



Chiara
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Behind the Peg
Stablecoin Insider's Series

Business cases for Banks adopting Stablecoins



Revenue opportunities & use cases



CIRCLE

Project
Guardian



J.P.Morgan



Using stablecoins payments:

49%

Pilot testing stablecoin payments:

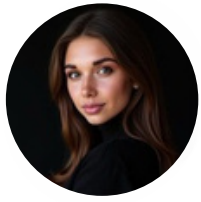
23%

Planning stablecoin
payments but not yet
implemented:

18%

Undecided on
adoption:

10%



Traditional banking models are being challenged by programmable money, real-time settlement, and digital-native payment rails.

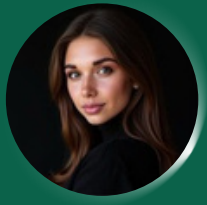
Over the past few years, global banks have actively explored stablecoins' issuance, integration, and infrastructure partnerships.

In this guide:

- The core business models for banks adopting stablecoins
 - Revenue opportunities beyond traditional deposits
 - Cross-border and treasury efficiency gains
 - Competitive risks from non-bank issuers
 - Real-world case studies and institutional examples
 - Strategic decision frameworks for bank executives
- and more...*

Enjoy the reading.



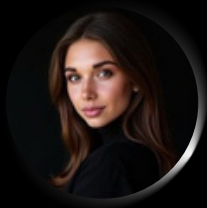


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Why Stablecoins Matter for Banks

Business cases for banks adopting stablecoins



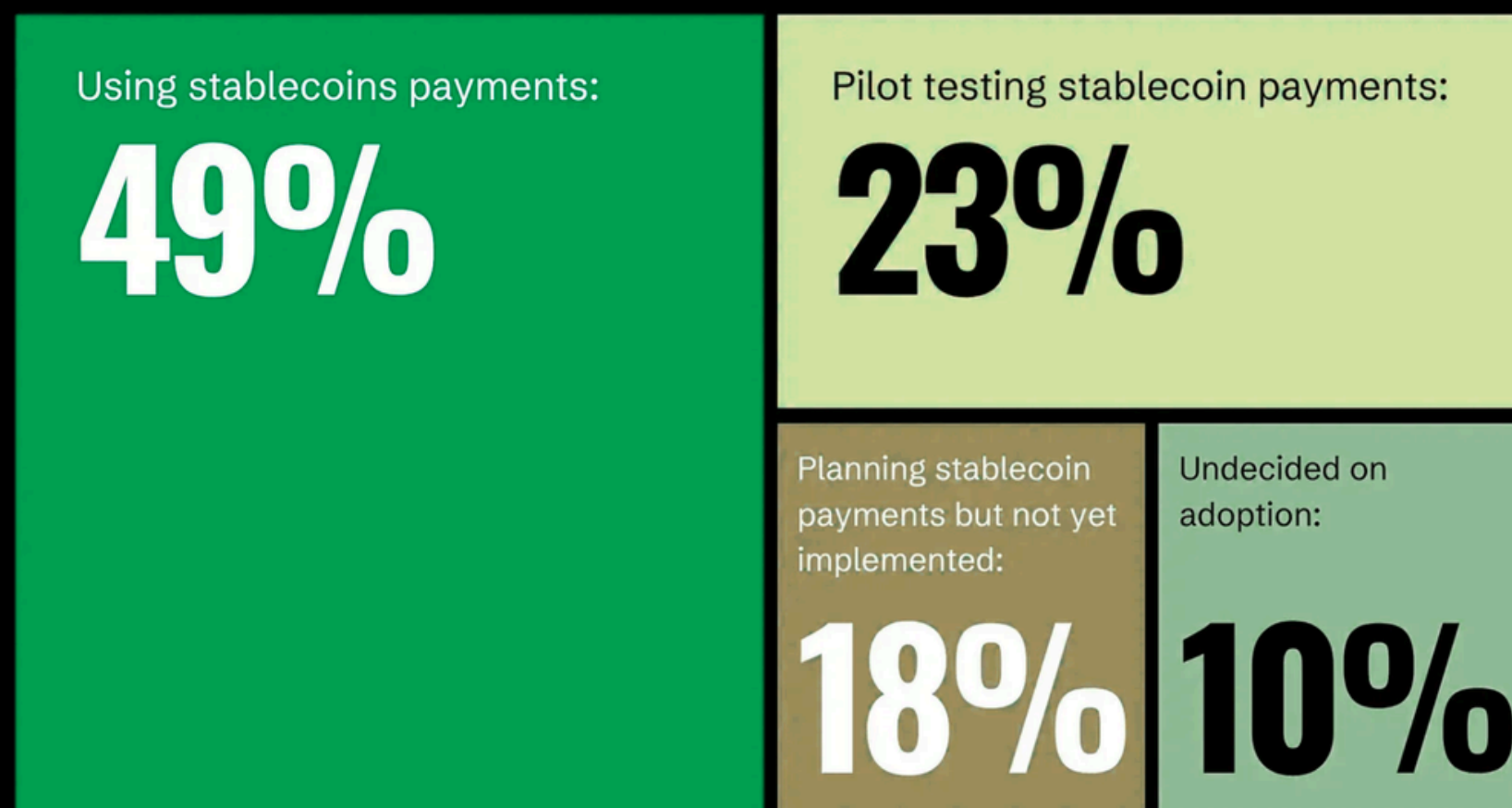


Stablecoins are:

- A global settlement layer
- A programmable money rail
- A deposit substitute
- A new competitive battleground for banks



CURRENT STABLECOIN ADOPTION



Source: Fireblocks Survey, C-Suite/Payments Strategy Specialists and cryptocurrency providers, March 2025





For banks, the real question is: *Do we issue, integrate, or risk disintermediation?*

Strategy	Description	Strategic Goal
Issue	Issue a regulated, bank-backed stablecoin	Capture revenue + defend deposits
Integrate	Integrate stablecoin rails into payments infrastructure	Improve efficiency + cost reduction
Partner	Provide custody and reserve banking services	Retain deposit base

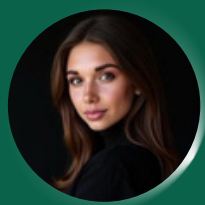




4 Primary Business Models for Banks

Business Model	Description	Revenue Driver
Issuer Model	Bank issues its own regulated stablecoin	Float income + transaction fees
Infrastructure Provider	Bank provides custody, settlement, compliance rails	Service fees (Custody, reserve management, settlement services)
Treasury & Corporate Use	Stablecoins for internal liquidity & cross-border flows	Cost reduction, competitive FX, margin expansion, liquidity efficiency
On/Off-Ramp Banking	Banking services to stablecoin issuers and retail	Deposit growth + FX spreads and transfer fees





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PART I: Offensive Strategy

Business cases for banks adopting stablecoins





Business Case 1: Bank-Issued Stablecoin

If a bank issues a fully reserved USD (or other) stablecoin

→ It creates a new digital liability layer backed by safe assets.

Revenue Source	How It Works	Revenue Type
Interest Income	Invest reserves in T-bills	Net interest margin
Transaction Fees	On-chain settlement fees	Recurring fee revenue
Cross-Border FX	Embedded FX spread	Spread income
API / Infra Fees	Access to payment rails	Platform revenue

!! ATM Unlike deposits, stablecoins may not pay interest to holders. So the full yield can be captured (depending on regulation).





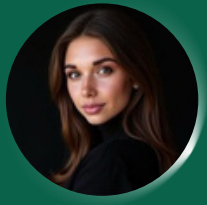
Example

A fully reserved U.S. dollar-pegged stablecoin called **SoFiUSD**, issued directly by a regulated U.S. bank (SoFi Bank). Funds are held 1:1 in cash reserves.

Revenue via:

- Integration fees
- Settlement/processing fees
- Cross-sell income
- Interest on reserves





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PART II: Efficiency Strategy

Business cases for banks adopting stablecoins





Business Case 2: Cross-Border Settlement

→ Cross-border payment settlement can become an infrastructure and platform revenue. **Revenue opportunities are:**

1. Transaction Infrastructure Fees

→ High-margin recurring revenue.

2. Treasury & Liquidity Optimization Services

→ Similar to SaaS subscription economics.

3. Interest Yield on Managed Float

If the bank controls settlement reserve pools, it can earn yield.

Parameter	Value
Annual cross-border volume	\$500B
Platform fee	2 – 5 bps
Managed settlement float	\$20B
Interest yield	3 – 4%





Example



Visa launched a stablecoin settlement capability in the U.S. that allows banks to settle VisaNet obligations using Circle's USDC stablecoin on blockchain networks instead of only traditional fiat rails.

Who participated:

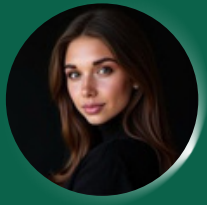
- Cross River Bank and Lead Bank began settling obligations using USDC over the Solana blockchain.

Visa & Partner Potential Revenue Paths

- Settlement service fees on USDC rails
- Premium payments infrastructure services
- Liquidity management & treasury optimization offerings

Even a 10–30% reduction in settlement capital requirement can be financially meaningful at Visa scale.





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PART III: Defensive Strategy

Business cases for banks adopting stablecoins





Business Case 3: Protecting Deposits

Stablecoins act as deposit substitutes.

If customers hold:

- USDC instead of bank deposits
- Wallets instead of accounts

Banks risk losing funding base, transaction revenue, customer interface

Risk to Bank	What Actually Happens	Strategic Response (Plausible)
Deposit Migration	Some transaction balances may move from traditional accounts to external wallets or stablecoin platforms	Offer competitive digital money products (like bank-issued stablecoins or tokenized deposits)
Payment Rail Disintermediation	Transactions may bypass correspondent banking or legacy card rails	Participate in blockchain settlement networks and provide embedded payment APIs
Compression of Float Income	Real-time settlement reduces duration of idle balances	Shift business model toward fee-based infrastructure, custody, and treasury services
Loss of Customer Flow Control	Users may hold value in non-bank wallets	Provide regulated digital asset custody, compliance, and on-ramp/off-ramp services





Example

J.P.Morgan

JPM Coin:

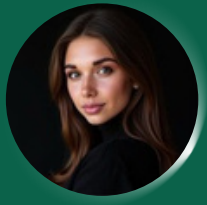
- Used for wholesale & intra-group transfers
- Embedded inside JPM's corporate ecosystem
- 1:1 backed by deposits held at JPMorgan

Strategic advantages:

- Retains corporate relationships
- Deposit Retention
- Faster settlement
- Protects deposit franchise

**Strong case for payment Disintermediation
and Loss of Float Income**





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PART IV: Capital Markets Strategy

Business cases for banks adopting stablecoins





Business Case 4: Tokenized Asset Settlement

Tokenized bonds, funds, and securities require:

- On-chain cash leg
- Atomic DvP settlement
- Real-time margin movement
- Intraday liquidity efficiency

Legacy Market Structure	On-Chain Market Structure
T+2 / T+1 settlement cycles	T+0 or near-instant settlement
Fragmented ledgers (custodian, CCP, CSD, cash bank)	Unified programmable ledger
Batch reconciliation	Shared state settlement
Manual collateral mobility	Smart-contract collateral logic
Delayed margin processing	Real-time margining





Examples



Project Guardian (Singapore)

Participants included: DBS Bank, JPMorgan Chase, SBI Digital Asset Holdings

What Happened

- Tokenized government bonds were traded.
- Tokenized deposits were used as the on-chain cash leg.
- Atomic DvP settlement was demonstrated.
- DeFi liquidity pools were tested with regulated institutions

Current workstreams focus on fixed income, foreign exchange, and wealth management to create a 10-year vision for tokenization as a core part of Singapore's financial infrastructure.





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Good knowledge is built together.

Feel free to send me feedback, ideas, topics you would like to read more, or directly collaborate with me on the next post.



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