by Anupam Majumdar, William Hay, Alessandro Mighetto, and Pavle Stamenic, 29 October, 2025

Decoding The Stablecoin Payments Opportunity: An Introduction

In the last 12 months, a first wave of corporates and financial institutions began using fiat-backed stablecoins to cut cross-border settlement times from days to minutes and reduce costs without taking the price risk inherent in established cryptocurrencies like Bitcoin and Ethereum. Those early adopters will drive stablecoin payment volumes to hit $140-195B this year, effectively doubling the real-world use of stablecoins over last year. Now, encouraged by these early case studies, more than half of financial institutions and large corporates globally say they plan to adopt stablecoin technology.

Stablecoins are likely to reshape global payments and unlock new value in today's complex, fragmented banking and payment ecosystems. Their value proposition is compelling: stablecoins offer instant settlement, 24/7 availability, low transaction costs, programmability, and an increasingly clear regulatory framework in the U.S. and European Union (two markets that represent 43% of global GDP and 30% of global cross-border trade[1]). However, it is still very early days for this technology. Readers should keep in mind that the total value of stablecoins in existence is equal to about 1.4%[2] of the U.S. money supply (M2)[3] and stablecoin transactions are equal to about 0.3% of global payments.

In this first article of a series on stablecoins, we take an introductory look at stablecoins, the recent market interest in this space, early adopter use cases, and potential mainstream adoption hurdles.

Defining Stablecoins

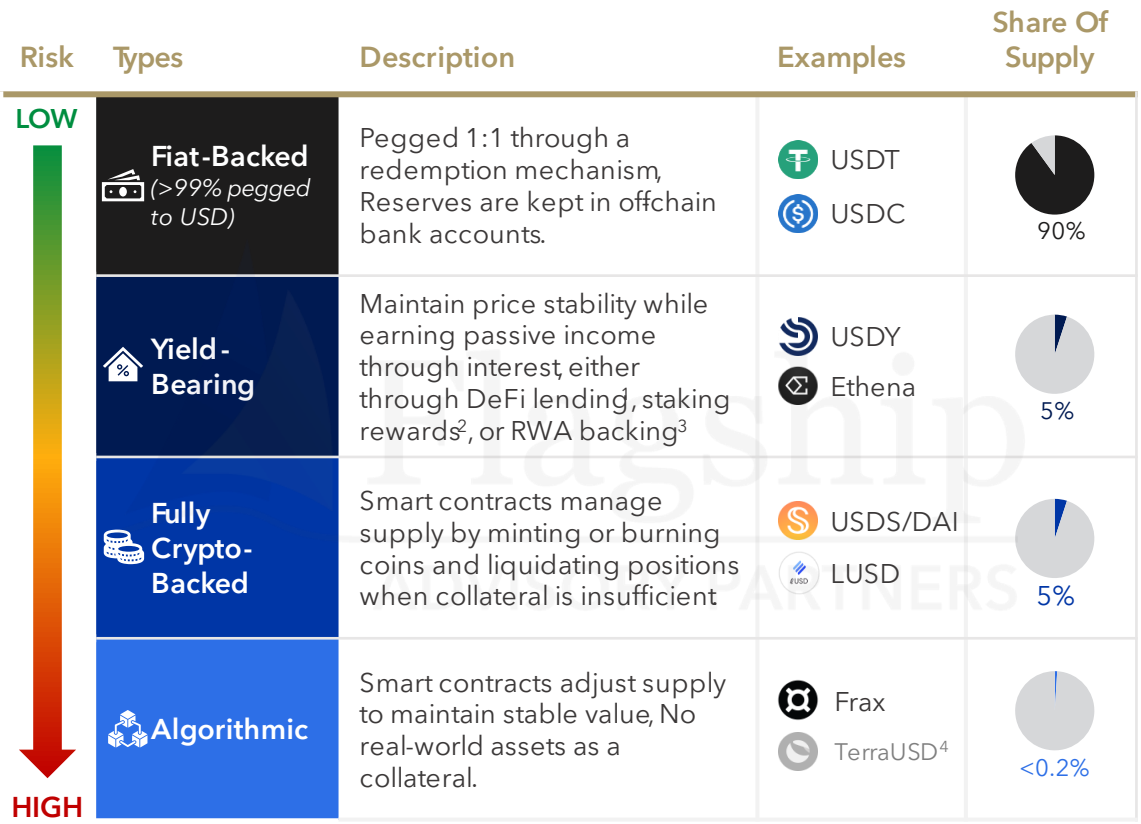
Stablecoins are a type of cryptocurrency designed to maintain stable value relative to a fiat currency (usually the U.S. dollar), commodity, or other cryptocurrencies. Stablecoin issuers either maintain a 1:1 reserve of the pegged asset or the system uses an algorithm that adjusts the supply of coins based on market demand to maintain price.

As shown in figure 1, fiat-backed stablecoins account for around 90% of stablecoins in existence (and 99% of those are denominated in USD). Fiat-backed coins offer the most potential for payments, especially since recent regulations in the U.S. and EU have effectively banned so-called algorithmic stablecoins.

[1] European Council
[2] Fred
[3] M2 money supply is Federal Reserve's estimate of the total money supply, including cash, checking and savings accounts, and short-term savings like certificates of deposit

Figure 1: Types And Prevalence Of Stablecoins

(non-exhaustive)



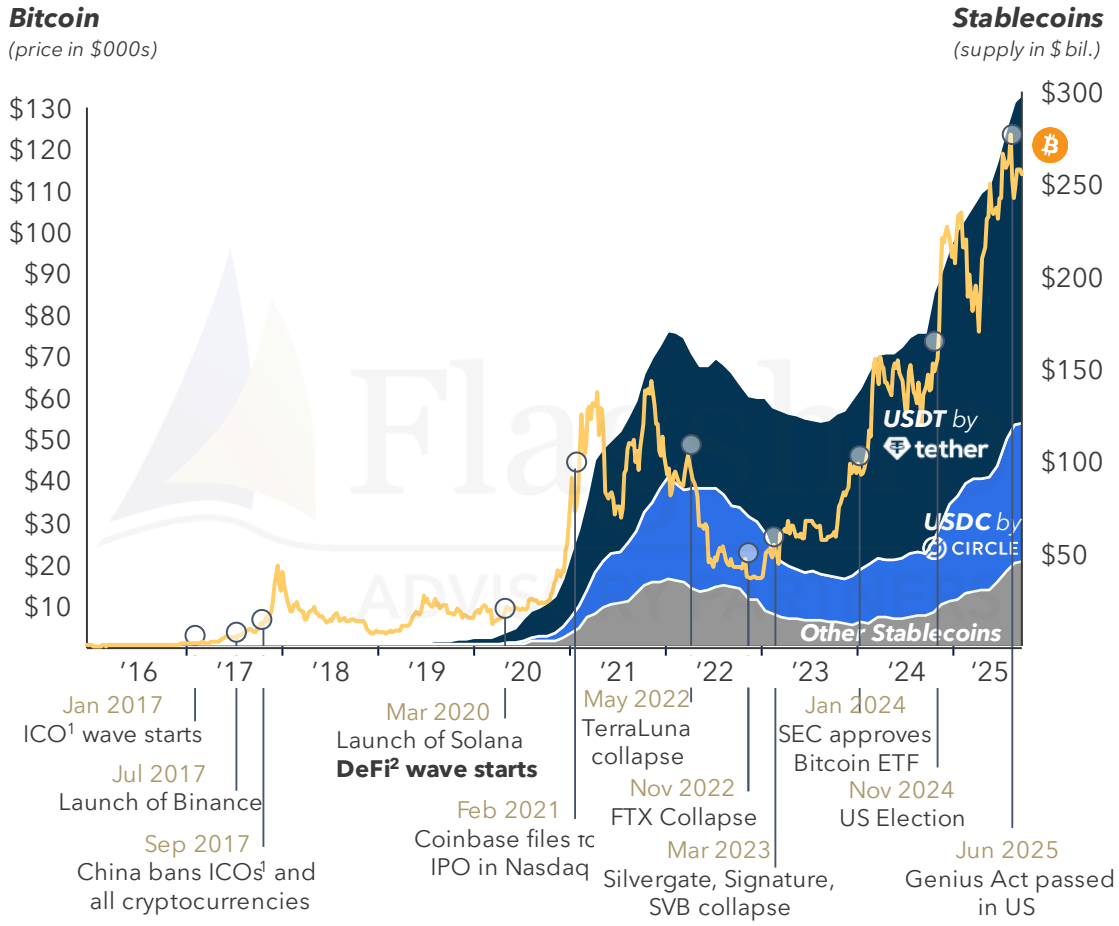
Notes: [1]DeFi stands for Decentralized Finance;[2]Staking is the process of locking up your tokens to support a blockchain network's operations, and in return, earning rewards;[3]RWA stands for Real-World Asset, typically US Treasury and money market funds; [4]Collapsed in May 2022 after the peg lost and the liquidity crisis
Sources: Artemis, DeFi Llama, Flagship Advisory Partners market observations

Uptick in Interest

Stablecoins appeared about a decade ago as a way to provide a stable, digital alternative to volatile crypto assets. They have grown dramatically since 2020, as depicted in figure 2. This growth was initially driven by the explosion of crypto trading in 2020-2021, for which stablecoins enabled digital asset settlement and on-chain liquidity management. They are now going through a second growth sprint driven in part by their role enabling practical use cases like ETFs, remittances, cross-border B2B payments, and merchant payments.

Figure 2: Crypto Industry History & Stablecoin Supply

(as of 30 September 2025, selected events, non-exhaustive)



Note: [1]An ICO, or initial coin offering, is a fundraising method for crypto-related products /services. Similar to IPOs, ICOs issue coins, which serve a functional purpose within a software service/product; [2]DeFi stands for Decentralized Finance
Sources: Cointelegraph, Artemis, DeFiLlama, CoinGecko, Flagship Advisory Partners market observations

There are now more than $300B of stablecoins in existence, a 135% increase from 2024. The largest stablecoin issuers are Tether (USDT) and Circle (USDC), which together account for 84% of the total supply.[4]

Payments companies have been increasingly active in this space over the last 24 months, as we depict in figure 3. Visa and Mastercard have been experimenting with stablecoins since 2021 and now support multiple stablecoins (USDC, EURC, USDG, PYUSD) as settlement currencies. Worldpay and Nuvei were the first PSPs to support Visa stablecoin settlement in 2023 and, today, other PSPs such as Stripe, Checkout.com, and Shift4 do as well. PayPal and Fiserv have gone a step further and issued their own stablecoins (PYUSD and FIUSD, respectively) in partnership with Paxos.

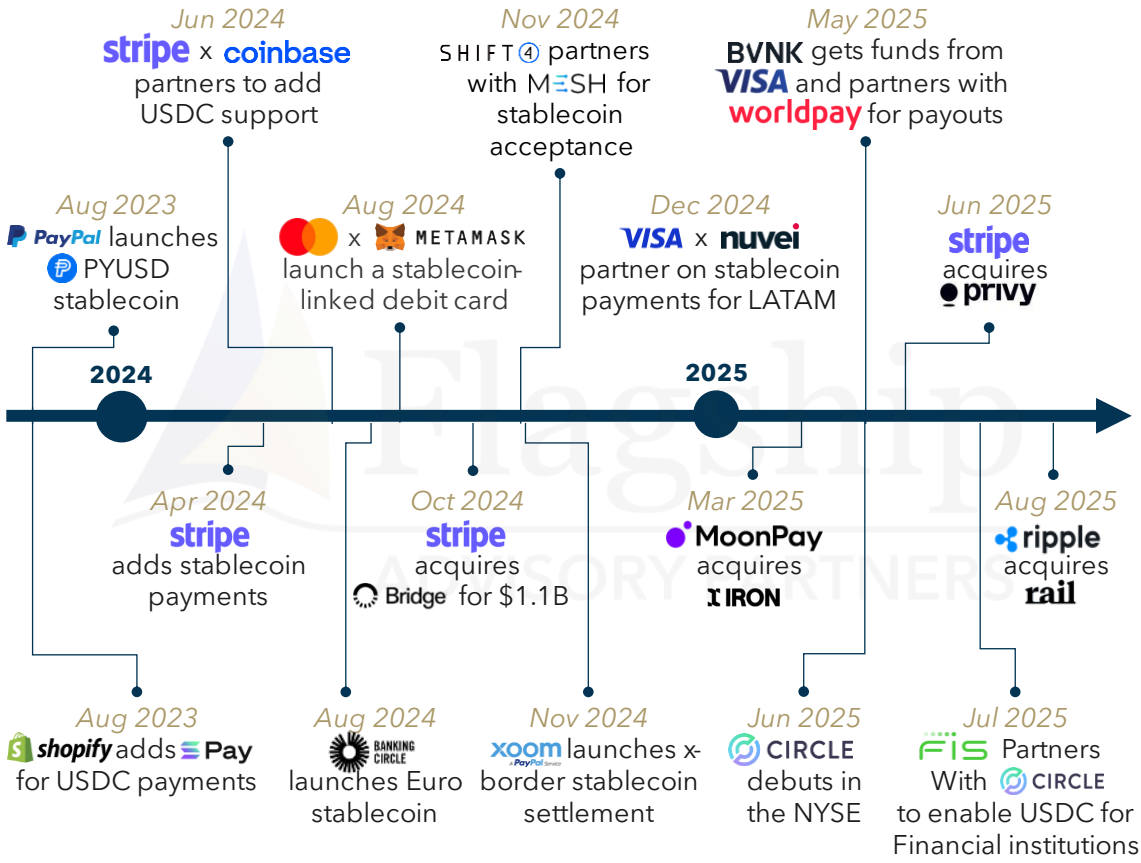
Stripe's acquisition of Bridge in October 2024 for $1.1 billion was a landmark deal for the stablecoin industry. That transaction caused financial sponsors and operating companies to both take a more active interest in this space. Since then, M&A bridging the fiat and crypto worlds has increased notably with transactions such as Modern Treasury acquiring Beam, Stripe acquiring Privy, and rumors now that Coinbase and Mastercard are

[4] DefiLlama

competing to acquire BVNK. Crypto-native firms have also been active: MoonPay has made a string of acquisitions (Iron, Meso, Helio) and Ripple recently purchased the stablecoin-powered B2B payment platform Rail.io.

Figure 3: Stablecoins' Timeline of Key Events

(non-exhaustive)



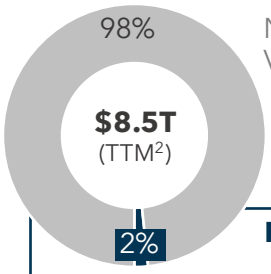
Sources: Company website, Press release, Flagship Advisory Partners market research

Current Adoption and Use Cases

We mentioned earlier that stablecoin payment volumes to hit $140-195B this year. The total volume of stablecoin transactions is actually far larger: Andreesen Horowitz recently estimated stablecoin transactions will reach $46T in 2025. However, 80% of these volumes are considered non-organic[5] and 98% of the remaining amount are not "payments" as conventionally defined.[6] The remaining volume of $140-195B includes P2P, B2B, B2C, and C2B flows, as shown in figure 4, though P2P and B2B flows drive 80% of stablecoin payments today.

[5] Non-organic transactions consist primarily of automated smart contract transactions, trading bot activity, and internal transfers between centralized exchanges for wallet rebalancing
[6] Flagship estimates based on several public sources; Stablecoin Payments from the Ground Up, Visa on-chain Analytics, and Orbital

Figure 4: Stablecoin Transaction Volume [1]



Non-Payments Volume

Transactions between two active wallet addresses, genuine interactions between users/entities, such as lending, on/offramps, investment funds, De-Fi transactions, investment funds, trading activities, and other VAS not related to payments transactions

Payments Volume

Flows	Key Use Cases	Volume³ (TTM²)	Volume Share	Observed Growth	Global TAM (2025)
B2B	• X-Border (e.g.; Supplier Payments) • Inter-company Payments • Cash Management • Treasury Settlements • Merchants Payouts	$50B to $70B	60%	Very High	~$135T
P2P	• Domestic Transfers • Remittances	$25B to $40B	20%	High	~$1T
C2B	• Stablecoin-linked Card • QR Code Payments • Micropayments (usage-based)	$15B to $20B	15%	Medium	~$40T
B2C	• Payroll Payments (x-border) • Aid & Grants • Loyalty & Cashback • Insurance Claim Disbursements	$5B to $8B	5%	High	~$6T

[1]The total stablecoin transaction volume reached $41.8 trillion from Sep 2024 to Aug 2025. However, ~80% of this volume is considered non-organic, consisting primarily of automated smart contract interactions, trading bot activity, and internal transfers between centralized exchanges (CEXs) for wallet rebalancing; [2]TTM stands for trailing 12 months: from September 2024 to August 2025, [3]Flagship Forecast total volumes in 2025; $80-100B for B2B, $40-60B for P2P, $15-25B for C2B, and $5-10B for B2C.
Sources: Artemis, Visa Analytics, Allium, Flagship Advisory Partners market research and analysis

We outline key use cases where stablecoins have emerged across payments and fintech:

B2B payments: B2B use cases are the top use case for stablecoins with 77% of corporates interested in payment suppliers cross-border and 49% interested in accepting cross-border business payments[7], according to a recent survey of large enterprises around the world. Stablecoin payments are emerging across cross-border B2B payments, for example, making cross-border vendor payments or inter-company transfers. Stablecoins provide a real-time, point-to-point alternative to wire transfers, which still flow through complex chains of correspondent banks. Fintech companies such as Terrapay are using stablecoins to drive efficiency in cross-border treasury settlement and Wise is reportedly hiring a product leader to explore that same model. Readers should keep in mind that B2B payments via stablecoins are still de minimis in the context of global B2B flows today (accounting for <0.5% of the flows) and meaningful transition will take many years in the complex and conservative corporate payments market.

[7] EY Parthenon

P2P payments: P2P stablecoin payments currently account for 3-4% of global remittance volumes and are growing rapidly. Stablecoins provide a cost-effective alternative to traditional remittances, especially for people that can avoid off-ramping (converting) coins into local fiat currency. Cost aside, stablecoins are particularly attractive for consumers living in countries that have high inflation, volatile fiat currencies, and restrictions on owning hard currencies like the U.S. dollar or Euro. Among established players in the remittance space, MoneyGram is notably forward-thinking on stablecoins: they have partnered with Stellar since 2021 and are now planning to let Colombian consumers send and receive funds in US dollar stablecoins. And Zelle, which is owned by the largest U.S. banks, recently announced to launch a new initiative to use stablecoins to enable cross-border payments for the first time.

B2C payments: Stablecoins are being used for cross-border payroll, including employee and ad hoc (contractor / gig worker) payments. Remote and Deel, two of the leading employee of record (EOR) platforms, both launched solutions last year for companies to pay their global distributed workforce in stablecoins. EOR platforms now reportedly pay hundreds of millions of dollars in payroll through USDC.

C2B payments: The use of stablecoins in C2B commerce is nascent and, in our view, not really the core use case for stablecoins. We are skeptical that anyone in advanced economies will be paying for their coffee, gas, or groceries with stablecoins in the foreseeable future – payments cards and wallets funded by hard currencies simply work too well. But there may be niches where it takes hold: 1.6% of Shopify sellers reportedly now accept USDC and Flagship research has found merchants in luxury (e.g., jewelry), travel, and high-risk (e.g., gaming, crypto, adult entertainment) verticals accepting stablecoins.

In summary, stablecoins have the highest potential to disrupt B2B payments, B2C payouts and cross-border remittances – all of the use cases where stablecoin payments are growing the fastest today.

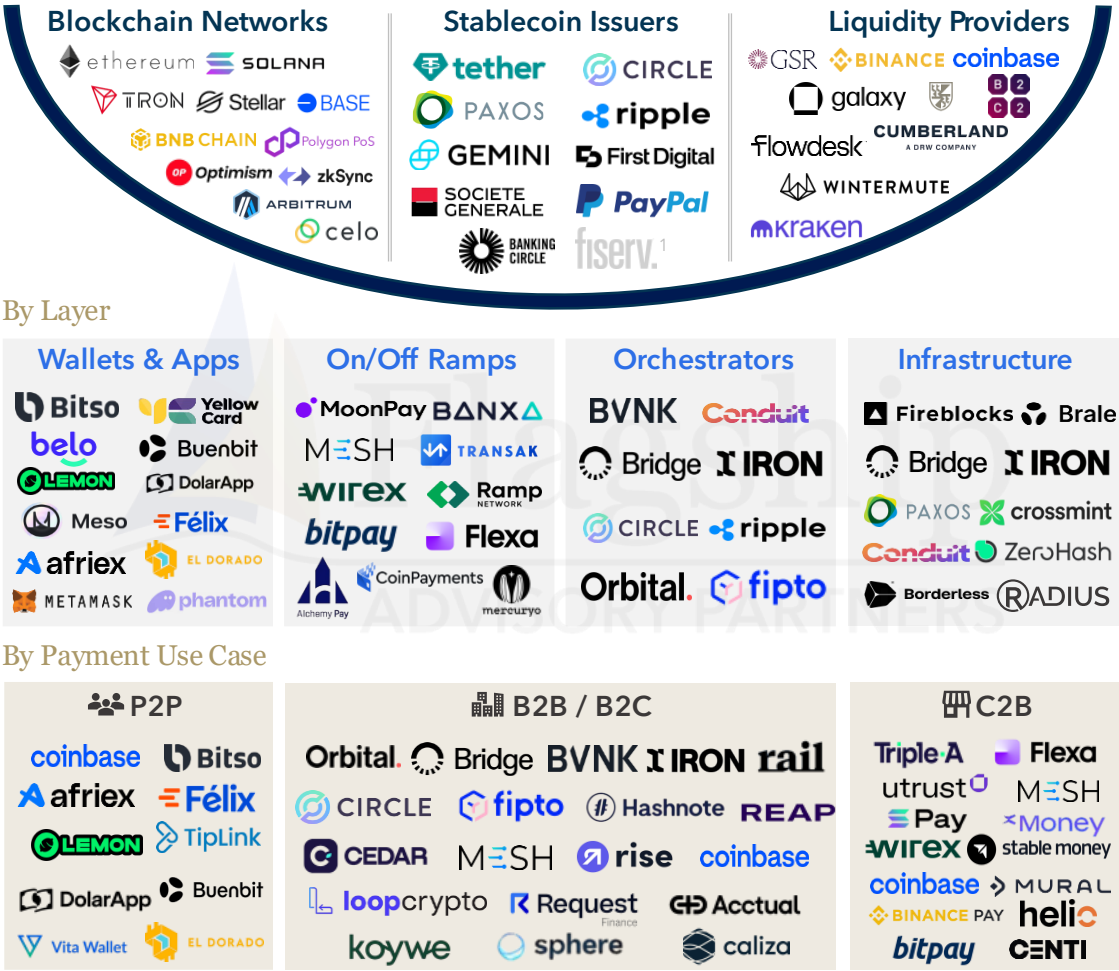
The Stablecoin Ecosystem

A whole ecosystem of new fintech companies has appeared to power the stablecoin economy. Figure 5 identifies a sample of notable players that provide the necessary infrastructure to create and use stablecoins across various use cases.

For investors, this sector represents a target-rich environment, though still high beta while it remains unclear who the winners will be. For financial institutions and corporates, navigating vendor and partner options will be one of the key challenges to doing something with stablecoins, especially in a regulatory environment that is increasingly focused on managing counterparty risk.

Figure 5: Stablecoin Payments Market Landscape

(non-exhaustive)



Notes: [1]Announced, expected to be live in Q4 2025
Sources: Artemis, Flagship Advisory Partners market research and observations
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Key Risks and Adoption Hurdles

Despite early promise, several hurdles remain before mainstream adoption. Figure 6 summarizes the most material risks.

Figure 6: Main Risks Associated with Stablecoins

(non-exhaustive)

Risk	Description	Key Event	Risk Level
AML/KYC and licensing risks	Stablecoin payment flow require issuers, PSPs and platforms to comply with strict AML/KYC, sanctions, and compliance requirements	2025 - Under GENIUS Act, stablecoin issuers are subject to full Bank Secrecy Act requiring (AML/KYC compliance)	
Counterparty Risk	Risk that mismanagement or failure by custodians/banks leads to under-collateralized stablecoins, undermining their value	Mar 2023 - USDC fell ~13% after $3.3B of reserves were tied up at svb Silicon Valley Bank	
Regulatory & Compliance Risk	Evolving laws (new licensing, reserve rules, stablecoin taxonomy), subjecting payment providers to greater scrutiny and legal challenges	Jul 2025 - Passes GENIUS Act: first federal stablecoin law, requiring 1:1 backing & issuer licensing.	
Pegging Risk (Value Stability)	Risk of deviating from a 1:1 peg due to market panic, reserve issues, or technical glitches, undermining stablecoin stability and value	Oct 2018 - Amid insolvency rumors, USDT traded as low as ~$0.90	
Technical & Operational Risk	Risk of disruptions or losses due to blockchain outages, smart contract bugs, hacks, or operational errors affecting 24/7 transaction reliability	Nov 2017 - Tether reported that almost $31M USDT were stolen from its wallet	

Sources: S&P Global Ratings, Flagship Advisory Partners market research

Regulatory clarity remains uneven across markets. Some countries lack formal frameworks for how to categorize and regulate stablecoins and many central banks worry about the destabilizing implications of stablecoins (and cryptocurrencies more broadly) on fiscal and monetary policies.

That said, clarity is improving in major markets. In the U.S., the GENIUS Act passed in July 2025 provides a comprehensive regulatory framework for stablecoin issuance. In the EU, the Markets in Crypto-Assets Regulation (MiCA) in Dec 2024 laid out clear regulatory requirements for issuing crypto assets, including stablecoins. In both cases, fiat-backed stablecoins are preferred, issuers of fiat-backed stablecoins are required to maintain 1:1 reserves in off-chain accounts, and issuers must undergo periodic audits to ensure regulatory compliance.

Even with clear regulation, financial institutions and corporates still have concerns over stablecoin issuers and networks meeting their licensing, KYC, and AML obligations. Managing these requirements in a cryptocurrency context is complex and may require more stringent monitoring. In practice, operators address these risks with standard controls (screening thresholds, custody policies, issuer diligence, and periodic

redemption tests) but it will take time and consistency for trust to build between the fiat world and the stablecoin one. As stablecoins continue to scale, some of these risks will likely be addressed through collaborative efforts between market participants and regulators.

Conclusion

We are in the first wave of stablecoin payment adoption. Early examples of real-world applications in cross-border payments flows, where stablecoins have a clear value proposition compared to correspondent banking, are certainly exciting. And more use cases are likely to develop in the months and years to come, some of which we can't easily foresee today. Issues around risk, regulation, infrastructure, and customer adoption still need to be worked out more fully but progress is trending in the right direction.

Eight months ago, Patrick Collison, the CEO of Stripe, famously said everyone should have a stablecoin strategy. If you do not have one yet, it is certainly not too late, but payments and fintech market leaders should be investing now to evaluate how stablecoins might impact their business in the future and develop a game plan for how to respond to – or drive – this important new technology. At a macro level, that will likely create a tailwind of demand for stablecoin enablers, which will create investment opportunities for investors in financial services.

This is the first article in a series that will explore the stablecoin opportunity across specific use cases. Our next article will focus on cross-border payments.

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