Chiara
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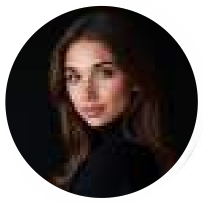
Behind the Peg
Stablecoin Insider's Series

How do Stablecoin Issuers make money ?

Breaking down how they operate and generate revenue

+ USDC-USDT-USDe case studies

Agora AUSD	Circle USDC	First Digital FDUSD	MetaMask mUSD	PayPal PYUSD	Agant GBPA	BRZ BRZ	Blox MYRC	Circle EURC
Paxos USDP	Ripple RLUSD	Stably USDS	Tether USDT	WLF USD1	IDRX IDRX	JPYC JPYC	StraitsX XIDR	StraitsX XSGD
Ampleforth AMPL	Astera ASUSD	Celo cUSD	Kava USDX	Metronome MSUSD	Sperax USDS	Tron USDD	UXD UXD	Ethena USDe



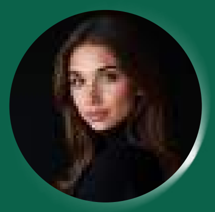
With the stablecoin market reaching **$300B**+ of **capitalization,** the business models powering major stablecoins like **USDT** and **USDC** are generating substantial profits for their issuers.

This revenue comes from **interest on reserve assets**, **transaction fees**, and **institutional partnerships**.

Inside here:

- Who is a stablecoin issuer?
- How they operate
- How they generate revenue
- Case studies: USDC, USDT, USDe

Enjoy the reading.



Who are Stablecoin Issuers?

How do Stablecoin Issuers make money ?

A **stablecoin issuer** is the entity (company, trust, bank, or protocol with an off-chain wrapper) that mints and redeems a fiat-referenced or asset-referenced token and is accountable for:

- **Reserves** (what backs the token)
- **Redemption** (1:1 convertibility terms)
- **Disclosures** (attestations/audits, policies)
- **Controls** (risk, compliance, smart-contract governance)

If you set the reserve policy and control mint/redeem, *you are an issuer*.

If you only list, custody, or on/off-ramp a third-party token, *you are not an issuer*.

How do Stablecoin Issuers make money ?

Who do Stablecoin Issuers serve?

How do Stablecoin Issuers make money ?

Who they serve

Stakeholder	What they want from the issuer	What they give
Retail & prosumers	Cheap, fast transfers, credible $1, wide acceptance	Adoption & float
Institutions/treasurers/fintechs	Reliable rails, API access, clear SLAs	Volume, sticky balances
Exchanges, wallets, L2s	Liquidity & listings, incentives	Distribution, order flow
Market makers	Predictable rules, fast settlement	Two-sided liquidity
Banks/custodians/MMFs	AUM, fees	Safety, liquidity, yield
Regulators	Safeguards, disclosures, consumer protection	License to operate

How do Stablecoin Issuers make money ?

Responsibilities vs. banks/fintechs

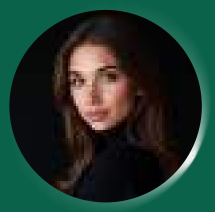
Like a bank: Issuers monetize float (interest on reserves) and must run treasury & risk.

Unlike a bank: They don't lend. Assets are mostly cash/T-bills, deposits are typically not insured (unless the issuer is a bank).

Like a fintech processor: They earn fees (mint/redeem, API, platform), build integrations, and chase distribution.

Unlike a generic fintech: They are accountable for a peg and reserve composition, not just payments UX.

How do Stablecoin Issuers make money ?



What are their **business** models?

How do Stablecoin Issuers make money ?

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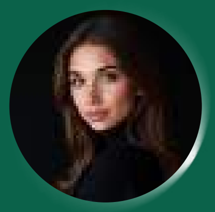
Stablecoin issuers monetize **float** (interest on reserves) and **flow** (fees/spreads on mint/redeem, usage, and treasury ops). *The mix depends on what backs the coin and who controls redemption.*

Model	What backs the token	Who controls reserves	Primary revenue	Secondary revenue	Typical margin drivers
Fiat-backed (custodial)	Cash, T-bills, repo, MMFs	Issuer + trust/SPV + banks	Reserve yield (float)	Mint/redeem, platform/API, partner programs	Policy rates, custody/MMF fees, scale
Fiat-backed via MMF wrapper	Government MMF shares + cash	Issuer + MMF sponsor	MMF yield split	Enterprise/treasury fees	MMF fee, sweep cadence, disclosures
Bank deposit token	Bank deposits (on balance sheet)	Regulated bank	Bank NIM (interest spread)	Service fees, FX	Cost of funds, capital, compliance
Crypto-collateralized (over-collateralized)	On-chain collateral; some RWA	Protocol/DAO (smart contracts)	Stability fees on loans	Liquidation fees; RWA yield share	Collateral utilization, oracle quality
Synthetic / delta-neutral	Hedged crypto positions + staking/funding	Corporate + protocol	Strategy fees on funding/staking	Conversion spreads, partnerships	Funding regime, venue risk, leverage caps
Asset-referenced baskets	Basket of fiat/commodities	Corporate + trustee	Reserve yield on components	Index licensing, platform fees	Basket design, transparency, liquidity

How do Stablecoin Issuers make money ?



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What are the Revenue mechanisms?

How do Stablecoin Issuers make money ?

Reserve yield (float engine)

=The issuer takes incoming cash and invests it (within rules) in:

- T-bills
- Reverse repo
- Government MMFs
- Interest-bearing bank accounts

How it prints money (step-by-step):

- Client wires fiat → issuer mints tokens.
- Treasury keeps some T+0 cash for redemptions.
- Extra cash is swept into short, safe assets (e.g., 30–90 day T-bills).
- Those assets pay interest → that interest is the float.

Redeem & others (flow engine)

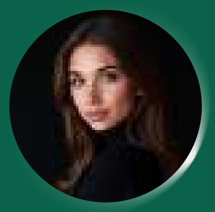
= fees from activity

1) **Mint/Redeem fees**
Institutions/partners that mint new tokens or redeem back to fiat.

2) **Platform/API fees**
Paid access to dashboards, treasury sub-accounts, payouts-as-a-service, webhooks, reporting.

3) **Network surcharge**
Fixed small fees to cover on-chain gas/relayers on certain chains.

4) **FX & Spread revenue** (IT: cambio e differenziale)
- FX (Foreign Exchange USD↔EUR, etc.
- Spread tiny gap between **buy/sell prices.**



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USDT
(Tether)

USDC
(Circle)

USDe
(Ethena

VS

How do Stablecoin Issuers make money ?

USDT (Tether)

What they sell: a $1 token you can redeem (stablecoin)

How they earn (main): Float = interest from reserves (cash, T-bills, MMFs).

How they earn (extra "flow"): small fees on mint/redeem and partner programs.

What can hurt revenue: falling policy rates, custodian/MMF costs, big redemptions (need more cash right now).

As of June 30, 2025, the Management of the Company asserts the following:

- The Company's total assets amount to at least $162,574,933,798
- The Company's total liabilities amount to $157,108,009,474, of which $157,100,255,857 relate to digital tokens issued
- The Company's assets exceed its liabilities
- The Company's proprietary investments through Tether Investments in emerging sectors such as artificial intelligence, renewable energy, and communications infrastructure are not included in the reserves backing issued tokens

tether.

USDC (Circle)

What they sell: a $1 token like USDT.

How they earn (main): Float from reserves, often via a government MMF + cash.

How they earn (extra "flow"):

- **Platform/API** fees: enterprise accounts, payouts, dashboards (ARR = Annual Recurring Revenue).
- **Mint/Redeem fees:** bps on big client flows.

What can hurt revenue: lower interest rates (smaller float), revenue-share with partners, custodian/MMF fees.

Financial Highlights

- *USDC in circulation grew 90% year-over-year to $61.3 billion at quarter end, and has grown an additional 6.4% to $65.2 billion as of August 10, 2025*
- *Total revenue and reserve income grew 53% year-over-year to $658 million*
- *Net loss was $482 million, significantly impacted by IPO-related non-cash charges that totaled $591 million:*
  - *$424 million for stock-based compensation related to vesting conditions met by our IPO*
  - *$167 million increase in the fair value of convertible debt caused by the increase in our share price*
- *Adjusted EBITDA grew 52% year-over-year to $126 million*

CIRCLE

USDe (Ethena)

What they sell: a $1 token. It's synthetic: they balance positions so price moves cancel (delta-neutral).

How they earn (main): a take-rate (issuer cut) on strategy yield, mostly funding rate from perps + staking.

- They run a trading hedge (long spot, short perps). If funding rate is positive, the strategy earns and Ethena takes a slice* **Funding can turn negative; revenue is regime-sensitive*

How they earn (extra "flow"): small conversion/OTC spreads, partner incentives.

Ethena

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Good knowledge is built together.

Feel free to send me feedback, ideas, topics you would like to read more, or directly collaborate with me on the next post.

Share if you find this valuable.

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