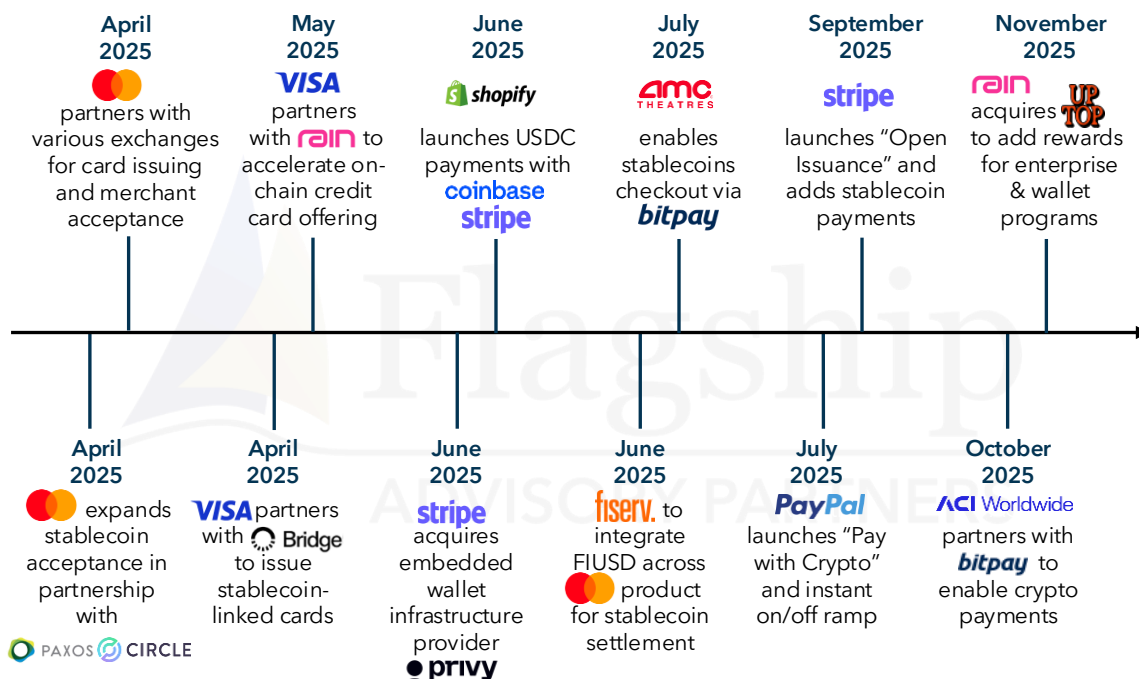


by Will Hay, Alessandro Mighetto, Jordan Matar, 21 April 2026

6% and Counting: The State of Stablecoin Merchant Acceptance

A Wave Of Acceptance Interest

Figure 1: C2B Acceptance Stablecoins Activity Timeline in 2025
(selected; non-exhaustive)



Source: Company website, Press release, Flagship Advisory Partners
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Stripe’s \$1B acquisition of Bridge in the summer of 2024 brought credibility to the stablecoins space after years of ‘crypto-winter’. Although the investment thesis was likely built on powering Stripe’s \$2T of global settlement flows, Stripe’s positioning as the leading ecommerce PSP led to a common hypothesis that this heralded adoption of stablecoins as the consumer payment method of the future. Since then, a slew of acceptance-related stablecoin announcements have hit the market; effectively every major PSP has announced partnerships with stablecoin acceptance specialists and major media outlets reported rumors that America’s largest merchants were exploring stablecoins or building towards pilot tests.

The Cost Hypothesis

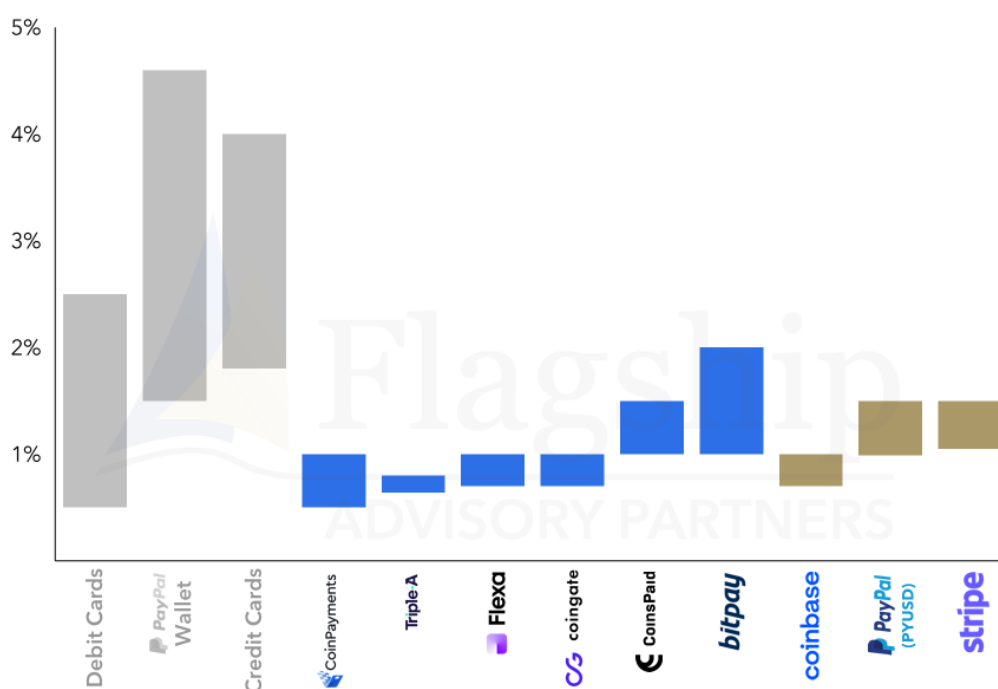
The core hypothesis is that stablecoin acceptance is a lower-cost alternative to cards, similar to the thesis for Pay By Bank. With business confidence in the U.S. and across OECD countries at lower levels than we’ve seen in the last 20 years (except for troughs

during the worst of 2008 and 2020), retailer margins under pressure and continuing legal battles over interchange and surcharging, the cost of payment acceptance has never been under more scrutiny.

Core stablecoin payment processing can cost very little compared to traditional rails - a fraction of a penny versus a few cents for a bank transfer, \$0.20 for a debit card payment or a few dollars for a check or wire. Many people see this cost advantage as a potential threat to card networks and other existing payment rail.

Figure 2: Merchant Acceptance Cost: Traditional Payment Methods vs. Stablecoins

(based on a \$100 transaction in the US)



Source: Visa, Mastercard, company websites, Flagship Advisory Partners
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Flagship analysis does show that stablecoin PSPs do appear to offer lower acceptance costs (0.8%-1.4%) compared to market norms in the US (0.5%-2.5% for debit cards and 1.8%-4% for credit cards). When PSPs are able to acquire stablecoins from consumers on-chain, merchants can benefit from the improved economics.

That being said, cost is not the only attractive characteristic that stablecoins have for retail payments. Depending on the use case, they can provide:

- **Security** (as a bearer instrument, payments are irreversible once confirmed), speed (settlement can happen 24/7 in minutes)
- **Access** (both for customers, who can more easily access currencies relevant to a merchant, and for merchants, who want to transact in global markets without foreign currency acceptance), and
- **Programmability** (smart contracts can automate conditional payments like escrow)

The value proposition is therefore credible, if theoretical for most use cases, justifying the wave of product launches in the past 18 months.

Acceptance Models

Figure 3: Stablecoins Payment Acceptance Models

	Gift Cards	Crypto Gateways	Stablecoin Card Issuers	Integrated PSPs	Native Acceptance
Description	<ul style="list-style-type: none"> Customer pays with stablecoins through a crypto-gift card platform. The platform receives the on-chain payment, converts it into a voucher or gift-card code tied to the merchant. The merchant redeems the voucher or gift card like any standard gift card purchase. 	<ul style="list-style-type: none"> Third-party processors that let merchants accept crypto / stablecoins and receive fiat or stablecoin instantly. The gateway processes the transaction and handles conversion, so merchants avoid wallets, volatility, and added complexity. 	<ul style="list-style-type: none"> Card-linked stablecoin payments let users spend stablecoins through regular card networks. A linked card converts stablecoins to fiat at checkout Merchants get a standard card payment while the issuer deducts and converts the user's stablecoin balance in the background. 	<ul style="list-style-type: none"> All-in-one stablecoin payments ecosystem, serving both merchants and, usually, consumers The platform handles the entire flow (payment, conversion, and payouts, wallet) within one unified system. 	<ul style="list-style-type: none"> Merchant uses its own on-chain wallet on a third-party stablecoin network (e.g., USDC-supported chains). Customers pay directly into the merchant's wallet. Merchant manages received funds and either redeems them to fiat or keeps the balance on-chain (e.g.; for supplier payments).
Commerce Use Cases	<ul style="list-style-type: none"> Gift Cards 	<ul style="list-style-type: none"> POS Payments Online Payments In App Payments Gift Cards 	<ul style="list-style-type: none"> POS Payments Online Payments 	<ul style="list-style-type: none"> POS Payments Online Payments In-App Payments Merchant Payouts 	<ul style="list-style-type: none"> POS Payments Online Payments In-App Payments Merchant Payouts (theoretical)
Providers (non-exhaustive)	<ul style="list-style-type: none"> bitpay coingate Cryptorefills Bitrefill 	<ul style="list-style-type: none"> bitpay CoinPayments Triple-A Flexa BINANCE PAY CoinsPaid coingate OLEMON Bitso 	<ul style="list-style-type: none"> RedotPay stables BAANX REAP BANXA XAPO BANK RAIN crypto.com bitpay NAKA immersve mercuzo 	<ul style="list-style-type: none"> coinbase stripe Rapyd PayPal Revolut 	<ul style="list-style-type: none"> Lugano's Plan B 1 Travala.com Currently exploring in-house solutions amazon Expedia Walmart

Notes: ¹ Lugano's Plan B initiative has enabled merchants in the city to accept crypto payments (Bitcoin, USDT, and LVGA). Customers can use their own wallets to make payments to merchants' crypto wallets at POS, via QR code or . POS devices are provided by Naka.
 Source: Company websites, Flagship Advisory Partners
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There are several ways stablecoins can play a role in retail payments acceptance:

- As a direct means of payment, sent **directly on-chain** from the consumer to the merchant
- Sent from the **consumer to the merchant's PSP**, who converts the stablecoin into fiat currency before settling to the merchant
- As an enabler of **agent-to-agent payment flows**, though true agentic payments are very early stage and will likely take years to develop
- Indirectly, to **purchase prepaid debit (gift) cards**, which consumers then use to pay in fiat over traditional card rails and settlement flows

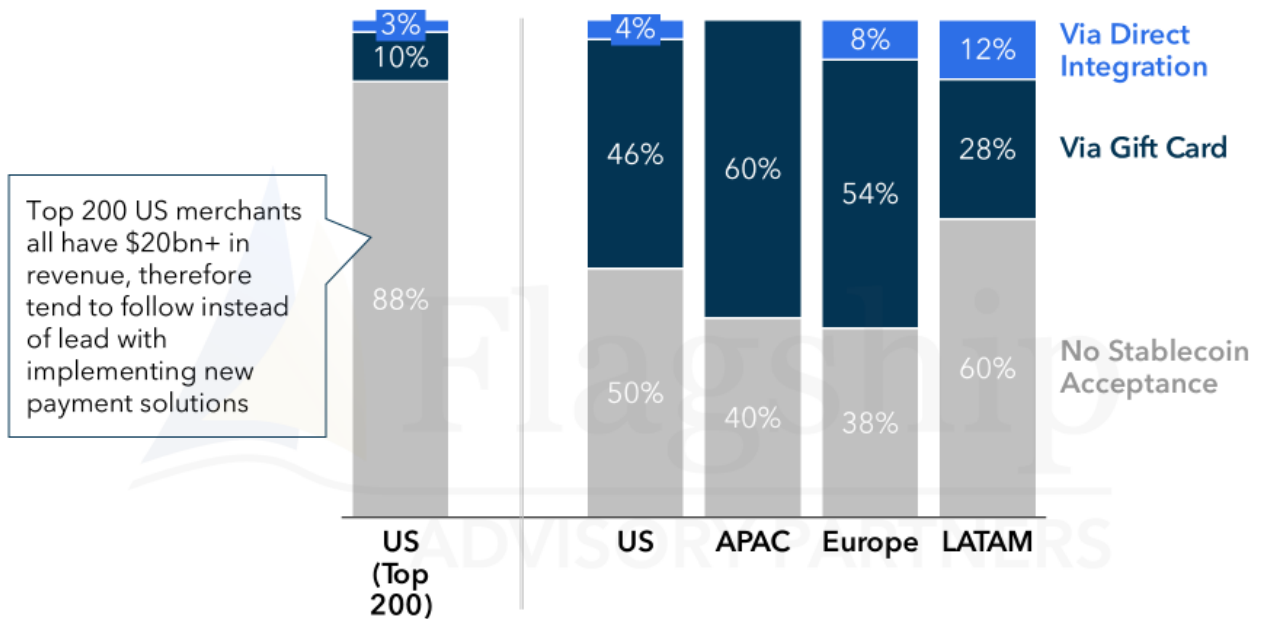
- Through the use of **stablecoin-funded cards** (“stablecards”), which either convert stablecoin to fiat just before settling with card rails or actually settle stablecoin with the network (Visa now supports in stablecoin settlement using USDC, PYUSD, USDG, and EURC. Mastercard’s acquisition of BVNK will enable it to do the same.)

The specifics of how payment and settlement are enabled play a big role in cost and functionality. Paying directly ‘on-chain’ from one wallet to another can be extremely cheap but it also requires both parties to have wallets, a way to easily communicate the merchant’s wallet address and patience for a highly unstructured payment experience. That could work in developing markets with volatile currencies where stablecoins reach a critical mass of adoption (enough for merchants to put QR codes on their websites or checkout counter). Our experience and recent research indicate that is very unlikely to be how things evolve in regions like the US, Canada, UK, and the EU.

Stablecoin Acceptance Today

Flagship recently canvassed the websites of the top-50 regional merchants across Europe, Asia-Pacific, and Latin America. This research confirmed that direct acceptance of stablecoin (either on-chain or through a specialist PSP like BitPay) remains very low: just 4% of the top-50 U.S. merchants, 8% of large European merchants, and 12% of large Latin American merchants accept stablecoins as an ecommerce payment method. Conversely, a surprisingly high share of large merchants (about half) across these regions have agreed to participate in the ‘gift card malls’ of providers like BitPay, Coingate and Bitrefill, which allow customers to use stablecoin and cryptocurrency to buy merchant-branded gift cards.

Figure 4: Stablecoins Regional Acceptance¹
(top 50 merchants by revenue)

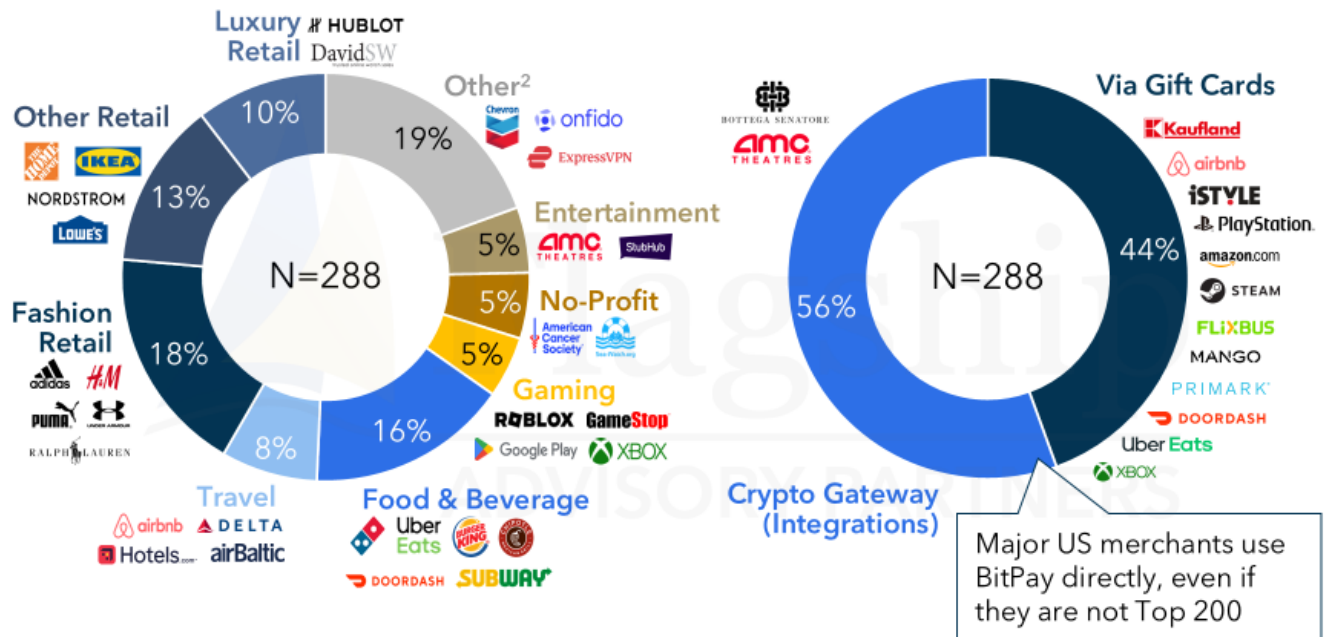


- Only a **limited number of major global merchants accept stablecoins through direct checkout integrations**, primarily in LATAM and Europe, and even then, not through fully “native” on-chain acceptance.
- Most merchants rely on **3rd party providers** (i.e., Bitpay, Coingate, Bitrefill) **that allow customers to purchase merchant-specific gift cards using stablecoins**, rather than accepting stablecoins directly.
- True **retail acceptance of stablecoins remains extremely limited**, though it may expand as infrastructure and merchant demand mature.

Notes: ¹Headquarter and acceptance in the respective region
Sources: Company website, Flagship Advisory Partners
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Figure 5: Bitpay's¹ Global Merchant Directory by Vertical and Acceptance Model



- Stablecoin acceptance today is **most visible in retail, food & beverage, and travel**, where consumer-facing digital experiences make adoption easier.
- Adoption also appears **in niche verticals such as gaming, non-profits, crypto-native services**, and some high-risk verticals.
- **44% of Bitpay's merchants allow customers to purchase merchant-specific gift cards using stablecoins**, rather than accepting stablecoins directly.

Notes: ¹ Bitpay is one of the leading crypto gateway providers globally
² Others include automotive & petrol, professional services, real estate, software, crypto services
 Sources: Company website, Flagship Advisory Partners
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We see some interesting patterns in the specifics of which merchants have enabled native/direct acceptance or agreed to participate in the 'crypto gift card malls':

- Greater participation in **higher-risk** and **privacy-related** verticals such as VPN purchasing and gaming show the flywheel effect of adoption where consumers already hold stablecoins
- Multiple brands in fashion retail, luxury (e.g. jewellery, automotive), real estate and any vertical with a **high average consumer ticket value** have integrated with 'gift card malls'
- Multiple brands in verticals with lots of **business customers** - such as home goods, hardware and travel - may indicate greater fit in areas where costly commercial

cards are more common or businesses holding stablecoins may be looking to spend them for business operations

- Outside of the US, merchants operating in **harder-to-serve regions**, or high-expense regions (e.g. due to fraud, FX exposure) have been the most likely to participate

Mass Market Challenges

If stablecoins clearly cost less than cards, why aren't they more broadly accepted?

Well, most importantly, very few consumers in developed markets hold stablecoins and almost no one uses them for payments: we estimate about 5% of U.S. adults own stablecoins and the Fed's SHED survey found only 2% were using stablecoins (or *any* type of cryptocurrency) to pay in 2024. Globally, the picture is different: ARK Invest estimates that stablecoins have reached approximately 200 million users worldwide (based on Chainalysis address data), including about 20% of all non-U.S. resident dollar holders.

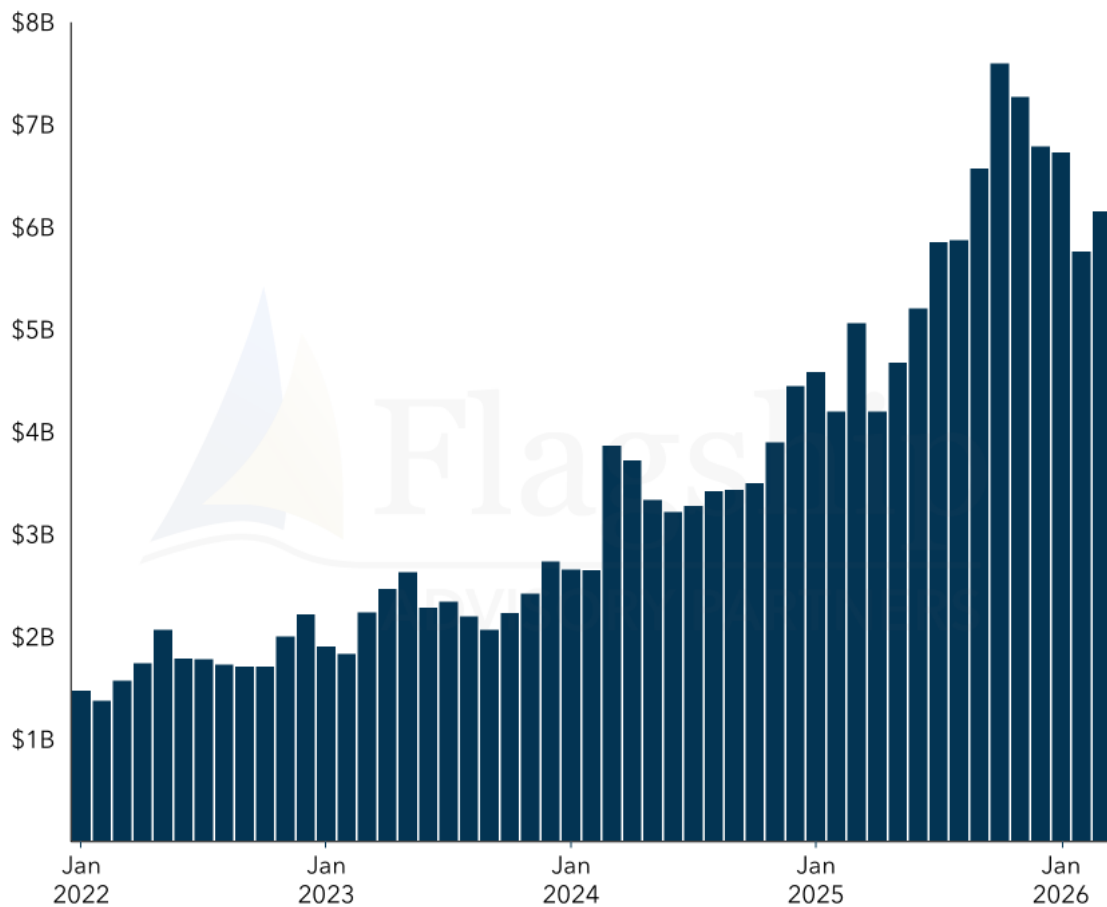
Stablecoins also don't provide a value opportunity for consumers: no rational consumer would convert fiat to stablecoins (at a cost) solely to spend them (and forego card rewards). The addressable market is generally limited to those already receiving stablecoins through payroll, remittances, or other inflows. The industry needs to make it easy for those people to spend stablecoin (which is most likely to happen through stablecards, in our opinion).

Perhaps the more important barriers for merchants exist beyond the checkout form: tax and accounting policy have not historically treated digital currencies (including stablecoins) as currency. Their classification as intangible assets under IFRS and GAAP and as property by the IRS means significant incremental tax and compliance work for corporate treasury teams. However, this is changing: IFRS now treats MiCAR-compliant stablecoins as cash equivalents and FASB added stablecoin cash-equivalent classification to its technical agenda in October 2025 following the passage of the GENIUS Act. If GAAP starts to treat stablecoins as cash equivalents, we expect the IRS will also update its tax policy, removing another hurdle to the adoption of stablecoins for payments.

Conclusion & Key Takeaways

According to Allium data, retail-sized stablecoin payments are growing rapidly (about 83% year over year, based on Q4 2025) but they remain very niche - about \$70 billion globally in 2025. For context, the major card networks now process more than \$50 trillion globally each year.

Figure 6: Retail-Sized¹ Monthly Stablecoin Transaction Volume
(in \$ billion)



Notes: ¹ Retail-sized transactions capture small-value stablecoin transfers under \$250 from real, low-frequency wallets, filtering out bots, high-frequency traders, and institutional activity to isolate everyday consumer usage
Sources: Flagship Advisory Partners, Allium
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As with other alternative payment methods before them, low cost alone is not sufficient to drive adoption. We expect increased uptake where stablecoins offer a specific value proposition beyond price: in regions with elevated fraud or FX costs, in verticals with complex payments that can benefit from the conditional/escrow payment capability of smart contracts, and among merchant categories where crypto-native consumers are already concentrated. Merchants should evaluate their particular opportunity rather than treat stablecoin acceptance as a universal imperative.

We believe consumer readiness of stablecoins will follow businesses, not the other way around. As stablecoins enter the consumer ecosystem through payroll, gig economy earnings, and cross-border payouts, the flywheel effect will expand the pool of holders who can spend without on-ramping.

This outcome could be disintermediating to banks and to some extent card networks and PSPs: once a consumer holds stablecoins and starts to use them on-chain, without off-ramping, banks and their enablers are not part of the funds flow at all. As the consumer payments space increasingly - if slowly - evolves into stablecoins and a broader range of payment methods beyond cards, incumbent banks, networks and PSPs need to consider

the role they will play in a multi-rail future, rather than avoiding cannibalizing interchange. This could be solving existing problems as the space matures, staking a claim in the future of the stablecoins value chain, such as enabling on/off ramping, or (most importantly) secure / easy consumer custody - or it could be fixing forward for the future, such as multi-rail orchestration.

With Mastercard's \$1.8B acquisition of BVNK last month and Visa joining the Canton Network as a Super Validator, the wind is certainly pointing in the direction of adoption of new rails by the incumbent ecosystem. While consumer adoption as a payment method may be a slower burn, there's good reason to believe stablecoins are likely to displace other payments flows, particularly as settlement rails. Merchants and gateways may have the freedom to "wait and see" how the use of stablecoins in payments plays out but banks and money-movement PSPs that should be working now to evaluate the long-term impact to their role in the payments ecosystem.

As our series of articles progresses, we'll click deeper into those near-term opportunities and threats - from issuance of proprietary stablecoins, re-engaging in the wallet wars and providing the access to settlement by stablecoin.

Please do not hesitate to contact Will Hay at will@flagshipap.com or Alessandro Mighetto alessandro@flagshipap.com with comments or questions.