



Institutionalizing Digital Fiat

How the US GENIUS Act and EU MiCA Are
Reshaping Global Liquidity & Payment Rails

Key Takeaways

The U.S. GENIUS Act and the EU's MiCA framework have replaced regulatory ambiguity with defined rules for stablecoin issuance, reserves, and redemption. Rather than constraining the market, this clarity has accelerated institutional participation, as crypto issuers, fintechs, and financial institutions compete to capture reserve income, retain deposits, and modernize payment infrastructure.

— **Federal Policy Sparks OCC Charter Sprint and Challenger Expansion**

The GENIUS Act prompted a wave of OCC National Trust Bank charter approvals, including Circle's final approval, conversions for Paxos, BitGo, and Fidelity, and conditional approvals for Ripple, Bridge, and others. While USDT (\$183.8B) and USDC (\$74.0B) remain dominant, a \$15.4B challenger cohort is expanding across institutional settlement, exchange liquidity, and embedded payments

— **Compliant Euro Stablecoins Expand 14x From MiCA Single-Passporting**

As MiCA pushed non-compliant tokens to delist or unwind, compliant euro stablecoin market cap rose 14x, from ~\$52M in June 2023 to \$752M in September 2026. Circle's EURC (\$467.1M) holds over 60% share, followed by Société Générale-FORGE's EURCV (\$190.0M)

— **Enterprise B2B Settlement Outpaces Retail Point-of-Sale by Volume**

B2B accounts for ~\$226B of an estimated \$390B in annualized stablecoin payments. Direct merchant checkout remains limited by instant payment rails (SEPA Instant), entrenched card networks, and reporting friction, while stablecoin-linked cards are the fastest-growing retail channel at \$1B+/month, predominantly on Visa

— **Structural USD Dominance and Emerging Regional Financial Hubs**

USD stablecoins hold over 99% of circulating supply. Outside the US and EU, adoption splits between inflation hedging in emerging markets, where USDT serves as a parallel dollar, and financial hubs (UAE, Hong Kong, Singapore) competing to license cross-border settlement infrastructure

I. The U.S. Landscape

Regulatory Clarity Triggers Commercial Expansion

The passage of federal stablecoin legislation (the GENIUS Act) has reshaped the U.S. digital dollar market. By mandating 1:1 liquid reserve backing, monthly attestations, and bankruptcy-remote protection, federal rules eliminated long-standing regulatory ambiguity — igniting an aggressive commercial land grab across crypto issuers, global fintechs, and Tier-1 financial institutions.

While Tether (USDT) and Circle (USDC) maintain dominant baseline market share, an expanding cohort of challenger issuers is gradually eroding their market concentration.

Regulatory Architecture & The OCC Charter Sprint

To bypass a fragmented patchwork of state Money Transmitter Licenses (MTLs) and secure direct federal oversight under the GENIUS Act, issuers initiated an aggressive sprint to obtain Office of the Comptroller of the Currency (OCC) National Trust Bank charters, which would allow them to operate across all US states with a single charter.

While digital asset custodian Anchorage Digital Bank, N.A. (chartered in 2021) and full-service SoFi Bank, N.A. (2022) represent earlier OCC precedents, the recent wave of stablecoin-focused approvals is marked by Circle's First National Digital Currency Bank, N.A. (approved July 2026). Paxos, BitGo, and Fidelity have also converted to national trust banks, while a growing list of applicants, including Ripple, Bridge, Agora, and World Liberty Financial, hold conditional approvals for new trust banks.

Leveraging its established federal charter, Anchorage Digital Bank, N.A, has emerged as a turnkey issuance and custody provider for entities seeking immediate onshore compliance (e.g. USAT, USDGO, USDPT, USDtb).

US stablecoin landscape

Coin (Launch)	Mcap	Issuer / Charter	Primary Use
USDT (Oct 2014)	\$183.8B	Tether; no OCC charter	CEX liquidity, remittances
USDC (Sep 2018)	\$74.0B	Circle; OCC trust charter ¹	Payments, DeFi, Arc settlement
USDS (Sep 2024)	\$9.9B	Sky (decentralized); N/A	DeFi money markets
USDe (Feb 2024)	\$4.9B	Ethena Labs; N/A (synthetic)	Basis trading, yield collateral
USD1 (Mar 2025)	\$4.4B	WLFI / BitGo; OCC trust charter ²	Institutional treasury, cross-border, DeFi
USDG (Nov 2024)	\$3.2B	Global Dollar Network / Paxos; non-US (MAS, MiCA) ³	Exchange liquidity
PYUSD (Aug 2023)	\$2.8B	PayPal / Paxos; OCC trust charter	Consumer payments, remittances
RLUSD (Dec 2024)	\$2.4B	Ripple; NYDFS, OCC conditional	B2B settlement, cross-border
USDGO (Feb 2026)	\$1.2B	OSL Group / Anchorage; OCC trust charter	APAC B2B trade, e-commerce
OUSD (Sep 2026)	\$665M ⁴	Open Standard / Bridge (Stripe); OCC conditional	Merchant and B2B payments, settlement
USDtb (Dec 2024)	\$496M	Ethena / Anchorage; OCC trust charter	T-bill / BUIDL-backed treasury exposure
SoFiUSD (Dec 2025)	\$337M	SoFi Bank; OCC national bank	Card network settlement
AUSD (Aug 2024)	\$220M	Agora; OCC conditional ⁵	DeFi
USAT (Jan 2026)	\$183M	Tether / Anchorage; OCC trust charter	US institutional onshore rail
CASH (Sep 2025)	\$131M	Phantom / Bridge (Stripe); OCC conditional	Wallet and merchant payments
FIDD (Feb 2026)	\$49M	Fidelity Digital Assets; OCC trust charter	Institutional 24/7 settlement
USDPT (May 2026)	\$22M	Western Union / Anchorage; OCC trust charter	Cross-border remittances

Source: Market cap data from CoinGecko as of 30 Sep 2026 (end of day UTC), unless otherwise noted. Where two entities are listed, the first is the brand owner and the second is the issuer. OCC trust charter: operating under a national trust charter. OCC conditional: approved to organize a national trust bank; the issuer currently operates under existing state or foreign licenses until the bank opens. Announced, not yet live (excluded from the tables above): Stablecoin issued from the 21-institution global consortium, targeting H1 2027 and ZelleUSD (ZLUSD), from Early Warning Services (owned by seven major US banks including JPMorgan Chase and Bank of America).

¹ USDC is issued through a New York limited-purpose trust company; Circle's OCC trust bank initially provides custody.
² Currently issued by BitGo Bank & Trust; World Liberty received conditional approval in August 2026 for its own trust bank, which would take over USD1 issuance.
³ Issued by Paxos Digital Singapore (MAS) and Paxos Issuance Europe (MiCA); not issued under Paxos's US charter. Included for its US platform distribution and yield-sharing model.
⁴ Launched 30 Sep 2026; market cap as of 3 Oct 2026, the first date tracked by CoinGecko.
⁵ Currently issued via a Bermuda affiliate; issuance to migrate to Agora National Trust Bank once established. Reserves managed by VanEck and custodied at State Street.

Pending enforcement shields Tether's dominance as Circle builds infrastructure moats

The GENIUS Act established a legal perimeter for U.S. digital dollars, but its phased enforcement (issuer licensing in Jan 2027; exchange delisting in July 2028) means that non-compliant tokens face no immediate market pressure.

Consequently, since GENIUS was signed in July 2025, USDC and USDT have grown at comparable rates (~14.4% and ~14.6% respectively). While USDC experienced a larger relative expansion over the broader 2025–2026 window (\$44B to \$74.0B vs. USDT's \$137B to \$183.8B), USDT remains the largest stablecoin by a wide margin, holding ~60% of total stablecoin supply against USDC's ~24%.

To reduce reliance on Federal Reserve interest rates and defend market share against emerging competitors, Circle is anchoring its growth strategy around several pillars:

Arc Layer-1 Blockchain: Launched on mainnet in September 2026, Arc uses USDC as its native gas token. By driving USDC demand through network fees, Circle is building a recurring, rate-independent revenue stream.

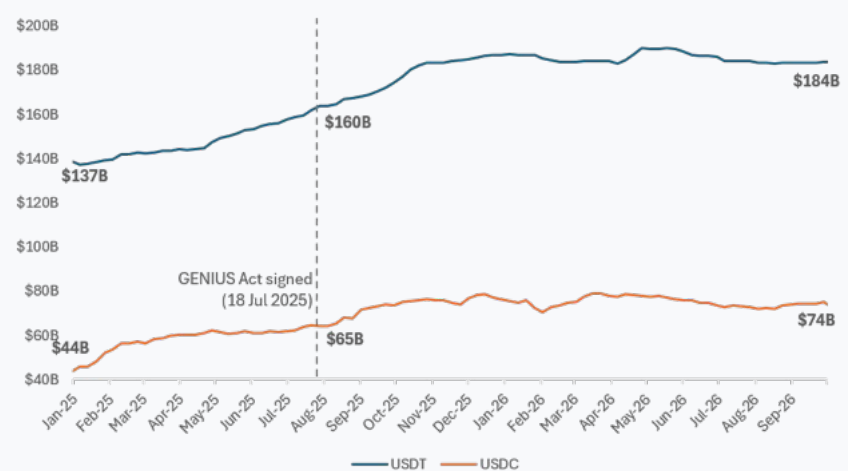
Circle Payments Network (CPN): CPN connects financial institutions for USDC-based settlement. Its Managed Payments tier, launched in April 2026, allows banks, fintechs, and payment providers to settle in USDC while operating solely in fiat, with Circle managing minting, redemption, and compliance.

Exchange Revenue-Sharing &

Distribution: In Q2 2026, Circle paid over 60% (\$412M) of its gross reserve income to distribution partners, primarily Coinbase, which holds ~30% of circulating USDC on its platform.

Despite tension over yield splits (Coinbase co-founded the competing Open USD consortium), the two firms' revenue-sharing agreement renewed on existing terms in August 2026, extending through 2029. Circle is also diversifying distribution beyond Coinbase, signing a five-year agreement with Binance alongside a \$100M Binance equity investment in Circle.

Exhibit 1: Market capitalization of USDT and USDC



Source: CoinGecko, as of 30 Sep 2026 (end of day UTC)

Meanwhile, Tether has opted not to bring its core \$180B+ offshore balance sheet under U.S. federal supervision. Instead, it launched USAT, a GENIUS-compliant token issued through Anchorage Digital Bank, to establish an institutional U.S. footprint ahead of the July 2028 exchange restrictions. USAT reached ~\$185M by mid-2026 before plateauing, roughly 0.1% of USDT's supply.

Yield incentives drive temporary inflows, while commercial payment integrations capture stickier market share

Beyond the USDC/USDT duopoly, the aggregate market cap of challenger stablecoins grew roughly 2.8x since the Act was signed, from ~\$5.5B in July 2025 to ~\$15.4B in September 2026 (Exhibit 2).

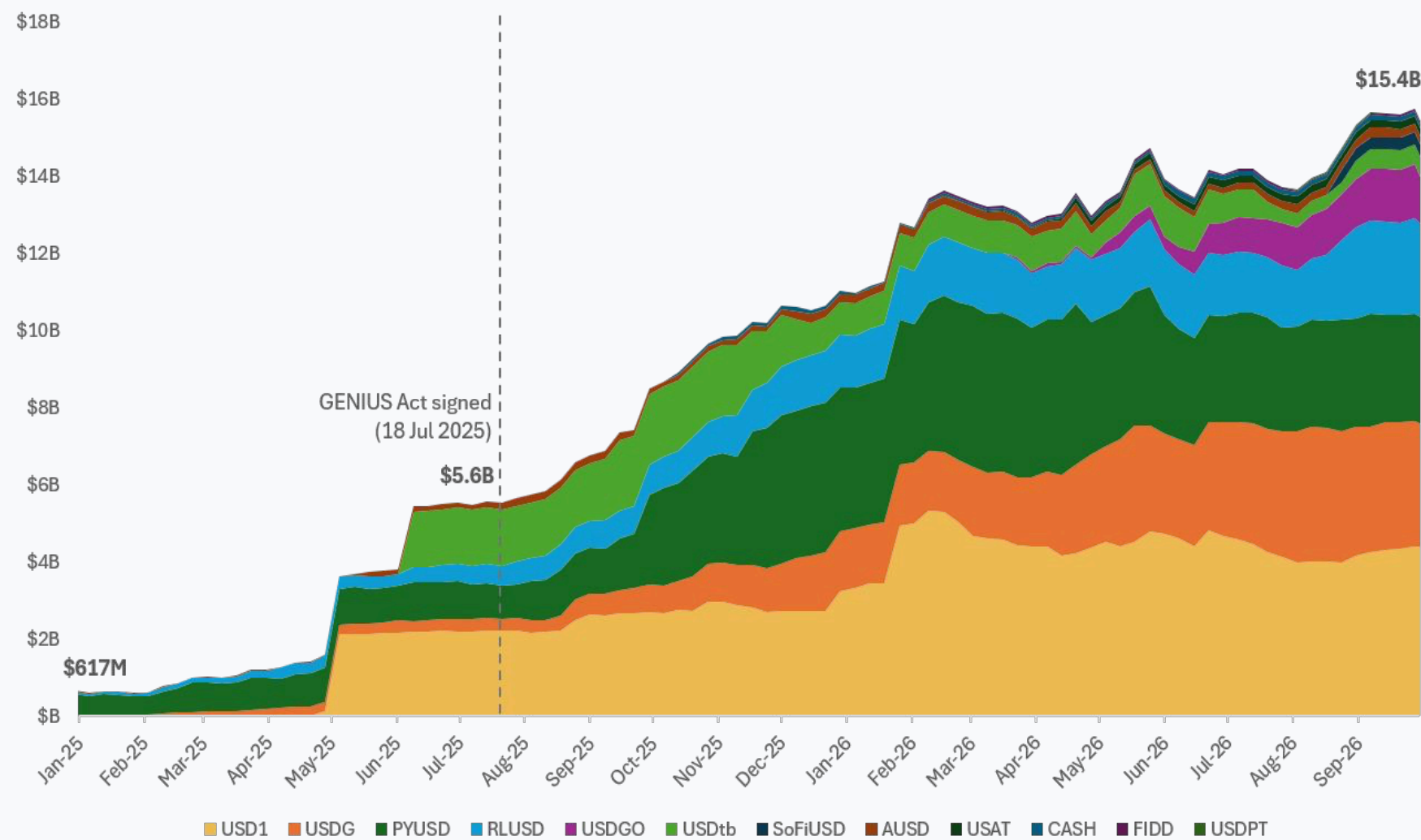
The trajectory of the challenger cohort suggests that temporary promotional yields attract mercenary capital, whereas structural revenue-sharing and embedded commercial payment rails build more sustainable supply. Operational models can also be loosely categorized into three types:

1. Embedded Merchant & Consumer Distribution Platforms

Distribution-first platforms leverage existing touchpoints and native fiat-abstraction to convert promotional user acquisition into sticky payment velocity. PayPal’s PYUSD illustrates this progression: after promotional APY rewards across DeFi protocols drove supply to a peak of ~\$4.2B in March 2026, its supply stabilized at ~\$2.8B from mid-2026.

This base is increasingly supported by embedded commercial flows, including in-app rewards for PayPal / Venmo users (~4% APY), B2B payments, and backend cross-border remittance engines (such as Xoom via Yellow Card).

Exhibit 2: Market capitalization of challenger stablecoins



Source: CoinGecko, as of 30 Sep 2026 (end of day UTC). OUSD excluded (tracked from 3 Oct 2026).
*USDGO market cap 3–25 Jun 2026 interpolated due to a data gap.

Following a similar model, Phantom's stablecoin CASH (\$131M) issued through Stripe's Bridge powers in-app payments and the Phantom debit card, with automatic point-of-sale fiat conversion for merchants.

2. Specialized B2B and Institutional Settlement

B2B transactions are the largest category of real-world stablecoin payments, at approximately \$226B of an estimated \$390B in annualized volume.

Rather than competing for retail exchange float, the largest cohort of challenger stablecoins embeds directly into enterprise workflows, interbank settlement, and institutional trading:

Institutional & Onshore Rails

- **USD1 (World Liberty Financial, \$4.4B):** Serves as a settlement token for institutional transactions and multichain liquidity
- **SoFiUSD (SoFi Bank, \$337M):** Issued by SoFi Bank and integrated as a settlement option across Mastercard's network, where SoFi Bank settles its own card transactions in the token

- **USAT (Tether, \$183M):** A U.S.-focused token targeting institutional trading desks while keeping Tether's \$180B+ USDT balance sheet outside federal oversight
- **FIDD (Fidelity, \$49M):** Provides a digital dollar for Fidelity's institutional and retail clients, built on Fidelity's asset management and custody infrastructure

Cross-Border Trade & Liquidity Corridors

- **RLUSD (Ripple, \$2.4B):** Supports 24/7 cross-border bank settlement and institutional treasury management
- **USDGO (OSL Group, \$1.2B):** Specializes in APAC B2B e-commerce clearing and trade settlement
- **USDPT (Western Union, \$22M):** Supports 24/7 remittance settlement across Western Union's network on Solana

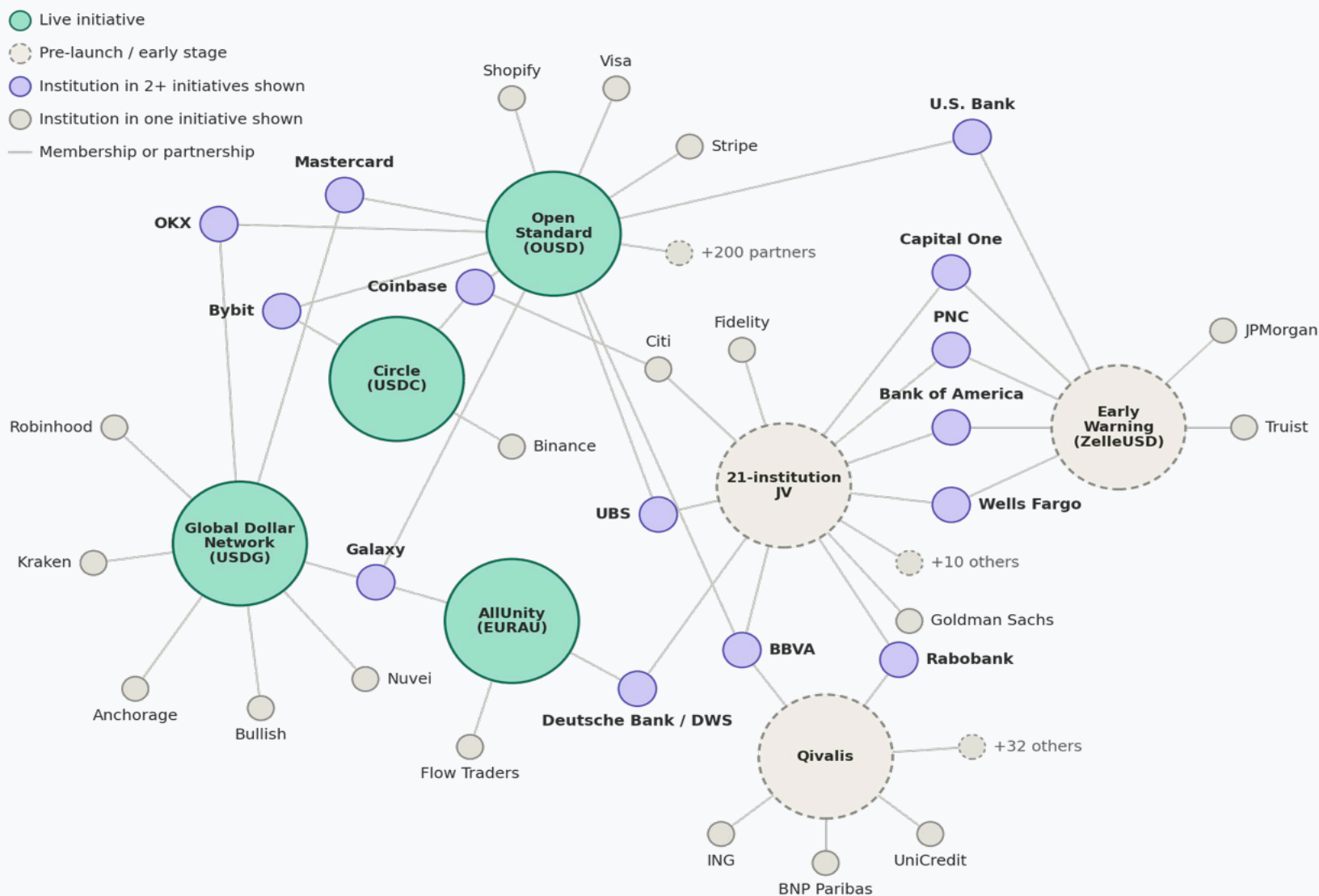
3. Consortium & Yield-Sharing Models

To compete against single-issuer monopolies without taking on sole regulatory overhead, platforms are increasingly forming cooperative issuance models.

- **Paxos’s USDG (\$3.2B)** pioneered this approach by sharing reserve income directly with participating distribution partners like Robinhood, Kraken, and Galaxy
- **Bank-led Consortia:** A 21-institution global consortium (including Citi, Goldman Sachs, Bank of America, and UBS) is targeting a H1’27 launch

- **Open USD (OUSD, \$665M):** Launched in September 2026 with five founding partners (Coinbase, Mastercard, Shopify, Stripe, and Visa) and more than 200 partner institutions, which share reserve earnings in proportion to the activity they drive
- **Agora (AUD, \$220M):** Shares reserve income with partners across DeFi and institutional liquidity pools
- Meanwhile, Zelle operator **Early Warning Services** (owned by seven major US banks including JPMorgan Chase and Bank of America), unveiled ZelleUSD in June 2026. Zelle app support is targeted for end-2026

Exhibit 3: Stablecoin consortium and distribution networks



Source: Company announcements and press coverage, as of Oct 2026. Includes EU initiatives (AllUnity, Qivalis) given shared participants with US consortia. Institutions shown individually where notable or participating in multiple initiatives; remaining participants grouped. Not exhaustive.

While direct on-chain merchant acceptance stalls, stablecoin-linked cards drive retail checkout growth

Direct wallet-to-merchant checkout remains marginal across retail markets. Merchant tax-reporting friction and deeply ingrained consumer preference for local fiat rails have stalled native on-chain point-of-sale adoption.

Instead, stablecoin-linked cards have become the fastest-growing retail channel, powered by card-issuing platforms such as Rain, Bridge (Stripe), and Baanx. Stablecoin-linked card spending reached \$1.17B per month in September 2026, an annualized run rate of approximately \$14B, with volume concentrated on the Visa network.

Under this abstraction model, consumers spend directly against on-chain stablecoin balances while the card issuer converts funds to fiat at the point of sale, allowing merchants to receive familiar fiat settlement without touching native crypto infrastructure or managing balance sheet volatility.

Beyond standard retail purchasing, card abstraction has also become a common off-ramping mechanism in capital-restricted regions, where offshore card issuers allow users to convert stablecoin reserves directly into everyday fiat spending without relying on local banking channels.

Banks are now extending the same abstraction model to merchant acquiring: in September 2026, Citi enabled merchants on its Spring by Citi platform to accept stablecoin payments, with Coinbase converting funds to fiat and Citi settling the payment into merchants' accounts.

Stablecoin neobanks, meanwhile, are bringing these rails from consumers to businesses: Kast, which reported more than 1 million users and nearly \$5B in annualized volume in March 2026, launched a business platform in September 2026, while Fasset, valued at \$1B after an SBI-led round in August 2026, is building SME working capital and trade finance products across emerging-market corridors.

Decentralized and synthetic protocols pivot to RWA backing and institutional credit networks

Because the GENIUS Act prohibits permitted payment stablecoin issuers from paying yield to holders, yield-bearing products built on decentralized and synthetic protocols now occupy a distinct segment of the market. These protocols have increasingly anchored their yield in tokenized Real-World Assets (RWAs) and institutional credit:

Sky Protocol (USDS / DAI): Sky modernized its architecture by launching USDS alongside legacy DAI, introducing optional freeze capabilities to support regulatory compliance for its RWA-backed reserves. Supply expanded from ~\$5.5B to a peak of \$11.8B before consolidating around ~\$9.9B

Supply is anchored by the Sky Savings Rate paid to staked USDS (sUSDS), which is set by governance and funded by protocol revenues from lending through Prime Agents such as Spark and Grove, and from RWA deployments across private credit facilities and tokenized treasuries (e.g., BlackRock's BUIDL and Janus Henderson's JTRSY).

Normalized from peak promotional rates of 12.5% to ~3.6% APY, sUSDS demand is primarily driven by crypto-native yield-seekers, though Galaxy's \$100M allocation in September 2026 sets a landmark precedent for institutional balance sheet integration.

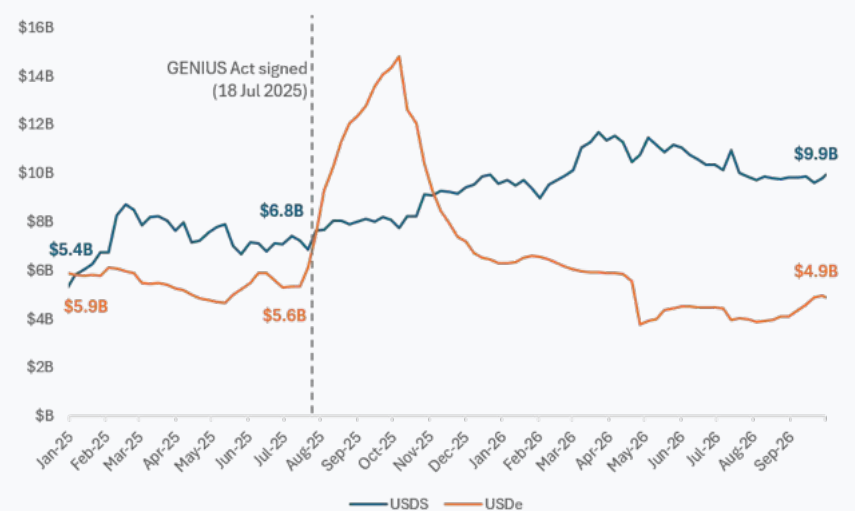
Ethena Labs (USDe / USDtb): Positioned as an institutional yield instrument rather than a consumer payment token, USDe scaled as high as \$14B+ during peak funding cycles before stabilizing at ~\$4.9B in circulating supply.

Users, including derivatives traders and hedge funds, employ USDe as yield-bearing margin collateral on exchanges (e.g. Bybit), or as a single-click vehicle to capture cash-and-carry basis trade yields without managing short futures positions.

To provide a channel to hedge negative funding rate risk inherent to its synthetic delta-neutral model (holding spot ETH/BTC while shorting on perpetual futures), Ethena launched GENIUS-compliant USDtb, a stablecoin backed ~99% by BlackRock's BUIDL fund and issued via Anchorage Digital Bank, N.A.

This dual structure enables institutional treasuries to rotate between high-yielding basis trades in bull markets and federally regulated T-bill exposure during market stress.

Exhibit 4: Market capitalization of USDS and USDe



Source: CoinGecko, as of 30 Sep 2026 (end of day UTC).

This evolution demonstrates that decentralized protocols are no longer isolated crypto experiments.

By anchoring yield engines to tokenized institutional funds (e.g. BUIDL, JTRSY), these protocols offer institutions 24/7 liquid dollar instruments that combine traditional risk management with programmatic on-chain yield distribution.

II. Europe & The MiCA Landscape

Compliant Euro-stablecoins Expand Under Regulatory Clarity

The full implementation of the European Union's Markets in Crypto-Assets (MiCA) regulation marked a watershed moment for European digital asset markets. By establishing uniform authorization, capital, and reserve rules for Asset-Referenced Tokens (ARTs) and E-Money Tokens (EMTs) across all 27 EU member states, MiCA replaced a fragmented web of national laws with a single European passporting framework.

Consequently, strict compliance requirements have forced a structural reallocation of liquidity away from offshore issuers toward EU-authorized entities. Early licensed EMIs like Circle Europe (EURC) and Société Générale-FORGE (EURCV) have secured a first-mover advantage in the emerging B2B euro settlement market.

However, MiCA's reserve rules constrain issuer economics: EMT issuers must hold at least 30% of reserves as bank deposits (60% for significant tokens), compressing yield relative to Treasury-heavy models. The rule is now under review, with the ECB and EU national central banks proposing in September 2026 to replace it with liquidity-based standards, a position Circle has also endorsed.

MiCA framework drives non-compliant stablecoin liquidity retreat

MiCA's strict EMI licensing requirements created an immediate compliance divide for

European Crypto-Asset Service Providers (CASPs):

- **Tether (USDT & EURT) Withdrawal:** Because Tether chose not to obtain an EU EMI license, EEA-regulated exchanges (including OKX, Coinbase, Kraken, and Binance) restricted or delisted USDT for EEA residents between March 2024 and March 2025. Tether also announced the phase-out of its euro-denominated token (EURT), halting new minting and setting a final redemption window through November 2025
- **Synthetic Protocol Restrictions:** Non-fiat-backed protocols also modified their EU operations. In April 2025, Ethena Labs agreed with BaFin to wind down its local subsidiary (Ethena GmbH) and withdraw its MiCA application, restricting EU residents from direct minting and redemption
- **Stasis EURS Sunset:** One of the largest legacy euro stablecoins when MiCA took effect, EURS maintained ~\$130–160M supply until June 2026, then unwound to ~\$7M through a single large redemption ahead of the end of MiCA's transitional period for CASPs on 1 July 2026

Compliant euro supply grew roughly 14x post-MiCA, driven primarily by Circle's EURC

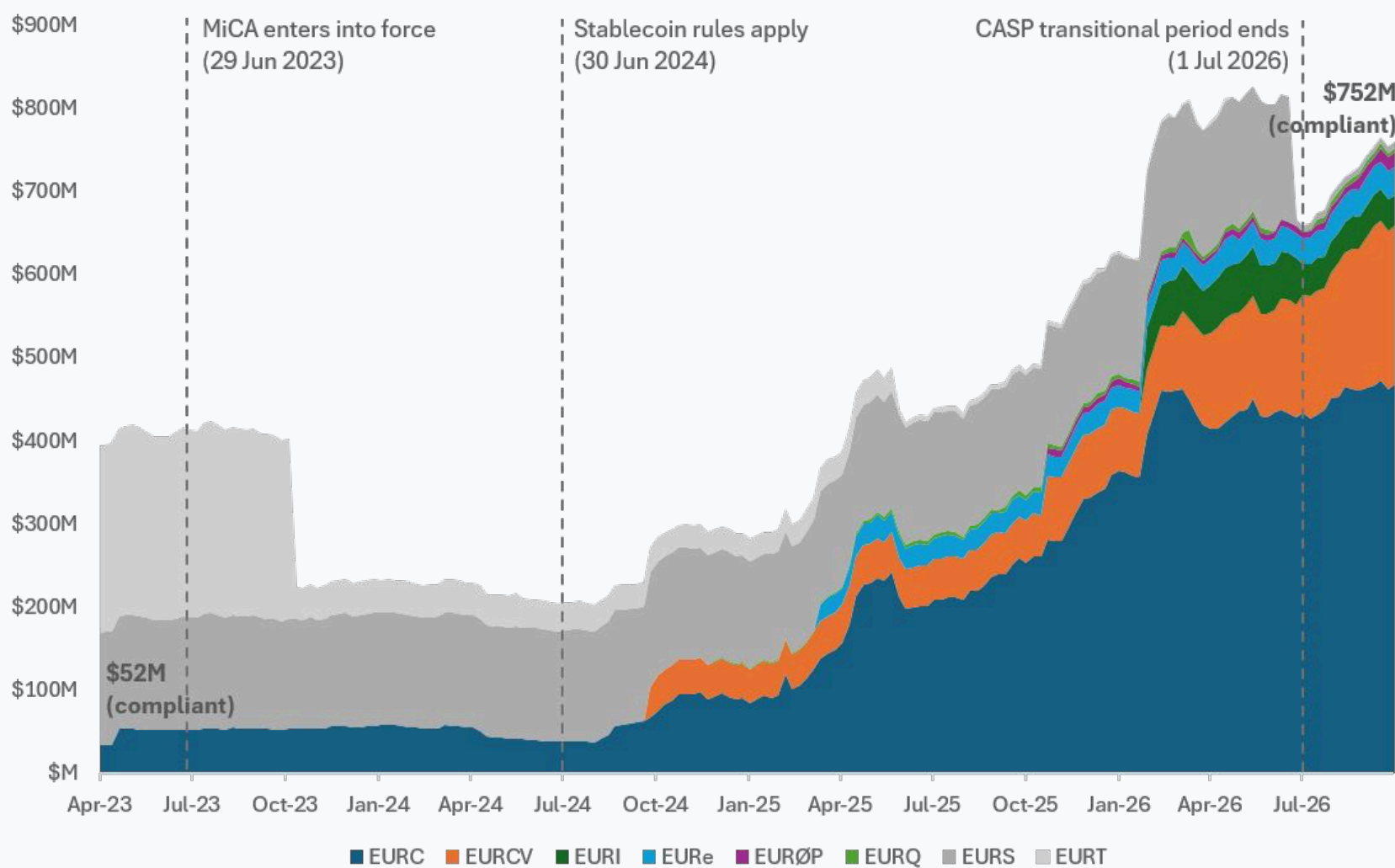
The total compliant euro-denominated stablecoin market cap grew from ~\$52M in June 2023 to ~\$752M in September 2026, roughly a 14x increase (Exhibit 5).

When MiCA entered into force in June 2023, non-compliant tokens accounted for roughly 87% of euro stablecoin supply; by September 2026, their share had fallen below 1%.

Market expansion has trended upward since mid-2024, as institutions established compliant distribution and banking rails.

A majority of the growth has been captured by Circle's EURC (\$467.1M), which expanded ~9x to secure over 60% of total euro stablecoin market cap. Leveraging its French EMI license, EURC established itself as the primary compliant euro liquidity vehicle across European exchanges, corporate treasury networks, and on-chain FX corridors.

Exhibit 5: Market capitalization of EUR-denominated stablecoins



Source: CoinGecko, as of 30 Sep 2026 (end of day UTC).

*Non-MiCA-authorized tokens (EURT, EURS) shown in grey and excluded from compliant totals.
**Series begin at first CoinGecko tracking date: EURCV from Sep 2024 (launched Apr 2023; whitelisted access until Jul 2024), EURE from Mar 2025 (launched Jul 2022), EURØP from Oct 2025 (launched Nov 2024), and EURI from Jan 2026 (launched Aug 2024).

The remaining market share has consolidated around a select tier of regulated institutional alternatives, led by Société Générale-FORGE’s EURCV (\$190.0M). EURCV has grown ~5x since September 2024 to serve as the primary bank-issued instrument for interbank clearing and capital market settlement.

Beyond EURCV, several specialized EMIs and emerging banking projects are carving out distinct operational niches across enterprise trade corridors,

fintech integrations, and regional settlement pools (e.g. Banking Circle’s EURI (\$37.5M), Monerium’s EURE (\$33.8M), Schuman Financial’s EURØP (\$18.2M), Tether-backed Quantoz’s EURQ (\$5.2M), Revolut’s EURR, and the 37-bank Qivalis consortium). EURAU, Germany's first MiCA-authorized euro stablecoin, launched in July 2025 by AllUnity (a joint venture of Deutsche Bank's asset manager DWS, Flow Traders, and Galaxy), reached ~\$26M in supply before a single large redemption in December 2025 reduced it to under \$1M.

MiCA-compliant EUR stablecoin landscape

Coin (Launch)	Mcap	Issuer / License	Primary Use
EURC (Jun 2022)	\$467.1M	Circle (France, EMI)	Corporate FX, DeFi, on/off ramps
EURCV (Apr 2023)	\$190.0M	Société Générale-FORGE (France, EMI)	Institutional trade & treasury settlement
EURI (Aug 2024)	\$37.5M	Banking Circle (Luxembourg, credit institution)	Exchange liquidity, institutional settlement
EURE (2022)	\$33.8M	Monerium (Iceland, EMI)	Payments, DeFi, business settlement
EURØP (Nov 2024)	\$18.2M	Schuman Financial (France, EMI)	Digital payments, on-chain FX, tokenized RWAs
EURQ (Nov 2024)	\$5.2M	Quantoz Payments (Netherlands, EMI)	Enterprise payments, remittances

Source: Market cap data from CoinGecko as of 30 Sep 2026. Not included in the table (no public market data): Revolut EURR (issued by Bridge Building S.A., Stripe-owned, Luxembourg EMI): phased rollout to selected customers since August 2026; full EEA rollout targeted late 2026. Qivalis (a 37-bank consortium spanning 15 European countries, including ING, BNP Paribas, and UniCredit): targeting H2 2026 under a Dutch EMI license, subject to DNB authorization; no ticker confirmed yet.

Retail checkout remains limited as enterprise and institutional use cases lead adoption

While MiCA established uniform legal clarity for payment tokens across the European Economic Area, adoption has concentrated in enterprise and institutional settlement rather than retail commerce.

Enterprise and Cross-Border Settlement:

Corporate adoption centers on cross-border corridors outside SEPA, settlement with digital-asset counterparties, and programmable treasury operations. Compliant tokens such as EURC and the bank-issued EURCV enable automated liquidity management and on-chain settlement for institutions active in digital asset markets.

Retail Point-of-Sale: Direct wallet-to-merchant checkout remains marginal, reflecting two structural factors:

- **Mandated Instant Payment Rails:** SEPA Instant is now mandatory for euro-area banks at no additional cost to standard transfers. Built on these rails, the bank-backed Wero wallet (50M+ registered users) is extending account-to-account checkout across core EU markets, giving European consumers access to low-cost, instant fiat payments

- **Reporting and Accounting Overhead:**

Crypto-asset transactions carry reporting obligations, including under DAC8 from January 2026, and require additional reconciliation for merchants accepting tokens directly

European retail stablecoin spending is instead channeled through stablecoin-linked card programs, which allow consumers to hold balances on-chain while merchants receive settlement in fiat.

III. Rest of the World

Emerging Market Retail Demand and Regional Regulatory Hubs

Outside the primary regulatory orbits of the United States and the European Union, global stablecoin adoption has diverged into two distinct operational paradigms: retail shadow dollarization across high-inflation emerging markets and institutional hub competition across Middle Eastern and Asian financial centers.

High-inflation economies drive informal dollarization and remittance volume

In emerging markets across Latin America, Sub-Saharan Africa, and parts of Southeast Asia, stablecoin adoption has been propelled not by institutional treasury efficiency or card network clearing, but by currency debasement, high inflation, or restrictive capital controls.

In jurisdictions such as Argentina, Nigeria, Turkey, and Brazil, Tether (USDT) is the leading stablecoin, ahead of USDC and domestic tokens. Functioning as a parallel dollar-access layer outside the local bank system, USDT is widely deployed for peer-to-peer (P2P) remittances, everyday wealth preservation, and international trade settlement for SMEs facing dollar shortages.

Across these corridors, stablecoins operate as structural fiat substitutes rather than mere payment infrastructure.

Regional Financial Hubs Compete for Issuer Capital and Trade Settlement

Concurrently, major international financial centers across the Middle East and Asia-Pacific have enacted statutory regulatory frameworks designed to capture global stablecoin issuance and treasury management:

The Middle East (UAE / CBUAE & VARA):

Through the Central Bank's Payment Token Services Regulation alongside VARA and ADGM rules, the UAE has established a structured framework for dirham (AED) stablecoins, with licensed tokens, including AE Coin, Zand Bank's Zand AED, and First Abu Dhabi Bank's DDSC. More broadly, the country has emerged as one of the region's leading crypto hubs, with on-chain activity increasingly shifting toward payment use.

Asia-Pacific: Hong Kong has enacted a licensing regime for fiat-backed stablecoins, granting its first issuer licenses in April 2026 to HSBC (RedCoin, launching H2 2026) and Anchorpoint (a Standard Chartered joint venture issuing HKDAP).

Singapore is legislating its MAS framework, under which StraitsX's XSGD already operates across regional merchant networks.

Japan launched its first regulated yen stablecoin, JPYC, in October 2025, while South Korea's won stablecoin legislation remains stalled over whether issuance should be limited to bank-majority consortiums.

Structural dollar dominance persists despite regional digital currency initiatives

Despite regional initiatives promoting domestic-currency tokens (such as JPY via Progmatic, SGD, or HKD), user demand remains overwhelmingly dollar-denominated.

USD-pegged assets retain >99% of global stablecoin supply and trading volume, underscoring that regulatory frameworks can be regionalized, but liquidity and reserve demand structurally favor the US dollar.

Global stablecoin framework

Region	Regulatory Framework	Core Focus & Market Characteristics
United Kingdom (FCA / BoE)	FSMA 2000 (Cryptoassets) Regulations 2026 / FCA PS26/10 (in force Oct 2027)	Bank Interoperability & Wholesale Clearing: FCA regulates all issuers (BoE adds prudential oversight for systemic issuers). Targets wholesale settlement and tokenized deposits.
UAE (CBUAE / VARA)	Payment Token Services Regulation (2024)	AED Settlement: Domestic payments restricted to licensed AED tokens. Bans interest on payment tokens. (AE Coin, Zand AED, DDSC)
Hong Kong (HKMA)	Stablecoins Ordinance (effective Aug 2025)	Institutional Gateway: Unlicensed issuance prohibited. Requires full backing by high-quality liquid assets and a HK\$25M capital floor. First licenses April '26. (Anchorpoint HKDAP, HSBC RedCoin)
Singapore (MAS)	MAS-SCS Framework (finalized 2023)	Merchant & Cross-Border Rails: Proposed 100% reserve segregation and 5-day par redemption. (StraitsX XSGD, Circle)
Japan (FSA)	Payment Services Act (2022 amendments)	Bank-Issued Money: Issuance restricted to banks, trust banks, and licensed money transmitters. Targets B2B clearing. (Progmatic Coin, JPYC)
South Korea (FSC / BoK)	Digital Asset Basic Act (pending)	Won Stablecoin Legislation: Unified bill in preparation; stalled over the Bank of Korea's push for bank-majority issuance consortiums.
Nigeria (SEC / CBN)	Investments & Securities Act 2025	High-Velocity Remittance: Accounts for ~45% of Sub-Saharan Africa's on-chain value received. Drives B2B supplier clearing. (Yellow Card, USDT)
Brazil (BCB)	BCB Resolutions 519, 520 & 521	FX-Regulated Crypto Services: Licensing framework for crypto service providers; stablecoin transactions treated as FX operations, capped at \$100K per transaction with non-FX-authorized counterparties. Cross-border settlement further restricted under Resolution 561 (effective Oct 2026). (Mercado Pago, Bitso)
Bermuda (BMA)	Digital Asset Business Act (Class F)	Offshore Licensing Hub: Flexible licensing framework for digital asset businesses. (Circle International)

Regulatory status as of Oct 2026.

Conclusion

The enactment of the GENIUS Act in the United States and MiCA across Europe marks a structural shift for digital fiat. Stablecoin issuance in both jurisdictions now operates within defined licensing, reserve, and redemption requirements, and offshore issuers face a fixed timeline for compliance or market exit. Institutional participation has accelerated accordingly, through federal trust charters, bank-issued tokens, and consortium-led issuance models.

Rather than displacing traditional banking, stablecoins are increasingly integrating into existing payment networks, providing 24/7 settlement for cross-border B2B transactions, corporate treasury management, and liquidity outside banking hours. Retail adoption remains concentrated in card-based products rather than direct merchant acceptance.

Yet, despite structural efforts in Europe and Asia to foster sovereign, domestic-currency tokens, global market demand remains overwhelmingly dollarized. US Dollar-backed stablecoins continue to command over 99% of circulating supply, reinforcing the dollar's position as the dominant on-chain fiat currency.

Moving forward, the next phase of growth is increasingly shifting from crypto issuers toward regulated commercial banks, fintech platforms, and enterprise treasuries deploying programmable digital fiat to streamline cross-border B2B settlement and liquidity management.

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Every market-cap series in this report calls from the CoinGecko API call. Track GENIUS- and MiCA-compliant, USD and EUR stablecoins as live categories, alongside prices, venues, derivatives and tokenized assets for 22,000+ coins across 1,500+ exchanges, with daily history since 2014 and a published methodology. The same data is cited in BIS, IMF and Federal Reserve staff research. Start free, or talk to our team about Enterprise licensing and SLA.