BIRDEYE
CRYPTO INTELLIGENCE PIONEER | PERENA | MoonPay

From DeFi BackBone to Payment Disruptor: How Stablecoins Evolve

Introduction

Stablecoins, a unique class of digital assets designed to maintain a stable value relative to a reference currency, have emerged as pivotal instruments in the evolution of blockchain-based finance. Initially introduced as tools for mitigating volatility in cryptocurrency markets, stablecoins have evolved beyond their original purpose. Today, they serve as core building blocks in decentralized finance (DeFi), act as reliable mediums of exchange for cross-border transactions, and are increasingly gaining traction in real-world payments infrastructure.

This report traces the progression of stablecoins from their foundational role within DeFi ecosystems to their emergence as disruptors in traditional financial services. It explores how their design, business models, utility, and regulation have changed over time. In doing so, we aim to provide a comprehensive understanding of the current landscape and forecast how stablecoins are likely to shape the future of digital and global finance.

Key Takeaways

Stablecoins have evolved from simple volatility hedges into the blockchain ecosystem's "killer app," underpinning both DeFi infrastructure and an expanding range of real-world payment use cases.

01 The stablecoin market grew from under $100M in 2018 to over $250B by August 2025, with USDT and USDC still holding the largest share. From 2024, USDe surged nearly 7 times and became the third-largest stablecoin by market cap.

02 Together, Ethereum and Tron account for ~80% of circulating stablecoin supply, highlighting a concentration of adoption across leading networks. Solana consistently ranks third place in terms of on-chain supply and supply growth.

03 Tether earned $13B in profit in 2024, while Circle reported $156M, reflecting different cost structures. New entrants like Agora and M0 are pioneering platform-centric issuance models that share yield with ecosystem participants.

04 Stablecoins now account for billions in DEX liquidity, $17.16B in Aave deposits (26% of total), and represent over half of supply and borrow on Morpho—solidifying their role as DeFi's liquidity layer.

05 As of August 2025, 272 DAOs collectively held $208.3M in USDC, with programs like Arbitrum's STEP 2.0 demonstrating active deployment of stablecoin treasuries into yield strategies.

06 Yield-bearing stablecoins grew nearly 12x since 2024 to a $15B+ supply, distributing over $900M in yield; sUSDe and sUSDS lead with 52% of market share.

07 Stablecoin adjusted volumes surpassed Visa in late 2024, with $2.3T processed by July 2025. Partnerships like Stripe–Bridge ($1.1B acquisition) and MoonPay–Mastercard (150M+ merchant access) exemplify mainstream adoption.

08 2025 saw unprecedented capital inflows totaling over $5.5B, including World Liberty Financial's $1.5B treasury, Bullish's $1.15B IPO, and Circle's $1.1B IPO, cementing stablecoins as institutional-grade infrastructure.

09 The EU's MiCA, the U.S. GENIUS Act, and Hong Kong's Stablecoins Ordinance have established clear frameworks, setting the stage for a new wave of compliant issuers and accelerating mainstream integration.

10 By 2028, the market could exceed $1.2T, driven by regulatory harmonization, scalable low-cost payment rails, and programmable, yield-enhanced stablecoin designs.

What Experts Say

Industry leaders weigh in on the future of stablecoins, sharing perspectives on growth and adoption. Their insights highlight the forces shaping both DeFi and global payments.

Stablecoins play an increasingly important role in the global financial system. Understanding how the market has evolved gives us clearer insight into its growth and the forces shaping its next phase.

Ivan Soto-Wright | @ivanhodl
Co-founder & CEO, MoonPay

We're seeing entirely new financial primitives emerge, and Solana is where the next generation of those financial primitives are being built and adopted. With unmatched speed, low fees and global reach, Solana is the best infrastructure and default home for stablecoin issuance, distribution and real-world use.

Data-driven stablecoin research, such as Birdeye's report, will play a critical role in shaping the industry's future with clarity and insight.

Tamar Menteshashvili | @tamarincrypto
Head of Stablecoins, Solana Foundation

Stablecoins are the single most important instrument in crypto. Providing a crypto-native synthetic dollar is not only the largest challenge in the space but the largest opportunity.

Conor Ryder | @ConorRyder
Head of Research, Ethena Labs

Regulated stablecoins make money move at T+0 speed, while synthetic money will reshape fixed income. With stablecoins propelling crypto's growth, reports like these offer insight into expanding use cases across payment, DeFi, and more.

Anna Yuan | @gizmothegizzer
Founder, Perena

Special Thanks

We would like to express our sincere gratitude to partners and friends who have supported us and provided data so that we can complete this report.

Co-authors

PERENA

MoonPay

Data providers

BDS

Artemis

stablewatch

Dune

rwa.xyz

coingecko

Fireblocks

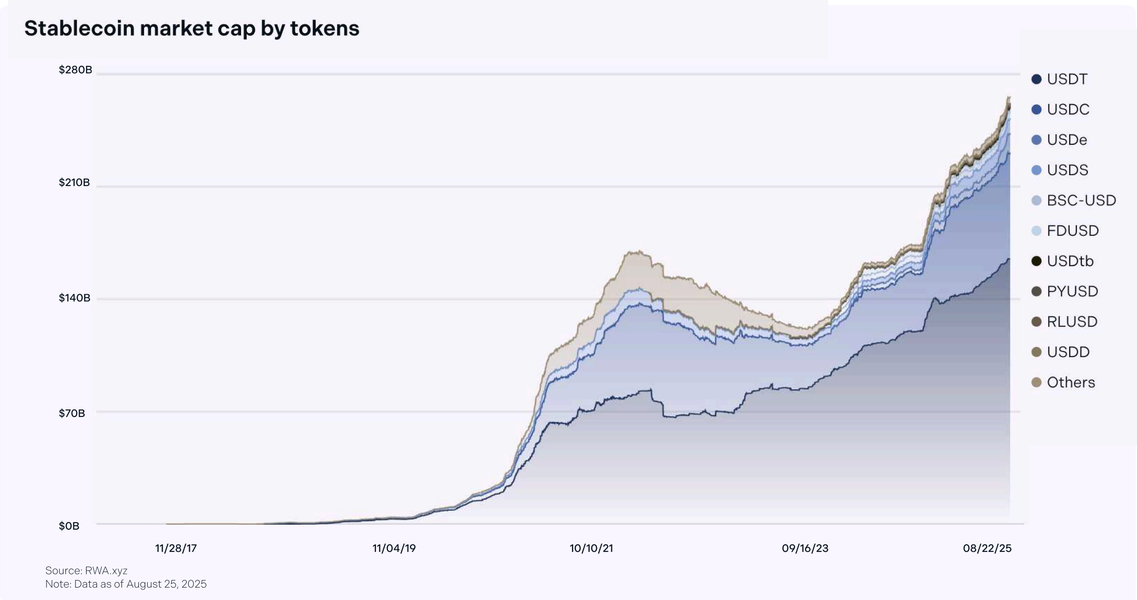
DefiLlama

FXCintelligence

The Overview: Stablecoin Landscape is Rapidly Expanding

The Overview: Stablecoin Landscape is Rapidly Expanding

Stablecoin total market cap has surpassed $250 billion

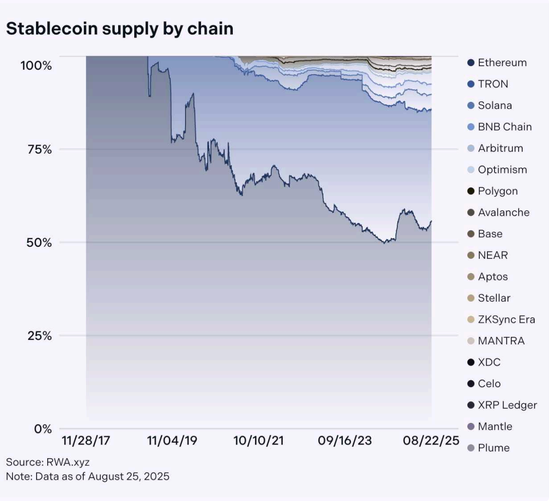


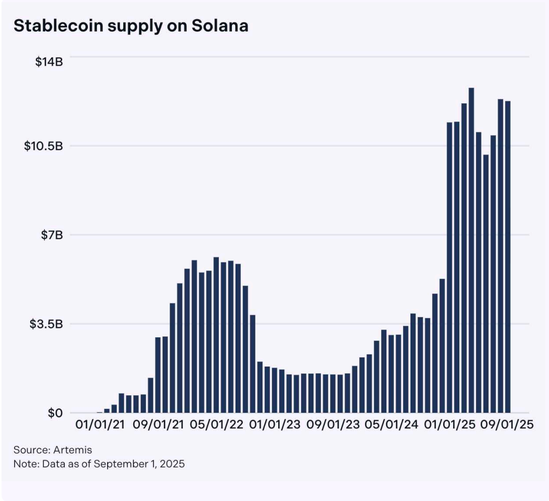
The stablecoin sector has experienced exponential growth in recent years, rising from under $100 million in market cap in 2018 to over $250 billion by August 2025. Tether's USDT and Circle's USDC collectively control the lion's share of the market, with Tether experiencing explosive supply growth in recent months.

However, the most noteworthy development has been the meteoric rise of USDe, issued by Ethena Labs.Over the past few months, USDe has established itself as a rising star in the stablecoin ecosystem. Since the beginning of 2024, USDe's supply has grown nearly 7x, skyrocketing from $2.8 billion to $14 billion.

While technically closer to a synthetic dollar, similar to USD* or lvlUSD, for simplicity this report categorizes USDe under the broader stablecoin umbrella.

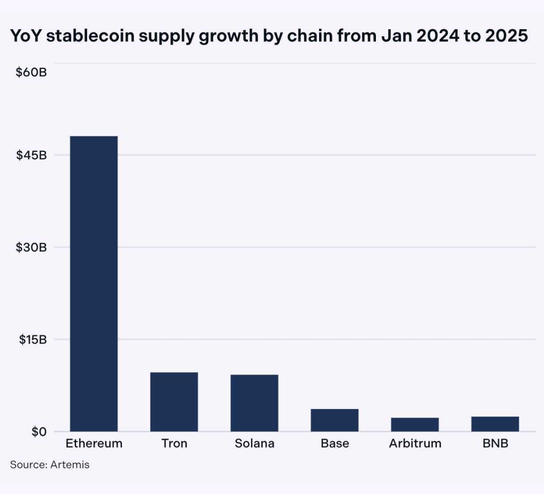
Stablecoins are now embedded across virtually every major blockchain ecosystem. Ethereum continues to dominate as the leading platform for stablecoin issuance and activity, consistently accounting for more than 50% of the total stablecoin supply. Tron has emerged as a formidable second, largely due to its high-frequency USDT transactions. Together, Ethereum and Tron host approximately 80% of the total circulating supply of stablecoins, illustrating a clear concentration of adoption.

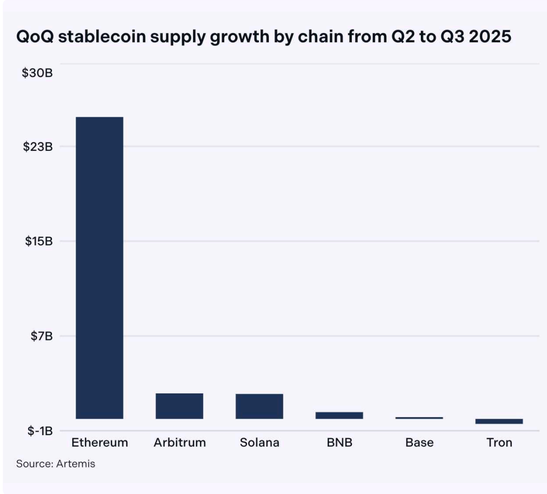




Ranking third in stablecoin supply is Solana, which has quickly emerged as a key contender alongside Ethereum and Tron. Its growth trajectory accelerated sharply in 2025, with supply expanding fivefold from $2.2 billion in January 2024 to $11.4 billion by January 2025. Remarkably, $6.1 billion was added in just one month between December 2024 and January 2025, fueled by the minting of around $5.3 billion in USDC amid retail frenzy around the TRUMP memecoin.

The Overview: Stablecoin Landscape is Rapidly Expanding





When comparing supply changes across major chains, Solana consistently ranks in third place. In 2024, Solana's stablecoin supply increased by $9.24 billion, nearly matching Tron's $9.63 billion. In Q3 2025, it once again held third place, adding $2.11 billion, almost on par with Arbitrum's $2.15 billion. These figures highlight Solana's strengthening position as the third pillar of the stablecoin ecosystem.

Fiat-backed and USD-pegged stablecoins dominate

Stablecoins have traditionally been classified based on the nature of their collateral and stabilization mechanisms. Common categories include fiat-backed, crypto-backed, commodity-backed, synthetic dollar and algorithmic stablecoins.

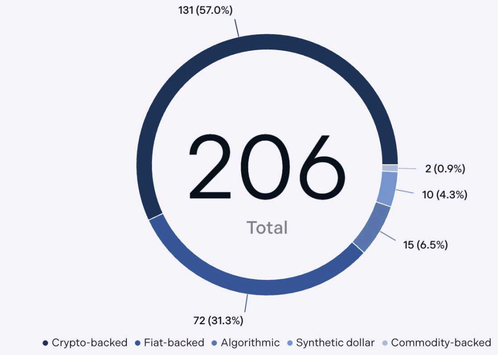
However, as the sector matures and innovation accelerates, these boundaries are increasingly blurred. Today, it is not uncommon for a single stablecoin to straddle multiple classifications, such as a hybrid model that is both crypto-backed and algorithmic, or even one that combines fiat and crypto collateral.

In this report, we present a taxonomy derived from an exclusive dataset of over 200 active stablecoins tracked by Birdeye. For consistency and clarity, we adopt the classic categorical framework while allowing each stablecoin to appear in multiple categories if it exhibits overlapping features.

The Overview: Stablecoin Landscape is Rapidly Expanding

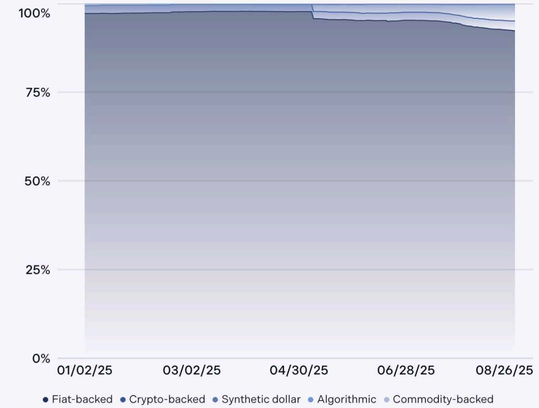
Our findings reveal that crypto-backed stablecoins constitute the majority share by count at 58.7%, nearly double the number of fiat-backed stablecoins. Despite their numerical dominance, the combined market capitalization of crypto-backed stablecoins remains only a fraction of that of fiat-backed ones. This disparity is largely due to the structural differences between issuers: smaller, agile development teams with limited capital typically issue crypto-backed stablecoins, while fiat-backed issuance is concentrated among institutions with access to large banking and treasury reserves.

Active stablecoins by category



Source: Birdeye
Note: One stablecoin can straddle multiple categories. Data as of August 2025.

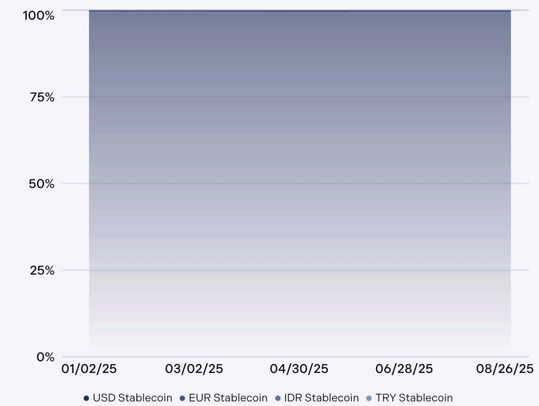
Stablecoin market share by category



Source: Coingecko
Note: Data as of August 27, 2025

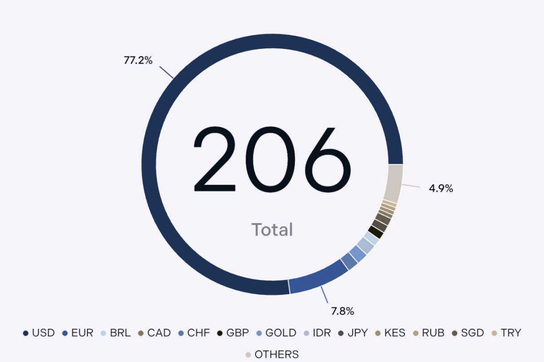
Another useful lens for classification is the peg currency. Unsurprisingly, USD-pegged stablecoins dominate the landscape, comprising 77.4% by count and approximately 99.79% by market capitalization. The euro (EUR) is a distant second, accounting for 7.8% of stablecoins by number and a mere 0.19% of total value. This heavy concentration in USD exposure underscores the global demand for dollar-denominated digital assets and reflects the dollar's continued role as the world's reserve currency.

Stablecoin market share by peg currency



Source: Coingecko
Note: Data as of August 27, 2025

Stablecoin by peg asset



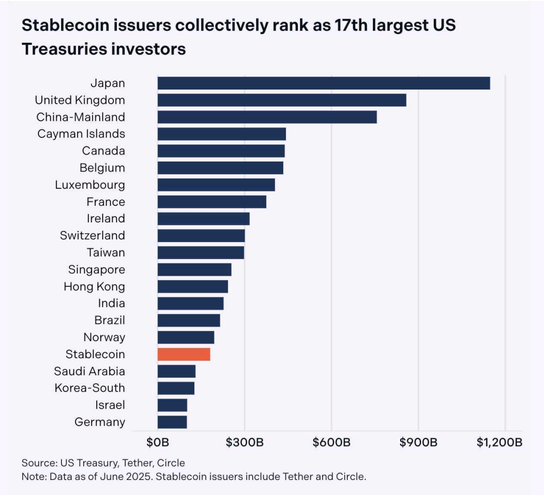
Source: Birdeye
Note: Data as of August 2025

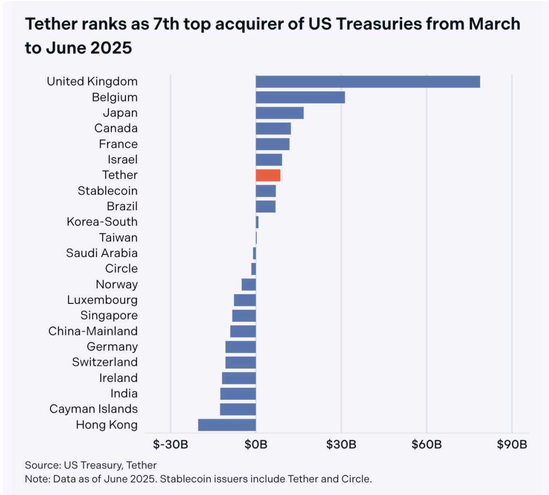
Algorithmic stablecoins remain limited in both quantity and market share. Following the collapse of Terra UST in 2022, confidence in fully algorithmic stablecoins eroded dramatically. As a result, most teams now opt for hybrid designs that combine both crypto collateralization and algorithmic rebalancing.

The Business Model

The Business Model

Stablecoin issuers generate revenue through a variety of mechanisms, depending on their design architecture. Fiat-backed issuers like Tether (USDT) and Circle (USDC) primarily earn interest on reserves held in traditional financial institutions. These reserves, often consisting of U.S. dollars or equivalent short-duration assets like Treasury bills, yield substantial income. By June 2025, Tether managed $127.1 billion and Circle $54.1 billion in direct and indirect U.S. Treasury holdings, together exceeding Saudi Arabia's holdings and ranking as the world's 17th-largest investor.





Financial performance, however, shows a stark contrast. At the close of 2024, Tether posted $13 billion in profit, cementing its position as the most profitable stablecoin issuer. By comparison, Circle reported only $156 million in profit on $1.68 billion in revenue, constrained by over $1 billion in distribution and partner fees.

While they also earn revenue from reserve interest, Agora and M0 take a very different path than Tether and Circle. Agora offers a white-label platform that lets businesses issue their own branded stablecoins, sharing reserve yields with issuers, partners, and liquidity providers to encourage ecosystem growth. M0, on the other hand, runs a federated model in which permissioned Minters create tokens backed by compliant reserves while Validators enforce governance, distributing yield and fees across all participants. Together, these models mark a shift away from issuer-dominated approaches like USDT and USDC, toward open platforms that decentralize both participation and the economics of stablecoin issuance.

In contrast, crypto-backed stablecoins exhibit greater diversity in business models and monetization strategies. These issuers tend to innovate at the protocol level, integrating yield mechanics, incentive structures, and collateral management systems that differ significantly from their fiat-backed counterparts.

Below is a comparative overview of three prominent crypto-backed stablecoin issuers—two of which, Sky Money (USDS) and Ethena (USDe), currently rank third and fourth in annual revenue, respectively. The third entry, Perena (USD*), offers a novel hybrid model integrating yield-bearing liquidity architecture within its stablecoin design.

Stablecoin	Issuer	Collateral Model	Revenue Mechanism	Distinct Features
USDe	Ethena Labs	Delta hedged BTC, ETH, and SOL, along with balances in yield bearing stablecoins	Spread fees, perpetual funding arbitrage, yield-bearing stablecoins	Delta-hedging mechanism, 100% collateralized synthetic dollar structure
USDS	Sky Protocol (Sky.money)	Overcollateralized vaults: ETH, USDC, DAI, tokenized RWAs	Borrow interest (Stability Fees), Sky Savings Rate yields, Sky Token Rewards	Successor to DAI, upgraded Treasury/backed algorithmic model, cross-chain compatible, user incentive layers
USD*	Perena	Bluechip stableswap LP, RWA, and crypto-native yield sources	Swap fees accrued via Numéraire; RWA and crypto returns	Hub-and-spoke AMM on Solana, auto-accreting LP token, capital-efficient unified liquidity layer

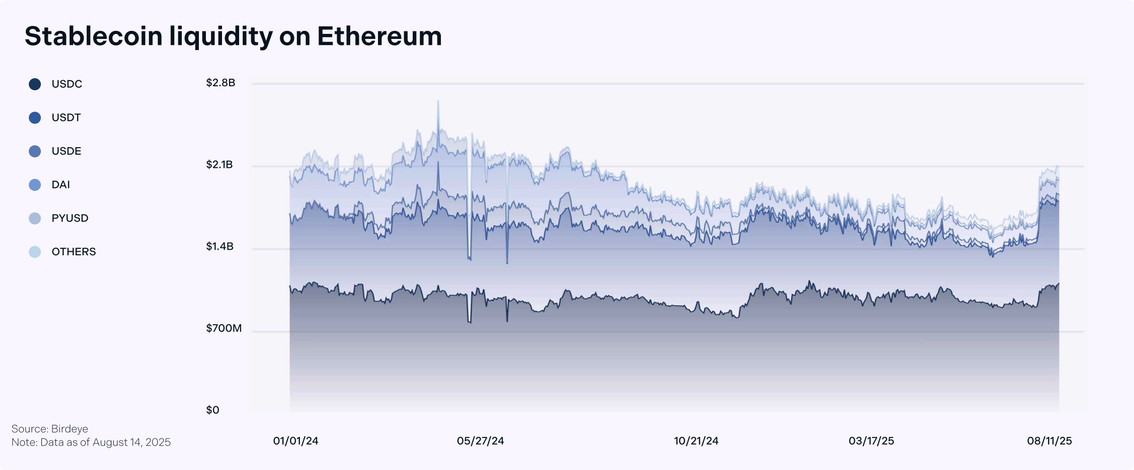
Stablecoin as DeFi Backbone

Stablecoin as DeFi Backbone

It is increasingly acknowledged that stablecoins are the blockchain's "killer app." Indeed, stablecoins have become indispensable to the architecture and growth of decentralized finance as the primary liquidity layer that enables DeFi to scale. Whether serving as collateral for lending, margin for derivatives, assets in AMM pools, or the backbone of DAO treasuries, stablecoins support the full spectrum of financial primitives. As protocols grow more sophisticated and capital efficiency becomes paramount, the reliance on stable, liquid, and composable assets like stablecoins continues to deepen, solidifying their place at the heart of DeFi's financial stack.

Core liquidity anchor on DEX

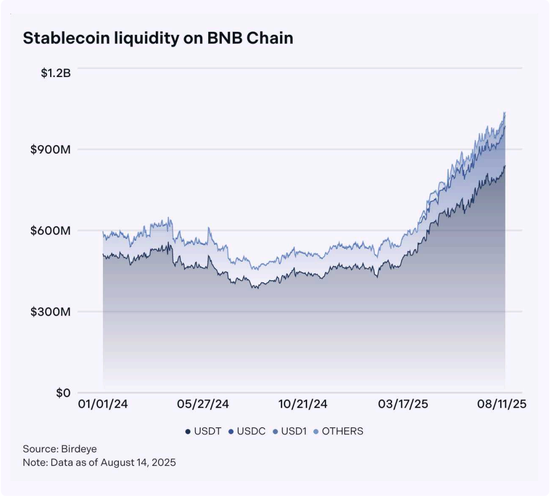
Stablecoins serve as crucial liquidity anchors across decentralized exchanges (DEXs) and aggregators, powering both same-chain and cross-chain swaps. On Ethereum, total stablecoin liquidity from 2024 to mid-2025 fluctuated around $2 billion, peaking at $2.66 billion on April 24, 2024. Despite this scale, stablecoins represented only 2.22% of Ethereum's total TVL as of August 14, 2025. Among them, USDC held 53.2% of liquidity, USDT 33.2%, and DAI 5.8%

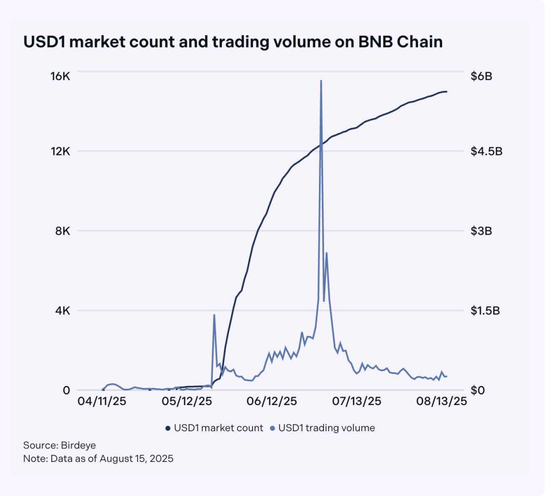


The preference for USDC is especially clear in leading Ethereum DEXs. According to DefiLlama, in August 2025:

- Curve allocated 11.71% of liquidity to USDC versus just 2.68% to USDT.
- Uniswap V3 had 12.31% in USDC compared to 4.86% in USDT.
- Uniswap V4 showed the strongest tilt, with 19.52% in USDC against 8.65% in USDT.

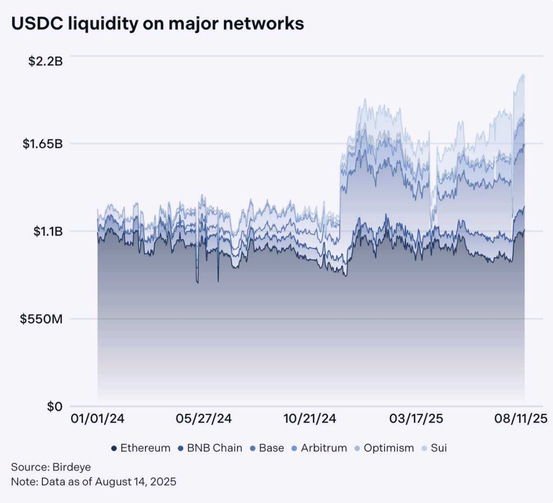
On both Curve and Uniswap V4, USDC ranked as the top liquidity token, underscoring its dominance in Ethereum-based trading infrastructure.

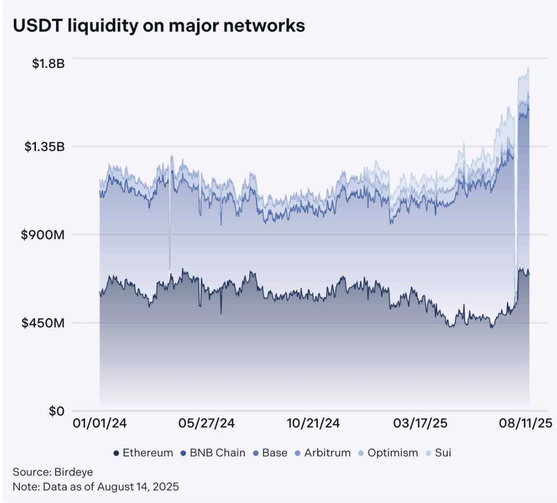




On BNB Chain, stablecoins play a far more prominent role, representing 14.2% of total chain liquidity compared to Ethereum's 2.2%. Within this ecosystem, USDT consistently outweighed USDC by a factor of six. Meanwhile, the newly launched USD1 has experienced explosive growth in 2025. Its market count began accelerating in May and surged 30-fold from 500 to 15,000 by August, driven largely by meme trading activity on four.meme. Trading volumes peaked on June 30, when the TAG–USD1 pair saw wallet 0xb1aEc wash-trade roughly $2 billion in TAG at ~$100K per ticket, though the motivation behind the activity remains unclear.

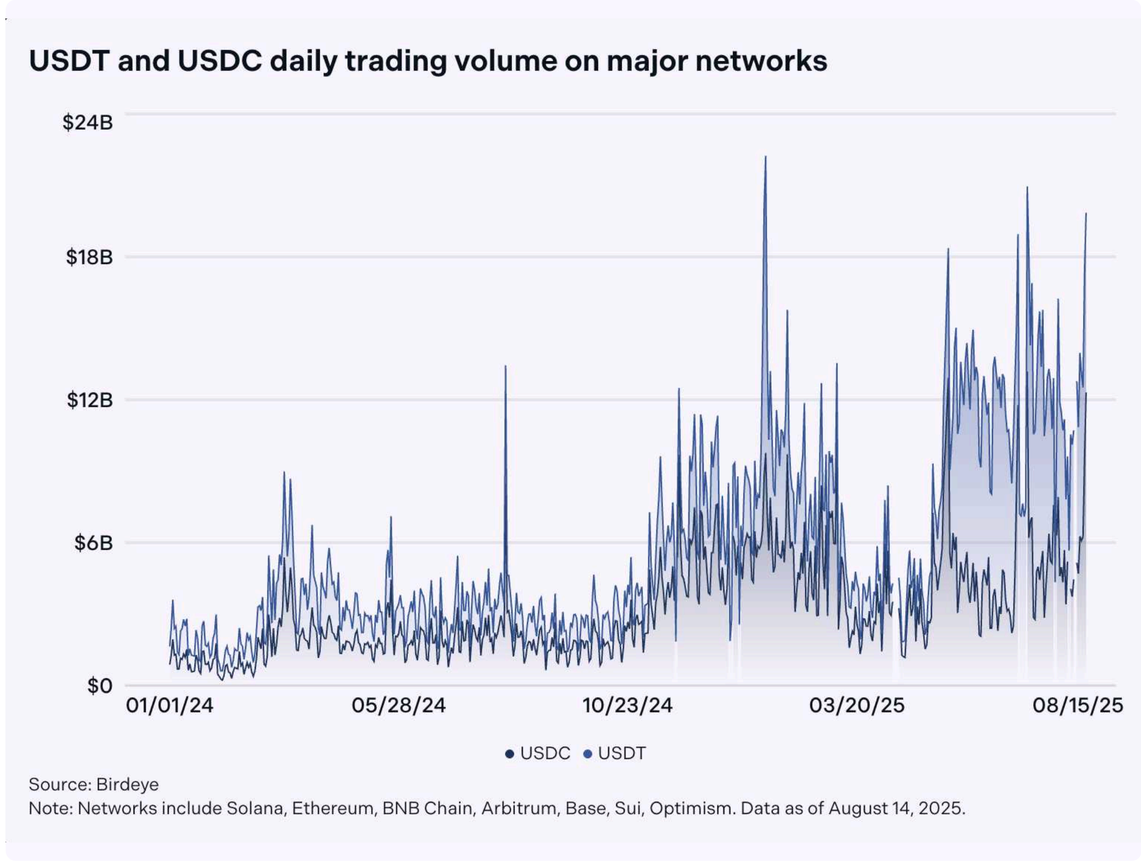
Stablecoin as DeFi Backbone





Cross-chain analysis of USDC and USDT liquidity across six major networks reveals that while the two tokens maintained similar levels in 2024, a surge in USDC activity on Base in early 2025 pushed its total liquidity roughly 20% higher than USDT's. Both remain most concentrated on Ethereum, but distribution diverges by chain: USDT dominates on BNB, while USDC leads on Base and Sui.

With such deep liquidity, it comes as no surprise that stablecoin on-chain trading volume is consistently topping the charts with billions of dollars traded every day. At peak, total volume of USDT and USDC on Solana, Ethereum, BNB Chain, Arbitrum, Base, Sui, and Optimism reached $34.7 billion on January 20, driven largely by USDT-WBNB, USDT-TRUMP and USDT-USDC pairs on BNB Chain. The meme wave on BNB Chain also contributed significantly to the volume of USDT from mid-May to August 2025, leading to an average daily volume of $7.42 billion.

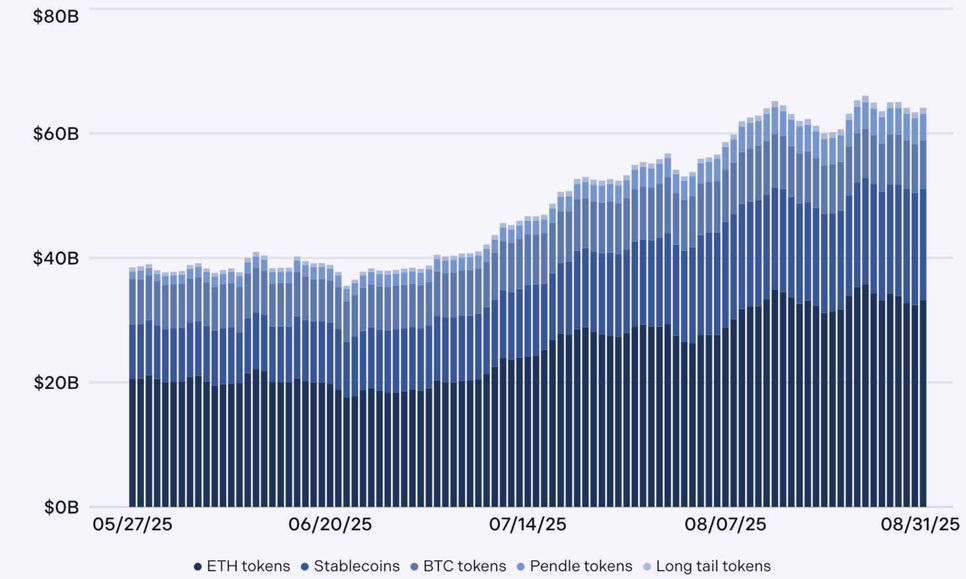


Stablecoin as DeFi Backbone

Key collateral in lending markets

Beyond their role in decentralized exchanges, stablecoins also serve as core collateral in lending markets. On August 19, 2025, Aave announced that USDC deposits surpassed $6 billion on its platform. Just a few days later, on August 24, total stablecoin deposits across Ethereum, Arbitrum, and Base hit an all-time high of $17.16 billion—second only to ETH tokens and accounting for 26% of Aave's total deposits.

Aave liquidity over time by token type



Source: Dune @entropy_advisors
Note: Data as of August 31, 2025

On Morpho, the second-largest lending protocol by TVL according to DefiLlama, stablecoins play an equally dominant role. On August 25, USDC represented 52.7% of total supply across loan assets and made up 58% of total borrow demand, highlighting its centrality in credit markets. By anchoring supply and borrow activity, stablecoins enable a wide range of credit strategies: borrowers can unlock liquidity without liquidating volatile holdings, while lenders earn predictable returns, often enhanced by governance token incentives.

USDC ranks second most widely held token by number of DAOs

DAOs are increasingly moving beyond the era of holding only their native governance tokens. Today, they actively diversify their treasuries by converting portions into stablecoins, which are valued for their volatility resistance, cross-chain liquidity, and operational versatility. Stablecoins serve as the preferred medium for managing DAO expenses, facilitating grant distributions, compensating contributors, and enabling partnerships across protocols.

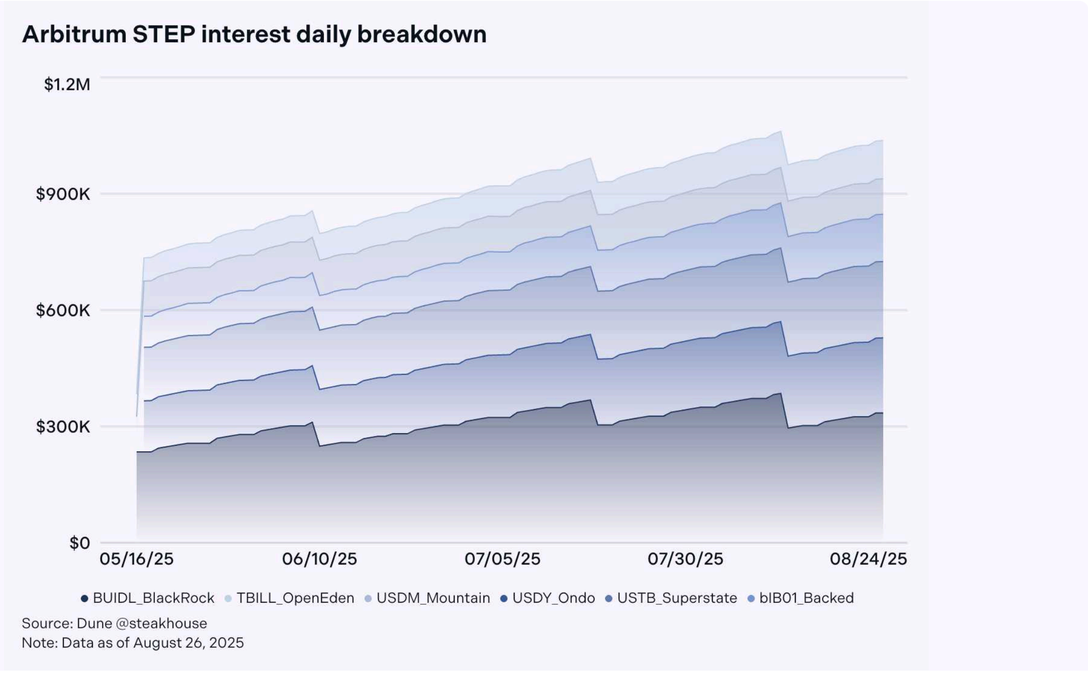
According to DeepDAO, USDC ranks as the second most widely held token by number of DAOs. As of August 4, 272 DAOs held a collective total of $208.3 million in USDC, highlighting its widespread adoption as a trusted reserve asset.

Rank	Token	Balance USD	Organization count
1	ETH	$1.4B	372
2	USDC	$208.3M	272
3	POL	$754M	127
4	SAFE	$65.8M	118
5	OP	$1.3B	48

Stablecoin as DeFi Backbone

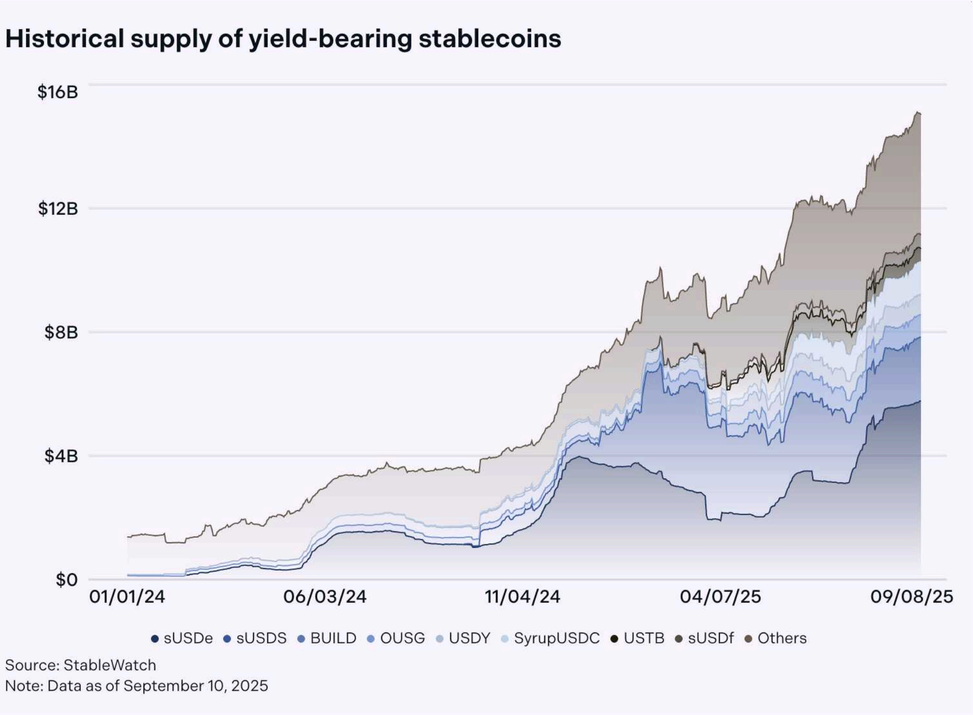
Beyond simply holding stablecoins, DAOs are becoming more sophisticated in how they deploy idle capital. Many treasuries are now allocating stablecoins into yield-generating strategies or pairing them with their native tokens on DEXs to bootstrap liquidity.

A prominent example is Arbitrum's partnership with Steakhouse Financial through the Stable Treasury Endowment Program (STEP 2.0), launched in 2025. The initiative converts a portion of Arbitrum's treasury into yield-bearing stablecoins, allocating them across lending protocols and real-world asset (RWA) vaults. As of August 7, STEP had surpassed $1 million in accrued interest, primarily sourced from BlackRock's BUIDL, Superstate's USTB, and Ondo's USDY.



Yield-bearing stablecoins distributed $900+ million in yield

Yield-bearing stablecoins represent a fast-growing subset of the market that directly ties stablecoin usage to passive income. These tokens typically represent derivative assets minted from staking protocols, real-world asset vaults, or lending strategies, and they automatically accrue yield for users over time, making them ideal in an environment where capital efficiency is paramount.

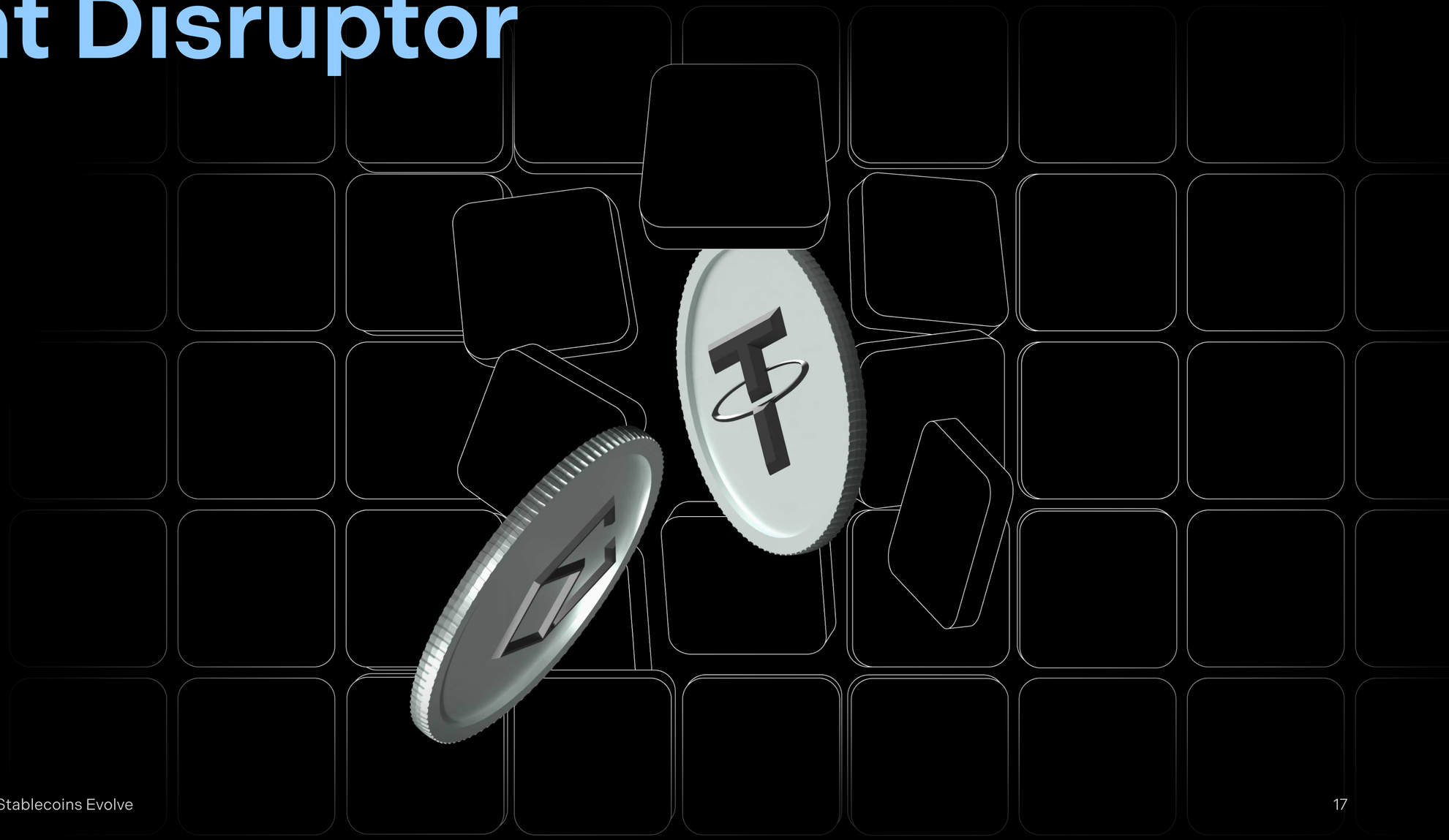


Stablecoin as DeFi Backbone

According to StableWatch, the supply of yield-bearing stablecoins has expanded dramatically, growing 14-fold in under two years from under $1.5 billion in January 2024 to a peak of $15 billion in early September 2025. Cumulatively, yield-bearing stablecoins have distributed more than $900 million in yield, with average daily payouts reaching $1.5 million.

The market is currently led by sUSDe (Ethena), a reward-bearing version of USDe with a supply of $5.77 billion and ~9.11% APY, and sUSDS (Sky Money), a staked version of USDS backed by overcollateralized assets with a supply of $2.06 billion and ~4.50% APY. Together, they account for 52% of the total yield-bearing stablecoin market cap and 50.97% of total yield paid out.

Stablecoin as Payment Disruptor



Stablecoin as Payment Disruptor

While stablecoins have already revolutionized on-chain finance, their traction in real-world payments is no longer nascent. In fact, stablecoins are actively reshaping how value moves across borders, platforms, and institutions. By combining the programmability of crypto with the stability of fiat currencies, stablecoins offer faster, cheaper, and more accessible alternatives to traditional payment rails. This is especially relevant in a world increasingly demanding 24/7, cross-border, and low-cost financial infrastructure.

Stablecoins outperform legacy payment rails

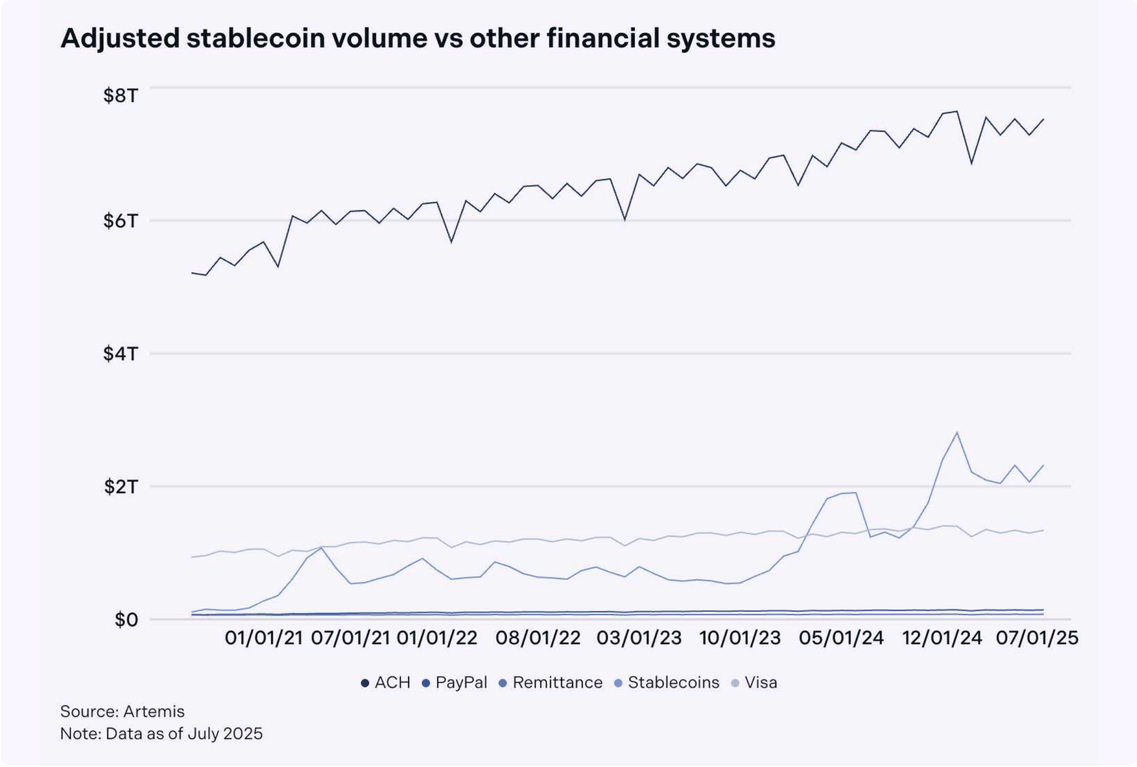
Stablecoins address the structural inefficiencies of legacy payments, such as slow settlement cycles, high fees, fragmented infrastructure, and restricted accessibility. Traditional systems like SWIFT or card networks often involve multiple intermediaries, introduce FX slippage, and are constrained by banking hours or jurisdictional boundaries. In contrast, stablecoins operate on open, permissionless networks that allow for 24/7 finality, programmable logic, and near-zero fees. Beside is a detailed comparison by McKinsey.

Stablecoins offer transformative capabilities that address key limitations of legacy payment systems.

	Legacy payment rails	Stablecoin
Speed	1–5 business days	Nearly instant settlement
Cost	• International wire: $15–$50 per transaction • Automated clearing house: $0.2–$1.5 per transaction • Credit card: 1.5%–3.5% of transaction	<$0.1 per transaction
Cross-border	Relies on correspondent or domestic banking system; additional foreign transaction (FX) fees	Borderless, minimal, or nonexistent FX fees
Automation and programmability	• Manual interventions, settlement frictions • Limited API and programmability capabilities	Fully digital, smart-contract-enabled programmability
Security	• Established banking standards • Employs technology to mitigate fraud risk	Cryptographically secure and irreversible but catastrophically vulnerable to wallet or key theft risks
Transparency	Limited visibility into transaction steps	Fully transparent transaction reporting on blockchain
Settlement risks	Intermediary or correspondent dependency risks	Peer-to-peer, with no intermediary risks
Availability	Banking hours or days constraints	Fully operational 24/7/365

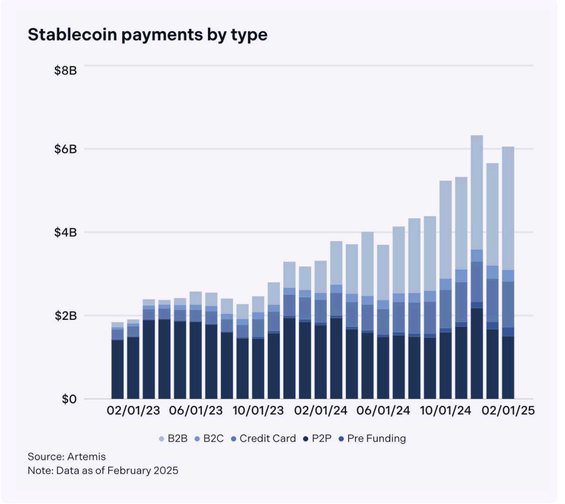
Stablecoin as Payment Disruptor

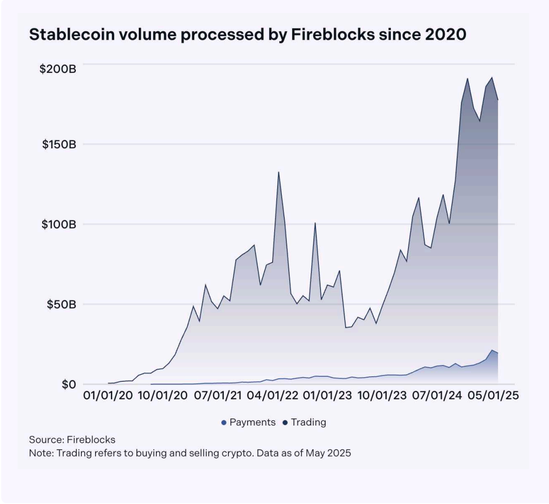
One of the most striking indicators of stablecoins' disruptive momentum is their growing transaction volume relative to traditional payment networks. From 2020, stablecoin volume has consistently outpaced PayPal and remittance, and officially surpassed Visa at the end of 2024. By July 2025, $2.3 trillion in stablecoin volume had been processed, almost doubling Visa's volume ($1.3 trillion).



Stablecoin payment adoption speeds up

Stablecoin payment adoption is accelerating across both institutional and retail channels, with transaction data pointing to a clear shift from speculative on-chain activity toward real-world settlement. Artemis reports that between January 2023 and February 2025, stablecoin payments totaled $94.2 billion, with business-to-business transactions leading the flows, followed by peer-to-peer transfers, card-linked payments (typically debit or prepaid cards connected to stablecoin wallets), and business-to-customer payouts. Findings from Fireblocks underscore this momentum: although stablecoin payments currently account for only about 10% of its total transaction volume, growth has been dramatic—from $87 million in early 2021 to $21 billion by mid-2025, representing nearly a threefold increase over four years.





Stablecoin as Payment Disruptor

This rising adoption trend is also reflected in institutional sentiment and high-profile corporate moves. A Fireblocks survey of 295 decision-makers in traditional finance and crypto services found that 90% are already taking action on stablecoins: 49% are using them for payments, 23% are in pilot testing, and 18% are in the planning stage. Big Tech companies such as Uber, Meta, Apple, X, Airbnb, and Google are reportedly exploring stablecoin integration.

In February 2025, Stripe completed its largest acquisition to date: purchasing stablecoin platform Bridge for $1.1 billion. Three months later, Stripe launched Stablecoin Financial Accounts, allowing businesses in 101 countries to maintain USD-pegged stablecoin balances and send or receive them worldwide across eight blockchain networks. Most recently on September 4, together with Paradigm, Stripe announced Tempo, a payment-first blockchain designed to handle more than 100K TPS with sub-second finality. Tempo became the fourth payment-focused L1 blockchain for stablecoins announced this year, following Plasma, Stable, and Circle's Arc.

Meanwhile, in May 2025, MoonPay unveiled its partnership with Mastercard, introducing Mastercard-branded cards linked directly to stablecoin balances. This integration allows stablecoins to be spent at over 150 million merchant locations worldwide, with instant conversion to fiat at the point of sale. Powered by Iron and Helio's API infrastructure (acquired by MoonPay earlier in 2025), the initiative also supports cross-border payouts and disbursements, spanning gig worker compensation, merchant settlements, and everyday global commerce. Among spendable stablecoins are USDG, PYUSD, USDC, with two more scheduled to launch by year-end: FIUSD, issued by Fiserv on Solana using Paxos and Circle infrastructure, and mUSD, developed by MetaMask with Bridge and M0 on Ethereum and Linea.

On the retail side, innovations are flourishing across the payment stack, with Solana emerging as the preferred destination thanks to its near-zero fees, high throughput, and substantial stablecoin transaction volume. These advantages enable a Web2-like, seamless UX that minimizes friction for payments. As of August 2025, there were 26 applications and 14 infrastructure projects on Solana focused on payments, with 40% operating exclusively on the chain.

Stablecoin as Payment Disruptor

Stablecoin investments break records

The stablecoin ecosystem is witnessing record-breaking capital inflows, driven by growing institutional validation and broader adoption of payment-focused infrastructure. The table below summarizes the most significant investments exceeding $100 million this year in chronological order.

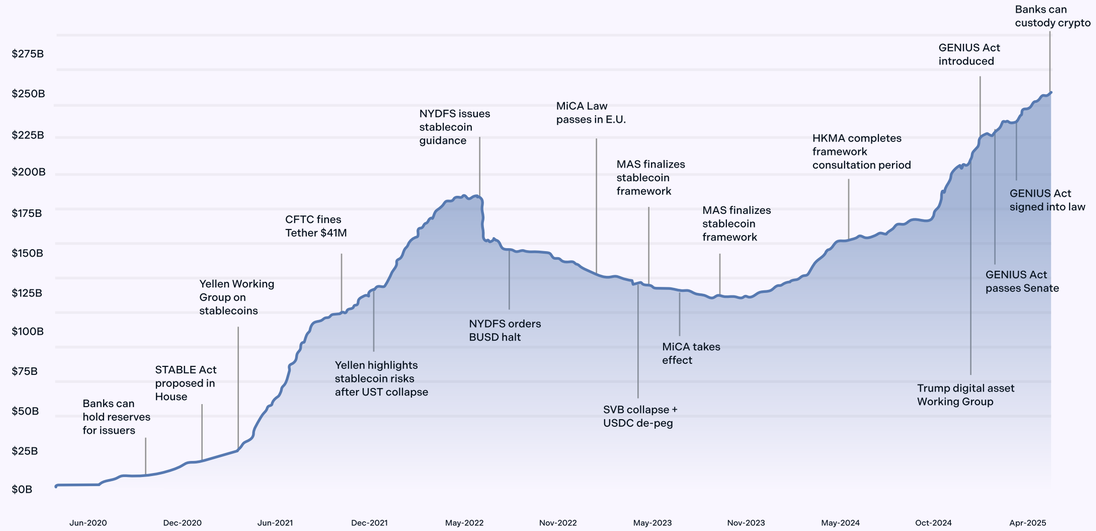
Date (2025)	Company / Transaction	Description	Investment Value
January	MoonPay Acquisition of Helio	MoonPay's largest acquisition, followed by purchase of Iron in May	$175M
February	Stripe Acquisition of Bridge	Stripe's largest acquisition, stablecoin infrastructure platform	$1.1B
March	MoonPay Acquisition of Iron	MoonPay acquires Iron to provide enterprises with fast, cost-effective, borderless stablecoin transactions.	$100M+
Q1	Ripple Acquisition of Rail	Stablecoin infrastructure provider for RLUSD expansion	$200M
Q2	World Liberty Financial Treasury	USD1 stablecoin treasury initiative with ALT5 Sigma	$1.5B
June	Circle Internet Group IPO	Oversubscribed NYSE listing, first major stablecoin issuer IPO	$1.05B – $1.1B
Mid-year	Plasma Token Sale	Large-scale token sale for blockchain optimized for stablecoin payments	$500M
August	Bullish IPO	First-ever billion-dollar IPO settled entirely in stablecoins	$1.15B
September	Solowin Acquisition of AlloyX	Hong Kong-based financial firm's acquisition of stablecoin infrastructure provider	$350M

These investments signal a turning point for stablecoins: transforming from speculative trading assets into the backbone of regulated, scalable global payment and settlement systems.

Regulation as an adoption catalyst

Stablecoin market cap has surpassed $250B as clearer regulations are driving adoption

Total stablecoin market capitalization with key events



Source: DeFiLlama
Note: Data as of June 30, 2025

Regulatory clarity plays a pivotal role in enabling stablecoin payment adoption at scale. In contrast to the ambiguous treatment of tokens in many jurisdictions, stablecoins are now receiving dedicated regulatory frameworks:

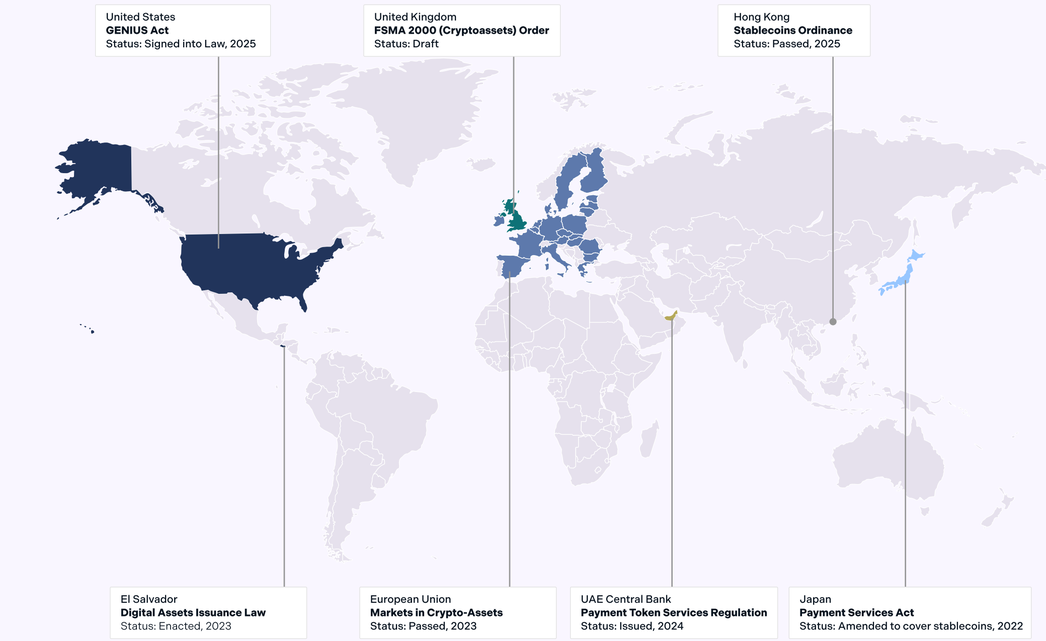
- **Europe's MiCA (Markets in Crypto Assets)** regulation introduces clear licensing requirements for stablecoin issuers, making the EU the most stablecoin-friendly major jurisdiction.

Stablecoin as Payment Disruptor

- In July 2025, the U.S. passed the **GENIUS Act** ("Guiding and Establishing National Innovation for U.S. Stablecoins"), the first comprehensive federal regulatory framework dedicated to payment stablecoins. It passed both chambers with bipartisan support and was signed into law by the President.
- Hong Kong's **Stablecoins Ordinance**, effective August 1, 2025, establishes a licensing regime for fiat-referenced issuers, mandating full reserve backing, strict risk controls, and redemption rights. Initial licenses are expected to be issued in early 2026, with only "a handful" approved initially.

The GENIUS Act explicitly prohibits the issuance of yield-bearing stablecoins, reinforcing their role as payment-focused instruments rather than investment vehicles. Deloitte notes that the framework introduces multiple licensing pathways, enabling a broader spectrum of entities—including non-bank institutions—to become issuers. This regulatory clarity is expected to spark a wave of new market entrants, fostering a more diverse and competitive U.S. stablecoin ecosystem.

Stablecoins Continue Gaining Global Regulatory Clarity

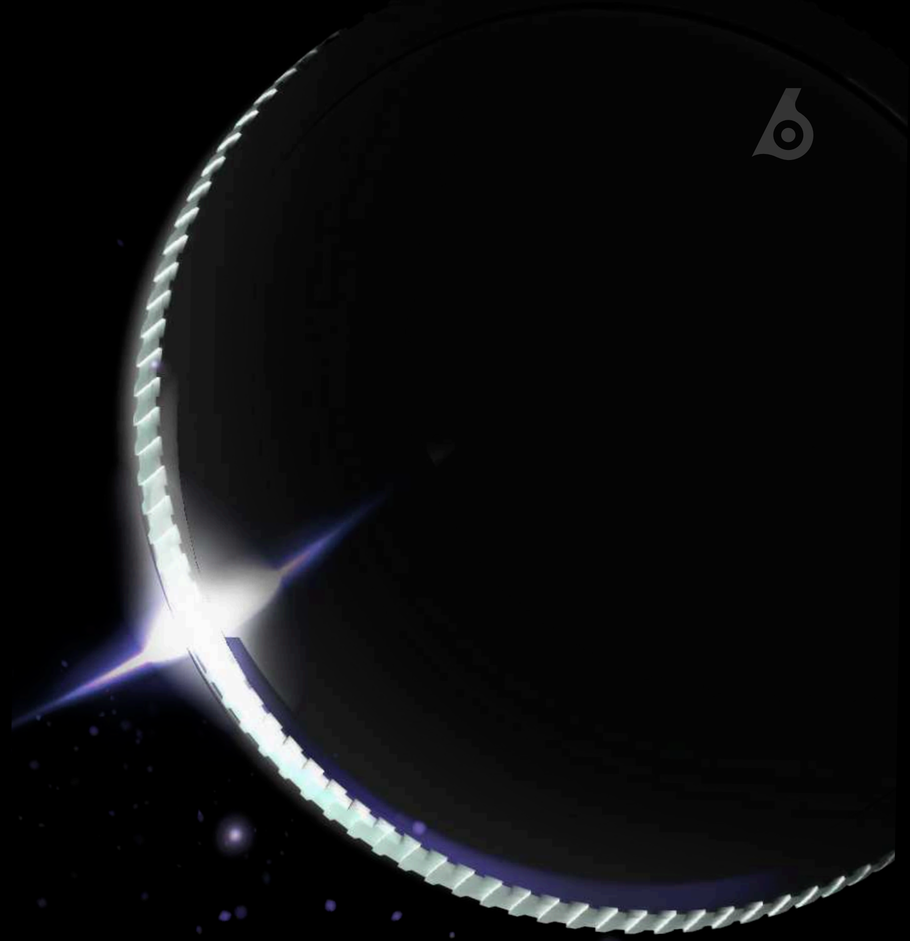


Source: FXC Intelligence

Conclusion

Stablecoins have evolved from simple volatility hedges into the blockchain ecosystem's "killer app," underpinning both DeFi infrastructure and an expanding range of real-world payment use cases. Their integration into lending markets, derivatives, DAO treasuries, and yield-bearing instruments has made them indispensable to on-chain finance, while growing adoption in merchant payments, payroll, remittances, and mobile money signals a steady shift toward mainstream financial relevance. According to Coinbase, stablecoin market cap could reach $1.2 trillion by the end of 2028.

Looking ahead, three trends are set to define the next phase of growth: (1) regulatory harmonization in major markets, which will open doors for banks, fintechs, and new non-bank issuers; (2) the scaling of multi-chain, low-cost payment rails, making stablecoin transactions as seamless as card payments; and (3) the rise of programmable and yield-enhanced stablecoins, enabling new forms of automated commerce and financial services. If these trends align, stablecoins will not only remain the foundation of DeFi but also emerge as a dominant force in reshaping how value moves globally.



Thank you for reading!

BIRDEYE
CRYPTO INTELLIGENCE PIONEER

For inquiries, reach out to us at:
marketing@birdeye.so