dollars. Rather than their usual method of wiring funds through the correspondent banking system and relying on SWIFT, which takes several days for settlement, the parties opt to route the transaction using stablecoins.

Part 1: Invoice reception

The US importer receives an invoice for $1 million. To pay the invoice using stablecoins, they will use an end-user-facing application such as Bitwave or Request. Some orchestrators, such as Stripe and BVNK, also provide payment portals that can be used.

Part 2: Payment initiation

Details regarding the counterparty, amount, currency, and wallet are entered. The US importer will choose to pay with USDC, which will need to be transferred using a blockchain. Depending on their setup, they may already hold USDC in a self-custody wallet they control directly or in a wallet provided by an institutional custody provider, such as Anchorage Digital or Safeheron. The latter could be accessed through the front-end application's integration with the wallet custodian's systems.

3. Conversion, minting, and compliance checks

If wallet funds are insufficient, the importer must convert enough of its fiat balance into USDC. In this example, the US importer holds no USDC and relies on its front-end application to help move funds on-chain.

The underlying orchestrator handling the payment—whether Bridge, BVNK, BlindPay, or another provider—can help with this by facilitating direct minting with the issuer, allocating from its own pre-funded USDC balance, or sourcing USDC from partners. In this example, the orchestrator will opt for the first option and help facilitate instructions for the importer's bank to transfer $1 million into a settlement account at their partner bank, such as Lead Bank for Bridge.

At the same time, the orchestrator coordinates with Circle to mint new USDC. Because Circle maintains pre-funded reserve balances with its custodians, it can do this right away while the underlying dollars are still moving via traditional payment rails. The $1 million will settle into Circle's reserve accounts later, depending on the rail used—for example, Fedwire or Automated Clearing House (ACH).

Compliance checks, including KYB and AML, are also handled at this step. This comes from underlying bank partners, orchestrators, and sometimes enablement platforms.

Part 4: Omnibus custody and token distribution

The newly minted one million USDC, fully backed by permitted reserves, is sent to the orchestrator's omnibus wallet—a blockchain address that holds stablecoins for multiple customers. The orchestrator tracks balances using internal ledgers, allowing it to batch transactions and reduce costs. From the US importer's perspective, they see that one million USDC is available and ready to send.

Part 5: Outbound blockchain transfer

If the exporter wanted to settle in stablecoins, the USDC would be sent from the omnibus wallet to the exporter's wallet. However, because the exporter wants COP, the orchestrator will help coordinate the USDC transfer and off-ramp. The orchestrator

executes an on-chain transaction, transferring one million USDC from its omnibus wallet to a digital wallet belonging to one of its local partners. The orchestrator simultaneously debits the importer's account balance in their internal ledger.

Depending on the orchestrator's setup, the transaction may involve additional security measures such as multiparty computation (MPC) or hardware security modules to protect private keys during the signing process.

Blockchain nodes validate that sufficient funds exist and confirm the transaction. The transfer typically completes and is permanently recorded on the blockchain within a few minutes, with network fees varying based on the chosen blockchain.

Part 6: Local payout and foreign exchange conversion

The one million USDC arrives at the designated blockchain address. The Colombian exporter wants to convert its stablecoins into local currency, so the orchestrator instructs a payout partner—often a fintech company, such as Bitso or Abroad, with local banking relationships—to convert the tokens into local currency and deposit fiat to the exporter's bank account.

At this stage, local market makers such as Rio step in to facilitate the USDC to COP conversion. The payout partner sells the USDC to the market maker, which acts as the counterparty and principal trading desk. To deliver pesos immediately, the market maker draws on pre-funded COP reserves at Colombian banks such as Bancolombia or Davivienda or from its own balances.

Many of these pre-funded balances still depend on local banking rails. COP liquidity must ultimately sit in accounts at domestic institutions, which requires integration with Colombia's clearing and settlement systems. Market makers must also hold US dollars to swap between USD and COP. This will require moving funds through traditional correspondent banking channels and SWIFT transfers. In other words, while stablecoins provide the real-time settlement layer on-chain, the underlying fiat pre-funding still leans heavily on the existing banking infrastructure.

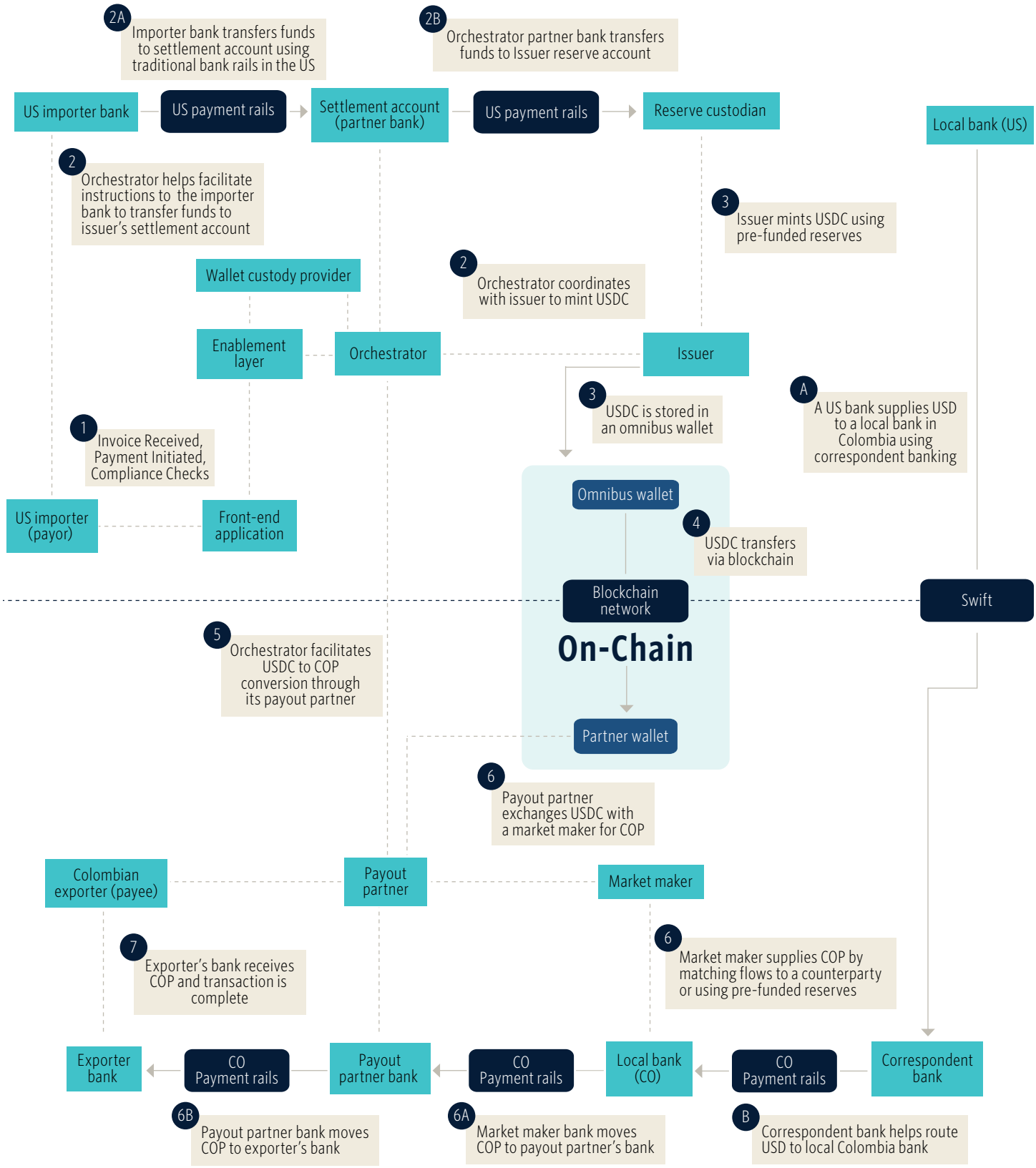
After completing the COP conversion, the market maker can manage its USDC position by either holding it on their balance sheet or selling it to a counterparty such as a local cryptocurrency exchange or another liquidity provider. They can also choose to rebalance across deeper corridors such as Brazil or Mexico, where spreads are tighter and liquidity is more abundant.

Part 7: Final settlement and completion

The payout partner initiates the final transfer through Colombia's domestic banking system, crediting COP into the exporter's bank account. From the exporter's perspective, the invoice is now paid in full in local currency.

The orchestrator updates its internal ledgers to reflect the completed transaction and feeds the data and status back into the importer's payment interface. Instead of waiting several days for funds to crawl through a correspondent banking flow, the stablecoin-enabled payment is typically completed in minutes to a few hours, depending on the on-ramp and local payout rails used.

Simplified example of a theoretical stablecoin transaction



Beyond speed, the importer also gains greater transparency: The orchestration layer provides a full breakdown of foreign exchange rates, spreads, and fees, which can be automatically reconciled in treasury and enterprise resource planning (ERP) systems.

The inconvenient truth about stablecoins

To best understand where stablecoins win, it is important to recognize the areas in which they fall short. The broader narrative around stablecoins has been misleading, with much of the excitement resting on the idea that they will become a global-first money movement system that makes payments universally cheaper and faster. While stablecoin payments can indeed be fast and cheap, we believe they only deliver efficiency where banks and the traditional financial system have failed to do so. This leads to an uncomfortable truth about stablecoins: They are not necessarily better than existing payment systems. In markets where banks and governments have already built fast and efficient clearing structures, stablecoins have difficulty adding incremental value.

There may not always be a need for speed

Many major economies already operate real-time payment rails. In India, Unified Payments Interface (UPI) functions 24/7/365 and accounts for 85% of the country's digital transactions.[10] Brazil's Pix system processes nearly half of all domestic payments, almost double the combined volume of credit and debit card transactions.[11] Even in the US, where adoption has lagged, instant payment volumes are growing exponentially on Real-Time Payments (RTP) and FedNow; in Q2 2025, RTP's transaction values grew by 775%,[12] while FedNow's grew by 49,825% YoY.[13] In these markets, stablecoins cannot beat out speeds faster than instant, and they face adoption friction against mainstream rails that already work seamlessly.

Speed is also not always the end goal in payments. Instant settlement may ease cash flow pressures and reduce late payments, but faster is not always preferred by payers. Businesses will often choose to preserve float and optimize for working capital rather than release funds immediately. This is why trade credit remains pervasive in B2B transactions. 44% of companies globally report days sales outstanding of more than 60 days, and 21% stretch beyond 90 days.[14]

On-chain transaction costs are not the full story

Traditional rails are also not as costly as typically assumed. UPI transactions are generally free under India's zero-merchant discount rate policy. Pix is free for individuals and charges businesses small, fixed fees, typically 0.10 to 1 BRL per transaction.[15] In the US, RTP and FedNow charge participating banks $0.045

10: "India's UPI Revolution," Government of India Press Information Bureau, July 20, 2025.
11: "Boku Gets Brazil License to Launch Pix Recurring Payments by 2026," IBS Intelligence, Vriti Gothi, July 31, 2025.
12: "Real-Time Payments for All Financial Institutions," The Clearing House, n.d., accessed October 7, 2025.
13: "FedNow Service—Quarterly Statistics," n.d., accessed October 7, 2025.
14: "American and European Firms Deal With Trade War Differently," Allianz Research, June 18, 2025.
15: "Pix Payment Processing Fees Explained: The Real Cost for Businesses in Brazil," Cali, August 25, 2025.

per transaction, although we recognize that markups inflate the end cost that consumers and businesses see. Still, ACH transfers are generally free for consumers, and typically $0.20 to $1.50 per transaction for businesses.[16]

When payments are not free or carry heavy markups, stablecoins can offer a cost advantage; fiat-backed stablecoin transfers can cost less than a cent on liquid, high-throughput blockchains. But this headline fee excludes the cost of risk. Credit cards, well-known to charge 1% to 3.5% plus $0.10 to $0.50 per transaction, channel much of that fee to issuing banks to cover fraud, chargebacks, and the cost of extending credit.

In this light, the higher price of traditional rails is not simply margin extraction but rather a cost that reflects the infrastructure, regulations, and protections that stablecoins lack. In the US, Regulation E (debit) and Regulation Z (credit) mandate error resolution, chargebacks, and liability limits. As Emily Goodman, Partner at FS Vector, explained: "When value moves faster, the risk surface expands as well. Card and other traditional payment rails, while offering slower funds movement in many cases, have evolved under decades of oversight and dispute resolution standards. I expect that emerging payment technologies will build similar compliance, fraud risk, and dispute resolution layers that are so important to scale with trust.[17]

Capital efficiency remains a structural disadvantage

A fundamental advantage of established financial systems is their settlement infrastructure. For a long time, clearing houses have existed to reduce the liquidity burden of payments by netting exposures between banks. Their effectiveness stems from the fact that only banks can settle in central bank reserves, which are considered risk-free. By settling in reserves, clearing houses can guarantee finality while allowing participants to fund only their net obligations rather than the full gross value of every payment.

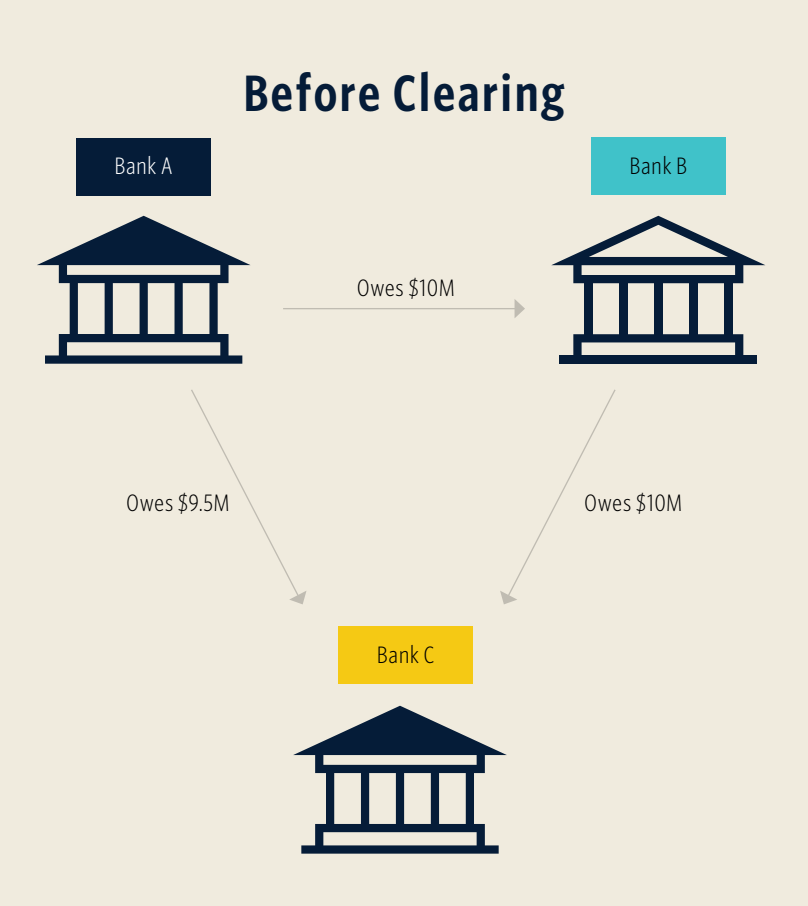
For example, if Bank A owes Bank B $10 million, Bank B owes Bank C $10 million, and Bank C owes Bank A $10 million, a clearing house recognizes that all three exposures cancel out and no actual cash needs to move. Even in less balanced cases—such as if Bank A owes Bank B $10 million but is also owed $9.5 million by Bank C—only the $500,000 difference must be settled in reserves.

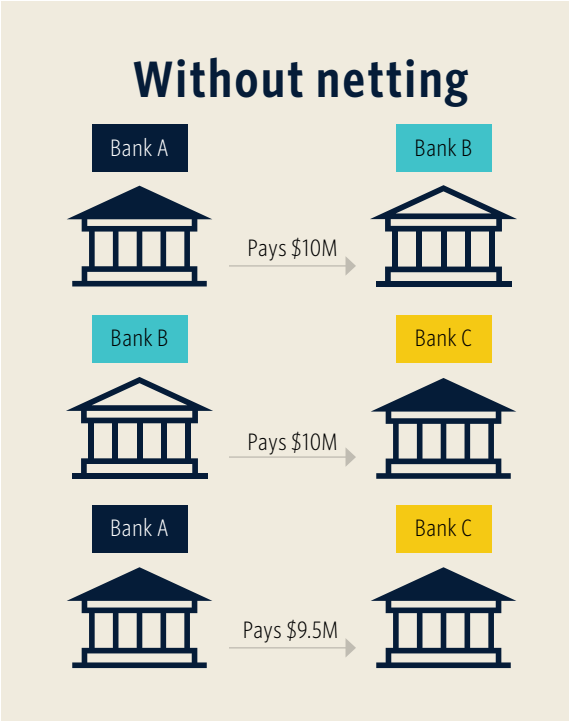
This design allows trillions of dollars to move daily while requiring only a fraction of that amount to be tied up in liquidity. In the US, the Clearing House Interbank Payments System (CHIPS), which processes about $1.9 trillion daily, achieves an average liquidity efficiency ratio of 29:1.[18] This means for every $29 in payments, only $1 must be pre-funded in reserves.

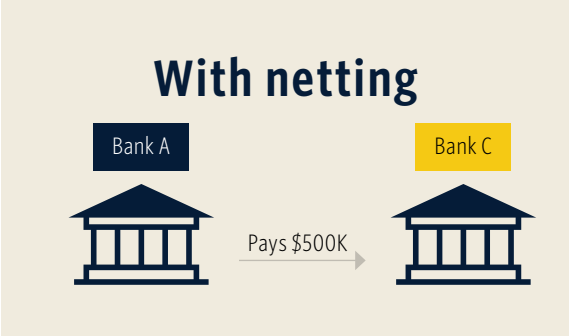
In contrast, stablecoins settle each transaction in full, and every payment must be backed 1:1. As we saw in our transaction example from the previous section, this requires intermediaries, such as orchestrators and market makers, to pre-fund

16: "A Guide to ACH Processing Fees: Costs and Comparisons," Ramp, Ashley Nguyen, December 19, 2024.
17: Emily Goodman, Partner at FS Vector, telephone interview by Rudy Yang, September 10, 2025.
18: "About CHIPS," The Clearing House, n.d., accessed October 7, 2025.

Netting Example







balances across different currencies, banks, and blockchains. Rather than freeing liquidity, this often creates fragmented pools of idle capital that cannot be reused productively. The result is that banks have a clearer financial edge—they can move trillions daily while keeping liquidity productive, allocating excess capital to lending or investments. Stablecoin intermediaries, meanwhile, will have to operate more capital-intensively as they must keep higher levels of working capital locked up.

Thin liquidity breaks stablecoin payments

Thin liquidity may be the current Achilles heel of stablecoins. If market makers lack the flows to efficiently swap between currencies and stablecoins, or if last-mile fiat is not sufficiently pre-funded, stablecoin payments will not necessarily be cheaper or faster than traditional systems.

One reason is the wider stablecoin foreign exchange spreads. In interbank markets, exchange rates are highly commoditized, and spreads are razor-thin. By contrast,

stablecoin-fiat markets are still shallow, which leads to wider and more volatile spreads. In our earlier payment example, the $1 million transfer at an interbank rate of 4,000 COP per USD would deliver 4 billion COP. But with a 150-basis-point spread, the effective rate drops to 3,960 COP per USD, leaving the exporter with 3.96 billion COP, or a haircut of $15,000.

Eudelio Garza, CEO and co-founder of Rio, stressed this point to us: "The promise of stablecoins for global payments can only be realized if they can be converted to and from local currency at institutional rates. The FX leg is often the bottleneck, with spreads that can be up to ten times wider than traditional markets. Rio is building the engine for Stablecoin FX, providing the dedicated liquidity that makes stablecoin payments not just possible, but truly efficient."[19]

Caio Barbosa, co-CEO and founder of Lumx, provided further insight: "In Colombia, there's a lack of liquidity. The supply and demand are not balanced, so you usually need to pay a lot to process transactions there. Brazil is different, but there is still a small premium on the spot price. When you compare the spot rate of BRL and USDC or USDT, with BRL and USD, there's roughly a 15 to 25 basis point premium. But Colombia can get to 100 to 150 bps—it's crazy."[20]

In cases where there is not enough liquidity, a transaction can be delayed at the last mile. This is why users of remittance apps such as Wise sometimes face delays when sending to less common currencies. Even though these companies use AI & ML to forecast liquidity, they must have sufficient pre-funding to complete the final leg of a transaction. A stablecoin transfer may settle instantly on-chain, but if local conversion channels are underfunded, the payout into fiat can still be delayed.

This problem underscores why market makers sit at the center of the adoption question. Their ability to consistently quote two-way markets will determine whether stablecoin payments will be competitive. However, the challenge to market makers will be unlocking economies of scale. To operate efficiently, they require steady two-way flows that enable large buy orders to be matched with large sell orders, allowing them to net exposures while earning a spread. But stablecoin volumes remain irregular, with order books often thin and bid-ask quotes inconsistent across corridors.

Not all regulators are bought in

Foreign exchange spreads vary widely by corridor, and in some markets, stablecoins can also trade at premiums to official exchange rates. This dynamic is most common in countries with strict capital controls or persistent dollar shortages, where governments intervene to restrict access to foreign currencies. Policymakers have strong incentives to defend their local currency and preserve scarce reserves, often by pegging exchange rates at nonmarket levels, capping the amount of foreign exchange households or businesses can purchase, or rationing official allocations to select imports. The result is that other transactions are forced into parallel markets at more expensive rates.

19: Eudelio Garza, CEO and Co-Founder at Rio, telephone interview by Rudy Yang, September 8, 2025.
20: Caio Barbosa, Co-CEO and Founder at Lumx, telephone interview by Rudy Yang, September 8, 2025.

Stablecoins have found strong use cases in these environments because they provide access to dollars outside official foreign exchange channels. In Nigeria, for instance, Bureau de Change operators—small firms licensed by the Central Bank to handle retail foreign exchange—face a $25,000 weekly cap on dollar purchases. Banks impose strict limits on both individual and corporate foreign exchange transactions, and the government excludes many import categories from official foreign exchange allocation. In such conditions, stablecoins offer both currency stability and increased access to dollars, which helps explain their rapid adoption.

However, because they circumvent monetary controls, stablecoins can at times command a premium to official rates, such as USDC against NGN. This is one reason that many remittance applications using stablecoin rails have seen outsized success. By collecting dollars, on-ramping into stablecoins, and then off-ramping via local liquidity partners into local fiat, these platforms capitalize on stablecoin foreign exchange arbitrage. But this model is not necessarily sustainable. Many regulators dislike stablecoins precisely because they undermine currency controls, leading to enforcement risks.

Nicolai Eddy, COO and co-founder of NALA and Rafiki, provided further insight: "Stablecoins are only as effective as their ability to be accepted by both parties in a cross-border transaction. You need local off-ramp partners that will accept it. But a lot of times, those local off-ramp partners in emerging markets tend to present a whack-a-mole situation because of regulators. They'll pop up and then disappear because they'll face regulatory fines or get shut down. So there's a bit of risk because a lot of times you're dealing with a nonregulated entity, and you have no idea if they'll run away with your funds."[21]

Interbank vs. Stablecoin spread example for NGN

Sources: CryptoCompare and Investing.com • Geography: Global • As of October 1, 2025

21: Nicolai Eddy, COO and Co-Founder of NALA and Rafiki, telephone interview by Rudy Yang, September 8, 2025..

Stablecoins win as the settlement layer

The opportunity for stablecoins is not to displace banks or payment networks but to solve the gaps that banks and payment networks have not yet fixed. While the value of stablecoins can be impacted by issues at the last mile, we believe stablecoins are rapidly evolving into a settlement layer for both payments and capital markets. As more institutions adopt them for settlement, they can optimize cross-border flows, use idle capital more efficiently, and increase collateral mobility across markets.

Cross-border B2B payments in underserved corridors

Because stablecoins provide direct access to dollars, they are particularly well-positioned for cross-border B2B payments in countries where dollar access is constrained or where trade imbalances create persistent foreign exchange shortages. This is precisely where many of the long-standing complaints about correspondent banking and SWIFT arise, as importers and exporters face unpredictable delays and substantial fees, depending on the specific corridor. As a result, we have consistently heard from our conversations that stablecoin adoption is ramping up in LATAM, Africa, and Asia. We believe stablecoins offer a robust solution to cross-border B2B transactions because traditional payment infrastructure has yet to address this issue on a global scale.

The pain point is especially acute for businesses operating across multiple emerging market jurisdictions. In markets with currency imbalances, importers needing dollars to pay foreign suppliers encounter friction because local banks may lack sufficient foreign currency reserves to meet demand.

Stablecoins address this by functioning as a parallel source of dollar liquidity. An Argentinian importer whose customers pay in local currency can convert those funds to USDC or USDT through local liquidity providers or fintech platforms. While the conversion still requires accessing dollar liquidity somewhere in the traditional system, the value added is that dollar access becomes more reliable. From there, the settlement itself is faster, cheaper, and more transparent, with payments recorded on-chain rather than routed through opaque networks of intermediary banks.

As stablecoins become a more widely accepted means of settling cross-border payments, we see two strong opportunities that emerge for players in the ecosystem. One is for integrated payment platforms to net bidirectional flows. Companies such as Rafiki are already doing this by matching inbound and outbound flows for remittances and B2B payments. For example, a Nigerian importer may owe a Chinese exporter $1 million in USDC at the same time that a remittance platform is bringing dollars into Nigeria. Instead of converting NGN into scarce dollars through banks, Rafiki can use those inbound remittance dollars to pay the exporter, while recycling the importer's NGN to fulfill the local remittance payouts.

The second opportunity lies in building liquid on-chain foreign exchange markets between non-USD stablecoin pairs. Today, most stablecoin transactions still follow the so-called "stablecoin sandwich" model: converting local fiat into a USD-backed stablecoin and then back into fiat. This model ties every corridor to deep USD liquidity. For example, a Colombian importer paying a European supplier must first

convert COP into USDT, then USDT into EUR—adding costs, spreads, and reliance on dollar liquidity at both ends.

On-chain foreign exchange aims to remove this bottleneck by enabling direct trades between non-USD stablecoins. In theory, a COP-backed stablecoin could be exchanged directly against a EUR-backed stablecoin in a single transaction, thereby eliminating the USD leg. This could tighten spreads, simplify settlement, and reduce dependence on scarce dollar liquidity in constrained markets.

In practice, however, fragmentation remains a hurdle. Liquidity is dispersed across blockchains and denominations, making it challenging to concentrate depth in a single location. As Bernardo Simonassi, CEO and co-founder from BlindPay described: "We are multichain, and there are a lot of local stablecoins now, so it's really hard to find one on-chain layer that provides all the liquidity. In LATAM, many companies only use USDT on Tron. They don't care about USDC or other blockchains. And in the US, there are many companies that only use USDC on Solana."[22]

Corporate treasury and real-time liquidity management

Stablecoins are well-positioned to solve enterprise treasury operations because multinational corporations often pre-fund their accounts across jurisdictions, leaving working capital trapped. Such companies can use stablecoins to solve three key problems when managing liquidity across their subsidiaries: freeing and optimizing trapped liquidity, reducing exposure to volatile local currencies, and operating more efficiently.

Treasury teams can use stablecoins to sweep excess balances into stablecoins and reallocate instantly to entities that need funding. The main advantages of this method are being able to instantly move capital 24/7 and across time zones with finality. Traditional systems rely on maintaining multiple banking relationships, operate only on bank hours, and must account for longer money transit times.

Programmability unlocks further advantages. Smart contracts can be used for workflows such as multi-party escrow, conditional invoice releases, and dynamic rebalancing across currency pools. A regional CFO could set rules to automatically sweep excess cash from subsidiaries into yield-bearing stablecoin instruments and quickly redeploy funds to subsidiaries facing shortfalls. Unlike traditional treasury management systems that often require manual intervention for such tasks, these programmable and blockchain-based solutions enable real-time, autonomous cash management.

These programmable capabilities also address a critical but often overlooked opportunity: monetizing idle capital. As Aleksandar Perak, co-founder of RebelFi, emphasized: "Our main thesis is that a stablecoin should never be sitting idle. It should be productive at all times—whether it's in an escrow or wallet for a month,

22: Bernardo Simonassi, CEO and Co-Founder at BlindPay, telephone interview by Rudy Yang, September 16, 2025.

a week, or a day, it should be generating yield."[23] RebelFi operates as a noncustodial infrastructure layer that connects to multiple yield sources, enabling companies to earn returns on operational pools, escrow balances, and treasury reserves throughout the payment lifecycle. For businesses maintaining pre-funded stablecoin positions across jurisdictions, this transforms zero-yielding working capital into productive assets.

We believe these capabilities are especially beneficial for midmarket companies operating regionally across emerging markets. These firms lack the scale to negotiate favorable banking terms or justify expensive treasury management system deployments yet face disproportionate complexity managing multicurrency positions across fragmented banking systems. Stablecoin infrastructure offers them enterprise-grade treasury functionality without requiring Fortune 500-level resources. Several companies are already capitalizing on this opportunity, as evidenced by the launch of stablecoin-powered payment accounts by Stripe and Modern Treasury earlier this year. Other startups are building similar solutions, including Velocity, Trovata, and Dynamic.

Bridging treasury and commerce with linked cards

Stablecoin-linked cards represent an emerging opportunity that addresses a critical adoption barrier: enabling businesses and individuals to hold funds in stablecoins while transacting seamlessly at traditional merchants. Like cross-border remittances and B2B payments, this model works by using stablecoins as a funding layer. A cardholder can hold balances in stablecoins, while the card provider coordinates with payment service providers and liquidity partners to handle conversion into local fiat at the point of sale.

For businesses, stablecoin-linked cards can serve as an extension of treasury operations. A company that keeps working capital in stablecoins can fund employee expenses, supplier purchases, or digital advertising spend directly from stablecoin balances, without having to maintain multiple local bank accounts. For consumers, stablecoin cards offer a way to store value in dollars while still spending locally, earning yields, and protecting against inflation in volatile currencies.

Stablecoin-linked cards that mirror the seamless and trusted experience of traditional debit and credit payments could become a powerful driver of adoption. Card networks such as Visa and Mastercard are leaning into this space to prevent stablecoin transactions from eating into their share. For example, Mastercard has partnered with companies such as Fiserv and Moonpay to support cards linked to stablecoin balances, while Visa enables stablecoin-linked cards for companies such as Bridge, Ramp, Baanx, and Rain.

Capital markets

In addition to functioning as a payment rail, stablecoins are gaining traction as the operational cash leg for capital markets trading and settlement. This duality enables

23: Aleksandar Perak, Co-Founder at RebelFi, telephone interview by Rudy Yang, August 28, 2025.

instant fund movement across trading exchanges, custodians, and clearing houses without traditional T+1 settlement constraints and banking hour limitations. We see two key areas where this shift is taking shape.

First, stablecoins enable advanced operational cash management for both corporate treasurers and broker-dealers. Treasurers can pair stablecoins with tokenized money-market funds such as BlackRock's BUIDL and Franklin Templeton's BENJI to move between cash and yield-generating assets within minutes, creating an "always-on sweep" model where cash remains productive yet instantly accessible. Broker-dealers use stablecoins for intraday funding and 24/7 collateral mobility, enabling them to instantly post margin or settle trades across venues without requiring large pre-funded balances. Practically, many flows use stablecoins as the rail while crediting fiat at the destination, preserving existing operations and compliance processes.

Second, stablecoins are beginning to serve as the programmable settlement layer for tokenized assets. Banks and market infrastructures are piloting delivery-versus-payment (DvP) solutions that synchronize tokenized securities with stablecoin settlement in near real time. Additionally, atomic and conditional settlement reduces counterparty risk by consolidating trades and cash delivery into a single transaction. As tokenization expands, we expect collateral mobility to improve through the use of tokenized positions as margin, and a blurring of the distinction between what is defined as an investment balance and a payment balance.

Understanding the "banks under threat" narrative

Stablecoins have fueled a recurring narrative that banks are at risk of being disintermediated. The concern is that as adoption grows, deposits could drain from the banking system and transaction volumes could migrate to crypto-native rails. Yet, as we outlined earlier in the sections "Mapping the value chain," and "Anatomy of a stablecoin transaction," it remains clear that stablecoins cannot exist without banks and traditional finance infrastructure. In our view, banks are essential to the future of on-chain finance. The question is not whether stablecoins bypass banks but how banks adapt to create additional value alongside this new layer of infrastructure.

How banks should think about their strategy

The immediate challenge is deposit leakage. Alex Treece, CEO and co-founder of Stablecore, framed it this way: "If you have hundreds of trillions of stablecoin volume circulating in the financial system, that liquidity is coming from somewhere. That is obviously going to impact banks and credit unions. But banks and credit unions have huge advantages over fintech and payment companies. They are the trusted provider for their customers, and every single crypto transaction today still gets funded from a bank account. The stablecoin transition is going to happen regardless, so the banks that can adapt and participate will be in a really good spot to protect their deposits and transaction flows."[24]

24: Alex Treece, CEO and Co-Founder at Stablecore, telephone interview by Rudy Yang, September 11, 2025.

Based on our conversations, stablecoins are indeed top of mind for banks, and many of them are currently exploring several paths to adaptation. The primary use cases include offering stablecoin and digital asset accounts, enabling seamless on- and off-ramps, and experimenting with tokenized assets for lending and deposits. Interoperability is the key advantage of these adaptations; banks maintain a robust user experience while extending utility to new rails and tokenized instruments. For customers, this could look like being able to fund a brokerage account in stablecoins while still seeing the transaction reflected in their bank balance, or by using stablecoins to pay suppliers abroad without leaving the familiar interface of their corporate treasury portal.

Carey Ransom, managing Director at BankTech Ventures, emphasized this point: "It's not a zero or one outcome; it's a continuum that people are going to want different levels of involvement and control. The interoperability is what's important. To me, the opportunity for US banks is to be able to tokenize deposits and allow customers to use them to the extent they want. These tokenized deposits can be kept at the bank, converted back to fiat, used for transactions, or represented as collateral."[25]

Another key advantage of banks is that they remain the anchor of trust for both customers and partners. Because they face the highest stakes for compliance, they uphold gold-standard KYC, KYB, and AML frameworks. This credibility is why consumers will ultimately still prefer to safeguard funds with banks and why institutions are willing to transact at scale. As regulated institutions, they can also settle with central bank reserves. These advantages make banks critical for partners and orchestrators in the stablecoin value chain, since their infrastructure ultimately determines how seamless a stablecoin transaction feels and how differentiated an orchestrator's offering can be.

As banks move to support stablecoins and tokenization, they create demand for providers that can integrate these functions into existing infrastructure. Stablecore, for instance, operates like a digital asset core, connecting banks with the broader value chain to support stablecoins and tokenized products. One critical piece to consider will be ledgering, as banks and fintech companies will need systems to deliver the same level of precision and segregation for stablecoin balances. As Venu Palaparthi, COO of DriveWealth, explained, "One of the necessary functions for supporting stablecoins is going to be within the data layer, in ledgering. It's a problem that has been solved in the fiat world but needs to be reapplied to the stablecoin world. You need to be able to represent customer holdings separately, because you cannot commingle them with their fiat and other assets."[26]

Progress toward interoperability

Banks are already adapting, and some have been early pilots of using blockchain technology. JP Morgan launched JPM Coin in 2019 and followed with Onyx (now branded as Kinexys) in 2020, its blockchain platform for secure payments and digital asset transfers. More recently, it introduced a pilot for JPMD, a tokenized representation

25: Carey Ransom, Managing Director at BankTech Ventures, telephone interview by Rudy Yang, September 10, 2025.
26: Venu Palaparthi, COO at DriveWealth, telephone interview by Rudy Yang, September 11, 2025.

of commercial bank money issued on Base for institutional clients. Unlike third-party stablecoins, JPMD is directly backed by bank deposits and fully integrated into JP Morgan's liquidity systems, enabling clients to transact on-chain and around the clock.

This is an example of a solution that combines blockchain efficiency with prudential controls, positioning JPMD as a blueprint for how deposit tokens could scale without fragmenting liquidity. The early adoption figures are still tiny but suggest there may be strong product-market fit among clients. Kinexys has processed more than $1.5 trillion in transaction volume since its launch, with average daily volumes exceeding $2 billion. Its use cases continue to expand, with Qatar National Bank adopting Kinexys for USD corporate payments and JP Morgan partnering with S&P Global Commodity Insights to tokenize carbon credits at the registry level.

Asset managers are taking a similar approach through mirror tokenization, which involves creating a tokenized version of an asset while leaving the traditional structure fully intact. In this model, the original fund or security continues to be managed and custodied in a traditional sense, but a parallel token is issued on a blockchain that represents ownership of those shares. In July 2025, Goldman Sachs and BNY Mellon partnered to issue tokenized shares of money-market funds for institutional clients. BNY Mellon manages custody and fund accounting through its LiquidityDirect platform, while Goldman provides the blockchain infrastructure for the tokenized shares. The result is faster settlement and collateral mobility, delivered without altering the regulatory and operational frameworks that support the funds.

Global financial infrastructure providers are also adapting. SWIFT recently announced that it will work with ConsenSys and a consortium of banks, including Bank of America, Citi, and NatWest, to integrate blockchain settlement capabilities into its network. While no timeline has been revealed yet, this is a notable move that could extend blockchain interoperability to more than 11,000 institutions that are connected through SWIFT.

Stablecoins and tokenization going forward

Stablecoins are on track to become embedded in financial infrastructure, although the exact form they will take remains uncertain. Citi now projects issuance to reach $1.9 trillion by 2030, up from $1.6 trillion earlier this year,[27] underscoring accelerating institutional adoption. The most likely outcome is a hybrid system where stablecoins coexist with tokenized deposits, securities, and clearing mechanisms, with banks serving as the connecting layer.

Over the next six to 12 months, we expect partnerships between banks, fintech companies, and networks to transition from pilots to production—most visibly in cross-border payments, tokenized money-market funds, and deposit tokens. Stablecoin account funding is expected to gain traction across 24/7 marketplaces, including brokerages and gaming, while liquidity depth and foreign exchange efficiency will remain near-term priorities.

27: "Stablecoins 2030: Web3 to Wall Street," Citi, Ronit Ghose, et al., September 2025.

Looking out 12 to 24 months, we believe banks are likely to have shifted focus toward tokenized deposits and sheet assets rather than considering how to issue their own consumer stablecoins. Large banks will continue to lead the way in driving intragroup and cross-border settlement capabilities using blockchain, while asset managers expand tokenization beyond money-market funds to include equities, corporate bonds, and alternative assets. Additionally, fragmentation across stablecoin brands and blockchain networks will continue to intensify, creating opportunities for infrastructure providers that can abstract away complexity for enterprises. Regional specialists with strong local market connectivity may become acquisition targets for platforms seeking scale in underserved corridors.

The infrastructure is being built now for volumes that will arrive in the next several years. While stablecoins initially gained traction as a solution for cross-border payments, they are converging with broader trends in tokenization across capital markets. As on-chain finance matures, the distinction between payments, trading, and treasury will blur, creating a unified and programmable financial system where money, securities, and collateral move seamlessly across a single settlement layer.

Report participants

BankTech Ventures: BankTech Ventures is an investment fund focused on technology for the future of banking. Its fund, launched in 2022, has made total investments of $65 million.

BlindPay: BlindPay is a stablecoin orchestration platform that handles multichain, multi-fiat payments with a focus on Latin American corridors. In August 2025, the startup raised $3.3 million in early-stage VC.

DriveWealth: DriveWealth is a global B2B fintech company that provides brokerage-as-a-service, enabling investment and digital wealth management solutions for its customers. It has raised over $850 million to date and was last valued at $3.7 billion as of October 2021.

FS Vector: FS Vector is a strategic consulting firm for innovative financial services in a rapidly evolving industry and complex regulatory environment.

Infinite: Infinite is an enablement platform that provides embedded compliance and payments infrastructure. It last raised an undisclosed amount of early-stage VC in January 2025.

Lumx: Lumx is a stablecoin orchestration platform focused on Latin American markets, providing payment and liquidity solutions for B2B payments across the region.

NALA/Rafiki: NALA is a fintech company providing cross-border payments and money transfer solutions for emerging markets. Its B2B arm, Rafiki, is a payments infrastructure platform offering APIs, foreign exchange, and liquidity management for businesses moving money in and out of Africa and Asia. NALA last raised a $40 million Series A in July 2024.

RebelFi: RebelFi builds programmable payment infrastructure that turns idle cash flows into yield-bearing assets, enabling real-time, reversible, and logic-driven transactions across financial networks.

Rio: Rio is an institutional FX provider for stablecoins in Latin America. The company serves leading fintech companies and exchanges by providing efficient FX for converting between stablecoins and local currencies.

Stablecore: Stablecore is a startup that provides digital asset infrastructure to community banks, regional banks, and credit unions, enabling its customers to offer tokenized deposits and digital asset products. The company raised $20 million in early-stage VC in September 2025, with participation from Norwest, BankTech Ventures, Coinbase Ventures, Curql, and Bank of Utah.