STABLECOINS

POLICY RECOMMENDATIONS

Stablecoins are transforming global payments and becoming essential infrastructure for digital finance. They enable fast and low-cost payments, foster financial inclusion, support tokenised assets, and provide 24/7 liquidity across markets. When properly regulated, they strengthen financial stability and reduce reliance on offshore USD-denominated tokens.

Globally, we have seen strong growth of USD denominated stablecoins. Europe still lacks a widely used EUR-stablecoin due to restrictive national approaches and inconsistent supervisory expectations. In the UK, restrictions such as the Bank of England's proposed holding limits on stablecoins, risk stifling the market before it has an opportunity to grow. The next 18 months in the UK will be crucial in encouraging stablecoins to thrive. A proportionate, harmonised framework is needed to allow compliant stablecoins to develop at scale while protecting users and supporting digital market growth.

Recommendation 1

RECOGNISE STABLECOINS AS STRATEGIC DIGITAL INFRASTRUCTURE

- Stablecoins enable faster, cheaper and more inclusive payments. Stablecoins provide the essential settlement layer for tokenised assets, a market expected to reach 10% of global GDP by 2030.
- As stablecoins are the only meaningful on-chain settlement mechanism, they must also be encouraged in wholesale markets. To strengthen monetary sovereignty and competitiveness, policymakers should actively support public-private use cases and the early adoption of stablecoins across payments, trading and tokenisation. Embracing tokenisation has the ability to transform many industries in modern economies, contributing to long-term growth.

Recommendation 2

FOSTERING A COMPETITIVE STABLECOIN REGIME

- Building a competitive environment where stablecoins can thrive is critical. We therefore recommend that reserve and liquidity rules should scale with issuance size and actual systemic relevance, reflecting realistic redemption behaviour rather than extreme scenarios.
- Allowing interest-earning high-quality liquid assets and minimising prescriptive requirements so that stablecoin issuers remain commercially viable.
- A proportionate yet pragmatic application of regulation strengthens user protection while enabling competitive stablecoins to emerge and operate sustainably in the EU.

Recommendation 3

REGULATORY CLARITY AND CONSISTENCY ON STABLECOINS

- Unclear and limiting supervisory signals keep users reliant on offshore USD tokens, weakening monetary sovereignty and market integrity. MiCAR-stablecoins already meet strict standards on reserves, redemption and disclosures.
- Efforts to “ring-fence” Europe by creating separate EU- and non-EU versions of the same stablecoin would fracture liquidity and undermine MiCAR's own multi-issuance model, which is designed to ensure a single, interoperable token for all users.
- Clear guidance which builds trust, reduces risk, and makes supervised digital money the default is important. We are now seeing varied regulatory regimes for stablecoins and global alignment will ensure that consistent and high standards are maintained.