Thematic investing series

Positioning portfolios for long-term transformational change

June 2026

UOB PRIVATE BANK

Stablecoins

Where money becomes programmable
and settlement moves on-chain

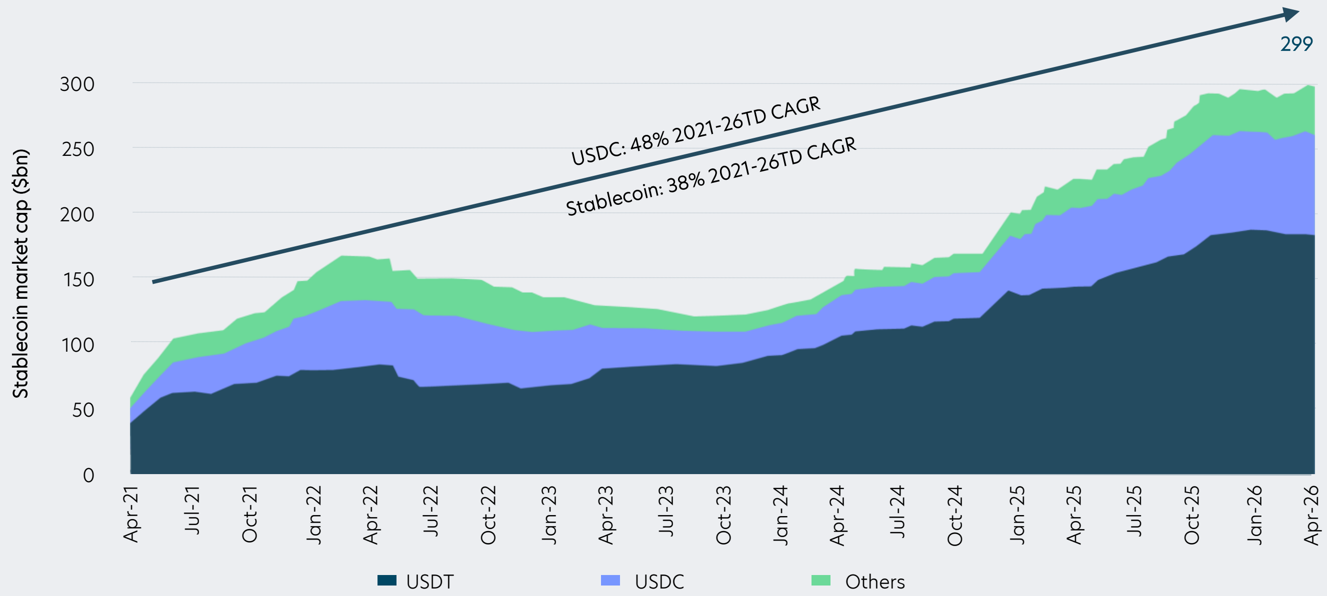
What are stablecoins?

- Stablecoins are digital tokens designed to hold a steady value, usually by being linked to a fiat currency such as the US dollar.
- In simple terms, they aim to function like digital cash on a blockchain rather than like volatile crypto assets such as Bitcoin.
- Most major stablecoins are backed by reserve assets such as cash, bank deposits, and short-dated government securities. That backing is what is meant to help them trade close to one token for one dollar.
- They were first used mainly inside crypto markets, where traders needed a more stable unit of account. Today, the more important development is that stablecoins are increasingly being explored for payments, treasury operations, remittances and settlement.
- The reason they matter is straightforward: they can move value 24/7, settle quickly, and operate on programmable digital infrastructure. That creates a possible bridge between traditional money and tokenised financial markets.

Why stablecoins matter beyond crypto

- Stablecoins are moving from a niche crypto tool towards a broader role in payments and settlement infrastructure.
- Their appeal comes from combining price stability with digital transferability and programmability.
- That is why we place them in the Digital Value Chain pillar. They may become part of the financial plumbing that connects wallets, exchanges, tokenised assets, treasury workflows and cross-border transactions.

> "Think of a stablecoin as a digital form of cash that can move across blockchain networks quickly and around the clock. It is not the same as Bitcoin. The aim is not price appreciation. The aim is stable value and easier movement of money."

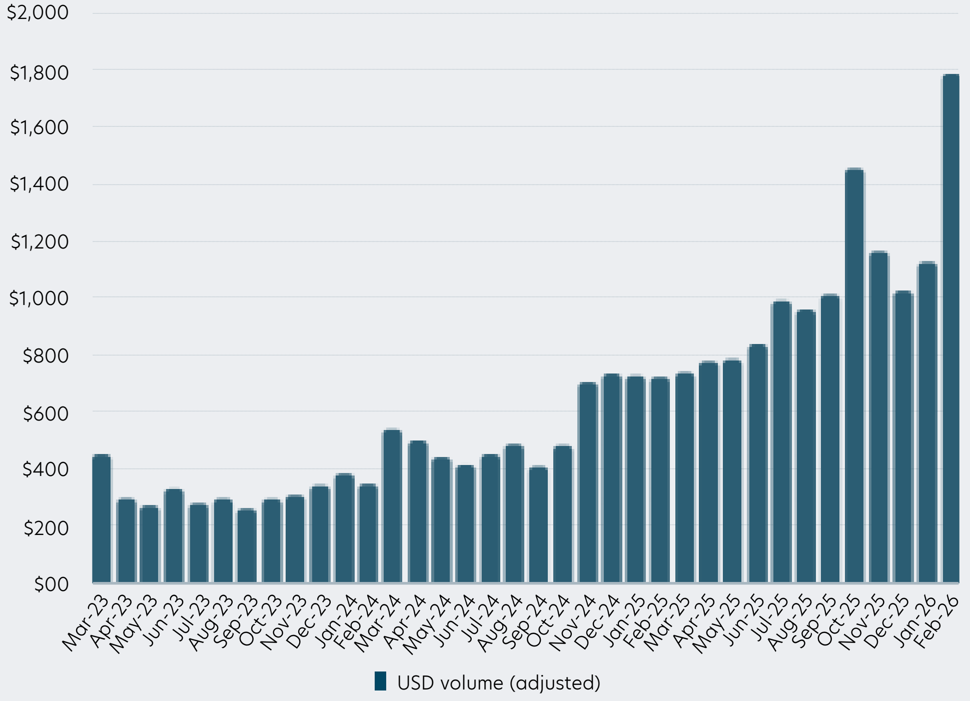


Source: The Block, CoinGecko, Goldman Sachs Global Investment Research

Governments around the world are regulating stablecoins

- Stablecoins are no longer just a private-sector experiment.
- In the United States, the GENIUS Act became law on 18 July 2025, creating the country's first framework for payment stablecoins.
- The law matters because it brings stablecoins into a regulated framework. It requires 1:1 reserve backing with liquid assets, including US dollars and short-dated Treasuries, and requires monthly public disclosure of reserves.
- In Europe, regulators have created a common framework for crypto-assets, including stablecoins.
- In Hong Kong, the Stablecoins Ordinance came into effect on 1 August 2025, making the issuance of fiat-referenced stablecoins a regulated activity that requires a license.
- Taken together, these developments suggest that stablecoins are moving from a regulatory grey zone into a more formal part of the financial system.

Figure 23 – Stablecoin transaction volume (adjusted, monthly; unit: US$B)



Source: Visa OnChain Analytics Dashboard, Macquarie Research, March 2026

Stablecoins: a better way to move money?

The key innovation is not the token itself, but the payment rail behind it.

Stablecoins offer a way to move value that is faster, more continuous and easier to automate, which is why they are increasingly being explored for remittances, merchant settlement, treasury management and global payouts.

Operates 24/7

- Traditional payment systems often depend on banking hours, cut-off times and multiple intermediaries.
- Stablecoin rails can operate 24/7, including weekends and holidays, which can improve liquidity and reduce settlement delays.

Faster settlement

- Instead of moving through several institutions before final settlement, stablecoin payments can move directly across a blockchain settlement layer.
- That can reduce friction, improve visibility and make cross-border transfers and treasury operations more efficient.

Programmable by design

- Stablecoins are not only digital money. They are digital money that can be linked to rules and workflows.
- This means payments can be automated for use cases such as escrow, milestone releases, refunds, payroll and scheduled payouts.

Better suited to global commerce

- Because stablecoins are internet-native, they can be easier to use across borders than many legacy rails.
- That is why firms such as Shopify, Coinbase, Visa, Mastercard, PayPal and Circle are building stablecoin-based payment and settlement capabilities.

Stablecoins could change the economics of payments

- We are constructive on stablecoins as a multi-cycle digital payments and settlement theme.
- Large payment networks and commerce platforms including Visa, Mastercard, Shopify, Stripe and PayPal are already building settlement, checkout, treasury and merchant payment tools around them.
- What has changed is not the concept, but the infrastructure around it. Market scale is now larger, institutional pilots are broader, and regulation is moving from debate towards implementation.
- In our view, stablecoins related infrastructures are becoming more investible because they are increasingly being used as payment rails, treasury tools and settlement assets, not only as instruments for crypto trading.

VISA	Using stablecoins for settlement within its payments network
mastercard	Enabling merchant settlement and acceptance of stablecoins
shopify	Allowing for USDC transactions in merchant checkout
stripe	Offering stablecoin-powered accounts and infrastructure
PayPal	Positioning PYUSD for payments and cross-border commerce

Stablecoins could change the economics of payments

- This comparison highlights how stablecoin-based payments differ from traditional payment rails.
- By operating on blockchain infrastructure, stablecoins can settle transactions continuously, at lower cost, and with greater programmability than legacy systems that rely on multiple intermediaries and batch processing.

Traditional payment service	VS	Stablecoin payment
24-72 hours	**Time to complete transaction**	5 seconds
3% or more of the total transaction for credit cards; SWIFT: ~$50-100	**Transaction fee**	~$5
No	**API-first and automatable**	Yes
Conversion fees must be paid and funds can get stuck in transit	**International currency compatibility**	Easily convertible to any other stablecoin or fiat currency

Source: Fireblocks

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Continue the stablecoins conversation

Stablecoins are moving from a niche crypto tool towards a broader role in payments and settlement infrastructure. The full publication explores where value may accrue, what risks still matter, and how investors can think about implementation.

Be selective

The theme is becoming more investible, but adoption is likely to develop in stages.

Look beyond crypto

The key innovation is not the coin itself, but the payment rails behind it.

Manage the risks

Regulation and cybersecurity remain key constraints.

Speak to your client advisor for the full stablecoins thematic publication

Contact Now

In the full publication

- Maturity framework and timing assessment
- Value-chain opportunity map
- Bull, base and bear scenario analysis
- Key risks across regulation, safety, cost and cybersecurity
- Portfolio implementation considerations

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