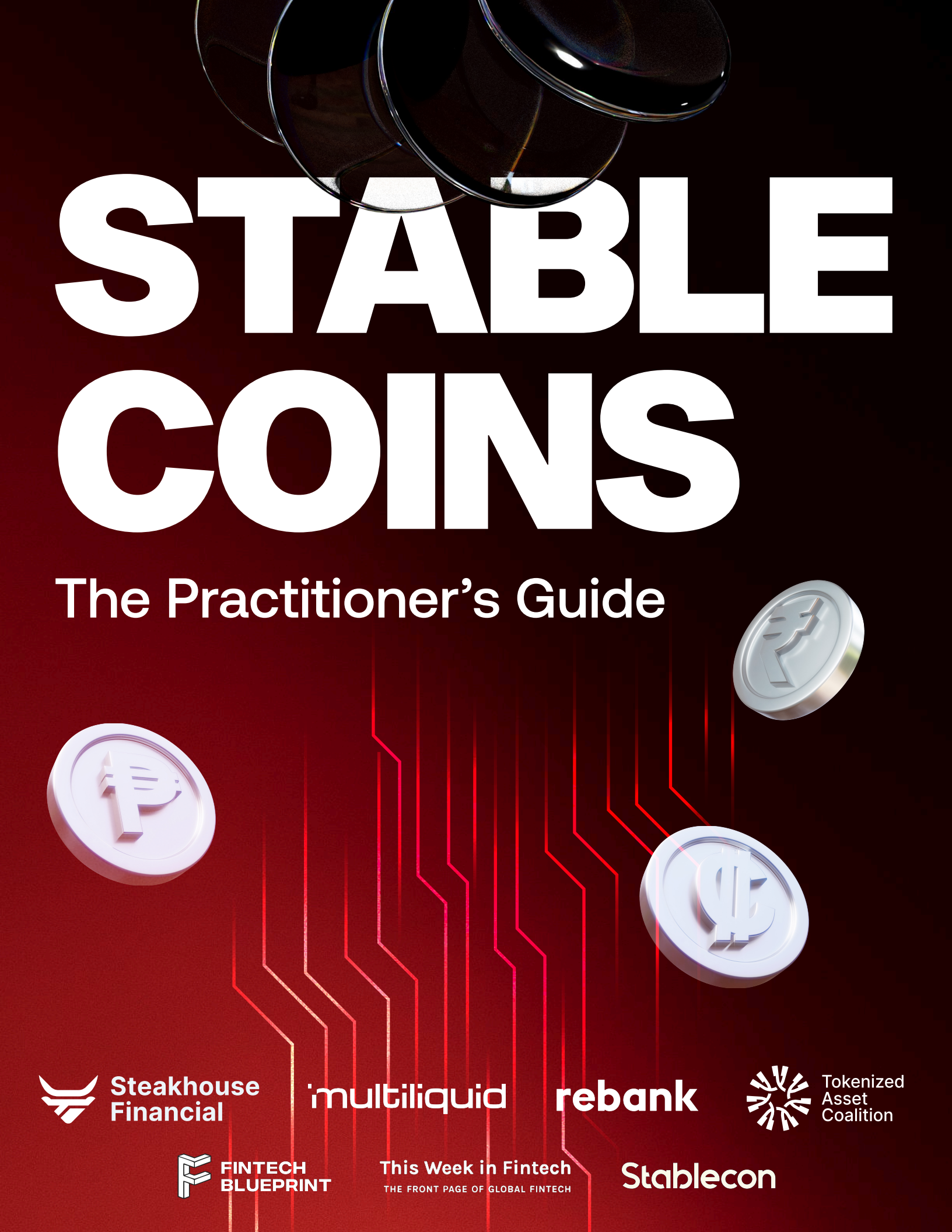
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Steakhouse Financial

Steakhouse Financial is the leading crypto-native a dvisory firm and a creator of next-generation financial services and products.

Our seasoned team bring a wealth of expertise in financial advisory, investment banking, credit underwriting, strategic planning, legal research, liquidity provisioning, and technical implementation across both web2 and web3 tech stacks. Find us at the kitchen for more: https://kitchen.steakhouse.financial/

Multiliquid

Multiliquid is building the institutional liquidity layer for on-chain finance. Implemented as an open protocol, Multiliquid enables institutions, treasuries and

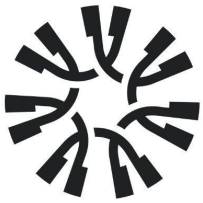
funds to instantly convert between tokenized real-world assets (RWAs) and stablecoins, providing immediate access to liquidity and yield across multiple chains. Whether you are an asset issuer, a treasury manager or a capital allocator, Multiliquid offers a scalable solution to meet the demand for instant liquidity in a compliant, secure, and efficient manner.

Rebank

Rebank is a research, analysis and advisory platform focused on financial innovation.

Since 2016, we've published over 250 deep dive discussions and essays on fintech, blockchain, payments, banking, lending, crypto, stablecoins, investing and more with the leading founders, investors and operators in the space.

Access more of our work at www.rebank.cc.



Tokenized Asset Coalition

The Tokenized Asset Coalition, a 501(c)(6) non-profit organization, is the leading industry group for tokenized assets with over 50 members representing the most elite firms in the crypto space and spanning the risk curve of tokenized asset issuers, protocols, oracles and more. The TAC's stated mission is to bring the next trillion dollars of assets onchain through real-world asset tokenization education, advocacy, and building.

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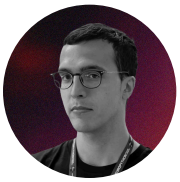

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Crypto is finally exporting something beyond speculation:

STABLE COINS

IN THE LAST YEAR, THREE MAJOR EVENTS CONSPIRED TO BRING STABLECOINS INTO THE MAINSTREAM:

1. Tether, issuer of the world's largest stablecoin USDT, earning nearly $13bn of profit with less than 200 employees

2. President Trump's inauguration and a reversal of the U.S.' antagonistic regulatory posture towards digital assets

3. Stripe's $1.1bn acquisition of Bridge, a stablecoin infrastructure company orchestrating cross-border transactions

When somebody makes a metric ton of money, in a burgeoning ecosystem gaining regulatory clarity, and Stripe - arguably the most technically competent and successful fintech of all time - slams down a billion dollar stamp of approval? People listen.

The furor around stablecoins, however, has created the typical onslaught of newsletters, conferences, and even Chamath's top signal hidden behind a $99/mo paywall. With so much content, you might be asking yourself: Why do I need yet another stablecoin thinkpiece?

our HYPOTHESIS:

Because you want something by practitioners, for practitioners.

You want the objectivity that comes from competing in the arena, not the 10,000 foot platitudes of stablecoin tourists and venture capitalists.

You want granularity because the details matter when designing your products and strategies, but you need digestibility because you must sell the future to internal and external stakeholders. Most of all, you want the insights forged only through years of relationship building, infrastructure development, careful investment, and managing volatility - across multiple vectors - effectively.

To that end, we present: Stablecoins: The Practitioner's Guide.

If you are issuing or leveraging stablecoins to enable your business, we hope this guide is a window into how sophisticated operators view the landscape.

To provide multiple perspectives, we have leveraged our expansive networks to draw unique insights from leading contributors at the front lines of the stablecoin insurgency.

Further enhanced by Steakhouse Financial's years of advising stablecoin issuers and building crypto-native products, we believe this guide provides a high-signal and unique read into the world of stablecoins.

→ Let's get started.

Defining Stablecoins

Stablecoins are generally U.S. dollar-denominated liabilities and backed by an equivalent or greater market value of asset reserves. There are two main types:

- **Fiat-backed: Fully collateralized by bank deposits, cash, or risk-remote cash substitutes (e.g. Treasury bills)**
- **Collateralized Debt Position (CDP): Overcollateralized primarily by crypto-native assets (e.g. ETH or BTC)**

The foundational determinant of a stablecoin's utility is its "peg" to the underlying reference asset (dollars). The peg is maintained through two mechanisms: primary redemption and secondary markets. First, can I redeem my stablecoin liability, instantly, for an equivalent amount of reserve backing? If not, is there a deep and durable secondary market where market participants buy, or accept, my stablecoin liability at the peg?

Due to the unpredictable nature of secondary markets, we also view primary redemption as the more durable peg mechanism. It's also worth noting the many attempts at undercollateralized or algorithmic stablecoins, which are primarily backed by nothing, which we will not acknowledge further in this guide.

Importantly, stablecoins do not exist in a vacuum. When you hold a dollar deposit at Chase bank, Chase is responsible for custodying your dollar, ensuring you can access it, and allowing you to transact with someone else using your dollar. Stablecoins rely on blockchains to provide these same core functions.

Defining Blockchains

Blockchains are a global "system of record" of what everyone owns, who everyone transacts with, and the terms dictating how transactions occur.

For example, Circle's stablecoin USDC is issued through the ERC-20 token standard dictating the following rules for a successful token transfer: deduct an amount from the sender's account and add the same amount to the recipient's account. These rules, combined with the consensus mechanism of a blockchain, ensure that no user can transfer more USDC than they own (commonly referred to as the double-spend problem). In grossly oversimplified terms, blockchains function as an append-only database or double-entry ledger, with an initial state and record of every transaction that has ever occurred in its closed-loop network.

Every asset on a blockchain, including USDC, is custodied by either an onchain account (EOA or wallet) or a smart contract with the ability to receive and transfer assets when specific conditions are met. EOA ownership, or the ability to transact assets from the public address, is enforced through the underlying blockchain's public-private key encryption schema binding every public address, one-to-one, with a private key. If you have the private key, you effectively own the assets in the public address ("not your keys, not your coins"). Smart contracts, which hold and transact stablecoins according to preprogrammed and transparent logic, enable onchain organizations (e.g. DAOs or AI agents) to programmatically transact stablecoins without human intervention.

"Trust" in the system's accuracy stems from the underlying blockchain's execution and consensus mechanisms (e.g. Ethereum Virtual Machine or EVM and proof-of-stake, respectively). Accuracy can be proved through the blockchain's open and auditable history of the initial state and every subsequent transaction. Transaction settlement is managed by a globally distributed network of node operators, 24/7/365, enabling stablecoins to settle without regard to traditional banking hours. To compensate node operators for this service, transactions are processed for a transaction fee (gas) that is typically denominated in the underlying blockchain's native currency (e.g. ETH).

These definitions may be pedantic - perhaps even treasonous to some - but this narrow, functional overview provides a suitable common foundation for our readers. So let's start with the more interesting stuff: how did we get here?

History of STABLECOINS

12 years ago, stablecoins were a figment of the imagination. Today, Circle, issuer of the world's second largest stablecoin USDC, is readying for a sale or an IPO. Circle's S-1 provides a first hand history of USDC's creation from its founder Jeremy Allaire.

We called our friends Phil Potter and Rune Christensen, creators of the largest (USDT) and third largest (DAI) stablecoins, to add their founding stories to the canon.

Tether: Birth of the King

Back in 2013, with crypto firmly in its wild west era, the primary venues to access and trade crypto were crypto exchanges like Mt. Gox and BitFinex. Given the nascency of crypto, the regulatory landscape was even more nebulous than today: Exchanges were counseled to follow a "best practice" of only accepting crypto deposits and issuing crypto withdrawals (e.g. BTC in and BTC out). This meant that traders were forced to convert dollars into crypto on their own, an imposition that strangled wider adoption. In addition, traders needed somewhere to hide from crypto's wild price volatility without leaving the casino.

Phil Potter came to crypto with a Wall Street resume and a pragmatist's eye for bottlenecks. His solution was simple: A "stablecoin" - one dollar crypto liability backed by one dollar in reserve - that enabled traders to navigate exchanges and market volatility with a dollar-denominated liability. In 2014 he took this idea to one of the largest exchanges at the time, BitFinex. He eventually secured a partnership to create Tether, a separate organization with the necessary money transmission licenses to integrate with the wider financial network of banks, auditors, and regulators. These providers were necessary for Tether to custody reserve assets, shouldering the messy fiat plumbing in the background, while enabling BitFinex to stay "crypto-only."

The product was simple but the structure was radical: Tether issued dollar denominated liabilities (USDT) and only certain trusted, KYC'd entities could mint or redeem USDT for its underlying reserve assets directly. USDT, however, lived on permissionless blockchains, meaning that any holder could freely transfer USDT and exchange USDT for other assets in open-access secondary markets.

For two full years the concept seemed stillborn. Then, in 2017, Phil noticed that USDT adoption was growing in regions like Southeast Asia. Upon investigation, he realized that export businesses began viewing USDT as a faster and cheaper alternative to regional dollar payment networks. Eventually, those businesses started to post USDT as collateral for facilitating imports and exports. Around the same time, crypto-natives began to notice USDT's growing liquidity and began posting USDT as margin for cross-exchange arbitrage. At this point, Phil realized that Tether had conjured a parallel dollar network that was faster, simpler, and open 24/7.

Once the flywheel spun, it never slowed. Because issuance and redemption stayed inside a regulated perimeter while tokens circulated freely on blockchains like Tron and Ethereum, USDT hit escape velocity. Every new user, merchant, or exchange that accepted USDT only increased the power of its network effect, growing the utility function for USDT as a store of value and payment method. Today, nearly $150 billion worth of USDT is in circulation, dwarfing USDC's $61 billion outstanding, and many call Tether the most profitable business per employee in the world.

Phil Potter is a crypto luminary and driven by a fair share of ideology. It would be impossible, however, to call him an "outsider" to the world of traditional finance; he is the type of person that you would expect to create the world's largest stablecoin. Rune Christensen, on the other hand, was not.

DAI: The First Decentralized Stablecoin

Rune discovered crypto in its infancy and quickly became a self-proclaimed "Bitcoin Maxi." He was the archetypical cryptocurrency adopter, viewing BTC and blockchains as a ticket out of an unfair and exclusive financial order. With BTC opening 2013 around $13 (does anyone have a time machine?) and ending the year over $700, early adopters had plenty of incentive to believe that crypto was a true substitute for our financial system.

The subsequent downturns, however, forced Rune to accept that crypto's ultimate utility would depend on managing this volatility. "Stability is good for business," Rune concluded, and the seed of a new idea was planted.

In 2015, after witnessing the failure of the "first" stablecoin from BitShares, Rune teamed up with Nikolai Mushegian to design and build a dollar-denominated stablecoin. Unlike Phil, however, he had neither the relationships to execute a Tether-like strategy nor any desire to build a solution dependent on the traditional financial system. The emergence of Ethereum, a programmable alternative to Bitcoin enabling anyone to encode logic via smart contracts onto the network, gave Rune a canvas to work from. Could he take the native asset, ETH, and issue a stablecoin against it? How would the system remain solvent if the underlying reserve asset, ETH, was as volatile as BTC?

Rune and Nikolai's solution was the MakerDAO protocol, built on Ethereum and launched in December of 2017. MakerDAO allowed any user to deposit $100 of ETH and receive a fixed amount of DAI (e.g. $50), creating an overcollateralized stablecoin liability backed by a treasury of ETH. To protect the solvency of the system, the smart contracts encoded liquidation thresholds (e.g. ETH at $70) that, once breached, allowed third-party liquidators to sell the underlying ETH backing and extinguish the DAI liability. Over time, new modules were created to streamline auctions, impose interest rates to modulate DAI issuance, and further incentivize third-party liquidators with profit-seeking motives.
This elegant solution is now known across crypto as a Collateralized Debt Position (CDP) stablecoin, a primitive that has spurred dozens of copycats. The key behind the system's ability to operate without a centralized gatekeeper was the programmability of Ethereum and the transparency afforded by public blockchains: all reserve assets, liabilities, liquidation parameters, and logic were known to every participant in the market. In Rune's words, this enabled "decentralized dispute resolution," ensuring that every actor understood the rules that kept the system solvent.

With over $7 billion DAI (and its sister USDS) in circulation, Rune's creation has grown into a systemically significant pillar of decentralized finance (DeFi). The ideological desire to opt out of a broken system, however, became increasingly difficult to manage in the context of a rapidly changing competitive landscape; the capital inefficiency of CDPs and the lack of an efficient and direct redemption mechanism stifled its scalability. Acknowledging this reality, MakerDAO began a significant shift towards traditional reserve assets like USDC in 2021 and Blackrock's tokenized money market fund (BUIDL) in 2025. During this transition, MakerDAO (now Sky) established itself as the most critical liquidity provider to tokenized assets through efforts like the Tokenized Grand Prix, a $1bn tokenized MMF RFP managed by Steakhouse Financial, and BlockTower Credit's $220mm private credit fund issuing blockchain-native securitizations with Centrifuge.

Stablecoins: The Product Today

Stablecoins issue a foundational promise: Any holder should be able to redeem one stablecoin for one U.S. dollar, at any moment, without a haircut and minimal friction. Fulfilling this promise of parity rests on the pillars of sound asset management, reserve transparency, operational excellence, liquidity, custodial integrations, developer accessibility, and hard-won regulatory licenses. The greenfield era from which Tether, Circle, and Maker emerged enabled them to succeed while building the plane mid-flight; it's hard to imagine a new entrant, for example, reaching Tether's scale while investing its reserves into high-yielding Chinese commercial paper.

Given the magnitude of the early stablecoin issuers' success, today's landscape is materially more competitive. There are at least 200 stablecoins in existence - with potentially thousands more coming - and this onslaught threatens to fragment liquidity, deteriorate user experience, and evaporate VC dollars chasing the next big outcome. Competing effectively against the incumbents and newcomers demands both a new playbook and a cohesive offering from day one. For fiat-backed stablecoins, foundational elements of success now include - but are not limited to - the following:

- ## Professional reserve management:

  "Unless you are willing to staff up a professional trading desk," says Austin Campbell (former Chief Risk Officer at Paxos), "do not manage the underlying reserves yourself." Maintaining the peg depends on solvency and professional management is the bare minimum for large-scale fiat-backed stablecoins. Smaller issuers may prefer to start with existing tokenized money market funds (MMFs), and eventually scale out of the relatively high fee-load into cheaper solutions.

- ## Custodial coverage:

  While consumers may custody stablecoins in a browser wallet like Metamask, institutions custody digital assets with providers like Coinbase, BitGo, Fireblocks, Copper, and Anchorage. Some may charge asset issuers for a listing, which requires a technical and operational audit, compliance review, and risk committee sign-off. Listing fees can sometimes reach 6-or-7-figures (usually for crypto-tokens, not stablecoins) and are often necessary to receive maximum institutional support from service providers like market makers.

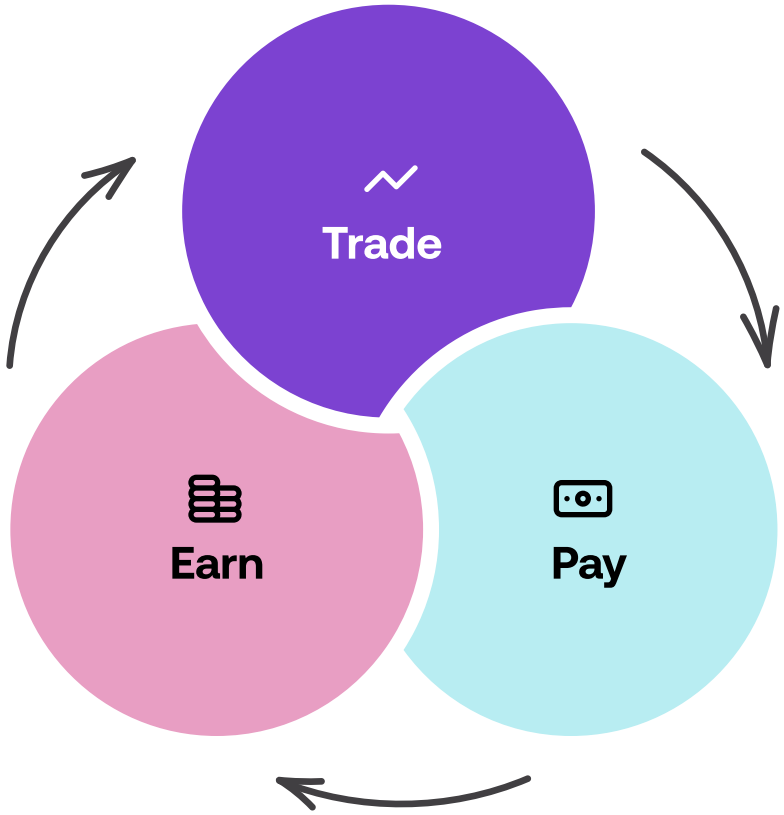
- Canonical cross-chain deployment:

  In the early 2020s a stablecoin could live predominantly on one chain and rely on trust-minimised bridges or wrapped copies elsewhere. The subsequent era of bridge exploits - Ronin, Wormhole, Nomad - led to a new generation of cross-chain deployments like Circle's Cross-Chain Transfer Protocol (CCTP) and Tether's newer USDT0 standard, built on top of LayerZero's omnichain messaging protocol. As blockchains proliferate and interoperability improves, native deployments on multiple chains will become table stakes for a smooth UX, and prospective issuers must take heed of this direction of travel.

Infrastructure providers like Paxos, which provide white-label stablecoin services for high-end clients like Paypal, and emergent stablecoin-as-a-service providers like Brale and M0, provide many core features out of the box. While these providers may change the "buy vs. build" calculus, the onus remains on an issuer to design a useful product and market it effectively. What, besides stability and frictionless redemption at par, makes a stablecoin a good product? The issuer's ability to create utility for and around their stablecoin.

The Stablecoin Utility Function

Dollar stablecoins were created as a savings tool, enabling users to store value and shield themselves from the volatility of crypto-assets or their native currency. Fiat, however, enables a user to do far more than just save. Everything a user can do with your stablecoin - trade, earn, or pay - increases its utility as a product. The greater the utility, the greater the retention, and the greater the float income.



Different users - business or consumer, trader or otherwise - will weigh utility differently and product market fit requires aligning a stablecoin's feature set with a customer's expectations. While the design space can feel infinite to some and extremely constricted to others, recent successes and failures provide interesting insights into the landscape today.

Trade: Conquering Centralized Exchanges (CEX)

The founding story of Tether and the close partnership between Circle, Coinbase, and now Binance, are no accident: crypto is about speculation and centralized exchanges remain the top-of-funnel for most crypto user journeys (~$19 trillion traded in 2024). Within an exchange, stablecoins that can be used as margin collateral or form a base pair (e.g. BTC/USDC on Coinbase) have higher utility for traders seeking to frictionlessly enter and exit a market. Accessing these customers is not cheap; for example, Circle initiated a distribution partnership with Binance by paying a $60 million fee and sharing float revenue from idle USDC deposits on the exchange. The lesson for new issuers is blunt: If you cannot spend more than Tether and Circle on customer acquisition, you must differentiate on a novel axis to overcome the user's switching costs.

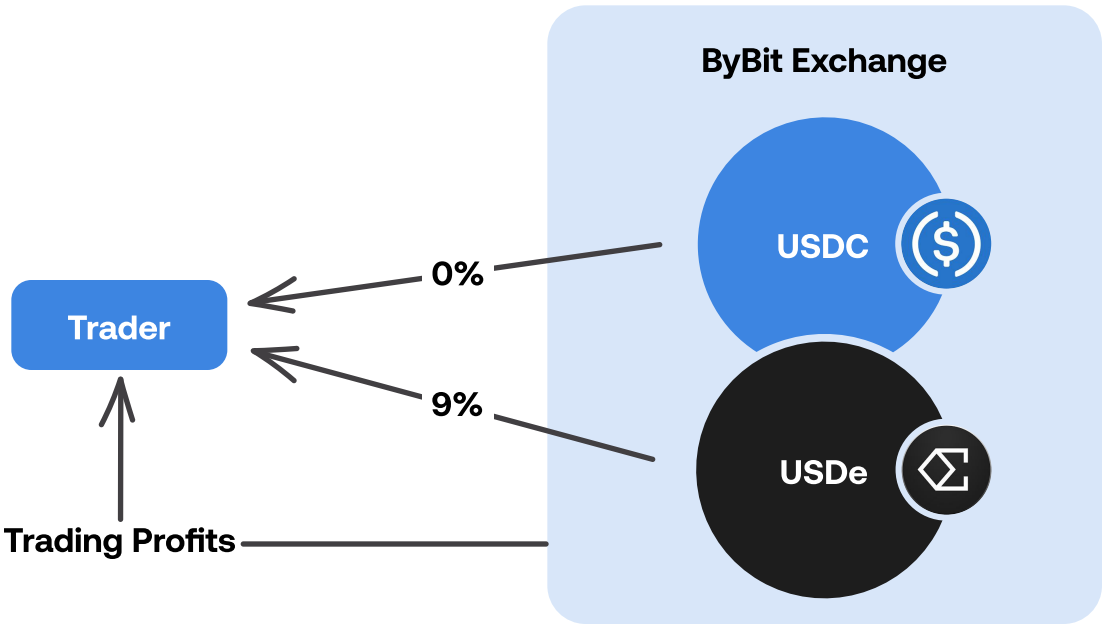
Outside of the major incumbents, the most successful CEX insurgency belongs to Ethena and their (not quite) stablecoin USDe. Traders are opportunistic, looking for any avenue to increase capital efficiency, and pledging USDC on a CEX meant receiving little-to-no yield on their margin collateral. Sensing an opportunity, Ethena struck a win-win-win deal between traders, centralized exchanges, and themselves.

The rough playbook was as follows:

1. Tokenize a high-yielding, delta-neutral strategy into a synthetic dollar (USDe). The strategy they chose was a popular cash-and-carry trade, enabling USDe holders to earn upwards of 25% APY at times

2. With more yield to work with, Ethena approached centralized exchanges like Bybit with the following proposition: we'll share some of the underlying yield with you (Bybit) if you enable USDe to be used as margin collateral

3. Seeking market share, Bybit had an incentive to pass on the underlying USDe yields to appease their traders. As recently as March 2025, Bybit traders who used USDe as margin collateral received 9% APY (vs. 0% for USDC)



The perceived superiority of USDe as margin collateral, coupled with frictionless distribution through CEXes, has supercharged USDe growth to $5 billion in circulation today. This reality reflects a trader's preference towards capital efficiency even if the underlying asset has materially more credit risk than a fiat-backed stablecoin (though we'd note that USDe has shifted into a more conservative posture over time). Ethena's path was particularly courageous and, in certain jurisdictions, new regulations may close the door behind this particular playbook. That said, Ethena's rapid growth is an example of the leverage that successful CEX integrations can provide.

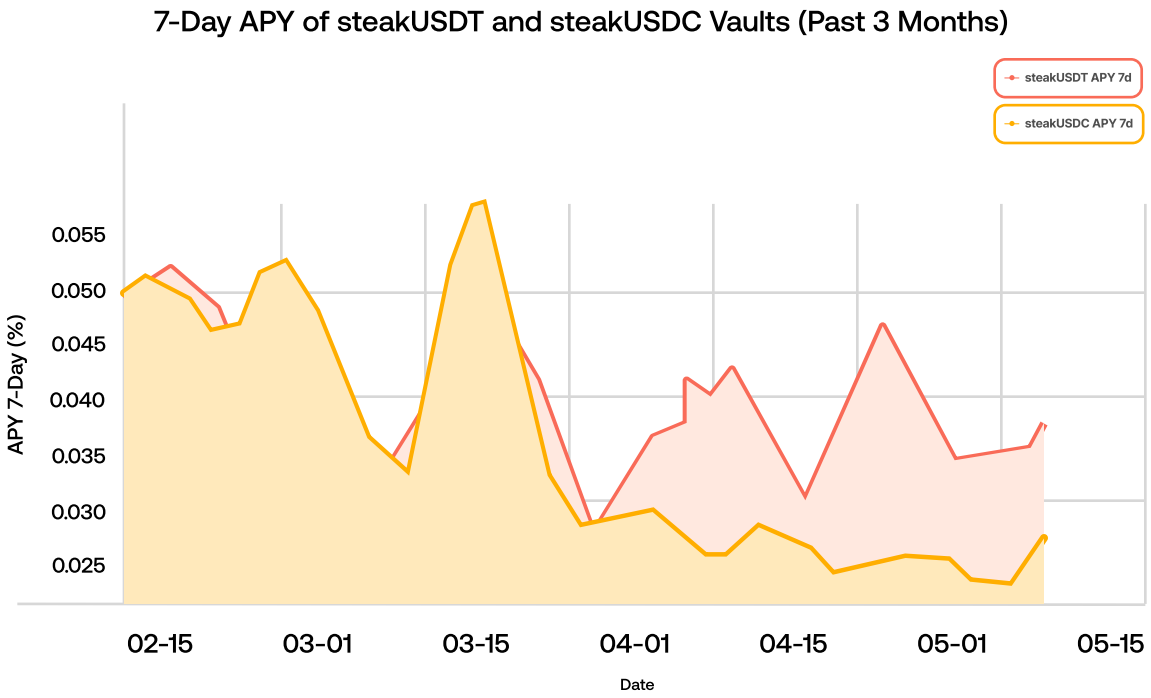
Earn: Decentralized Finance (DeFi) Integrations

In economic terms, a brand can be defined as the ability for one company or product to extract greater profit than their commoditized competitors; a canonical example, loved by Warren Buffett, is Coke in the sea of sodas. At this stage, USDC and USDT have undeniable, if not unassailable, brand value. Coupled with their head start and network effects, USDT - and to a lesser extent USDC - can extract a much higher percentage of float revenue versus new competitors who lack brand recognition. In this context, fully-reserved fiat-backed stablecoins - such as M0 and Agora - have shifted dramatically towards sharing the underlying yield directly with users or B2B distribution partners.

With short term interest rates widely expected to drop, however, it's unlikely that sharing yield is enough of a differentiator to overcome a user's switching costs. To combat this, forward thinking issuers seek to increase their stablecoin's utility by integrating their products into DeFi. One of the core integrations is a listing on crypto's onchain money markets popularized by DeFi protocols like AAVE and Morpho.

These protocols coordinate borrowers and lenders into overcollateralized repo transactions similar to Maker's CDP structure; the primary difference is the ability for a user to borrow virtually any asset (e.g. USDC, USDT, etc.), with more flexible parameters (e.g. up to 86% on cbBTC), against a broad spectrum of collateral assets like BTC, ETH, and longer-tail tokens.

Onchain money markets enable holders to lever their assets, which they may not want to sell for tax reasons or because they believe the collateralized asset will increase in value. The desire for leverage, which can be prodigious at times, drives demand to borrow and stablecoin holders generate yield by lending into that demand. The yield they earn depends on the market's willingness to borrow said asset. There are many intricacies and nuances that go beyond the scope of this paper - reach out to Steakhouse Financial (chefs@steakhouse.financial) if you want to learn more - but we often see significant deltas between the market rates for different stablecoins:



This chart shows the 7-day trailing APY for lending USDT (steakUSDT) or USDC (steakUSDC) into Steakhouse Financial's Morpho markets. Higher rates to borrow USDC vs. USDT - commensurate with USDC's dominant market share across DeFi - is a strong signal of how DeFi users perceive the relative utility between both assets.

This reality extends to newer stablecoins with even less native borrow demand, driving deep-pocketed issuers to craft incentive programs that increase the real yield a lender receives. Paypal used this playbook to grow PYUSD's circulation on Solana from $0 to $665 million over just 4 months in 2024, spending millions incentivizing PYUSD markets on Kamino, a DeFi protocol on Solana. Despite the subsequent decline of PYUSD's circulation on Solana to ~$150 million, deep pocketed issuers like Ripple are running variations of this playbook while relatively resource constrained issuers incentivize markets with tokens (e.g. $ENA for Ethena) instead of cash. Either way, issuers must maintain objectivity or they risk conflating product-market fit with mercenary users who only see "free money."

Retention, again, depends on the perceived utility of any particular stablecoin. To this end, permissionless blockchains are becoming both a driver of growth and a potential cap on market share dominance. Newer issuers are increasingly creating permissionless decentralized exchange (DEX) markets between their product and USDC, bootstrapping the utility of their stablecoin by offering fungibility with USDC onchain (Maker's peg stability module is the most successful example). This emerging integration, however, is deeply challenged by the capital inefficiency of latent USDC onchain and the high IRR hurdles (>35%) that crypto-native market makers charge to seed and manage these pools; true fungibility at scale will not exist until lower cost-of-capital providers engage with the onchain stablecoin market.

Pay: Bootstrapping Distribution

If crypto has been a casino and stablecoins are the chips, players eventually need to cash out. You can't, after all, pay for dinner with chips. Cashing those chips in, however, is economically deleterious for stablecoin issuers that primarily monetize float. Combating this requires stablecoins to become useful beyond speculation; Circle's Payment Network is a prime example of Circle's attempt to create additional functionality around USDC to monetize flow. Still, the dream of stablecoins and blockchains becoming a payment network unto itself faces severe resistance from the network effects that incumbents have spent decades cultivating. In the interim, entrepreneurs are increasingly grafting stablecoins into the existing card networks, enabling users to spend their chips frictionlessly.

Crypto-backed debit cards enable users to spend stablecoins like USDC at any of the 80-million-plus global merchants that fly a Visa or Mastercard decal in their window. The primary difference between crypto-backed and bank-issued debit cards is the "underwriting" process; while a bank-issued debit card requires the bank to acknowledge a user has sufficient funds in their account, crypto-backed debit card issuers like Rain authorize transactions automatically if a user has deposited sufficient USDC into a specific smart contract onchain. Best practices for operational security - including multi-signature wallets and code audits - and limited basis risk between USDC and fiat mitigate risk to both Visa and Rain, which is ultimately responsible for payment finality.

For the user, the psychological hurdle of holding stablecoins erodes the more a particular stablecoin feels like cash. Issuers who tap into existing network effects by partnering with crypto-backed debit card issuers or card networks directly will likely be able to extract higher float income.

While earlier iterations of crypto-backed debit cards were USDC-centric, future crypto-backed debit cards will attempt to authorize payments with a broader spectrum of crypto assets as collateral. MetaMask, for example, is preparing to authorize transactions with assets like ETH and other yield-bearing stablecoins, coupling the ability to earn yield onchain with the ability to spend it offchain. Longer term, the card integration layer may abstract the underlying choice of stablecoins completely, reducing the importance of brand and creating a new attack vector against incumbents.

In conclusion, stablecoins are increasingly expected to launch with core foundational elements while maximizing user utility along the trade-earn-pay axes. Major initiatives, like the consortium-backed stablecoin USDG, acknowledge this reality; the consortium consists of leading exchanges like Robinhood and Kraken, infrastructure providers like Paxos, and custodians like Anchorage. While it remains to be seen whether USDG will succeed, it's clear the bar will only get higher.

Today, however, the stablecoin product has reached a sufficient level of maturity to be adopted into a growing number of global payment rails. As this trend continues, stablecoins will be increasingly subsumed into the regulatory regime that enables traditional financial services. For fiat-backed stablecoin issuers that seek maximum adoption, navigating this sea change will be critically important for issuers to gain and maintain dominance.

The Shifting Regulatory Context

Contributed by Flavia Naves, Wyoming Stable Token Commission, Johnny Reinsch, Tokenized Asset Coalition, Chris Brummer, BluPrynt.

Imagine spending years building a moat around your stablecoin only for regulators to forcibly remove your product from the market. This is not a hypothetical exercise: when the European Union's Markets in Crypto Assets (MiCA) went into effect on December 30, 2024, USDT was delisted from major centralized exchanges across the continent. While Tether's scale offers a unique capacity to withstand these challenges, compliance with global regulations is becoming increasingly critical to access key markets and win crucial distribution partners. As guidelines become clearer, the constraints they impose change the opportunity set and GTM strategies for new and existing issuers alike.

In this section, we seek to cover generally accepted fundamental concepts of compliance, best practices, and a broad overview of how these pieces fit together on a global scale. While many of the regulations will have unintended consequences, this section does not seek to offer a moral argument or judgment on any particular regulation's efficacy. For the avoidance of doubt, none of the following constitutes legal, regulatory, or compliance advice and heavily overindexes towards the perspective of operators.

The Fundamental Constraints

With that out of the way, there are generally two non-negotiables for global regulatory acceptance:

KYC/AML: The goal of know your customer ("KYC") and anti-money laundering ("AML") regulations, such as the Banking Secrecy Act ("BSA") in the U.S., is to reduce the ability of bad actors to inflict harm. The idea is simple: requiring customers to self-identify when they enter the financial system makes criminals easier to catch and increases the difficulty of perpetrating crimes at scale.

Best Practice: Control, or tightly monitor partners who control, the nexus points where fiat currency enters or exits a stablecoin. For example, minting USDC requires either onboarding with Circle or, for most retail users, minting or purchasing USDC through a regulated centralized exchange like Coinbase. In the latter case, a user is KYC'd by Coinbase during Coinbase's own account opening process (a regulated money services business subject to the Bank Secrecy Act). Regulators believe this creates an ideal system where:

1. All initial entry points, where fiat is exchanged for stablecoins, are monitored and
2. All exit points require similar verification

This process is analogous to regulating cash; anyone and everyone can spend and exchange cash freely, but accessing the banking system or making sizable purchases requires self-identification and KYC/AML compliance. Similarly, anyone can purchase USDC or USDT in DeFi but meaningful usage likely requires registering with a regulated on-or-off-ramp.

Monitoring & Sanctions Screening: Once an actor enters an ecosystem, issuers must implement effective monitoring of those participants to catch good actors that become bad or identify bad actors that entered through DeFi. In some cases, bad is explicit - for example, a particular entity or address being included on the OFAC sanctions list - and failure to catch this in real-time may lead to significant fines or other regulatory consequences.

Best Practice: Document policies and implement automation. The typical guidance that we see is:

- Baseline screening of all identifiable holders every six months (or when sanctions lists are updated)
- Adjust the screening cadence based on risk profile with more frequent screening for higher-risk segments (e.g. geography)
- Implement automated compliance tools like Chainalysis and TRM Labs to monitor suspicious blockchain activity
- Participate in financial intelligence networks such as FinCEN's 314(b) information sharing program
- Impose formal protocols for freezing or seizing assets when legally required, particularly in support of law enforcement investigations into money laundering and terrorist financing

The Emerging Choice: Blocklist vs. Whitelist

The world's largest fiat-backed stablecoins have converged on a blocklist model, a pragmatic choice that maximizes distribution by minimizing friction. The blocklist approach means any wallet can receive, hold, or transfer the stablecoin unless that wallet is flagged for sanctions, fraud, or other illicit activity. Compliance is enforced through (i) screening at fiat on-and-off-ramps, (ii) continuous monitoring of onchain flows, and (iii) the power to freeze or burn tokens sitting in blocklisted addresses.

The opposite approach is the whitelist model, flipping the default and only allowing pre-approved wallets to hold and transact the stablecoin. This approach has historically throttled growth by reducing the utility of a stablecoin, which is dependent on broad acceptance. That said, this model is analogous to how securities are regulated and delivers maximum counterparty certainty, which may be attractive to banks, broker-dealers, or payment networks that must meet the strictest AML, CFT, and prudential standards.

Choosing between a blocklist or whitelist model comes down to the stablecoin's intended user base. Historically, the blocklist model has led to far greater adoption because consumers can treat a stablecoin like cash for everyday spending; we expect blocklist models to continue dramatically outpacing the growth of whitelist models.

As the regulatory landscape changes, however, so will the users. If they shift dramatically towards institutions, we may see white list models become the norm for certain use cases like securities settlement or intracompany transfers. While this is pure speculation, certain implementations of a whitelist model may transform the unit economics of stablecoins. Fnality, for example, is seeking Federal Reserve approval this year for a Master Account, effectively removing the custodial and reserve management infrastructure that supports today's fiat-backed stablecoins while granting seamless access to traditional fiat payment rails. The implications of a quasi-CBDC on the broader stablecoin industry are unclear but bear watching closely.

The Global Regulatory Layer Cake

Stablecoins operate at the intersection of transnational aspirations and a patchwork of national and local legal frameworks. This creates the predictable challenge of few clear rules and a lack of coherence across different jurisdictions and regulatory regimes. For operators, we've attempted to succinctly distill insights and learnings from key markets. Please note that this section is highly generalized and U.S.-centric: launching a compliant stablecoin requires a case-by-case assessment and ongoing consultation with lawyers, compliance professionals, and regulators themselves.

United States: Moving beyond the labyrinth

Historically, the U.S. primarily directed stablecoin issuers towards money transmission licenses (MTLs), a regime that was not designed for the novel aspects of stablecoins on public blockchains. As an example, surety bonds are generally imposed upon money transmitters because those businesses were primarily undercapitalized in previous eras; today, fiat-backed stablecoin issuers are primarily fully reserved or even overcollateralized and do not engage in lending or hypothecation. In the interim, U.S. issuers had to navigate MTLs, MSBs, BitLicenses, bank partnerships, and federal trust charters while anticipating scrutiny from the SEC, CFTC, OCC, or FinCEN. With the U.S. Senate's passage of the GENIUS act, however, the U.S. may finally move beyond regulating stablecoins through analogies to existing financial products.

The GENIUS Act represents the U.S.' best attempt at providing clarity to date. The language focuses on "payment stablecoins," which are defined as stablecoins used as a means of payment or settlement and where the issuer "represents, or creates the reasonable expectation" that the stablecoin is pegged to the U.S. dollar. The issuer is thereby obligated to convert, redeem, or repurchase the stablecoin for a fixed amount of monetary value (e.g. 1 U.S. dollar). Importantly, the GENIUS act does not explicitly cover algorithmic (e.g. DAI/USDS) or yield-bearing stablecoins, which either fall into the act's 2-year moratorium period for algorithmic stablecoins or potential regulation under existing securities laws.

Galaxy's Alex Thorn has consistently produced some of the best research in crypto; his insights into the GENIUS act's key terms are a must read for any practitioner seeking to understand the new regime. For practitioners, the most relevant guidance includes:

1. Recognition of stablecoin issuers as a distinct category of financial service providers, while restricting issuance to Federal and State Qualified Issuers with the OCC, Federal Reserve, FDIC, and NCUA as the primary Federal regulators
2. Clarity that payment stablecoins are not securities or commodities and permitted payment stablecoin issuers are not investment companies
3. An allowance for Foreign Issuers from a jurisdiction with a comparable regime that also register with the Comptroller, comply with U.S. lawful orders, and hold U.S.-custodied reserves for U.S. users
4. Clear guidance on reserve asset composition, which require 1:1 collateralization, restrict hypothecation, and constrain the acceptable collateral to demand and insured dollar deposits, Treasury bills with a remaining maturity of 93 days or less, repo and reverse repos backed by Treasury bills, money market funds invested in these assets, and any other similar government-issued asset approved by regulators
5. Enhanced reporting requirements that include the monthly publication of the issuer's reserves on the website of the issuer and annual audits for stablecoin issuers with over $50 billion in consolidated total outstanding issuance
6. Marketing and consumer protections that restrict issuers from misrepresenting stablecoins as legal tender or insured
7. Bankruptcy remoteness and insolvency protections, which establish the stablecoin holder's prioritized claim on reserve assets and funds in transit

Importantly, the GENIUS Act grants a 12-month period of study for non-payment (i.e. yield-bearing) and algorithmic stablecoins, leaving these assets in limbo while permitting them in the U.S. for now. This moratorium provides a brief window for issuers that distribute yield to stablecoin holders directly, likely extending the wave of yield-bearing stablecoins that seek to unseat the incumbents.

The Global Convergence

For deeper insights into the theory and practical overview of global regulatory convergence, please see the generous contribution from Chris Brummer in full at "Stablecoin Interoperability: A Theoretical Assessment and Practical Overview." A quick summary of the ex-U.S. regulatory approaches below:

The EU has taken a comprehensive approach through MiCA, creating clear legal categories: Asset-Referenced Tokens (ARTs) for crypto-assets referencing multiple currencies and E-Money Tokens (EMTs) for those referencing a single currency. MiCA formalizes a single, pan-European market for compliant stablecoins while requiring non-EU issuers to comply or face exclusion. Compliance requirements include full reserve backing, transparent reporting, and explicit regulatory approval. As of March 2025, ten firms have been authorized to issue fifteen MiCA-compliant stablecoins, including euro-pegged options like EURC and EURCV, and dollar-pegged options such as USDC and USD1.

In Asia, three distinct regulatory approaches have emerged. Japan, for example, limits stablecoin issuance to licensed banks and trust companies. Singapore and Hong Kong permit issuance through strict regulatory gateways emphasizing financial soundness. China and India ban or severely restrict private stablecoins in favor of state-controlled digital currencies.

The situation, both in the U.S. and globally, remains dynamic and will continue to evolve. With emerging clarity, however, comes the opportunity for issuers to play a potentially new game on the field. Regulatory arbitrage has historically defined both the crypto industry and the financial services industry broadly; mainstream adoption, however, depends on certainty. As payment stablecoins begin a new era in the U.S. and beyond, the first movers have already begun to shift the battlefield from stablecoin issuance to stablecoin infrastructure.

Stablecoins: Infrastructure of the Future

One feature that makes crypto fascinating is its commercialization of frontier technology: The inextricable link between BTC (the asset) and Bitcoin (the network) birthed a multi-billion dollar industry from the academic backwaters of cryptography, distributed ledgers, and zero-knowledge proofs.

Unfortunately, pitching frontier technology to traditional finance institutions often results in getting shown the door.

Navigating this paradox has been incredibly difficult for our industry. Even when luminaries like Larry Fink publicly call "tokenization the next generation of financial markets," the ground-level reality is that the adoption of blockchain technology remains painfully slow and surface level for institutions that demand regulatory clarity and consumers that demand seamless experiences. There's no shame in that: finance is one of the most heavily regulated industries in the world, commensurate with the immense stakes of consumer protection and the industry's role as the connective tissue of global commerce.

So how do you effect change? One approach is to build at the fringes and work towards the belly of the beast. For example, Stripe first leveraged their technical superiority to abstract away the complexities of processing global payments into a simple developer-centric API. This meant serving startups that were technically savvy but too small, and too different, for traditional institutions to service.

History rhymes. Stablecoins are a trojan horse for blockchain infrastructure into global commerce and, at the edges of our financial system, the adoption has already begun.

Value Chain of Orchestration

"Hi, I'm [startup X] and my customer wants to remit funds from the U.S. to their parents in India. Can you help me?"

Moving money, compliantly, is the core function of payment orchestration. No, this will not be another deep dive into the cross-border payments opportunity. If you want to learn more, I suggest this phenomenal piece from Merge, a stablecoin infrastructure company. If you don't, simply look at the following graphic from Sam Broner and the excellent team at a16z crypto:

Payment Type	Transaction Fee	Time to Settle	Notes a16zcrypto
Credit Card Payment	2-3% + $0.30	Instant to Merchant	High fees for Merchant. Chargeback risk.
Dedit Card Payment (Regulated)	Regulated: 0.05% + $0.21 Durbin Amedment: 0.9% + $0.15	Instant to Merchant	Low fees, subject to Durbin Amendment caps
ACH Transfer	$0.20 - $1.50	3-5 Business days	Limited to domestic transfers. Funding risk.
International Wire Transfer	$30 - $50	1-5 Business days	High fees, exchange rate markups.
Remittance Service	6.65% (for $200)	Minutes to Days	Varies by service and destination country.
Peer-to-Peer Payment App	Free (p2p) 1-3% (Business)	Instant to 1 Day	Fees apply for instant transfers, credit card use, and payments.
Stablecoin Transfer	**<$0.01**	**Seconds to Minutes**	**Global availability, minimal fees.**

Credit: https://a16zcrypto.com/posts/article/how-stablecoins-will-eat-payments/

Cross-border payments are complex, time consuming, error prone, and expensive; stablecoins and blockchain ledgers offer a global, cheap, and nearly instant alternative to traditional cross-border payment corridors. Even if the graphic above is a bit cherrypicked - any intrepid consumer who has paid for coffee with a 350bps fee can attest - the world is moving beyond stitching together local payment networks with outdated messaging protocols (SWIFT) and correspondent banking networks. Frankly, this is one of the most obvious "your margin is my opportunity" situations that we've ever seen in finance.

So back to the example: you're [startup X] and you need to accept a USD payment, on behalf of your customer, and send INR to their parents in India. You have decided that you want to meet people where they are - accept USD and deliver INR in fiat - but you want the efficiency of stablecoin-routed cross-border payments and you want to obey the law. Your lawyers have told you that getting MTLs and MSBs and Bitlicenses will take you 18 months, but you believe the opportunity is now and you have decided to use a service like Bridge. How has Bridge reconstructed the payment orchestration value chain to enable you to deliver this service?

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Bridge - Illustrative Value Chain

Microservice	Description	Provider	Novel?
Local payment rail (USD)	Ability to accept USD (fiat) on behalf of your customer	U.S. bank deposit account	-
Onramp	Conversion of USD -> Stablecoin	Coinbase/Circle Mint	Y
Stablecoin	Digital unit of dollar account (e.g. USDC or USDT)	Circle/Tether	Y
Embedded wallet	Wallet or public address creation for customer (i.e. custody)	Privy/Proprietary	Y
Private key management	Effectuate transactions from public address (i.e. ownership)	Fireblocks	Y
Multi-chain support	Enable multiple blockchains for efficient stablecoin routing	Proprietary/Fireblocks	Y
Onchain swap	Conversion across blockchains and between stablecoins	CCTP/LayerZero	Y
Offramp	Conversion of Stablecoin -> USD/INR (see below)	Coinbase/Circle Mint	Y
FX swap	Conversion of USD into INR	Wise/Broker Dealer	-
Local payment rail (INR)	Direct INR (fiat) to your customer's recipient	UPI	-
Compliance	Comply with FinCen, OFAC, and local regulations	TRM/Chainalysis	Y
Licensing	MTL/MSB license in U.S. & Payment Aggregator in India	Stripe	-
Fraud	Fraud resolution	Proprietary/Sardine(?)	-
Audit	Transaction records and dispute context for regulatory audits	Proprietary	Y

Note: The list above is not exhaustive, glosses over what enables each microservice (e.g. node infrastructure and blockchain data indexing), and the reality that some underlying providers have bundled multiple microservices together. More importantly for you, however, is Bridge's ability to abstract away this complexity via a developer-friendly API while maintaining two critical functions:

1. **Maximizing accessibility and availability**: Acquiring new partners and building redundancy within an underlying microservice (e.g. multiple partner banks in the U.S.), and
2. **Managing a unified and real-time global ledger:** Equivalent to a bank core that manages transaction processing and internal accounting across multiple databases (blockchain or otherwise). We'll expand on this later.

The Great Rebundling

Ben Thompson's Conservation of Attractive Profits is a useful framework for understanding technological disruption. In his words:

> *"Profit in a value chain flows to whatever company is able to successfully integrate different component pieces of that value chain; the other parts of the value chain then modularize and are driven into commodity competition."*

In the 1970s, IBM dominated the computer industry by vertically integrating hardware and software. The emergence of PCs with open architecture, like the Apple II in 1978, opened the door for Intel to specialize in CPUs and Microsoft with Windows OS. While value accrued to the CPU and OS, commoditizing the PC business itself, new opportunities emerged for specialists (Nvidia and its GPUs) or rebundling (Apple's M4 CPU and macOS).

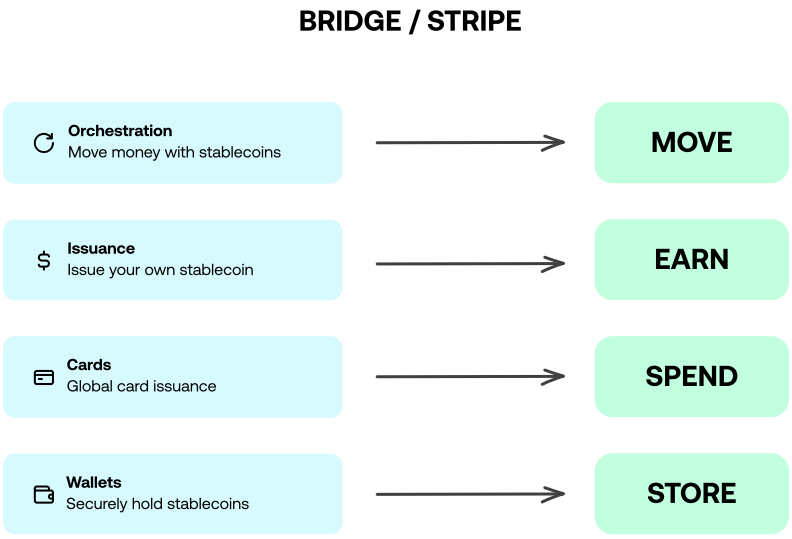
Within the context of stablecoins and blockchain-enabled financial services, the same playbook is playing out. Stablecoins commoditize the ability to store value in a dollar-denominated and fully-reserved (i.e. solvent) way. Blockchains commoditize the ability to assign and transfer that value on an open, global, and increasingly scalable basis. Prior to these innovations, both capabilities were monopolized by tightly controlled banks and payment networks, respectively.

"[Bridge] defines a good product through mastery of the basics - managing reconciliation, regulatory compliance, and growing merchant and payment method acceptance - while enabling our customers to launch new products with simplicity."

- Yelena Reznik ova, Partnerships @ Bridge (a Stripe company)

[Startup X]'s customers will, over time, have higher expectations of your product: yes, I'm happy remitting funds from the U.S. to India but, since I trust this app to **move** my money, it'd be nice if I could also **spend** it frictionlessly. In fact, it'd be cool if the app could **store** my money and, wait, I can actually **earn** money by holding it there too?

Bridge has bundled all of these features into a unified product suite:



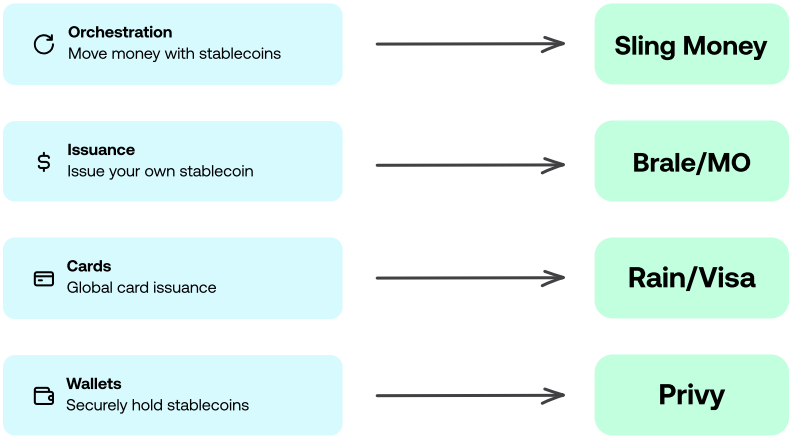
Each product is a relatively simple extension of the technical, operational, and compliance stack that Bridge built for their core orchestration business. For example, enabling customers to "mint" their own stablecoin (USDB) requires adding an asset reserve manager (Blackrock) and securities custodian. Card issuance requires extending the core into a card network, which they've done via Stripe's relationship with Visa, and a card printer for physical cards. Wallet infrastructure was already in place to manage their own onchain stablecoin operations - exposing this as a product for sale is almost free money.

What's in it for [startup X]? If I attract deposits into a stablecoin like USDC, Circle monetizes the float; if I issue my own stablecoin, XUSD, Bridge will share that float revenue with me. Given XUSD and USDC have the same underlying credit risk (e.g. backed by Blackrock money-market reserve funds), Visa should accept XUSD as collateral to execute payments on the Visa network, increasing the payment utility of XUSD. If my users want to bridge into use cases where USDC has greater utility (e.g. DeFi), Bridge makes XUSD fungible with USDC by enabling zero-fee swaps between the two and with Bridge subsidizing the cost of the swap infrastructure.

All of these products were announced during the last 2 months, culminating in Stripe's "Stablecoin Financial Account," a merchant account available in 101 countries enabling full-stack USD-denominated banking and payment services. Monetizing the same core through multiple products creates operating leverage, enabling Stripe/Bridge to redirect revenue towards commoditizing other layers of the stack. One pressure point could be on monoline on/off-ramping businesses, which take a fee for converting fiat into stablecoins and vice versa; Brale's IO product is a recent attempt to commoditize this layer. If that's the only thing your business does, then you have to charge for it (we see ~10bps per transaction), effectively taxing [startup X] for moving money between the digital and fiat world. Evading this tax, or amortizing the cost through a provider that offers other necessary functionality, is imperative for business operators.

Ultimately, trillions depend on figuring out where value will accrue next. Will the profits move towards specialists within the value chain? For example, [startup X] could be created in a different way:

MODULAR



A single supplier may be cheaper today, but it also introduces concentration risk and amplifies switching costs. Paraphrasing Satya Nadella from his recent Dwarkesh Podcast interview: "enterprise markets trend towards oligopoly, not monopoly." If you're a Fortune 500 company, you are not going to entrust critical infrastructure (e.g. cloud compute) with a single provider. Either you build in redundancy with multiple cloud providers or new companies, like multi-cloud infrastructure providers, emerge to serve your needs.

Will Mastercard or J.P. Morgan leverage existing advantages - distribution and balance sheet - to create an even more compelling bundle? Or will specialist wallet providers, acting as consumer gateways into the blockchain ecosystem, become superapps and reorganize profits in their favor? The battle has only just begun.

The Arc of Rationality

Over a long time horizon, **finance is hyper rational.** The long arc of financial innovation, from Venetian clearinghouses to DTCC, historically bends towards greater efficiency. The closer we get to all nodes in a financial network referencing a single, global, self-reconciling system of record - like the internet - the closer we are to terminal efficiency. Even if blockchains aren't the final form, they are an obviously superior technical alternative to the patchwork system we have today.

Every financial services business is built on a proprietary core ledger managing accounts, balances, transactions, and context. These systems are both notoriously difficult to scale and impose dire consequences when mismanaged. Alvaro Duran, author of the phenomenal substack "The Payments Engineer Playbook," summarizes the problem in his essay "A Tale of Two Ledgers." While the entire article deserves a read, Alvaro posits that the difficulty stems from navigating a brutal trade-off between availability (i.e. maximizing the approval rate of transactions) and consistency (i.e. making sure transactions are approved off accurate information).

Holding or moving money requires every bank, custodian, or payment service provider to communicate across a network that grows exponentially more complex with each additional siloed node. On the other hand, finance depends on accurate information and this patchwork infrastructure makes reconciliation incredibly challenging, particularly when balanced against the need for speed and scale. This intractable problem is pushing the premiere builders of financial services towards infrastructure that's (i) consistent, transparent, global and (ii) manages state and transaction processing on their behalf. Here's what builders have to say:

Blockchains unlock global consistency, a "Layer 2" on top of our existing financial system.

"Stablecoins are the first universal 'file format' for money, wiping out the inconsistent local rails that have traditionally kept USD, EUR, MXN and every other fiat currency in their own silos. When all currencies live in the same format, our customers can build a single wallet that holds and swaps them instantly, enabling our customers to launch a product in dozens of markets without wrestling with foreign bank accounts or payment networks. In other words, stablecoins have broken the link between geography and access to a currency - letting someone hold dollars without a U.S. bank - and this has profound implications as adoption continues to scale."

- Zach Abrams, Founder & CEO @ Bridge (a Stripe company)

Blockchains abstract away reconciliation, just like AWS abstracts away IT infrastructure.

"After spending much of my career contributing to ledger systems alongside bank cores, it's impossible to ignore that reconciling high volumes usually means large teams, expensive infrastructure, and constant effort to stay in sync with the bank's system of record. Brale took a blockchain-first approach to building its core. Each transaction is final, posted to a shared global blockchain, and either succeeds or fails. Reconciliation is built in. That lets us move faster, support more volume with fewer people, and launch stablecoins at unprecedented speed while remaining interoperable with any bank. Without thousands of engineers around the world working on blockchains, this level of speed and finality wouldn't be possible."

- Ben Milne, Founder & CEO @ Brale.xyz

No, the blockchain is not a panacea and cannot today, nor may it ever, solve all of global finance's problems.
Yes, there are tradeoffs - anyone who has had a transaction fail on Ethereum or Solana understands that public blockchains must continue to improve availability.
No, core primitives that unlock new use cases and consumer adoption - identity and privacy - are not yet broadly distributed.
Yes, consumers are still subjected to stubbornly high fees - often 350bps or more - for consumer-facing crypto onramps like Stripe Link, MoonPay, and others.

Despite these headwinds and an antagonistic regulatory environment, however, the technology is inexorably improving and total stablecoin circulation has organically grown to nearly $250 billion today. When further contextualized against incumbents that measure improvement on century-long timeframes, the knowledgeable bettor ought to bet on David, not Goliath. Each new node that integrates with these global systems of record, which offer a consistent back-end experience and eliminate middle-and-back-office workflows, will make it increasingly irrational to build on anything else. If you don't believe us, trust the behemoths that are betting billions on a future where these efficiencies, and the newfound capabilities they unlock, flow towards the early adopters of this new paradigm.

What's Next?

While authoring this paper, a landscape changing announcement occurred every week. This onslaught generated the predictable froth and fear among entrepreneurs and incumbents alike. Where is the market going? Where should I focus? Am I too late?

The sea change has only just begun. By the same token, the level of competition today demands a cohesive product, go-to-market strategy, and adaptability as the battleground shifts towards "banking-as-a-service" stablecoin infrastructure. In this rapidly changing environment, we hope the Practitioner's Guide offers both timely and timeless insights into the present and future of stablecoin issuance and infrastructure development.

Where to from here? With U.S. regulatory clarity on the horizon, supervisory regimes will likely coalesce around global standards, much like Basel standards in banking. We will also see network effects compound in unpredictable ways and expect blockchains to become increasingly differentiated when coordinating transactions between a larger set of parties, not just within closed-loop proofs of concept. Following the repeal of SAB 121, we foresee banks slowly bringing structurally lower cost of capital into the broader crypto ecosystem over time, dramatically altering today's onchain market structure characterized by flighty and very expensive capital. Finally, we expect the landscape to change dramatically when fiat-backed stablecoins grow beyond the reasonable supply capacity of Treasury bills: if stablecoins continue to grow, some version of fractional reserve stablecoins may need to emerge.

We will leave you with some thought-provoking ponderances from our wonderful partners. Without them, we would not have been able to create a piece hopefully worthy of your attention.

"The nature of blockchains as atomic, programmable and open creates the potential for frictionless movement between instruments that today exist in silos. This has already unlocked new possibilities in the way tokenized money market funds and stablecoins can come together to enable unprecedented types of liquidity and interoperability. As tokenization grows, we are likely to see these sorts of novel capabilities extend to more asset classes and more applications. This future of seamless transitions between previously incompatible states will drive the growth and adoption of stablecoins, creating the potential for a more interconnected and efficient financial ecosystem."

- Robert Mitchnick, Head of Digital Assets @ Blackrock

"If [regulatory] interoperability does emerge, it is unlikely to result from a singular legislative breakthrough or multilateral accord. Rather, it will be layered, piecemeal, and evolutionary - an ecosystem built from technical standards, supervisory cooperation, reciprocal recognition mechanisms, and adaptive compliance protocols. Achieving it will require more than institutional alignment; it will require a conceptual shift. Regulators must begin to treat stablecoins not merely as objects of national control, but as infrastructures of cross-border economic coordination. Interoperability, in this sense, is not just a technical or legal goal—it is a governance imperative for the digital financial era."

- Chris Brummer, Founder @ Bluprynt & Professor @ Georgetown Law

"The core function of the banking system is channeling excess savings toward productive investments in businesses and the broader economy. While stablecoins offer substantial efficiency benefits to depositors, these benefits won't necessarily translate into improvements for the economy overall. If stablecoins grow significantly yet remain restricted to investing solely in government bonds, they'll drain crucial investment funds from private enterprises, hurting economic growth. The Fed argued the same when they denied approval for Narrow Banks in 2019. Now, regulators face a pivotal choice: either allow stablecoins to evolve into banks 2.0 - supporting both savers and businesses - or limit their growth entirely."

- Hasu, Strategy Lead @ Flashbots & Strategic Advisor to Lido & Steakhouse Financial

"What worries me? We have learned that, every 3 months or less, we find some new use case that's seemingly bigger than all of the ones that came before. We think that's going to keep happening. If banks move in, that opens a whole new market and the features that those customers will demand will change. I don't worry about new entrants coming in and competing with the Bridge of today directly; I worry about the competitor that doesn't exist yet, serving a market that we miss."

- Zach Abrams, Founder @ Bridge (a Stripe company)

"I hate what's happened to stablecoin discourse and the industry's lack of imagination, shaping such a powerful tool into something banal like it's only a network to move money around systems that don't talk to each other.

This is antithetical to what crypto was in the first place. Don't underestimate the power of open source technology, the power of decentralized financial applications and other blockchain-powered primitives to lower the barriers to entry, create novel use cases, and improve lives."

- Luca Prosperi, Founder @ M0

In many ways, Luca is right. Crypto is not the industry some of us entered years ago; it has grown far beyond the ideologues and into a canvas upon which we all paint different futures. Stablecoins, a critical link between the world we live in and those futures, will only grow more important with time. We can't wait to see what's next.

Thank you.

Stablecon

Over 1,500 executives, builders, regulators, and investors are attending the inaugural Stablecon on May 29, 2025 at the Metropolitan Pavilion, New York City. Hosted by This Week in Fintech, Stablecon is the world's leading event focused on stablecoins and the next evolution of money.

Featuring 100+ speakers from top firms including Visa, Coinbase, PayPal, Ripple, and Circle. Topics include regulation, blockchain infrastructure, global payments, and institutional adoption—everything shaping the future of finance.

More information at stablecon.com

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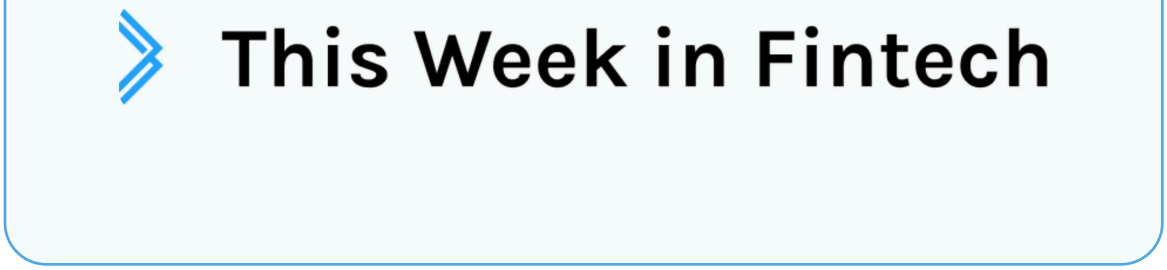

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