



Stablecoins: framing the debate

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Why are central banks discussing technological innovation?

- Technological innovation raises fundamental questions about how money adapts to the digital age
- Tokenisation is recognised as having the potential to pave the way for new arrangements in cross-border payments, securities markets and beyond
- Stablecoins have emerged and aspire to function as a new means of payment and a borderless store of value

Framing the broader debate on stablecoins

- Stablecoins' characteristics and use cases
- Stablecoins and "moneyness"
- Macro-financial implications of broader stablecoin adoption

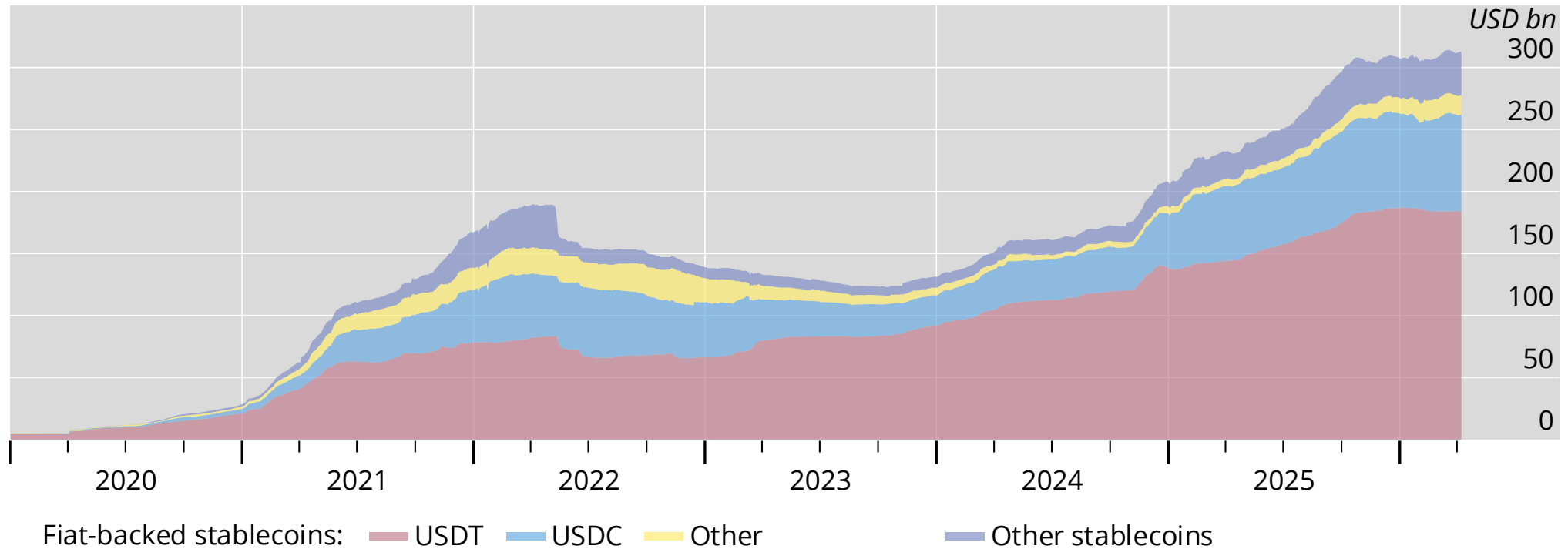
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Stablecoin characteristics and use cases

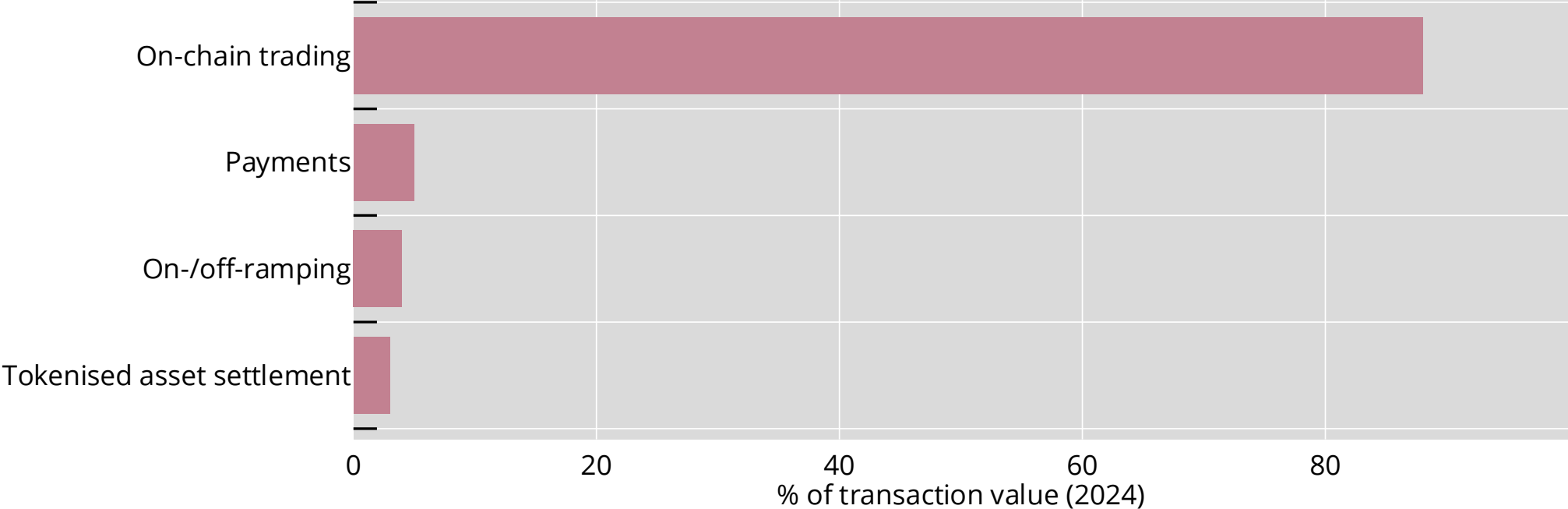
- Cryptoassets that aim to maintain stable value against a reference asset, mostly the US dollar
- Attractive technological features due to tokenisation, for example:
 - Programmability
 - Atomic settlement
- Several potential use cases:
 - On- and off-ramp for trading the crypto ecosystem
 - Cross-border payments
 - Store of value

Stablecoin market capitalisation remains limited



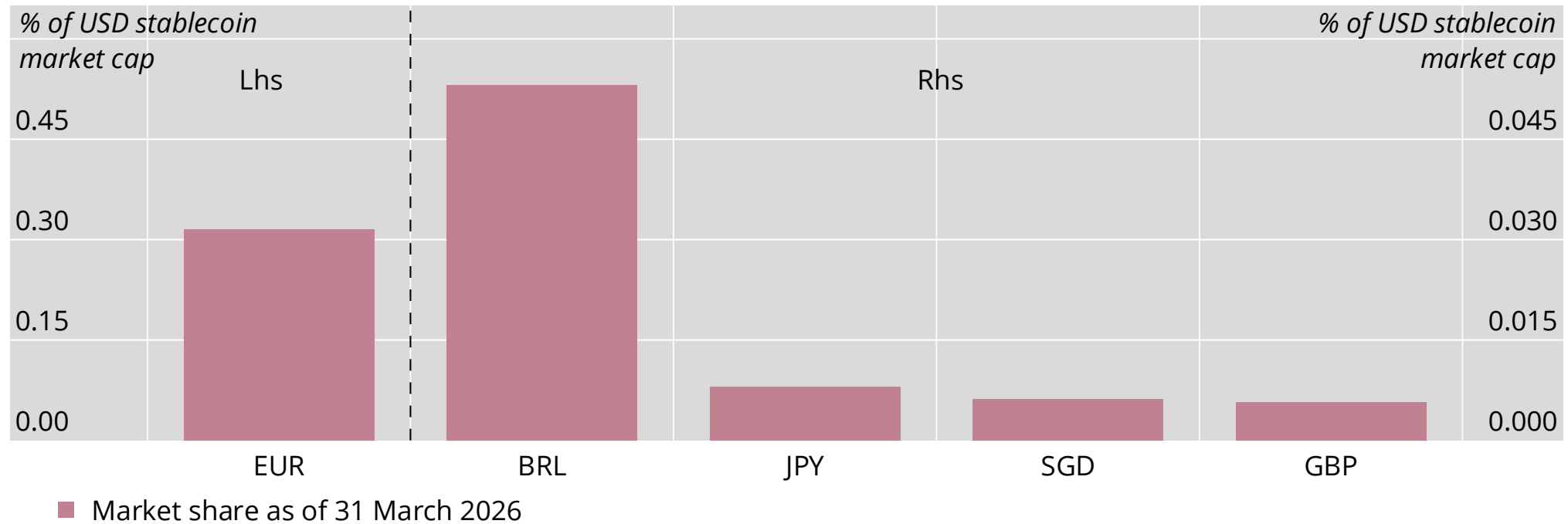
Sources: Kosse et al (2023); CoinGecko.

Actual use of stablecoins



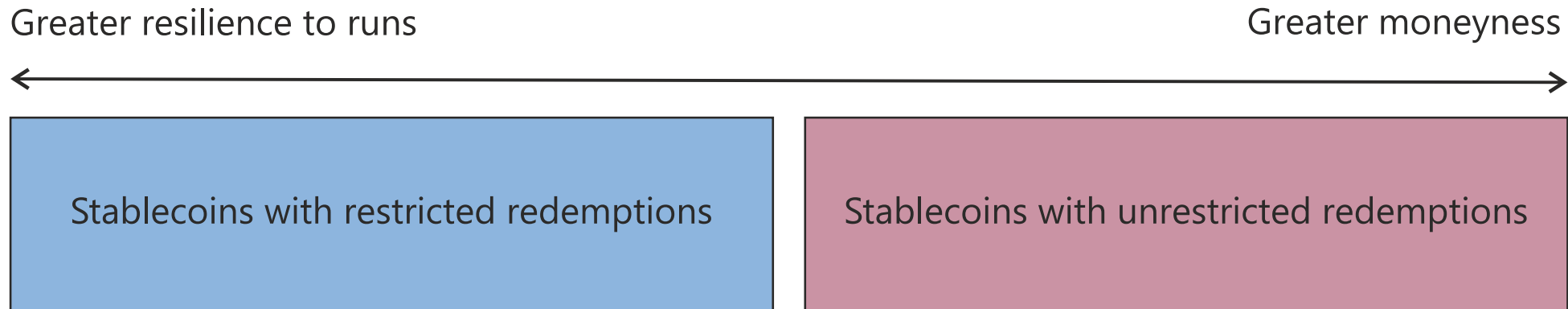
Sources: Aldasoro, Frost and Ito (2026); Boston Consulting Group; Visa.

Non-USD stablecoins remain small



Sources: Kosse et al (2023); CoinGecko.

The largest stablecoins currently impose redemption frictions – they resemble securities rather than money



Source: BIS.

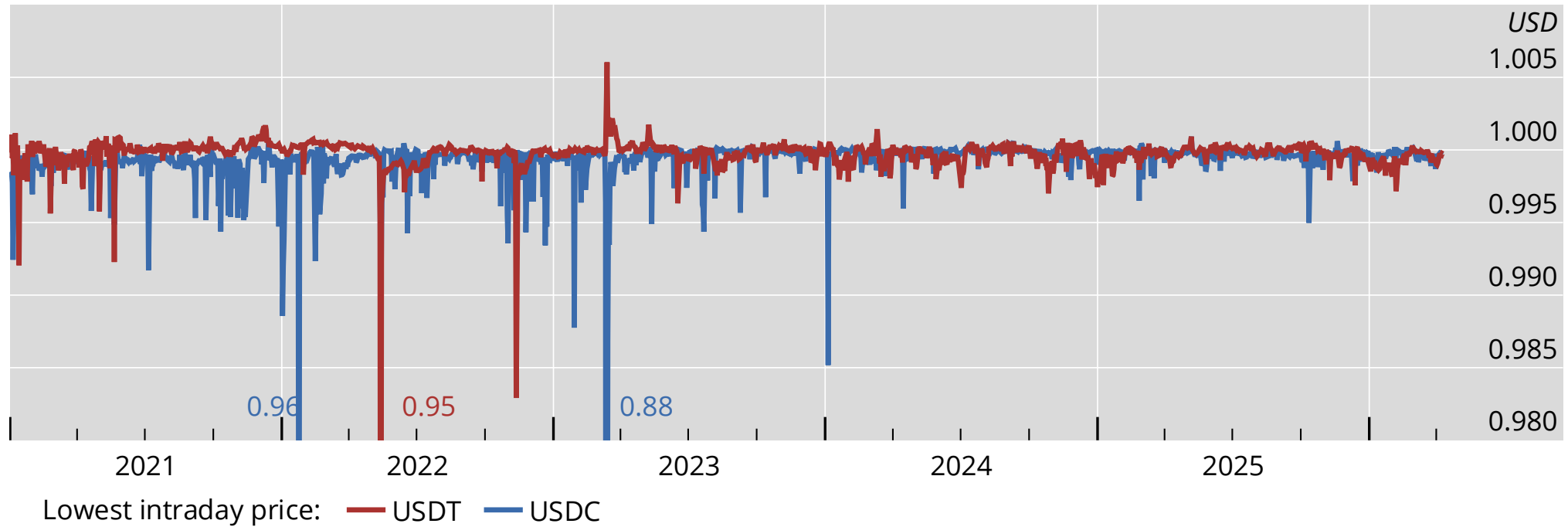
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Stablecoins and moneyness – two important dimensions

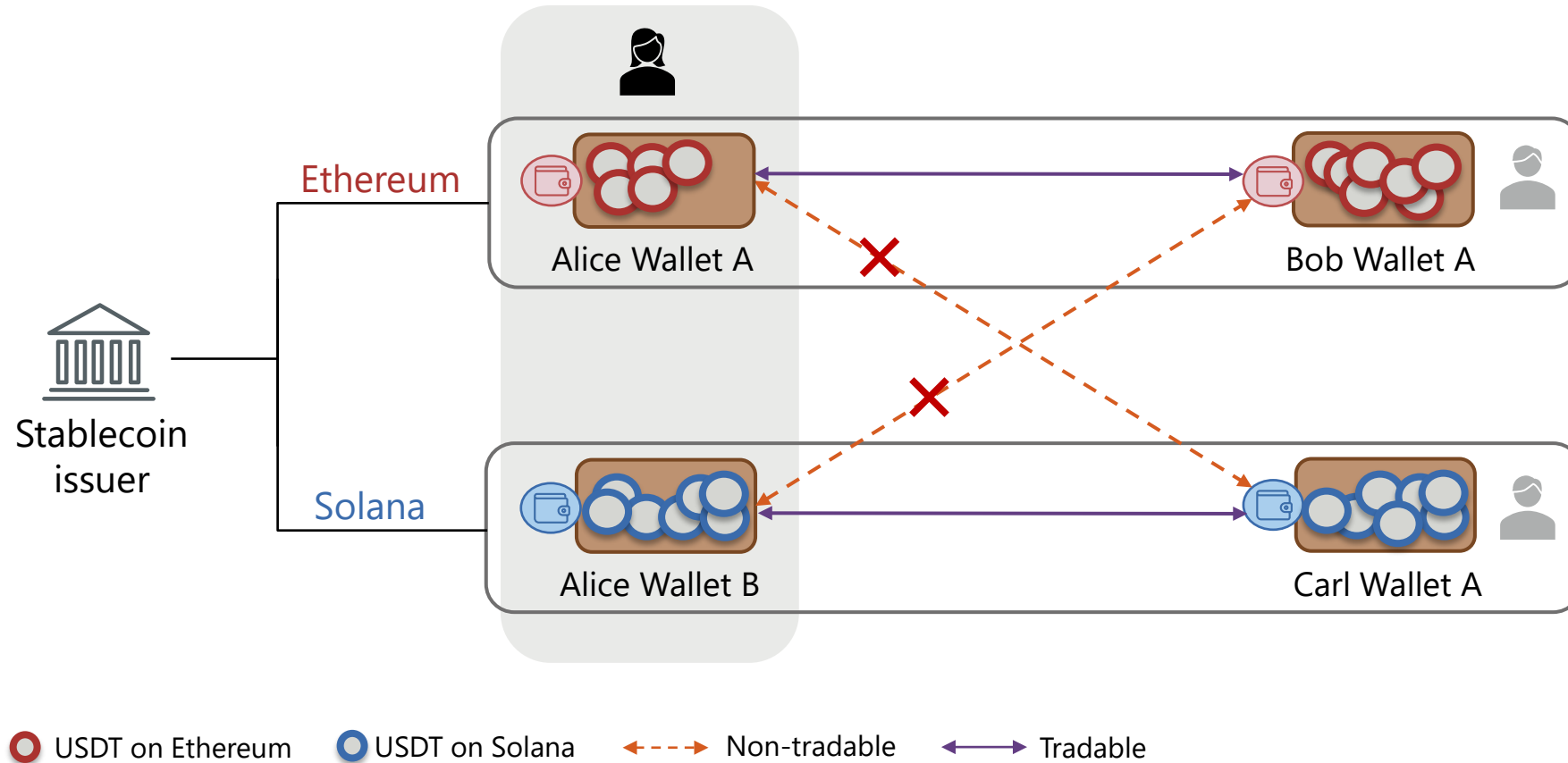
- Singleness
 - Different forms of money perfectly substitutable at par across financial intermediaries and platforms
- Interoperability
 - Users can send and receive funds seamlessly across platforms and networks, with certainty of finality

Singleness: modest deviations from par under normal conditions – large deviations during episodes of stress



Source: Aldasoro, Aquilina, Lewrick and Lim (2025).

Interoperability: no free movement across blockchains

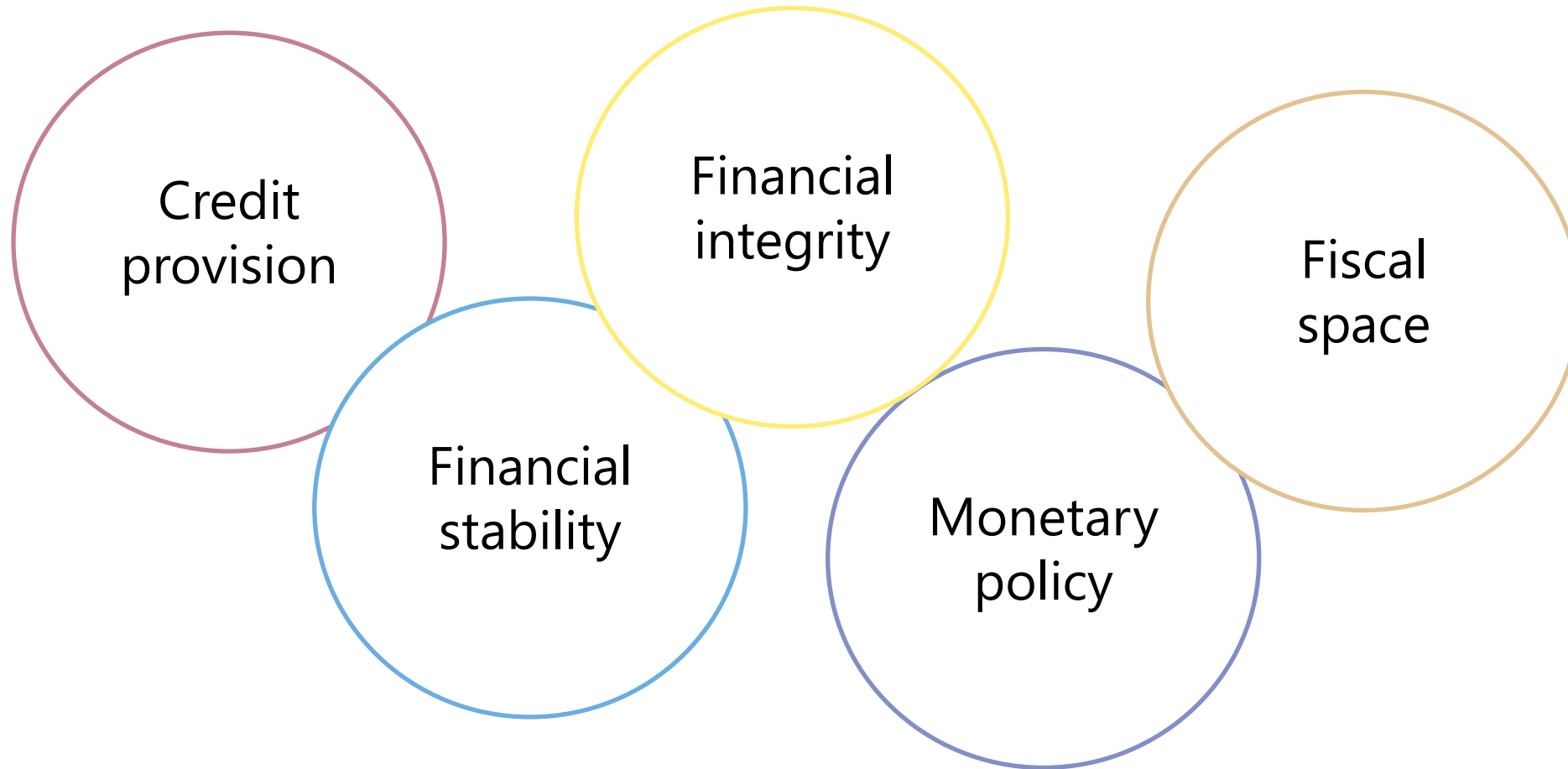


Sources: Shin (2026); BIS.

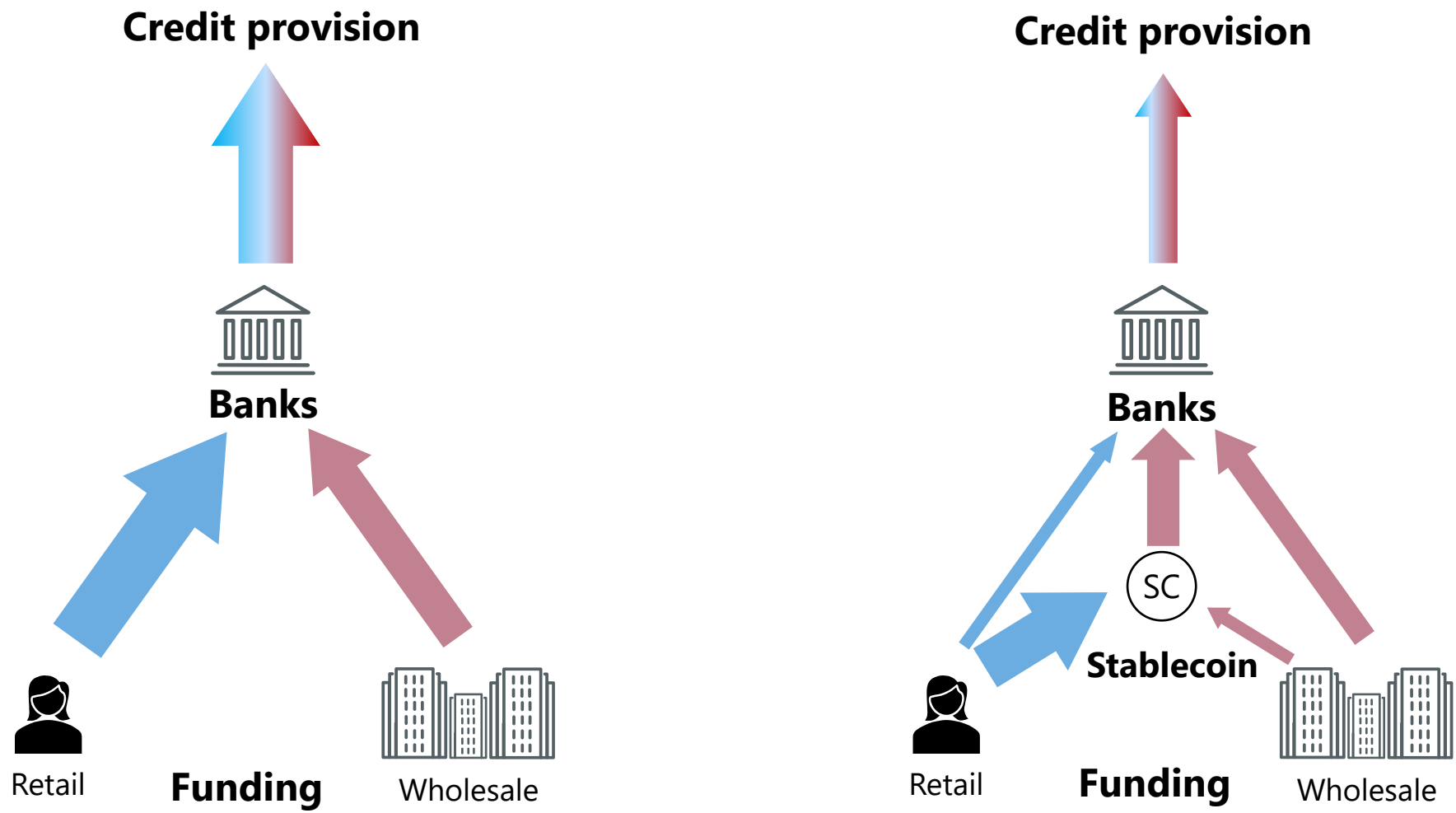
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Widespread use of stablecoins could have implications along many dimensions

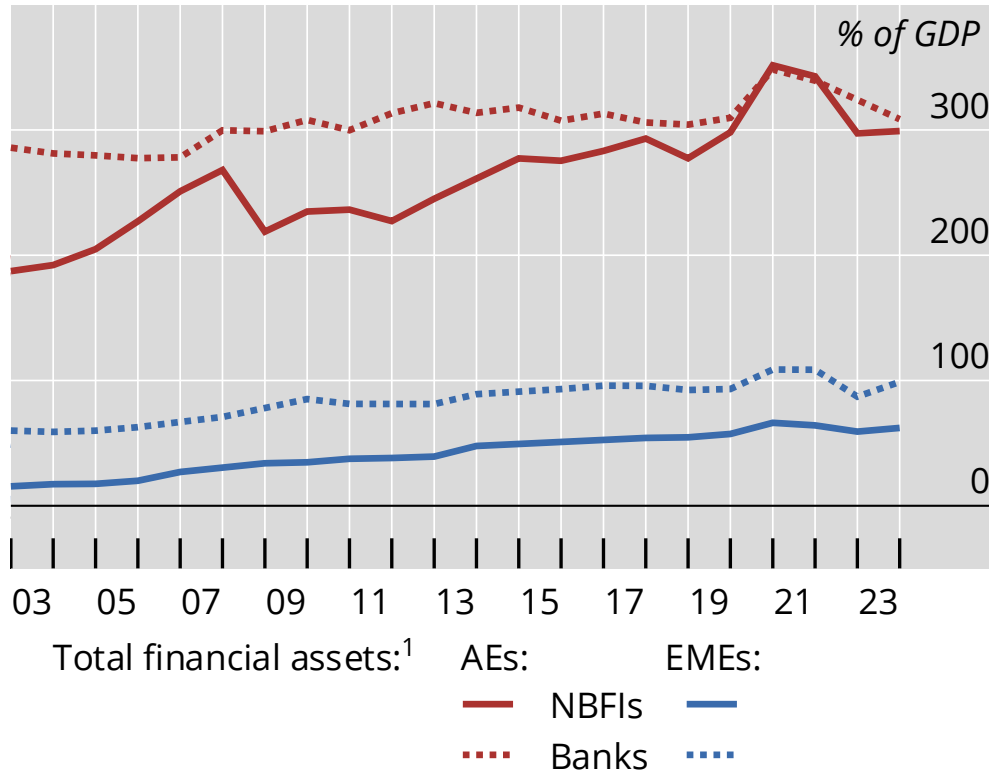


Changes in bank funding mix could affect credit provision

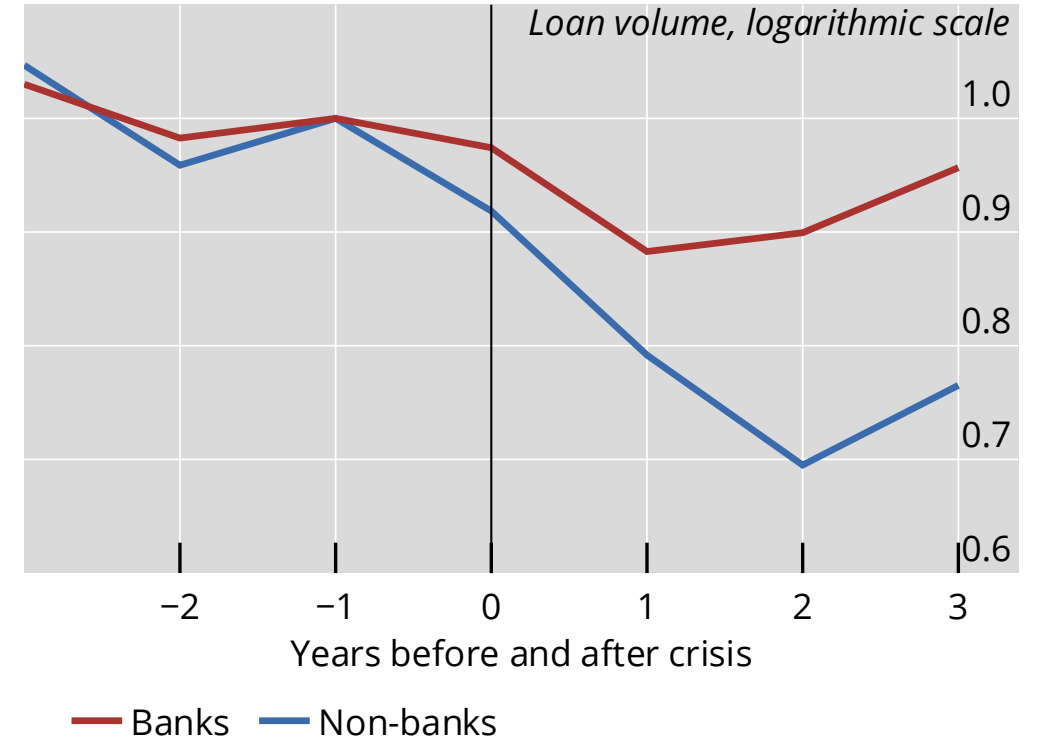


Less credit provision by banks could imply

...further shift to NBFIs...



...risking steeper contractions during crises



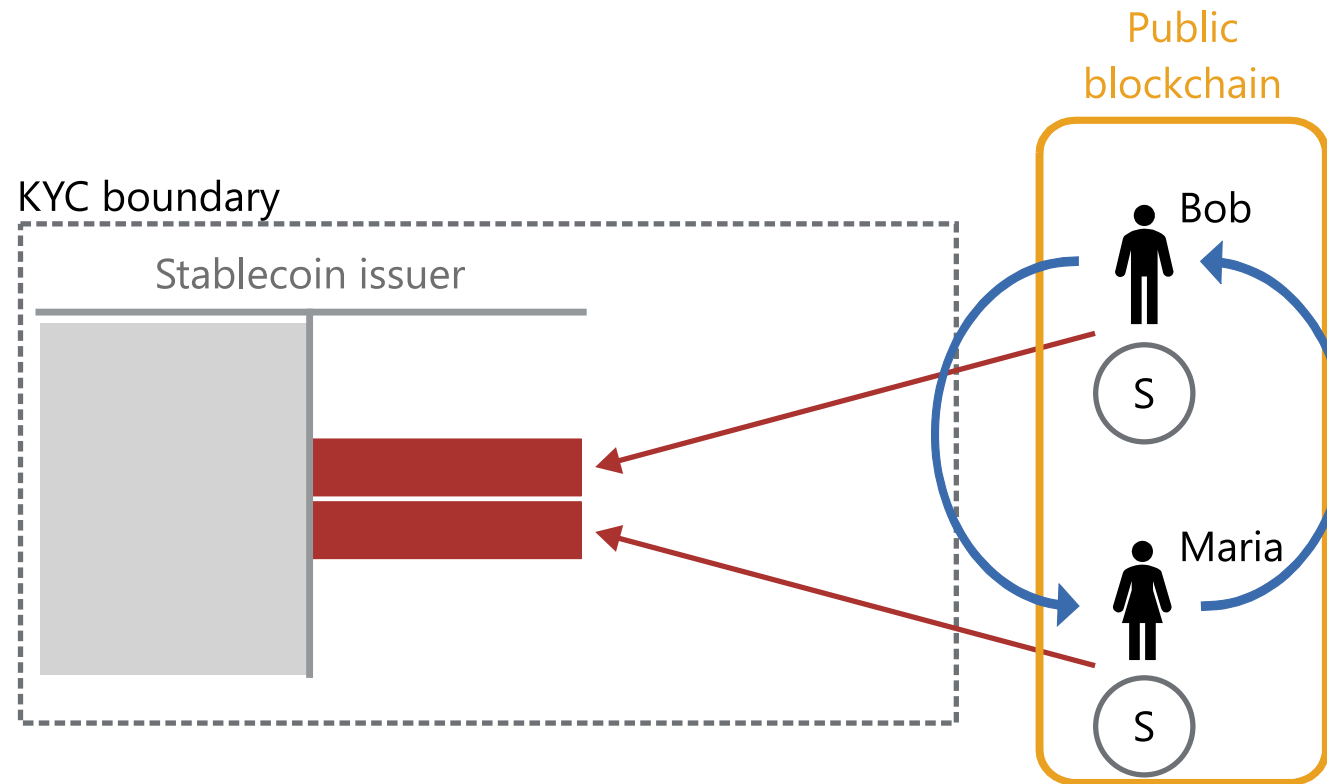
¹ Medians across 10 advanced economies (AEs) and nine emerging market economies (EMEs).

Sources: Adapted from Banerjee et al (2025); Aldasoro, Doerr and Zhu (2025).

Financial stability risks

- Besides potentially more procyclical lending, a larger share of lending by NBFIs could have other financial stability implications
- Runs on stablecoins would trigger fire sales of reserve assets that could impair market functioning
- Financial stress could spread to the banking sector and to other parts of the financial system

Financial integrity risks arise from stablecoins circulating outside the regulatory perimeter

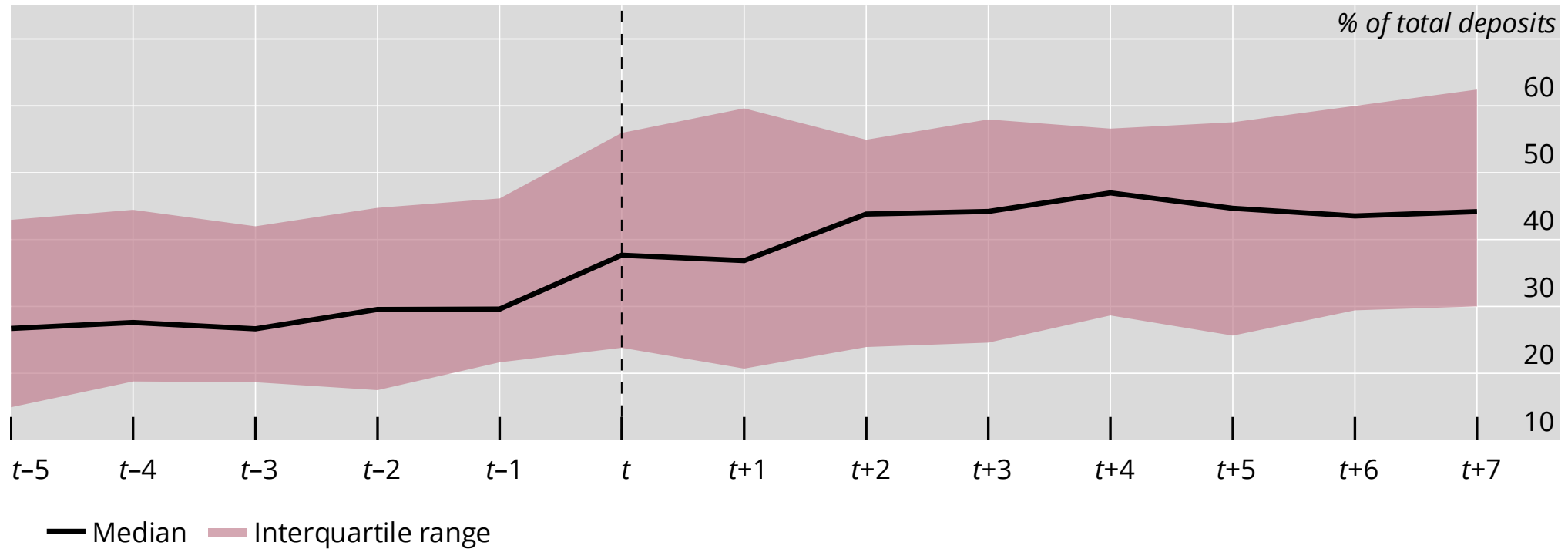


Source: Shin (2025).

Stablecoins have various implications for monetary policy

- Greater reliance by banks on wholesale funding could strengthen transmission
- But holders of unremunerated stablecoins may be little affected by policy rates, weakening policy transmission
- Shifts to foreign currency stablecoins could pose challenges, especially in emerging market and developing economies (EMDEs)
 - Echoes of conventional financial dollarisation where foreign currency is used as store of value

Deposit dollarisation remains persistently elevated following currency crises in emerging market and developing economies

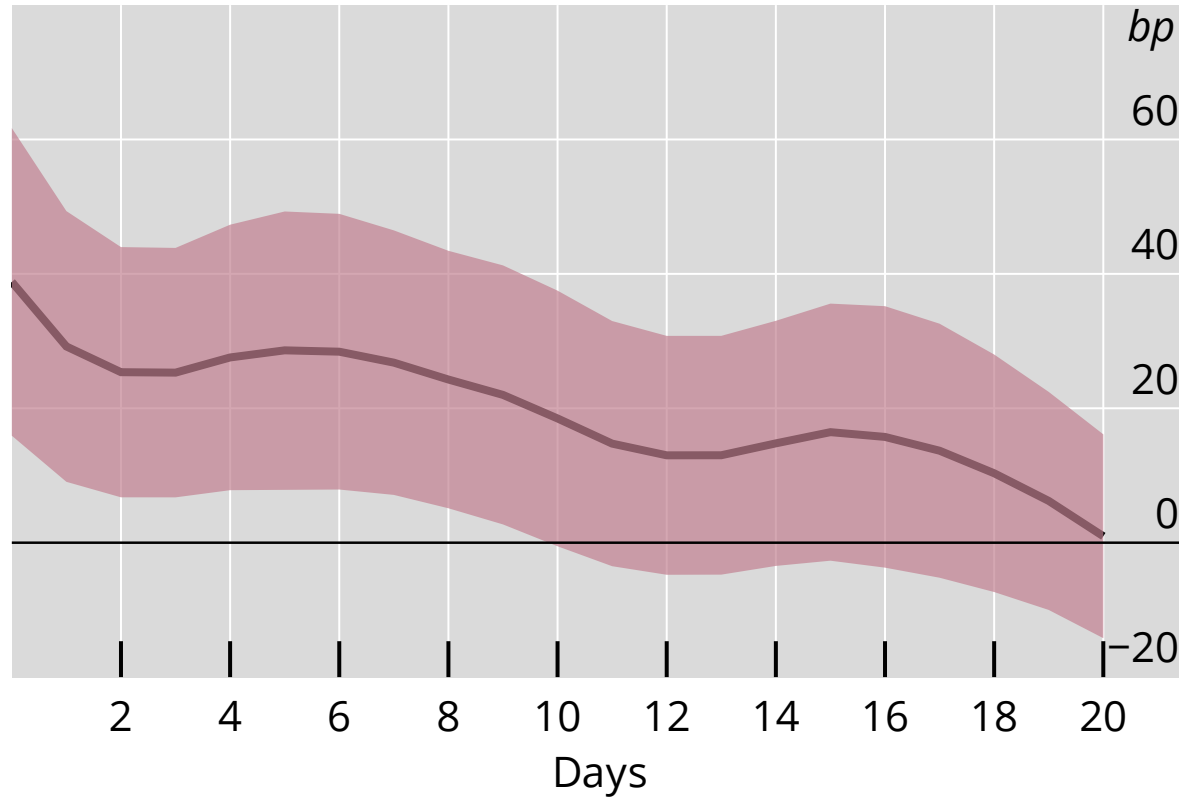


Ratio of FX deposits to total deposits in the years before and after EMDE currency crises (year t ; 25 crises during 1981–2005).

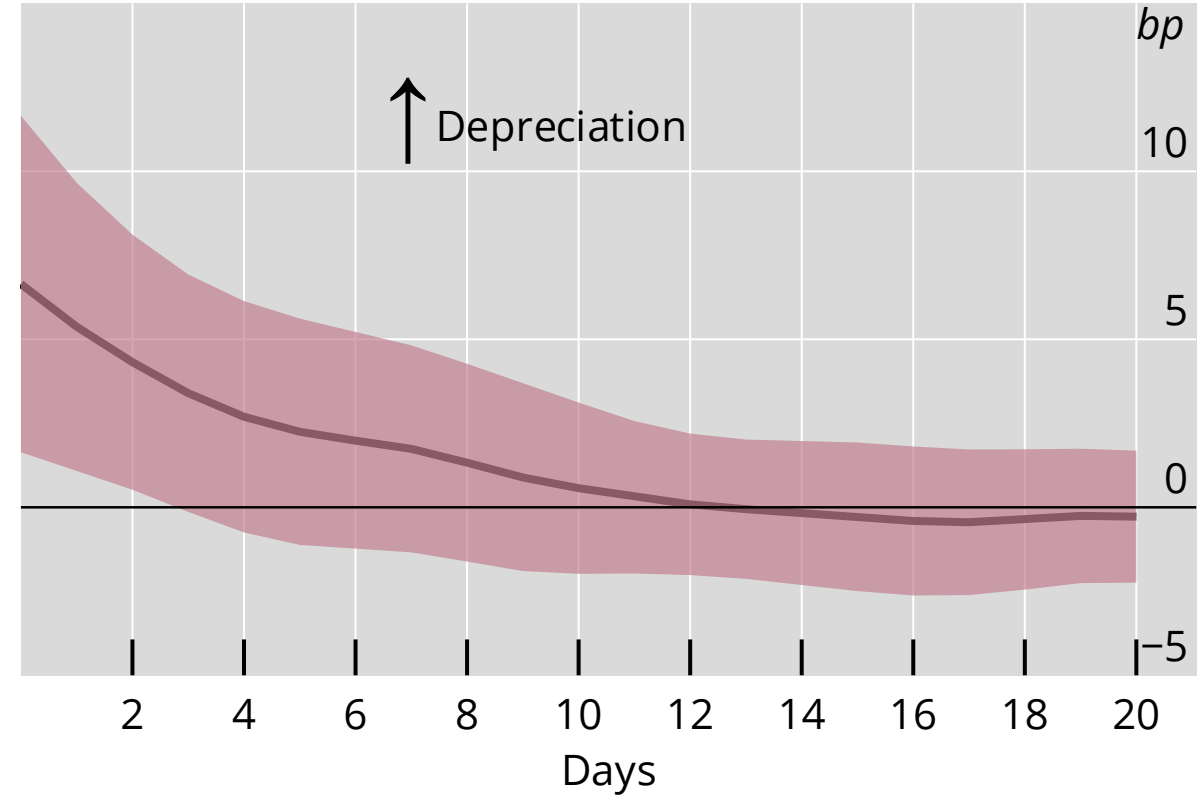
Sources: Hofmann et al (2026); Levy-Yeyati (2021).

New transmission channels – surge in demand for foreign currency stablecoins

...widens stablecoin-fiat currency parity deviations...



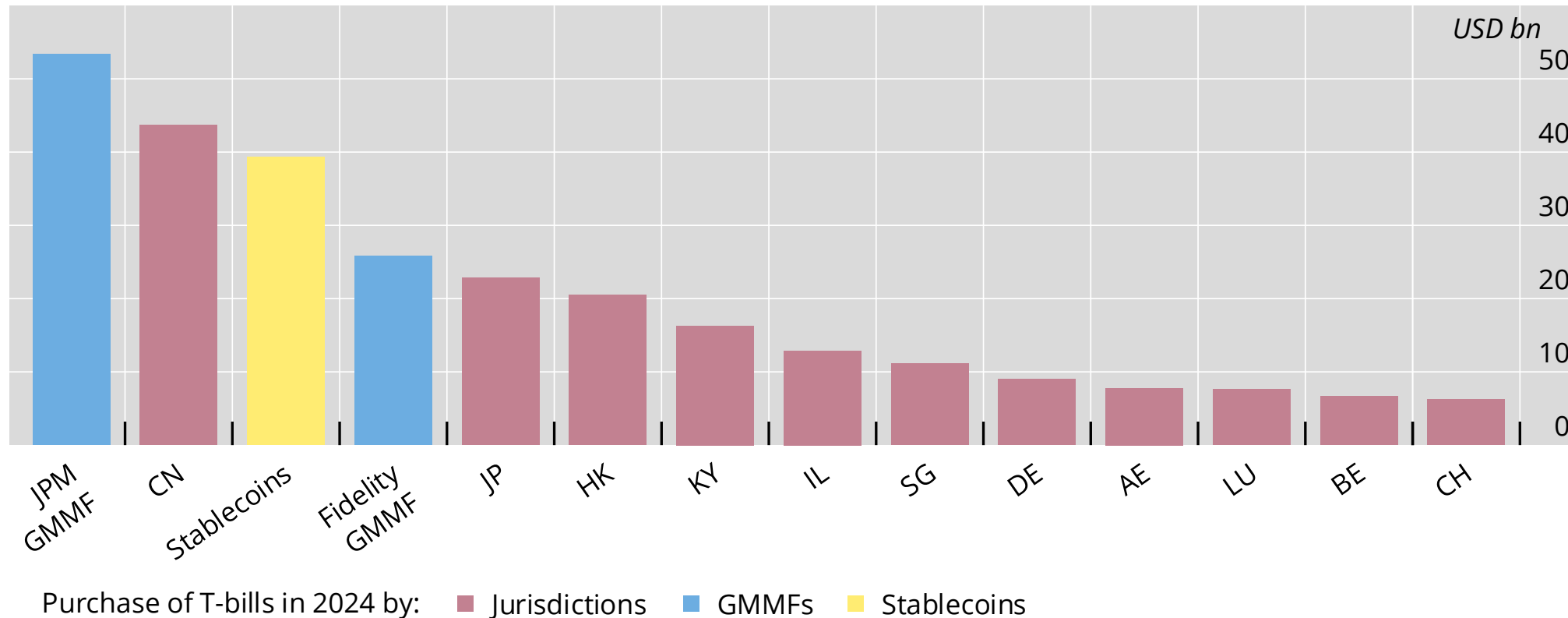
...and weakens local currency



— Point estimate — 95% confidence interval

Source: Aldasoro, Beltrán and Grinberg (2026).

Stablecoin adoption can expand fiscal space, especially if demand for stablecoins comes from abroad



Stablecoin T-bill purchases reflect changes in T-bill holdings for Tether and Circle from December 2023 to December 2024. GMMF = government money market fund.

Source: Ahmed and Aldasoro (2025).

Conclusions - way forward calls for progress along two dimensions

- Address weaknesses in current stablecoin arrangements
 - Some shortcomings are amenable to policy design (eg redemption at par, safeguards)
 - Other weaknesses are inherently harder to resolve (eg integrity risks, fragmentation)
- Harness benefits of tokenisation by building on two-tier system
 - Central banks are exploring integration of tokenised deposits on private permissioned platforms
 - Sound settlement, enhanced integrity and robust interoperability across networks
 - Central bank money as an anchor of trust

Conclusions

- It is crucial for policymakers to encourage and facilitate innovation while maintaining trust in money
- This requires a holistic perspective, with careful consideration of how design choices affect the broader macroeconomic and financial environment both domestically and globally
- When refining regulatory frameworks, policymakers should strive to avoid global regulatory fragmentation

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