

A European perspective on stablecoins and tokenised deposits

Dubrovnik, 31 May 2026 – Christian Kopf

I thank Christoph Hock for excellent comments and suggestions.
All remaining errors are my own. The views are those of the author and
do not necessarily represent the opinion of Union Investment Group

Forms of digital currency and digital assets

Public

Currency

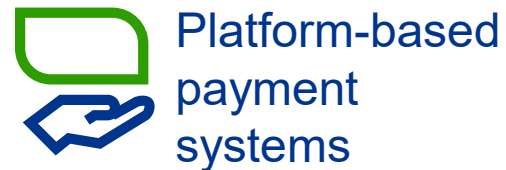


Public digital payment scheme, settlement via central bank reserves

Not interest-bearing

Private

Payment Scheme



Private digital payment scheme, settlement via central bank reserves

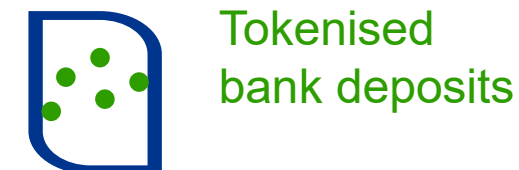
Private

Assets



Digital reserve **assets** designed to maintain a stable value by pegging them to a fiat currency

Not interest-bearing



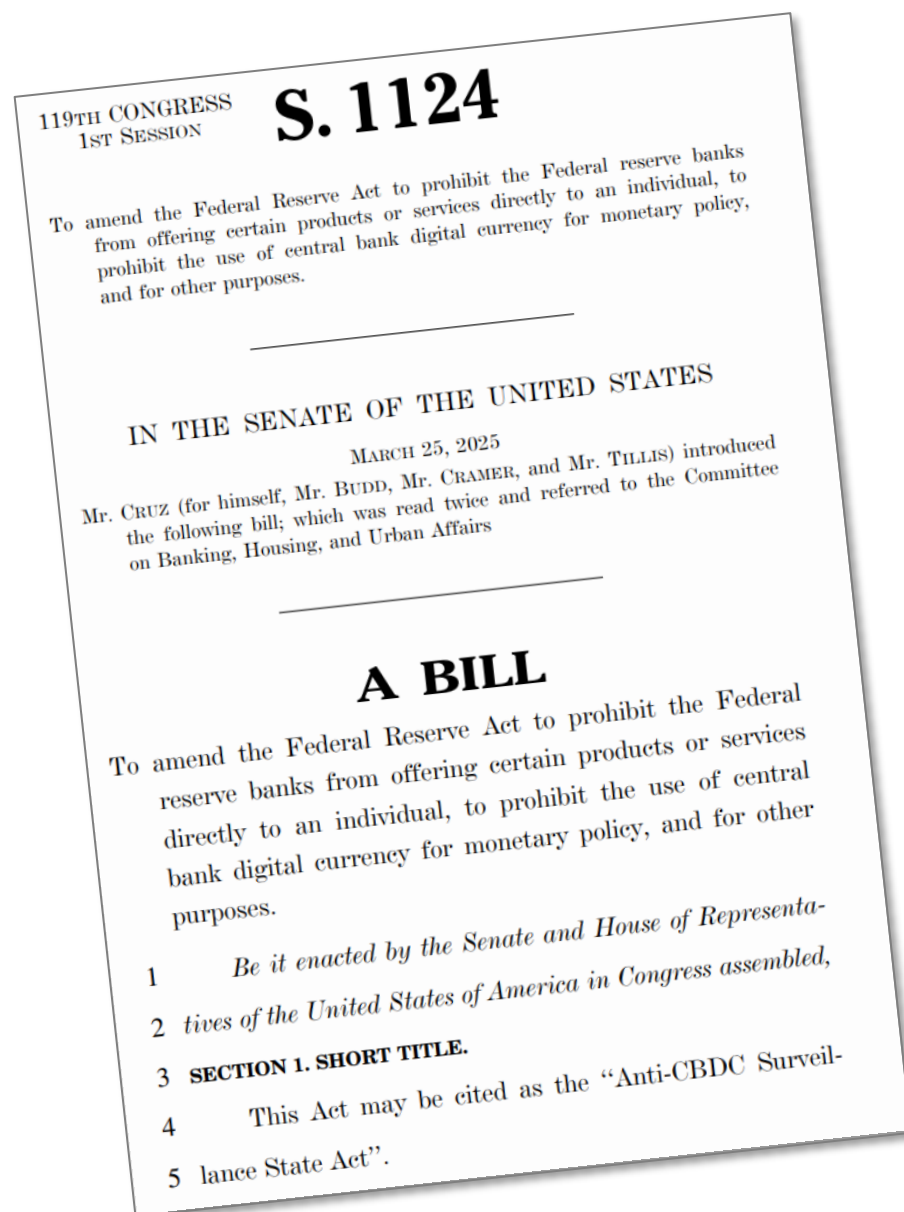
Representation of bank deposits on a distributed ledger with a tradable token structure

Interest-bearing assets

State of play on retail CBDC

US: The Trump administration is pushing the US Congress to pass an Anti-CBDC Act that would bar the Federal Reserve from issuing or testing a Central Bank Digital Currency. The act has passed the House of Representatives by a vote of 219 – 210 and is awaiting action in the Senate. According to experts, “CBDCs are dead in the United States”.

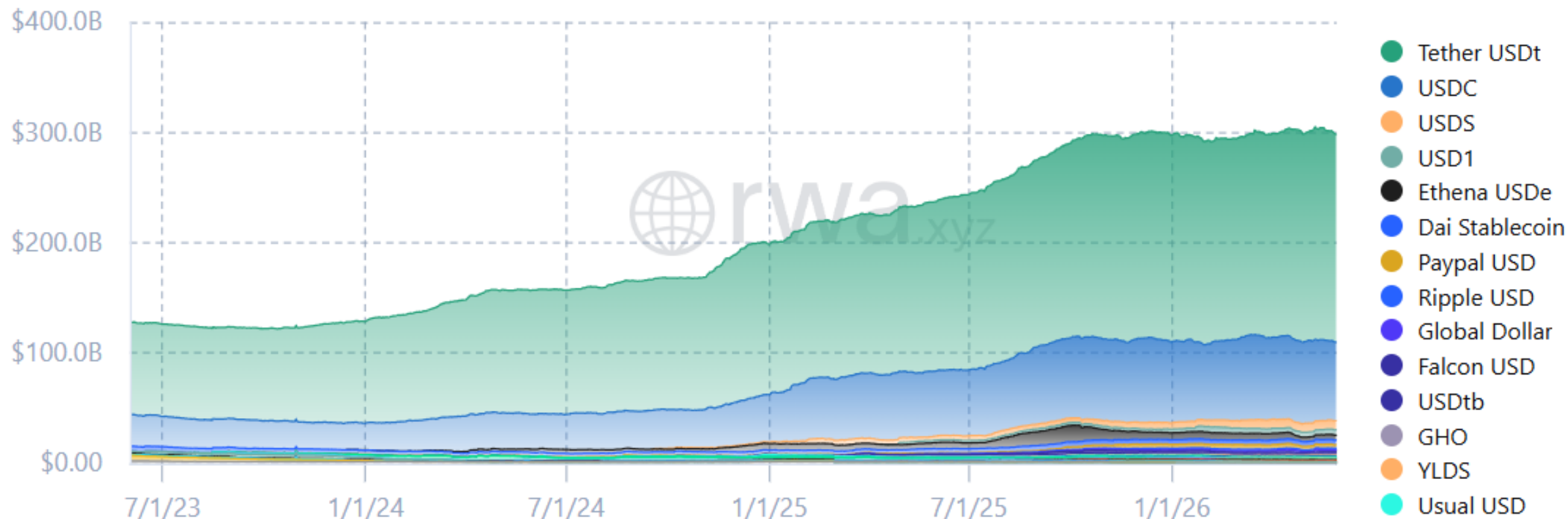
EU: An affirmative European Parliament committee vote on the digital euro on 23 June 2026 would be followed by "trilogue" negotiations with the Commission and the Council of the European Union and could pave the way for a rollout in 2029.



The stablecoin market has remained stagnant since October 2025 and is dominated by Tether (\$177 bn, 59%) and Circle (\$70 bn, 23%)

Total value of stablecoins

in US dollar billion

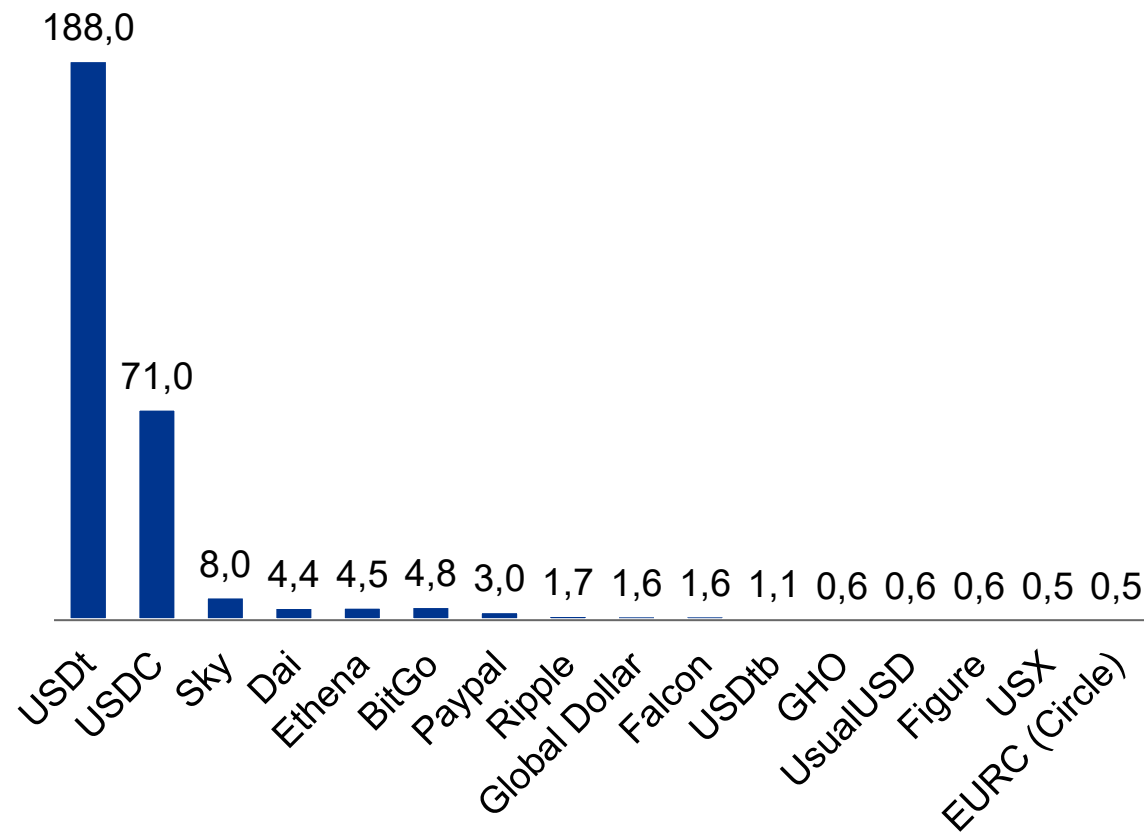
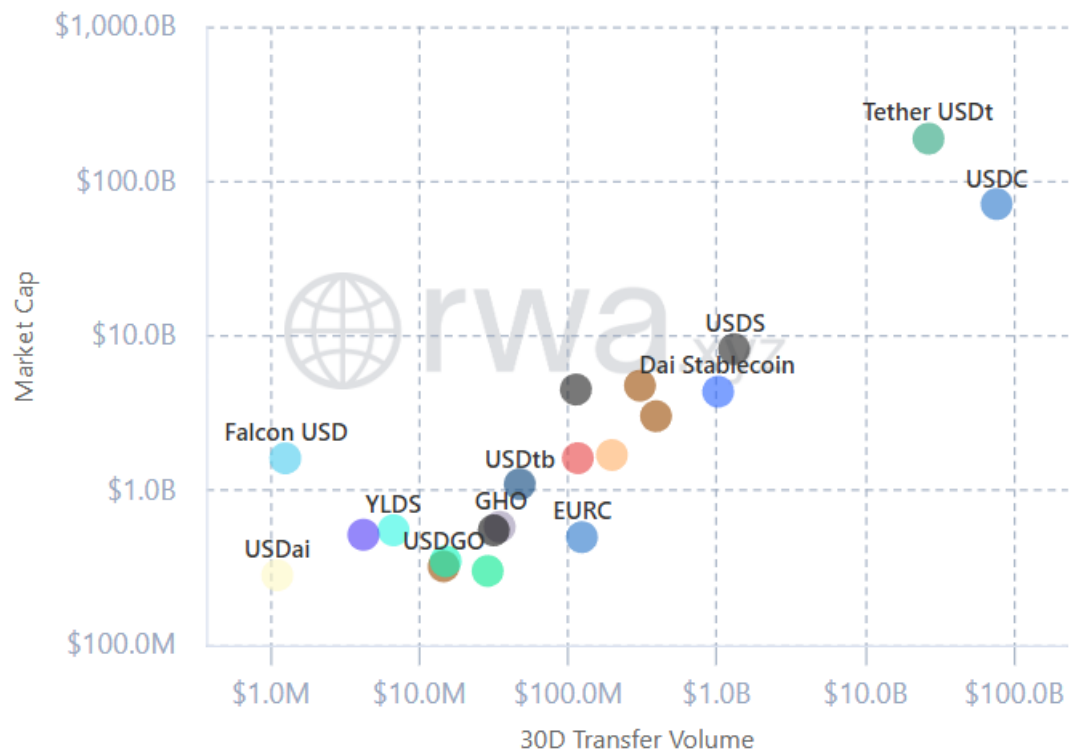


Source: <https://app.rwa.xyz/>, data as of 31 May 2026

The stablecoin market mainly serves “crypto natives” who trade in and out of crypto assets – 99.8% of stablecoins are dollar-denominated

Stablecoin market capitalisation vs. transfer volume

Stablecoin market capitalisation by currency



Source: <https://app.rwa.xyz/>, data as of 31 May 2026

Opportunities and threats from stablecoins

Attractiveness of stablecoins from an issuer perspective

A stablecoin is effectively a **share in a money market fund that pays no interest** to holders.

Section 4 of the U.S. GENIUS Act prohibits permitted payment stablecoin issuers from paying interest to stablecoin holders.

Tether has a market capitalisation of \$ 177 billion. It invests the proceeds from stablecoin issuance in US T-Bills, but also in gold, bitcoin and other investments, earning roughly **\$ 7 billion in interest per year**.

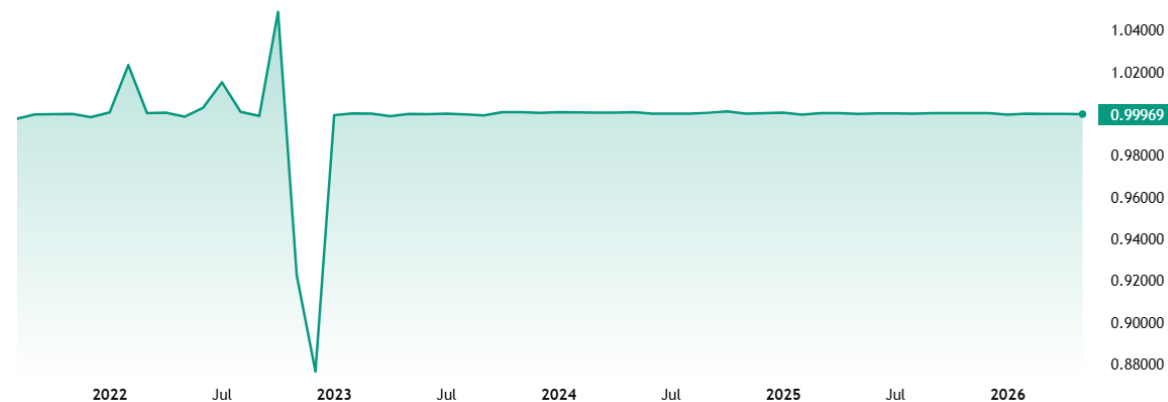
Last week, the U.S. Senate banking committee discussed allowing stablecoins to pay “rewards” instead of interest, which would circumvent Section 4 of the U.S. GENIUS Act and change the business model of stablecoin issuers. In the future, stablecoin interest income may be split between the issuer, the platform and customers.

Source: <https://www.congress.gov/crs-product/IF13174>, TradingView. Data as of 31 May 2026

Financial stability risks related to stablecoins

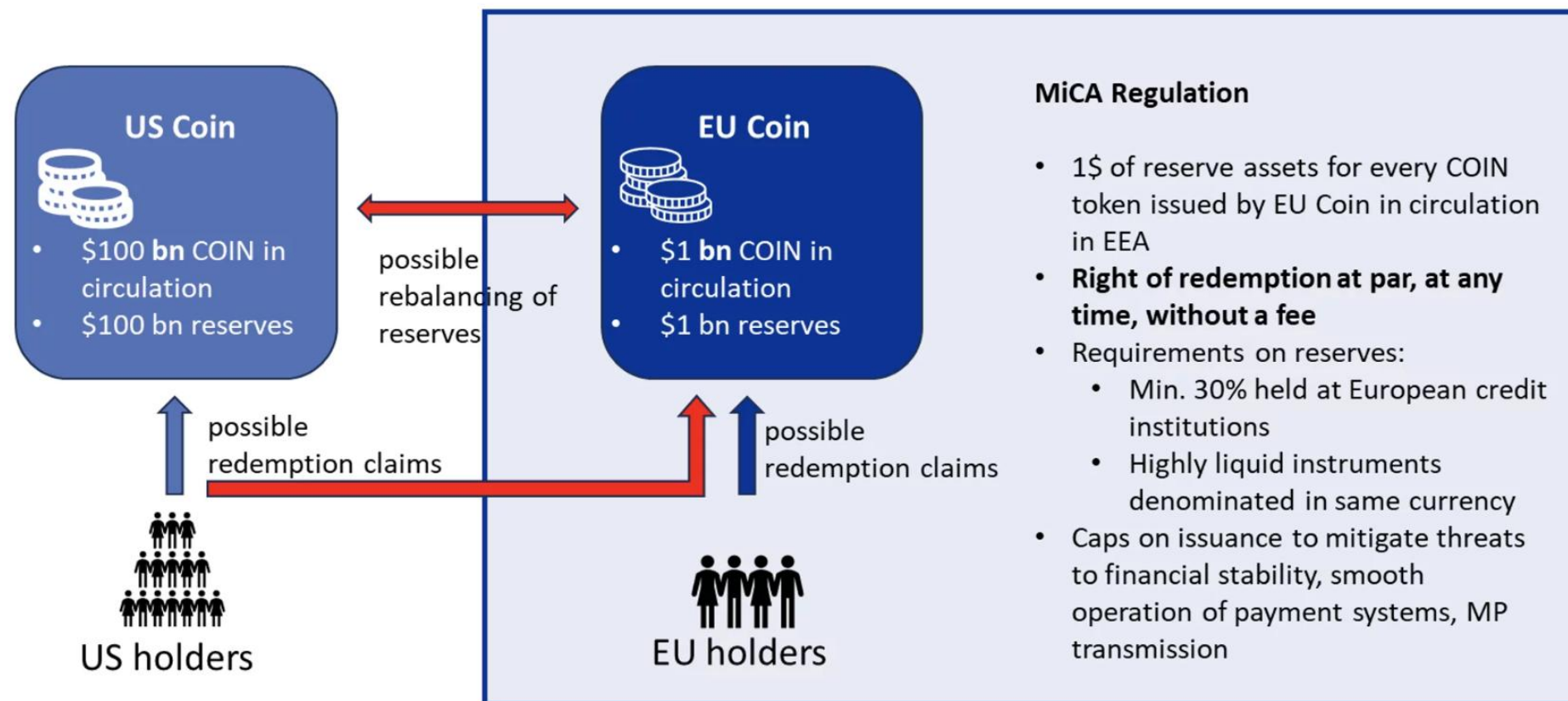
Stablecoins are a “sunshine product”. In financial stress environments, they will once again trade well below a dollar peg. The second-largest stablecoin, Circle, is an exchange-listed product and has traded as low as 87% of its face value in 2023.

Price of Circle (USDC) to the US Dollar (USD)



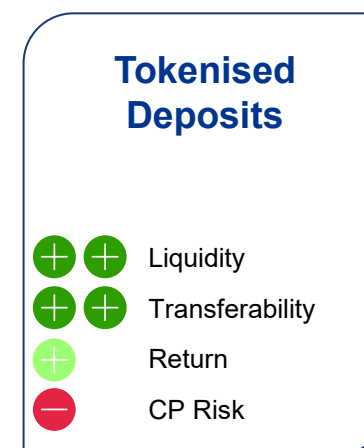
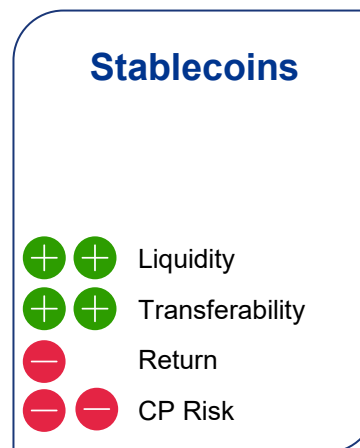
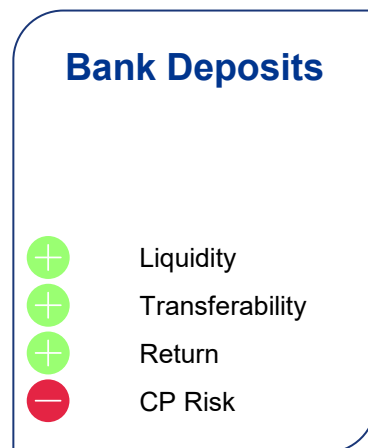
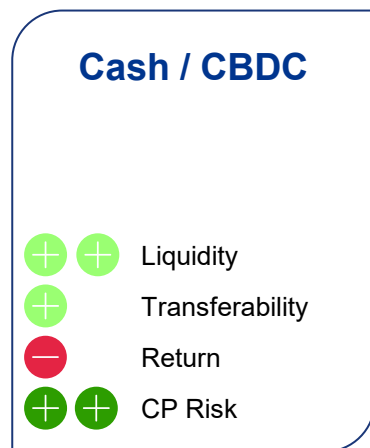
The EU money market could become an ATM for multi-issuer stablecoins that are facing outflows from US holders

Illustrative example of an EU and third-country stablecoin multi-issuer model applied to the EU and US

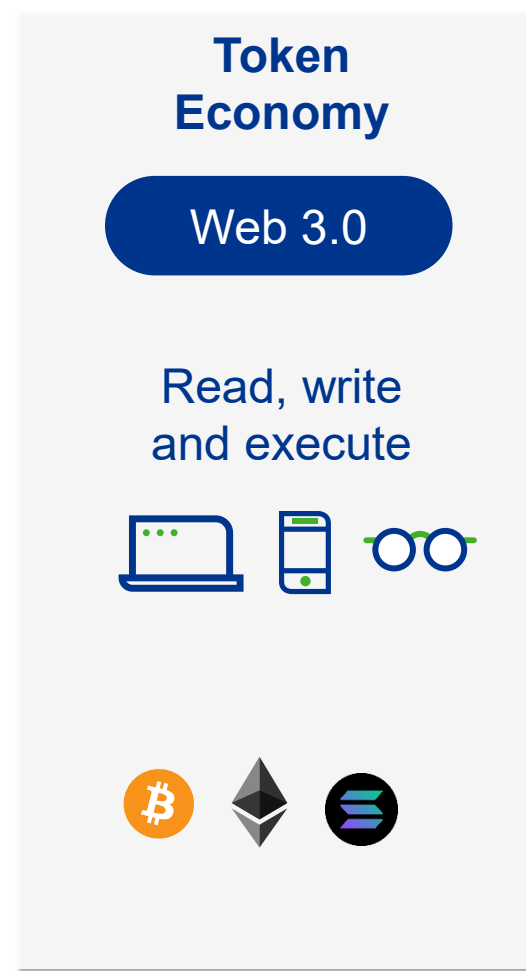
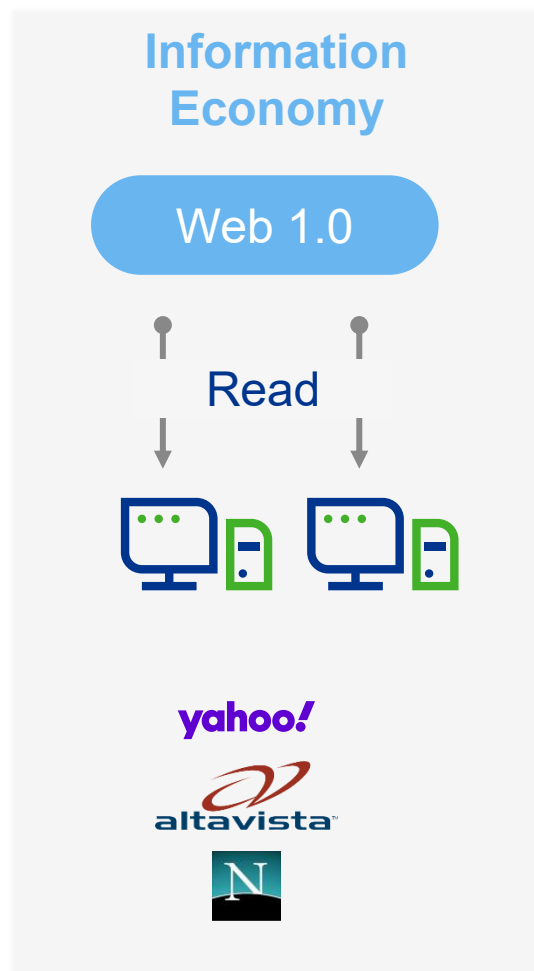


Tokenised deposits and money market funds are an attractive alternative to stablecoins

Properties of different forms of cash equivalents



Tokenisation as the next step in the evolution of digital communication



“Tokenisation is perhaps the most important part of digital transformation. It is about rebuilding the machinery of finance. The next decade of finance will be code-written, shaped by networks, powered by tokenised assets and influenced by decentralised systems.”

Maria Luís Albuquerque
EU-Commissioner for Financial Services, Financial Stability, and the Savings and Investments Union

Key points

- Stablecoins serve 'crypto native' investors who wish to trade in and out of crypto assets. They also serve to 'bank the unbanked' in the Global South and the US, as well as enabling illicit transfers between criminals. These user groups prefer US dollars, so the market share for euro stablecoins will remain low.
- Another use case for stablecoins is programmable payments, which could be used to speed up cash sweeps or improve fraud prevention (e.g. fuel card fraud). However, this is not an exclusive property of stablecoins. Central bank digital currencies and private payment schemes may also become programmable in the future.
- Most users of cash equivalents will not want to forgo interest, which limits the use cases for non-interest-bearing stablecoins in advanced economies. The 'rewards' for stablecoin holders currently under discussion in the US Senate will not change this. The instability of the stablecoin peg to the dollar also limits their attractiveness.
- Multi-issuer stablecoins could threaten euro area financial stability and should therefore be tightly regulated.
- Tokenised deposits are an attractive alternative to stablecoins and are likely to become dominant.
- By staking everything on stablecoins, the US administration has bet on the wrong horse. Euro area financial institutions can lead the way into the future of finance by adopting tokenised deposits and CBDC.