Stablecoins

The Future of Cash on The Blockchain

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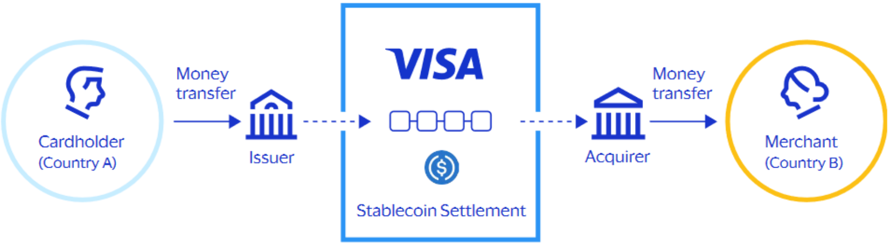
Origin, Types, Size & Volumes, Use Cases and Regulatory Environment

- **Stablecoins are cryptocurrencies** that are 1-to-1 pegged to traditional assets like the US dollar and are collateralized by cash or very liquid assets to maintain this peg.
- **There are fours types of Stablecoins**: Fiat-backed , Crypto-backed, Commodity-backed, Algorithmic-backed. Fiat-backed stablecoins are the largest and the most popular form.
- The stablecoin **market size is currently around USD260 billion** (99% in USD), led by Tether's USD159 billion "USDT" and Circle's USD62 billion "USDC" with 2024 adjusted transaction volume* of USD6.4 trillion.
- Above and beyond their role as tokenized cash for the crypto trading community, **stablecoins are expanding into other use cases**: cross-border payments including corporate treasuries and B2B, store of value in emerging markets, decentralized finance and credit facilities, tokenized real-world assets…
- US House of Representatives has declared the week of 14 July 2025 as **"Crypto Week"**, as members will consider several proposals including the Financial Innovation and Technology for the 21st Century Act (FIT21) and the Clarity for Payment Stablecoins Act.

Example: International Card Settlement Flow*



Visa Stablecoin White Paper: «**One of the biggest hurdle for banks is to access critical infrastructure, such as stablecoin custody and issuance. In this regard, Visa has launched in October 2024 «Visa Tokenized Asset Platform VTAP»** to manage bank-issued stablecoins.

VTAP enables financial institutions to utilize blockchain technology to power payment solutions.

Spanish banking giant BBVA was the first to announce the launch of BBVA-issued stablecoin, with an expected production pilot launching in 2025»

** Visa Stablecoin White Paper 2025*

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Impact: From Payment Infrastructure to Global USD Dominance and Demand for U.S. T-Bills

- With further regulatory clarity, **stablecoins are becoming part of financial infrastructure** with key players, such as **JP Morgan, Bank of America, BBVA, Citigroup and Visa, actively implementing solutions** involving remittances, on-chain FX, borderless treasury automation for corporates and institutional clients, cross-border lending or instant fund subscriptions in tokenized investment platforms.
- U.S. Treasury Secretary Scott Bessent, on the other hand, tweeted on June 17th that **dollar denominated stablecoin market may hit USD 2 trillion in size by 2030**, implying a USD1.75 trillion growth.
- Such an expansionary trajectory bodes well **with increased U.S. Treasury demand**, during a period when USD's role as a global reserve currency and ballooning U.S. federal debt remain a hot debate. That's because **stablecoin issuers particularly use short term bills for peg collateral**.
- Indeed, Tether backed 81.5% of its USDT with short term U.S T-Bills, with a total audited exposure of USD118bln as of March 2025. That would place **Tether at no.19 among top foreign U.S. debt holders**, ahead of Mexico and Germany and just behind South Korea.

Tether Audited Reserve Breakdown March 2025

Asset Category	Amount in USD
1. Cash & Cash Equivalent & Other Short-Term Deposits:	
U.S. Treasury Bills[4]	98,523,657,338
Overnight Reverse Repurchase Agreements[5]	15,093,981,718
Term Reverse Repurchase Agreements[6]	1,613,610,695
Money Market Funds[7]	6,285,638,008
Cash & Bank Deposits[8]	64,302,555
Non-U.S. Treasury Bills[9]	65,886,184
Subtotal	**121,647,076,498**
2. Corporate Bonds[10]	14,354,777
3. Precious Metals[11]	6,663,205,657
4. Bitcoin[12]	7,662,210,442
5. Other Investments[13]	4,462,144,209
6. Secured Loans[14]	8,825,524,405
Total (1+2+3+4+5+6)	**149,274,515,988**

Biggest stablecoin issuer Tether's reserves confirm direct and indirect exposures to U.S. T-Bills

In USD	Fair value	Fair value of the US Treasuries Collateralizing the exposure[15]
Overnight Reverse Repurchase Agreement	15,093,981,718	15,086,683,187

In USD	Fair value	Fair value of the US Treasuries bills indirect exposure
Money Market Funds	6,285,638,008	4,884,739,940

Should stablecoins grow in size and usage, subsequent collateral needs may require a dramatic increase in demand for short term U.S. debt.

GENEVA Banque de Commerce et de Placements SA, Rue de la Fontaine 1, PO Box, CH-1211 Geneva 3
DUBAI Banque de Commerce et de Placements SA, DIFC, The Gate Village 10, Office 12, PO Box 506584, Dubai, UAE

wealthmanagement@bcp-bank.com / bcp.bank