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Stablecoins – global developments and implications for Denmark

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Stablecoins are crypto-assets that seek to maintain a stable value relative to a currency. Stablecoin use has grown in recent years and has prompted considerable discussion globally. Stablecoin use in Denmark remains limited. However, close monitoring is important, as wider use may affect payments, the financial system and monetary policy transmission, particularly if foreign stablecoins gain traction. This analysis therefore describes developments in stablecoin use and the opportunities and risks associated with wider use. Finally, the analysis assesses stablecoins' potential role in the future monetary system.

Stablecoins have grown globally, but use in Denmark remains very limited

Stablecoin use grew sharply worldwide toward the end of 2025. However, use in Denmark remains very limited, and no krone-denominated stablecoin currently exists. Over time, greater availability through banks and other financial companies, as well as new payment applications, may increase stablecoin use.

Risks from stablecoins may emerge if their use increases substantially

Stablecoins currently have no implications for Denmark's financial system, but markedly wider global use may affect, among other things, financial stability. For example, turmoil involving dollar-denominated stablecoins could affect Denmark through spillovers from the US financial system and global markets.

Stablecoins should not replace central bank money in interbank transactions

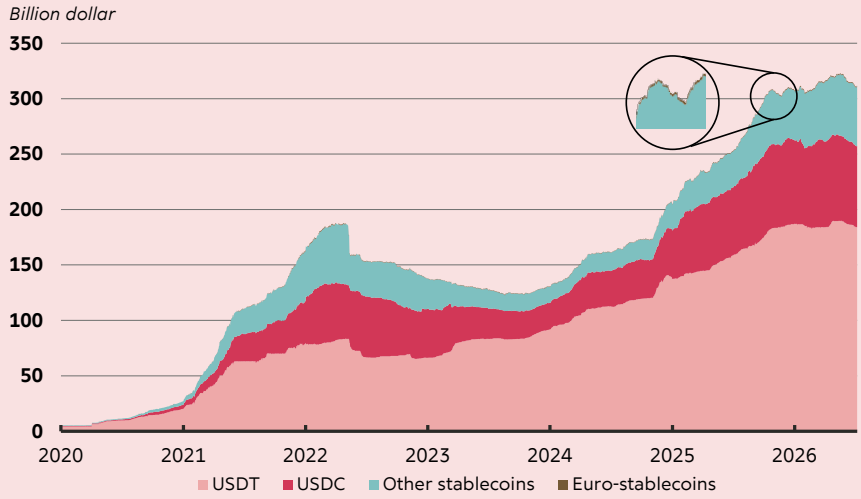
Danmarks Nationalbank takes a technology-neutral approach to new types of digital money. Central bank money should remain the common foundation for stability and trust in the monetary system and the primary settlement asset between banks. Danmarks Nationalbank therefore works with the ECB to ensure access to central bank money between banks in a tokenised financial ecosystem.

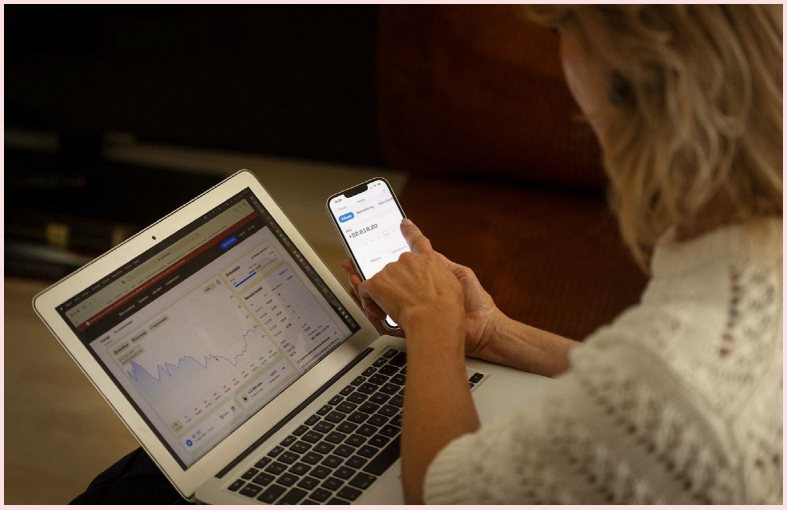
Why is this important?

Stablecoins are part of the shift towards new types of digital money and payment solutions, driven by technology and international actors. Although their use in Denmark is currently limited, stablecoins may eventually affect payments, financial markets, the role of banks and monetary policy transmission. Stablecoins also raise questions about how to support innovation without compromising trust, resilient payment solutions and a well-functioning monetary system.

Main chart

Developments in the global market value of stablecoins





Keywords

Digitalisation | Money | Monetary policy | Financial stability and financial risks

01
Introduction and summary

Stablecoins have attracted growing global attention in recent years as their market value has increased, reaching around USD 300 billion in 2025. If stablecoin use increases, stablecoins could become a new type of private digital money and affect payments, the financial system, and how interest rate changes pass through to the economy.

Stablecoins are crypto-assets[1] that seek to maintain a stable value relative to a reference asset, typically a currency such as the US dollar. Stablecoins therefore differ fundamentally from crypto-assets such as bitcoin, which are not pegged to an underlying asset and may fluctuate significantly in value.

To maintain a stable value, a stablecoin issuer holds reserve assets, typically bank deposits and safe securities, to ensure that holders can redeem the stablecoin at the agreed value. Confidence in a stablecoin therefore depends largely on whether the issuer holds sufficient liquid reserves.

Stablecoins currently have very limited implications for Denmark's monetary system. Stablecoin use is limited and does not affect core functions such as settlement in central bank money or banks' role in credit intermediation.

Stablecoins may, however, become more important if their use in payments and financial services increases. It is therefore relevant to consider whether and how stablecoins may contribute to a resilient and well-functioning monetary system. As stablecoins develop, the regulatory and institutional frameworks may need to be assessed.

Innovation in the payments landscape must not undermine trust in money or seek to exploit regulatory differences. New technology should not allow regulated activities to become subject to less stringent requirements.

Stablecoin developments remain subject to considerable technological, market and regulatory uncertainty. Stablecoins therefore require continuous assessment considering their actual use and adoption.

Stablecoins have grown globally but remain limited in Denmark and Europe

Dollar-denominated stablecoins dominate the global market and currently account for by far the largest share of total issuance. Although euro-denominated stablecoins have also grown in recent years, they continue to play a limited role. These global trends are only modestly reflected in Denmark, where stablecoin use remains very limited.

Stablecoins are currently used mainly within the crypto ecosystem, while their use for everyday payments remains very limited. Future stablecoin adoption will depend on, among other factors, whether stablecoins offer users genuine added value over existing payment solutions. Greater availability through banks and other financial institutions, as well as applications in tokenised markets, meaning

[1] Crypto-assets can be broadly defined as a digital representation of value or rights that can be stored and transferred electronically using distributed ledger technology, DLT, or similar technology. For more information on crypto-assets and DLT, see Christiansen and Søndergaard, Crypto-assets: Risks, regulation and usage in Denmark, *Danmarks Nationalbank Analysis*, no. 16, November 2023.

markets based on distributed ledger technology, DLT,[2] may also support wider use.

Wider use of stablecoins may entail new risks

Stablecoins currently pose limited risks to Denmark's financial system. If stablecoin use becomes more widespread, stablecoins may affect financial stability, banks' role in the economy, and monetary policy transmission.

Growing interconnectedness between crypto-assets, including stablecoins, and traditional financial markets may cause foreign stablecoins to spill over to Danish financial conditions. For example, if large-scale redemptions of dollar-denominated stablecoins lead to selling pressure on US government bonds, global interest rates, risk premia, and asset prices may be affected. Danish investors and pension funds are also exposed to these markets. Disruptions involving dollar-denominated stablecoins could therefore affect financial actors in Denmark and, in turn, financial stability.

The risks associated with wider stablecoin use depend largely on the denomination currency. For example, widespread use of dollar-denominated stablecoins in the euro area may contribute to dollarisation and thereby weaken the euro's role in the financial system. Such a development would also affect Danish financial conditions. It could challenge monetary sovereignty and increase Europe's dependence on US payments and financial infrastructure.

Stablecoins' potential role in the monetary system

Technological advances continue to create new opportunities for designing and using money and payment solutions. Danmarks Nationalbank takes a technology-neutral approach to these developments. New solutions must support safe and efficient payments. Illegitimate purposes or attempts to circumvent or exploit regulatory differences must not drive these developments.

Stablecoins and their underlying technology may help make payments safer and more efficient and create added value for citizens and companies. This may apply, for example, to more efficient cross-border payments to countries outside Europe, where the technology enables programmable payments and instant settlement around the clock.

For large transactions between banks and other financial actors in Denmark, central bank money in Danish kroner must remain the primary settlement asset. Such transactions are currently subject to stringent safety, efficiency and reliability requirements because of their importance to financial markets. As a general rule, financial actors therefore settle these transactions in central bank money, the safest and most liquid asset.

Danmarks Nationalbank actively participates in the European Central Bank's Pontes and Appia projects to develop tokenised central bank reserves in both euro and Danish kroner. The projects aim, among other things, to ensure that future solutions can also benefit Danish actors and that Danish perspectives inform European developments at an early stage.

This analysis has three main parts. Chapter 2 introduces stablecoins and describes how they differ from other types of money and which factors may affect their future adoption. Chapter 3 analyses the key risks and assesses them in a Danish context. Chapter 4 assesses stablecoins' potential role in the monetary system.

[2] For a more detailed description of DLT, see Seixas, Nielsen and Mogensen, New types of digital money, *Danmarks Nationalbank Analysis*, no. 8, June 2022.

02

The stablecoin market is growing globally but remains small in Denmark and Europe

This chapter begins by describing current stablecoin adoption and the factors driving its growth. It then outlines stablecoins' key features and compares them with other types of money and closely related financial instruments to show how stablecoins differ from other assets. Finally, the chapter examines current and potential stablecoin applications and the factors that may promote or limit future adoption in Denmark.

The market value of dollar stablecoins is growing, but stablecoin adoption remains marginal in Denmark and Europe

Stablecoin adoption has increased sharply in recent years. Market value more than doubled from USD 140 billion in 2024 to over USD 300 billion at the end of 2025, but has since stagnated, see chart 1. This stagnation should probably be seen in light of the decline in crypto-asset market values over the same period. However, stablecoin use remains marginal for actual payments. Annual stablecoin payments are estimated at around USD 390 billion, equivalent to approximately 0.02 per cent of global payment flows.[3]

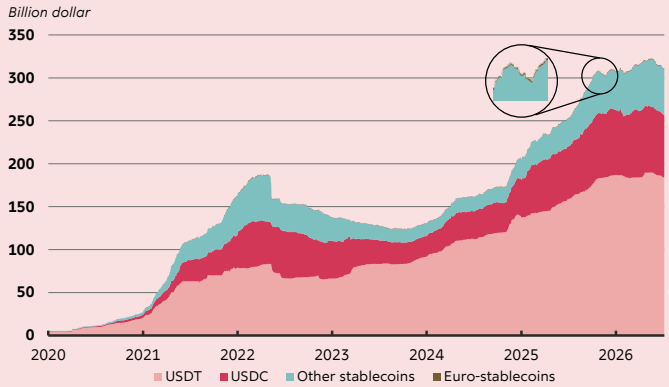
Global stablecoin growth is closely linked to developments in the United States and the dominant role of US dollar stablecoins in the market. In July 2025, the United States adopted the Guiding and Establishing National Innovation for U.S. Stablecoins Act, known as the GENIUS Act. The Act establishes a federal framework for US dollar stablecoins, including a requirement for full reserve backing by assets such as short-term US government bonds.[4] The US Department of the Treasury has also emphasised that dollar stablecoins should support the US dollar's role as the global reserve currency and increase demand for US government bonds.[5] According to the Bank for International Settlements, BIS, dollar stablecoins account for more than 98 per cent of the stablecoin market.[6] The two issuers Tether and Circle account for the vast majority of global issuance.

[3] See McKinsey, *Stablecoins in payments: What the raw transaction numbers miss,* mckinsey.com, February 2026.
[4] See *Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act), Public Law No. 119-27*, www.congress.gov, 2025.
[5] See U.S. Department of the Treasury: *Statement from U.S. Secretary of the Treasury Scott Bessent on Enactment of the GENIUS Act*, home.treasury.gov, July 2025.
[6] See Aldasoro, Frost and Ito, The impact of stablecoins on the international monetary and financial system*, BIS Papers, no 170*, May 2026.

CHART 1

Stablecoins exceed USD 300 billion globally in 2026, but euro-denominated stablecoins account for only a small share ...

Global market value of stablecoins

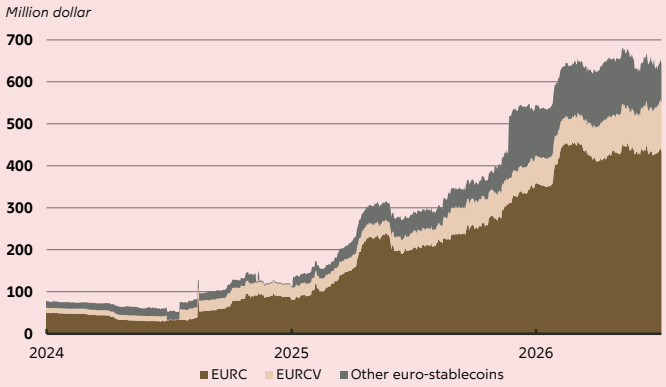


Note: Daily observations in USD billion for the global stablecoin market, including the two largest US dollar stablecoins, USDT (Tether) and USDC (Circle), as well as euro-denominated stablecoins and other stablecoins. Euro-denominated stablecoins account for only a very small share of the market and are therefore barely visible in the chart.
Source: Defillama.

CHART 2

... but their market value has grown sharply since 2024

Market value of euro stablecoins that comply with the MiCA Regulation



Note: Daily observations in USD million for euro stablecoins, including EURC (Circle) and EURCV (Société Générale–Forge), as well as other euro stablecoins. The data cover only euro stablecoins that comply with the MiCA Regulation, which entered into force on 30 December 2024.
Source: Defillama.

The dominance of the US dollar is also reflected in the limited adoption of stablecoins denominated in other currencies. The adoption of euro-denominated stablecoins has also increased in recent years, but their market value remains marginal relative to the global stablecoin market, see chart 2.

The development may reflect, among other factors, the US dollar's central role in the global financial system and the early adoption of dollar-denominated stablecoins, which has generated supporting network effects. Network effects mean that demand for a stablecoin may grow as user numbers increase and adoption spreads across trading platforms, payment services, and financial applications. These network effects may make it harder for stablecoins denominated in smaller currencies to gain a foothold.

The Markets in Crypto-assets Regulation, MiCA, entered into force in the EU at the end of 2024, see box 1.The Regulation establishes a harmonised set of rules for issuing crypto-assets and related services. Since MiCA became applicable, a growing number of entities have obtained authorisation to provide crypto-asset services and issue stablecoins in the European Economic Area, EEA. According to the European Securities and Markets Authority, ESMA, around 325 crypto-asset service providers and just over 20 stablecoin issuers held authorisation in mid-2026.[7]

Tether (USDT), the largest stablecoin by market value, currently meets the requirements of neither MiCA nor the GENIUS Act.[8]

[7] See the European Securities and Markets Authority, ESMA, *Markets in Crypto-Assets Regulation (MiCA), Interim MiCA Register,* esma.europa.eu, August 2026.
[8] Tether, which is headquartered in El Salvador, does not comply with the requirements of either the GENIUS Act or MiCA, partly because its reserves include bitcoin, gold and secured loans, which are not eligible reserve assets. Consequently, exchanges in the EEA may no longer offer USDT for trading to European customers, and several exchanges have therefore delisted USDT. In 2025, Tether announced a separate US-regulated stablecoin, USAT, while retaining USDT for international markets and emerging

This shows that the stablecoin market continues to evolve and that some of the largest and most widely used stablecoins have yet to be fully integrated into the new regulatory frameworks.

BOX 1

Different regulatory approaches to stablecoins in the EU, US and UK

In recent years, jurisdictions worldwide have established specific, more coherent regulatory frameworks for stablecoins. The current legislation in the EU, the United States and the United Kingdom is outlined below, while Table A in the box compares key aspects.

In the EU, MiCA provides a common regulatory framework for issuing so-called e-money tokens, including stablecoins, that track the value of a specific currency, and asset-referenced tokens that track the value of a given asset, such as gold, commodities or other assets. MiCA restricts stablecoin issuance to e-money institutions and credit institutions and sets requirements for governance, risk management, and business models. The MiCA Regulation treats e-money tokens as payment instruments the same way it treats conventional e-money. It also requires full reserve backing, meaning safe, liquid assets must back all outstanding stablecoins. To ensure prompt and smooth redemption at par, issuers of e-money tokens must invest the funds received in deposits with credit institutions and highly liquid assets with minimal market, credit and concentration risks.

Table A provides an overview of the minimum requirements for the composition of the reserve when the issuer is an e-money institution. To avoid currency risk, e-money token issuers must invest the reserve in assets denominated in the same currency as the currency referenced by the e-money token. For stablecoins deemed systemically important, these requirements are supplemented by, among other measures, enhanced governance and centralised supervision by the European Banking Authority, EBA, in cooperation with national authorities.

TABLE A

Reserve requirements for e-money tokens issued by e-money institutions under MiCA and EBA standards

Asset	Ceiling/floor	Concentration requirement
Deposits with a credit institution denominated in the official currency	At least 30 per cent (and at least 60 per cent for a significant e-money token)	Max. 25 per cent in a systemically important institution Max. 15 per cent in a large non-systemically important institution Max. 5 per cent in other institutions The issuer's deposit may not exceed 1.5 per cent of the deposit-taking bank's total assets.
Level 1 assets subject to a 0 per cent haircut, such as government bonds and central bank reserves	None	Max. 35 per cent
Level 1 covered bonds of extremely high quality	Max. 35 per cent	Max. 10 per cent
Other highly liquid and secure financial instruments, including certain money market instruments and investment funds	None	Max. 5 per cent.

Note: Article 10 of Commission Delegated Regulation (EU) 2015/61 defines Level 1 assets, including qualifying covered bonds under the liquidity coverage ratio framework.
Source: See the European Banking Authority, EBA, Regulatory Technical Standards to specify the highly liquid financial instruments with minimal market risk, credit risk and concentration risk under Article 38(5) of Regulation (EU) 2023/1114, October 2025, and Draft Regulatory Technical Standards to further specify the liquidity requirements of the reserve of assets under Article 36(4) of Regulation (EU) 2023/1114, June 2024.

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market economies, see Tether, *Transparency,* tether.io, August 2026, and Tether, *Tether announces the launch of USA₮,* tether.io, January 2026, accessed on 24 August 2026.

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In Denmark, the Danish Financial Supervisory Authority supervises e-money token issuers. E-money tokens may pose a greater threat to financial stability if they become significant by exceeding a number of thresholds set out in the MiCA Regulation. Issuers of significant e-money tokens are therefore subject to additional requirements. EBA and the national supervisory authorities jointly supervise compliance with these requirements. EBA has the power to suspend or prohibit the issuance of a stablecoin if it considers that the business model poses a serious threat to market integrity, financial stability or the smooth operation of payment systems.

In the United States, the adoption of the GENIUS Act in 2025 established a federal framework for stablecoins denominated in US dollars. The Act restricts issuance to specifically authorised issuers, including banks and licensed non-bank financial institutions subject to bank-like supervision. The GENIUS Act requires reserves to cover 100 per cent of issued stablecoins and to consist of high-quality liquid assets. It also introduces requirements for regular disclosure and independent verification of reserve composition, as well as clear governance and reporting requirements. Meanwhile, a legislative process concerning the **CLARITY Act**[1], is also under way in the United States. The proposed legislation aims to provide greater legal clarity on digital asset regulation. Among other objectives, the proposal seeks to clarify the division of responsibilities between the financial supervisory authorities, the SEC and the CFTC, and to establish clearer classification criteria for digital assets. Whether digital assets, particularly stablecoins, may bear interest has been a key issue in the negotiations.

In the United Kingdom, stablecoins are not regulated under dedicated stablecoin legislation equivalent to MiCA or the GENIUS Act. Instead, stablecoins have been incorporated into the existing framework for financial regulation through the Financial Services and Markets Act 2000, FSMA, supplemented by the FSMA (Cryptoassets) Regulations 2026. The Regulations establish a number of new regulated activities, including the issuance of so-called qualifying stablecoins. In the United Kingdom, the Financial Conduct Authority, FCA, regulates all qualifying stablecoins issued in the United Kingdom and will eventually regulate their use in retail payments. If stablecoins become so widely used that they may pose a risk to financial stability, HM Treasury may recognise them as systemic. They will then be subject to joint regulation by the FCA and the Bank of England. This approach and division of responsibilities explicitly reflect the Bank of England's responsibility for monetary and financial stability.

Table B below sets out the regulatory frameworks in the different jurisdictions and their similarities and differences.

TABLE B

Overview of similarities and differences in stablecoin regulation

	EU (MiCA)	US (GENIUS Act)	UK (FSMA 2026, FCA, BoE)
Who may issue?	E-money institutions or credit institutions.	Banks and authorised non-bank issuers (PPSIs).	FCA-authorised issuers of qualifying stablecoins.
Reserve requirements	100 per cent fully backed.	100 per cent fully backed.	100 per cent fully backed.
- including requirements for holdings in bank deposits or central bank money	At least 30 per cent of the reserve in bank deposits (60 per cent for significant EMTs); no requirement for holdings in central bank money.	No explicit minimum share in bank deposits or central bank money.	Explicit requirement for systemic stablecoins (BoE): at least 30 per cent as deposits with the BoE and up to 70 per cent in short-term UK government bonds. The FCA sets requirements for non-systemic stablecoins.
Capital requirements	Yes – minimum 2 per cent of the average amount outstanding.	No – no explicit capital requirement.	Yes – the capital requirement is determined based on financial stability and FMI considerations, rather than as a fixed percentage.
Redemption fees	Generally free of charge, but fees may be charged upon issuance	Redemption at par is required, but fees are not explicitly prohibited	Redemption at par is required and should generally be prompt and reliable.

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Timely access to liquidity	The reserves must be structured to allow redemption without delay, including through stringent liquidity requirements.	Redemption must be timely, but no specific liquidity standards are directly linked to redemption speed.	Strong emphasis on same-day redemption. Liquidity management must support access to liquidity, including under stressed conditions.
Systemic differentiation	Yes – designation as significant triggers stricter requirements, including additional governance and reporting requirements and direct EBA supervision.	There is no separate systemic category, but supervision and requirements are proportionate to the issuer's type and size.	Yes – an explicit systemic designation applies. Only stablecoins considered capable of threatening financial stability or confidence in money are subject to BoE supervision. The FCA regulates other stablecoins.
May stablecoins pay interest?	No – e-money tokens may not pay interest or provide any other remuneration to holders.	No – stablecoins may not pay interest, but the GENIUS Act does not regulate so-called 'rewards' paid by crypto-asset service providers.	No – systemic stablecoins may not pay interest to holders, but activity-based rewards or incentives may be permitted where they are consistent with the use of stablecoins as a means of payment.
Options for restricting or prohibiting specific stablecoins	Authorities may impose stricter requirements, restrict circulation or issuance and, ultimately, withdraw authorisation.	Supervisory authorities may require corrective action and revoke a licence. The issuer ceases operations through closure under banking supervision.	The FCA may impose restrictions and refuse or withdraw authorisation. For systemic stablecoins, the BoE may impose additional requirements and apply issuance limits for financial stability purposes.

[1] The CLARITY Act is still under consideration by Congress, see congress.gov. The House of Representatives passed the bill in July 2025, but the Senate has not yet adopted it.

Denmark currently has few stablecoin issuers. As of mid-2026, the Danish Financial Supervisory Authority had authorised only one issuer in Denmark, and its stablecoin is denominated in US dollars.[9] No krone-denominated stablecoin is currently available.

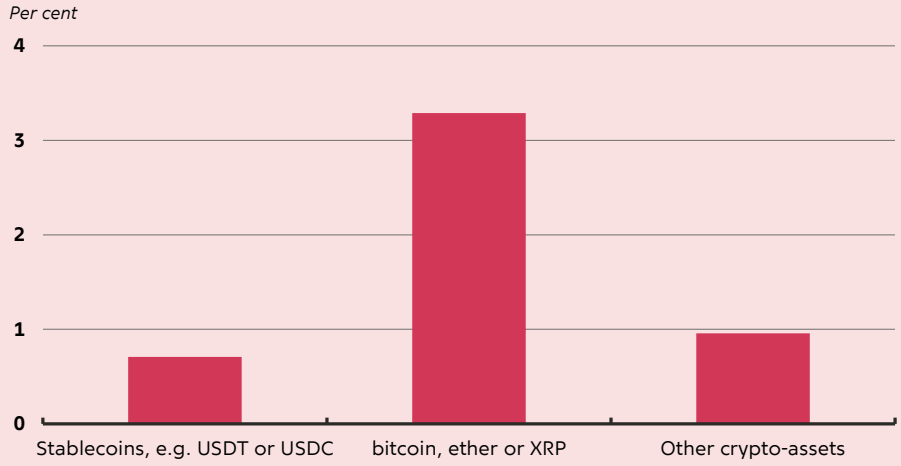
Danmarks Nationalbank's 2025 survey shows that very few Danish citizens own stablecoins, see chart 3. The low level of ownership should be seen in light of the fact that stablecoins are still primarily used in crypto-markets as a means of payment and settlement and have yet to gain wider use.[10]

[9] See the European Securities and Markets Authority, ESMA, *Markets in Crypto-Assets Regulation (MiCA), issuers of EMT,* esma.europa.eu, August 2026.
[10] See also Søndergaard, Citizens' exposure to crypto-assets remains low*, Danmarks Nationalbank Staff Paper, no. 3*, April 2026.

CHART 3

Very few people in Denmark hold stablecoins

Prevalence of crypto-assets among the Danish population, by type of crypto-asset



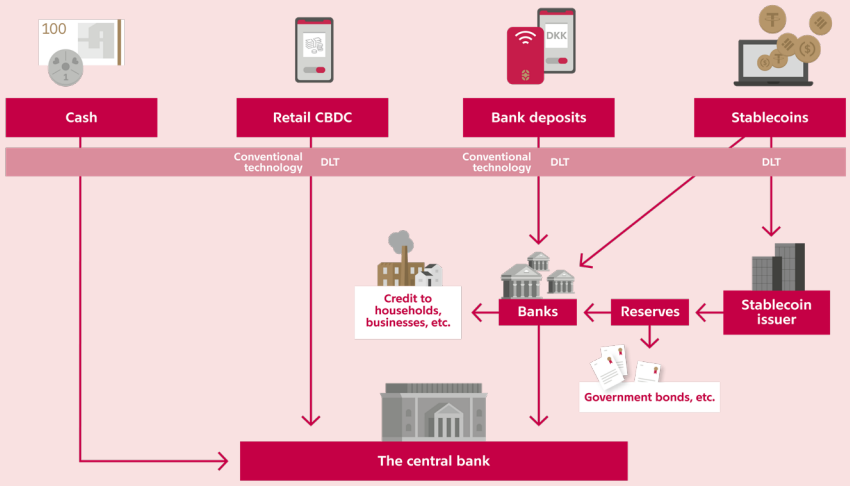
Note: Respondents to Danmarks Nationalbank's 2025 survey of payment habits were asked: "Which crypto-assets do you own?" The survey is based on responses from 3,013 representatively selected citizens aged 15 and over, collected between October and November 2025. Respondents could select more than one answer.
Source: Danmarks Nationalbank.

Stablecoins differ fundamentally from other types of money

Stablecoins may represent a new type of money, but they differ from traditional types of money in several key respects. The following section first describes the differences in *technology, issuance and anchoring*, meaning what supports their value, see chart 4. It then compares stablecoins with other types of digital money, financial instruments, and banking models often presented as alternatives or close substitutes.

CHART 4

Different types of money and their anchoring in the central bank



Note: The arrows indicate the chain of claims from the money holder to the counterparty. Cash and retail CBDC are direct claims on the central bank. Bank deposits and tokenised bank deposits (bank deposits based on DLT) are claims on commercial banks, which provide credit to households, companies and others and hold reserves with the central bank. Stablecoins are claims on the private stablecoin issuer, which manages a reserve typically comprising bank deposits and government bonds.
Source: Danmarks Nationalbank.

Stablecoins are based on distributed ledger technology (DLT)

DLT enables new applications, such as programmable payments and the use of smart contracts, see box 2. Stablecoins are a form of digital bearer instrument (token).[11] This means that they can be traded and exchanged in secondary markets without the involvement of third parties. Thus, stablecoins operate on blockchains[12] outside existing payment and supervisory frameworks.

Stablecoins are settled on blockchains without any connection to central bank infrastructure. By contrast, interbank transactions involving bank deposits are settled in central bank reserves through central bank infrastructure.

BOX 2

The technology underpinning stablecoins may offer several benefits

Stablecoins are issued as digital tokens on a DLT, where transactions are recorded in blocks that cannot subsequently be altered. The technology enables shared and continuous registration of ownership and transfers across participants. The International Monetary Fund, IMF, notes that stablecoins and the underlying technology may offer benefits in the form of faster settlement, programmability and use across digital platforms.[1] However, these benefits depend on, among other factors, the specific use case, the underlying infrastructure and the ability of systems to work together, known as interoperability.

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[11] A bearer instrument is a security or document whose physical holder is regarded as the rightful owner.
[12] A blockchain is the most widely used form of DLT. In principle, anyone can participate in a public blockchain, and all transactions are visible to the network participants. No central party therefore controls access. By contrast, in a private blockchain, one or more parties determine who may participate in the network and view transactions.

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Potential for faster and cheaper payments, particularly across borders
A blockchain can function as a shared database, reducing the need for reconciliation between institutions and systems. This may make payments faster and cheaper, particularly cross-border payments and remittances. The efficiency gains arise mainly because the parties settle within the same system, avoiding correspondent banks and reconciliation between separate systems.

Programmability and 24/7 settlement
Smart contracts[2] can automate settlement and trading, so that assets and payments are exchanged only if specified conditions are met. This may reduce counterparty risk and reliance on intermediaries. DLT platforms may also enable 24/7 settlement. This may be particularly valuable where existing systems do not already provide fast and continuous settlement.

Use across digital platforms
Stablecoins can be transferred directly between users and used across several DLT-based platforms. This may provide a more integrated user experience, allowing stablecoins, tokenised securities, funds and crypto-assets to be managed through the same service or application. A shared infrastructure also makes it possible to combine tokenised assets and services across platforms, potentially enabling new and more efficient solutions. However, these benefits depend on sufficient interoperability between infrastructures and on liquidity not becoming fragmented across different blockchains.

Several of the benefits described above are not unique to DLT. They largely arise from bringing assets and participants together on a shared platform with common records, governance and rules. In principle, other technologies can also support these features. For example, according to the Bank for International Settlements, BIS, some of the benefits can be achieved by linking existing systems through a common platform. Constraints often relate to coordination, governance and interoperability between systems rather than to the technology itself.[3]

[1] See the International Monetary Fund, IMF, Understanding Stablecoins, Departmental Paper Series, 2025.
[2] Smart contracts are computer programs that can facilitate the automatic execution of actions, such as the exchange of value, in accordance with the terms of a contract.
[3] See the Bank for International Settlements, BIS III. Blueprint for the future monetary system: improving the old, enabling the new, BIS Annual Economic Report, June 2023.

Stablecoins entail concentrated issuer risk

In Europe, stablecoins are issued mainly by e-money institutions and, to a lesser extent, by banks, see box 3. The risk associated with holding deposits in the banking system is spread across the many banks chosen by individual users. By contrast, a stablecoin centralises the risk with a single issuer across all users. The recipient of a bank deposit transfer therefore needs to trust only their own bank, whereas all holders must trust the same stablecoin issuer when transferring a stablecoin. Moreover, the deposit guarantee scheme covers bank deposits up to approximately kr. 745,000, but does not cover stablecoins.

BOX 3

Both e-money institutions and credit institutions may issue stablecoins, but their issuance models differ substantially

Under the EU's MiCA framework, stablecoins, which MiCA classifies as e-money tokens, may be issued by two types of companies: e-money institutions and credit institutions. The two issuance models[1] differ in terms of reserve requirements, regulation and creditors' rights, among other aspects.

When an e-money institution issues a stablecoin in the EU, it must place the funds received in a separate reserve, segregated from the issuer's other assets. The reserve assets are set aside for holders, who have an exclusive claim on them. E-money institutions may neither lend the funds nor leverage their balance sheets. The capital requirement is 2 per cent of the reserve, or 3 per cent for significant issuers.

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When a credit institution issues a stablecoin, it does so under its existing banking licence and does not require separate authorisation. The funds are formally recognised on the bank's balance sheet and are subject to the general capital requirements laid down in EU regulation. However, the bank's ability to use the funds for lending is significantly more limited than for ordinary bank deposits. Where the holders of the issued stablecoins cannot be identified on an ongoing basis, the liabilities are treated as an unstable source of funding. For the purposes of the liquidity coverage ratio, LCR, this type of funding is assumed to be subject to rapid and substantial outflows. The bank must therefore hold a correspondingly large stock of high-quality liquid assets, HQLA, such as government bonds and central bank reserves, to cover potential outflows. Stablecoin holders rank pari passu with the bank's other creditors and have no exclusive claim on specific assets.

[1] Both models are used in practice in Europe. SG-FORGE, a subsidiary of the French banking group Société Générale, issues EURCV under an e-money licence with a separate reserve, while Banking Circle S.A. issues EURI through its balance sheet. See box A in the European Central Bank, ECB, Euro stablecoins and their potential effect on sovereign bond markets*, Macroprudential Bulletin, no. 33,* April 2026.

A stablecoin's stability depends on confidence in the issuer and its anchoring

When a user buys a stablecoin, they typically pay with funds from a bank account. In return, they receive a crypto-asset of equivalent value, typically pegged 1:1 to the underlying currency, for example, at USD 1. The issuer invests the funds received from users in a reserve that, under the regulation, must ensure that the stablecoin can be redeemed at the agreed value. The reserves backing the largest US dollar stablecoins consist mainly of short-term US government bonds.

The value of a stablecoin depends on confidence that the reserves are sufficient and liquid enough to meet redemption requests, including during periods of market turmoil. If this confidence weakens, stablecoins' market price may deviate from their intended peg, see box 4. The MiCA Regulation seeks to address this risk by, among other things, imposing stringent reserve requirements. To date, no significant price fluctuations have been observed among stablecoins regulated under MiCA.

BOX 4

Examples of instability among selected major stablecoins

TerraUSD (May 2022). TerraUSD (UST), then the third-largest US dollar stablecoin, was not backed by liquid reserves. Instead, it sought to maintain a stable value against the US dollar through an algorithmic mechanism linked to its sister token, Luna. The mechanism collapsed under selling pressure, and UST's price fell to near zero within a few days. This caused substantial losses across the broader crypto-asset market, see the chart below.[1]

USDC (March 2023). USDC deviated from its peg to the dollar after the issuer, Circle, disclosed on 11 March 2023 that USD 3.3 billion was held as unsecured deposits with the distressed Silicon Valley Bank. USDC traded as low as approximately 0.87 before the peg was restored after the US Department of the Treasury, the Federal Reserve and the Federal Deposit Insurance Corporation guaranteed all deposits with Silicon Valley Bank on 12 March.[2] At the same time, the price of USDT, the market's largest stablecoin, temporarily rose above par as holders moved out of USDC and into unaffected stablecoins such as USDT.

Continues ...

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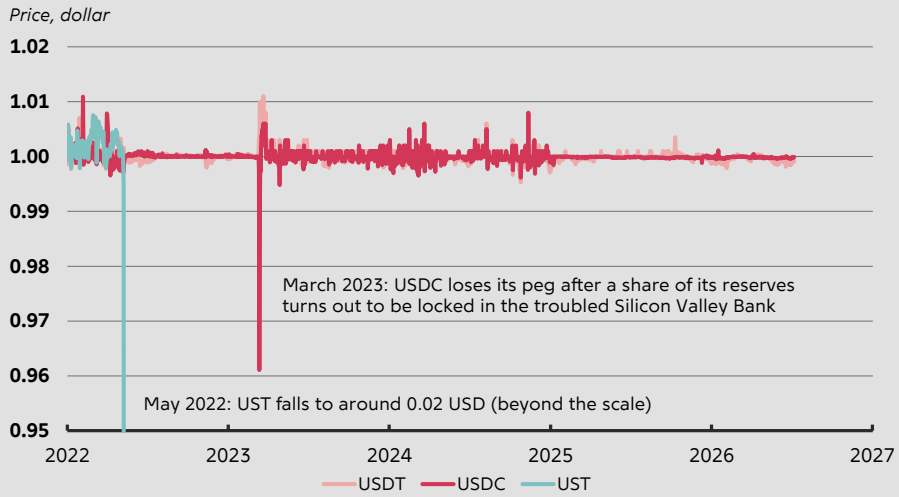
Chart

Major stablecoins have deviated from their peg

The chart shows the daily prices of three stablecoins – USDT, USDC and UST – over the period 2022-2026.



Note: The prices are daily observations, calculated as the ratio of each stablecoin's total market value in US dollars to its circulating supply, aggregated across all platforms. As there is one data point per day, the chart does not show intraday price movements. During periods of stress, intraday deviations from the reference value may have been considerably larger than those shown.
Source: Defillama.

[1] See Bank for International Settlements, BIS, Crypto shocks and retail losses, *BIS Bulletin, no. 69*, February 2023.
[2] See Ahmed, Aldasoro and Duley, Public information and stablecoin runs, *BIS Working Papers, no. 1164*, January 2025.

Stablecoins compared with other types of money, financial instruments and banking models

Although stablecoins differ from traditional types of money in terms of technology, issuance and anchoring, they share certain characteristics with existing means of payment and financial instruments.

Other types of money

Stablecoins are often compared with tokenised bank deposits and retail central bank digital currency (retail CBDC), as all three could potentially serve as new digital means of payment, see chart 4.

Tokenised bank deposits are a form of bank deposit recorded on DLT-based infrastructure. The deposit remains a claim on the individual bank and is subject to the same regulation as conventional bank deposits in the EU.[13] The main difference lies in the technological infrastructure, which, like stablecoins, may enable new applications such as programmable payments and more automated settlement of transactions, including the simultaneous settlement of payments

[13] Tokenised bank deposits are not subject to separate regulation but are treated as conventional deposits under the applicable banking rules. In the EU, tokenised deposits are exempt from MiCA, see Article 2(4) of Regulation (EU) 2023/1114.

and delivery of tokenised assets.[14] However, tokenised bank deposits are not yet widely used, and banks lack common infrastructure.[15]

Retail central bank digital currencies are issued by the central bank and therefore constitute a direct claim on the central bank. The ECB's digital euro project is one example.[16] The digital euro will use traditional infrastructure, but retail central bank digital currencies may also be based on DLT.[17]

Other financial instruments

Stablecoins are also often compared with money market funds because both are backed by reserves of safe, short-term assets, see table 1. However, a key difference is that a money market fund is an investment product, and returns on the underlying assets accrue to the investor. By contrast, stablecoins serve as a means of payment and settlement and, under current regulation, may not pay interest.

The adoption of DLT has led to the emergence of tokenised money market funds, TMMFs, in which fund units are represented by digital tokens. TMMFs may technically resemble stablecoins but remain investment products in legal and economic terms and are subject to separate regulation. TMMFs are marketed primarily as liquidity management instruments and are increasingly used as collateral in the digital ecosystem. TMMFs often restrict transfers and redemptions to verified and whitelisted investors, whereas stablecoins can typically be transferred freely.

TABLE 1

Characteristics of stablecoins and (tokenised) money market funds

	Stablecoins	Money market funds	Tokenised money market funds
Primary function	Means of payment	Investment product	Investment product
Primary target groups	Households and businesses	Institutional investors	Whitelisted investors
Regulation	MiCAR	MMFR[1]	MMFR
Issuer	E-money institution or credit institution	Investment fund	Investment fund
Transferability	Freely transferable between holders	Only transferable via the fund	Transferable between whitelisted investors
Who receives the return on reserves?	Issuer	Investor and investment fund	Investor and investment fund
Underlying backing	Pool of safe and liquid assets (bank deposits, government bonds, etc.)		

Source: Regulation (EU) 2017/1131 of the European Parliament and of the Council on money market funds (MMFR) and Regulation (EU) 2023/1114 of the European Parliament and of the Council on markets in crypto-assets (MiCA).
[1]MMFR refers to Regulation (EU) 2017/1131, the Money Market Funds Regulation.

[14] See the European Banking Authority, EBA, *Report on tokenised deposits*, December 2024.
[15] The European Central Bank, the Eurosystem and Danmarks Nationalbank are working to address this barrier through a two-track strategy to develop solutions for settling tokenised transactions in central bank money. See Danmarks Nationalbank, Europe takes a step towards the financial infrastructure of the future, *Danmarks Nationalbank News, no. 1,* March 2026.
[16] See Kidd, Seixas, Holm, Jensen, Brock, Spange, Andersen and Mogensen, Digital euro – potential implications for payments, fixed exchange rate policy and financial stability in Denmark, *Danmarks Nationalbank Analysis, no. 19,* November 2023.
[17] For more information on the ECB's design choices, see *FAQs on the digital euro, ecb.europa.eu,* accessed on 24 August 2026.

Banking models

Stablecoins can also be compared with the concept of narrow banking, under which an institution backs deposits with safe and liquid assets, typically central bank reserves or short-term government securities, and does not provide credit. Stablecoins follow the same principle. Historically, narrow banking has been less prevalent. This partly reflects its apparently lower profitability than traditional banking, the availability of close substitutes such as money market funds and a restrictive approach by central banks.[18]

Stablecoins currently have a narrow range of uses, but several additional applications are being explored

Stablecoins are currently used mainly within the crypto-asset ecosystem, while their use for payments in the broader economy remains limited. However, several areas are often highlighted in which stablecoins may play a greater role in the future, such as cross-border payments and easy access to US dollars. But stablecoins can also support illicit financial activities and create new opportunities to circumvent sanctions.

Stablecoins are currently used mainly within the crypto-asset ecosystem

Stablecoins are mainly used to trade crypto-assets or to hold liquidity between purchases of unbacked crypto-assets. Estimates indicate that around 90 per cent of the total value of stablecoin transactions relates to crypto-asset trading, while less than 10 per cent relates to the settlement of tokenised assets and payments between citizens and companies, including cross-border payments.[19]

The use of stablecoins for payments in the broader economy remains limited in the EU. Only 0.2 per centof euro area companies accepted crypto-assets, including stablecoins, as payment for online sales in 2026.[20]

Their relatively stable value makes stablecoins more suitable than other crypto-assets as both a means of exchange and a store of value in crypto markets. Although transactions can, in principle, also be conducted using bank deposits, this often entails higher costs and longer settlement times because funds must be transferred into and out of the crypto-asset ecosystem.

Stablecoins also play a central role in so-called decentralised finance (DeFi). DeFi is a collective term for financial services related to the crypto-asset ecosystem, such as lending, trading and savings, provided directly between userson DLT platforms without a bank or exchange acting as an intermediary. In this ecosystem, stablecoins serve as both the primary means of payment and settlement and collateral for loans and trades.

Cross-border payments and remittances are highlighted as a potential use case for stablecoins

Stablecoins can settle around the clock without the use of traditional correspondent banking networks. In principle, they may therefore reduce both

[18] For example, the US central bank, the Federal Reserve, denied The Narrow Bank access to a 'Master account', which would, among other things, allow it to hold reserves and use the Federal Reserve's payment and settlement services. The Federal Reserve reasoned that an institution paying deposit rates close to the central bank's interest rate could attract very large institutional deposits. This could complicate monetary policy implementation and amplify deposit outflows from the rest of the banking system during periods of stress. For more information, see Federal Register, *Regulation D: Reserve Requirements of Depository Institutions, 2019, and* Huang and Keister, Stablecoins vs. Tokenized Deposits: The Narrow Banking Debate Revisited*, Federal Reserve Bank of New York Staff Reports,* no. 1179, February 2026.

[19] See Jhanji, Burchardi, Zhang, Bravo, Hung, Kronfellner and Samad, Stablecoins: Five killer tests to gauge their potential*, Boston Consulting Group White Paper*, May 2025.

[20] See the European Central Bank, ECB, *Use of cash by companies in the euro area in 2026,* ecb.europa.eu, August 2026.

costs and transaction times for cross-border transactions.[21] This is mainly because fewer intermediaries may reduce the number of control and settlement stages in the payment chain.[22]

However, the potential is considered limited for euro payments within the Single Euro Payments Area, SEPA,[23] as existing payment solutions are already relatively inexpensive and efficient.[24] At the same time, new platforms for cross-border instant transfers are expected to further improve existing systems. One example is the TARGET Instant Payment Settlement, TIPS, cross-currency payments initiative. The initiative aims to support more efficient cross-border payments between currencies available in TIPS (the euro, Danish krone and Swedish krona).[25]

By contrast, stablecoins may have greater potential for payments to countries outside Europe. Payments infrastructure in these countries is often more fragmented, while differences in regulation and market structure make systems less harmonised and efficient. Around 65 per cent of Danish households' cross-border bank transfers are made to countries outside the euro area.[26] In such cases, stablecoins may offer an alternative to existing cross-border payment solutions, partly because they can be settled without traditional intermediaries.

However, it remains unclear whether stablecoins are currently cheaper than payments based on bank deposits. A preliminary analysis[27] indicates that the cost of using stablecoins depends largely on the fees charged for converting between stablecoins and conventional fiat money.[28] When these conversion costs are included, total costs may reach 9 per cent of the amount transferred in some cases.

Stablecoins can provide access to US dollars

Stablecoins may be attractive as an alternative to the local currency in countries experiencing monetary and macroeconomic instability or subject to capital controls. This is because US dollar stablecoins can be acquired and held without a traditional banking relationship through open blockchain infrastructures and crypto-asset trading platforms.

In some emerging market and developing economies, stablecoins can provide direct digital access to US dollars and thereby reinforce dollarisation trends, which may pose a significant risk to monetary sovereignty. US dollar stablecoins are used, for example, in Venezuela, Nigeria and Argentina, which have

[21] See, among others, Bank for International Settlements, Committee on Payments and Market Infrastructures, CPMI - Cross-border retail payments, February 2018, and CPMI, Considerations for the use of stablecoin arrangements in cross-border payments*, CPMI Report*, October 2023.
[22] However, payments may also be made through decentralised wallets without an identifiable counterparty. In such cases, customer identification and anti-money laundering checks cannot be conducted to the same extent.
[23] The Single Euro Payments Area, SEPA, is the common euro payments area in which euro payments are made under uniform conditions across national borders. It comprises 41 European countries, including countries outside the euro area and the EU, as well as several territories with historical ties to these countries.
[24] From 2027, the Instant Payments Regulation, IPR, will apply to Danish and other European banks that offer euro payments. The Regulation aims to make cross-border instant payments in euro cheaper and more accessible than they are today.
[25] The TIPS platform is expected to be connected to other, non-European instant payment systems in the future. The ECB has entered into agreements with the Bank for International Settlements on Project Nexus and with India's instant payment system, the Unified Payments Interface, UPI, on pilot projects to explore the possibility of connecting the respective systems. See the European Central Bank, ECB, *Eurosystem moves forward on work to connect TIPS with India's Unified Payments Interface and with Nexus Global Payments*, November 2025.
[26] Data from Danmarks Nationalbank's 2025 survey of payments.
[27] See Di Iorio, Di Stefano, Mascioli and Trebeschi, *Are stablecoins efficient for remittances? Evidence from a mystery shopping exercise by the Bank of Italy*, Banca d'Italia, July 2026.
[28] Fiat money is money that is not backed by underlying assets but has instead been declared legal tender. For example, Danish banknotes and coins are legal tender in Denmark, see *section 8 of the Danmarks Nationalbank Act* and *section 4 of the Danish Coinage Act*.

experienced high inflation rates.[29] Using stablecoins to access US dollars is not relevant in advanced economies such as Denmark, where inflation is low and the currency is stable.

Stablecoins are also used for illicit transactions and to circumvent sanctions

The same features that make stablecoins attractive – low transaction costs, fast cross-border payments around the clock and the possibility of pseudonymity[30] – also entail a risk that they may be used for illicit purposes, including money laundering, terrorist financing and the circumvention of sanctions.[31] Analyses show that stablecoins have overtaken bitcoin as the preferred asset for illicit crypto-asset transactions since 2022. Using stablecoins to circumvent restrictions on capital movements may also reduce the effectiveness of economic sanctions against a given country.

In the traditional financial system, payments typically pass through banks or other financial institutions that are subject to requirements including customer identification. On decentralised DLT platforms, users can transfer funds more directly without equivalent control points. This makes it harder to supervise, enforce sanctions, and combat money laundering. Although issuers may monitor and block suspicious transactions in some cases, criminals continually develop new methods to circumvent controls. This underscores the importance of regulation, particularly at the points of entry to and exit from the traditional financial system.

Differences in stablecoin regulation across jurisdictions may give rise to regulatory arbitrage, for example, if stablecoin issuance moves to jurisdictions or platforms with less stringent regulation. This may occur when issuers or users seek to avoid requirements relating to reserve assets, transparency or consumer protection. The MiCA Regulation seeks to limit the scope for arbitrage by harmonising requirements for issuers within the EU.

Several factors may promote or limit adoption

Estimates suggest that the global market value of stablecoins could reach up to USD 3,700 billion by 2030. However, the future development is highly uncertain, as also reflected in the wide variation in estimates.[32]

Wider distribution through banks and other financial institutions may increase adoption

Greater integration with existing accounts and payment solutions will increase the availability of stablecoins and, in turn, their use for retail payments. One example is Qivalis, a consortium of several European banks, including several Danish banks, which plans to issue a euro-denominated stablecoin in H2 2026. Another example is the US dollar stablecoin Open USD, which is also expected to

[29] See Chainalysis, *Latin America's Search for Economic Stability: The Rise of Stablecoins Amid Volatility,* chainalysis.com, 2024, and the International Monetary Fund, Stablecoins in Nigeria: A Growing Cross-Border Channel, imf.org, June 2026.
[30] Pseudonymity means that transactions are not linked directly to the user's real identity, but to a public address, or pseudonym, on the blockchain.
[31] For example, studies indicate that Russia has increasingly used stablecoins to circumvent sanctions. The EU's latest sanctions packages have therefore prohibited transactions in the EU involving rouble-denominated stablecoins that have been used to finance the war against Ukraine. See the press release from the EU Council, 19th package of sanctions against Russia: EU targets Russian energy, third-country banks and crypto providers, 23 October 2025, and the European Commission, *EU adopts 20th package of sanctions against Russia*, press release, April 2026.
[32] See Standard Chartered, *Stablecoins, USD Hegemony, and UST Bills*, April 2025, which estimates that the stablecoin market will reach around USD 2,000 billion in 2028. Citi Institute estimates a range of USD 500 billion to USD 3,700 billion, with a baseline scenario of USD 1,500 billion in 2030. By contrast, J.P. Morgan expects the stablecoin market to grow to only USD 500 billion by 2028. On 18 June, US Treasury Secretary Scott Bessent stated on social media that the stablecoin market could reach a market capitalisation of USD 3,700 billion by the end of the decade. See the International Monetary Fund, IMF, Understanding Stablecoins, *Departmental Paper, no. 25/09,* December 2025.

launch in H2 2026.[33] Open USD is backed by a large consortium of companies and has a different business model under which revenue is shared with several participants in the ecosystem. In principle, this may provide stronger incentives for adoption.

Other European financial institutions have also expressed interest in developing stablecoin-based products and infrastructure as part of the wider digitalisation of payments and capital markets.[34] Banks' involvement in tokenisation and digital money projects may help build experience with new technologies and business models. In the longer term, this experience may support the development of future payment and settlement solutions.

Tokenisation of assets may increase the usefulness of stablecoins

Tokenisation involves issuing and trading assets, such as securities or financial contracts, as digital tokens on DLT-based infrastructure. Stablecoins can serve as a means of payment for trading these assets. Studies indicate that DLT may contribute to more efficient infrastructure by combining functions such as validation, clearing and settlement on a single platform accommodating many different types of financial assets, or through solutions that allow multiple platforms to interoperate.[35] The market for trading tokenised assets is currently marginal[36], but several key entities have launched initiatives to tokenise financial assets.[37] At the same time, the market for tokenised money market funds is growing.[38]

Companies are testing stablecoins to automate retail payments

New functionalities may make stablecoins relevant to companies for certain types of retail payment, see box 5. In particular, the programmability of stablecoin payments can automate payment processes and thereby reduce manual processing.[39] Such functionalities may be particularly relevant for cross-border transactions between companies and may also increase the usefulness of stablecoins for retail payments.[40] Programmability may also make stablecoins a relevant means of payment for AI-enabled payments, known as agentic AI payments, in which digital agents can make payments on behalf of users or companies based on predefined conditions.

[33] Open USD (OUSD) is a US dollar stablecoin announced by the Open Standard consortium on 30 June 2026 in cooperation with Stripe, Visa, BlackRock and more than 140 other companies. Unlike the largest stablecoin issuers, Circle and Tether, Open USD returns most of the interest income from the underlying reserves to consortium participants after deducting an administration fee. See Open Standard, Introducing Open Standard, joinopenstandard.com, June 2026.
[34] See the report by the European Systemic Risk Board, ESRB, *Crypto-assets and decentralised finance,* October 2025.
[35] See Bank for International Settlements, BIS, Blueprint for the future monetary system: improving the old, enabling the new*, BIS Annual Economic Report*, June 2023.
[36] The value of tokenised assets issued in 2023 is estimated at USD 0.4 billion. See Berger, *Tokenization of real-world assets: unlocking a new era of ownership, trading, and investment*, rolandberger.com, 2023.
[37] One example is the US company DTCC, which operates central infrastructure for clearing, settlement and securities custody in the United States and globally. In May 2026, DTCC announced that it was developing its tokenisation service in cooperation with an industry working group comprising more than 50 financial institutions from both the traditional and digital financial sectors. DTCC expected to conduct the first limited production transactions in tokenised securities in July 2026 and to launch the service in October 2026. DTCC's depository subsidiary, DTC, holds and services securities on a very large scale, amounting to more than USD 114,000 billion, see DTCC, DTCC Advances Development of New Tokenization Service, Convenes 50+ Firms to Drive Digital Assets Adoption, press release, May 2026.
[38] The total market size is estimated at around EUR 7 billion, which remains small compared with the total market value of traditional money market funds (MMFs) or crypto-assets. See Born, Grill, Lambert, Schöller, Staunton and Tskhakaya, Tokenised money market funds: new technology, familiar risks?, in *ECB, Macroprudential Bulletin, no. 33*, April 2026.
[39] Through smart contracts, stablecoins can make payment flows conditional on milestones, such as the achievement of predefined targets or the delivery of goods. Smart contracts are described in more detail in Seixas, Nielsen and Mogensen*,* New Types of Digital Money*, Danmarks Nationalbank Analysis, no. 8,* June 2022.
[40] See CPMI*, Tokenisation in the context of money and other assets: concepts and implications for central banks*, October 2024.

BOX 5

Stablecoins are being explored as a potential means of payment for retail payments

Several large companies are working to make stablecoins more widely usable for payments. The initiatives span several categories of market participants and cover both settlement and consumer payments.

Card networks
Visa offers settlement in USDC to payment acquirers such as Worldpay and Nuvei and has reported annual stablecoin settlement volumes of more than USD 3.5 billion.[1] Mastercard has also entered into partnerships with stablecoin providers to enable merchants to accept stablecoin payments.[2]

Payment service providers
Solutions from payment service providers such as PayPal and Stripe enable companies and individuals in several countries to hold, receive and pay with stablecoins alongside their regular accounts.[3,4]

Large retailers
According to news media, some large US retailers are considering issuing their own stablecoins to reduce their dependence on card networks and lower their payment costs.[5]

[1] See Visa, Visa Launches Stablecoin Settlement in the United States, Marking a Breakthrough for Stablecoin Integration, usa.visa.com, December 2025.
[2] See Mastercard, Mastercard unveils end-to-end capabilities to power stablecoin transactions, press release, April 2025.
[3] See Stripe, Stripe accelerates the utility of AI and stablecoins with major launches, stripe.com, May 2025.
[4] See PayPal, PayPal brings PayPal USD to users across 70 markets, investor.pypl.com, March 2026.
[5] See Wall Street Journal, Walmart and Amazon Are Exploring Issuing Their Own Stablecoins, wsj.com, 13 June 2025, accessed on 24 August 2026.

Strong network effects from large platforms may encourage adoption

If large trading platforms, payment service providers or social media platforms that also facilitate transactions introduce or encourage the use of stablecoins, use may grow rapidly. Such developments may form the basis for strong network effects, which may have a significant impact on stablecoin adoption. By contrast, other factors may limit or even reduce the use of stablecoins. These include improvements to existing systems, the development of tokenised bank deposits and challenges related to decentralised infrastructure.

Work is under way to improve the efficiency of existing payments infrastructure

Instant payments available around the clock are already widespread, and several initiatives aim to interlink national systems across borders. As described above, TIPS cross-currency and the BIS's Project Nexus are examples of such initiatives. More efficient cross-border payments infrastructure may reduce demand for stablecoins.

Tokenised bank deposits may provide an alternative to stablecoins

Tokenised deposits may offer similar functionality to stablecoins while remaining anchored in the established monetary system, which may strengthen trust and usability. However, this would require developing a DLT-based interbank system that allows tokenised deposits to be transferred across banks. If such solutions can be integrated into common payment and settlement platforms, they may reduce the need for stablecoins as a settlement asset.

Alternative solutions and a lack of interoperability may limit the adoption of stablecoins

EU central banks are working to establish infrastructure for settlement in tokenised central bank money. Danmarks Nationalbank participates in this cooperation to ensure that future solutions may also benefit Danish

participants.[41] Similarly, the BIS's Project Agorá, which involves seven central banks and more than 40 financial institutions, is exploring how cross-border payments can be settled using tokenised central bank reserves and tokenised bank deposits across currencies and jurisdictions.[42] Both initiatives are developing alternatives to stablecoins.

Stablecoin adoption also depends on whether the underlying DLT infrastructure can operate efficiently across platforms Stablecoins settle on decentralised infrastructure, which tends to fragment, partly because capacity constraints and fees may push users toward alternative blockchains.[43] The same type of stablecoin may therefore exist on different blockchains that are not necessarily interoperable. Fragmentation may thus split liquidity. A high degree of interoperability between platforms is therefore an important prerequisite for wider adoption.[44]

[41] In the short term, a decision has been made to develop a solution called Pontes. Pontes will connect market-developed DLT platforms for tokenised financial assets with the Eurosystem's TARGET Services. This will enable the financial sector to develop and scale DLT solutions with access to settlement in central bank money. The solution is expected to launch in Q3 2026 and will gradually incorporate new functionalities, including the possibility of connecting Danish kroner to the solution. In parallel, work is under way on an analytical initiative called Appia, which aims to pave the way for a DLT-based ecosystem for financial markets in the longer term. See Danmarks Nationalbank, Europe takes a step towards the financial infrastructure of the future*, Danmarks Nationalbank News, no. 1*, March 2026

[42] See the press release from the Bank for International Settlements*, Project Agorá shows how tokenisation can improve wholesale cross-border payments; work will advance to real-value testing*, May 2026.

[43] When many users seek to use the same blockchain simultaneously, they compete for limited transaction capacity in the next blocks. This capacity constraint means that users must pay higher transaction fees, known as "congestion fees" or gas fees, to move to the front of the queue. If fees become sufficiently high, small and price-sensitive transactions, such as retail payments or smaller transfers, will typically move to other blockchains with more capacity or lower fees. If transferring DKK 100 in stablecoins costs kr. 30 on a congested blockchain, many users will in practice choose another blockchain where the same transfer can be completed at a lower cost. This behaviour may contribute to stablecoin fragmentation and weaken interoperability between them. See Shin, Tokenomics and blockchain fragmentation*, BIS Working Papers, no. 1335*, March 2026.

[44] See the press release from the Bank for International Settlements, *Next-generation monetary and financial system takes shape, based on a tokenised unified ledger*, June 2025.

03
Wider use of stablecoins may entail new risks

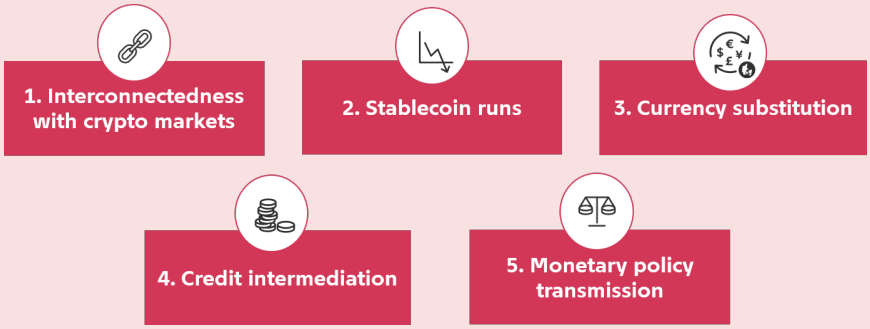
This chapter examines the key risks that wider stablecoin adoption may pose to secure and efficient payments, as well as to financial and monetary stability in Denmark, see chart 5. The key risks are discussed individually, although they may be interconnected and reinforce one another if stablecoins become widely adopted.

Overall, stablecoins are not currently assessed to have significant implications for the financial system in Denmark. Regulation mitigates many of the potential risks associated with wider use. In the EU, the MiCA Regulation establishes a common regulatory framework for stablecoins, focusing on requirements for issuers, reserves, governance and supervision. Under the MiCA Regulation, EU authorities may restrict or prohibit stablecoins if they threaten monetary or financial stability or the smooth operation of payment systems. However, the available powers will depend on the specific circumstances.

The risks associated with wider use of stablecoins largely depend on their denomination currency. The review below therefore distinguishes between US dollar-, euro- and Danish krone-denominated stablecoins. Given Denmark's fixed exchange rate policy and close economic integration with the euro area, euro area risks may also affect Denmark. For example, widespread use of US dollar-denominated stablecoins in the euro area may contribute to dollarisation and thereby weaken the euro's role in the financial system. This may challenge monetary sovereignty and increase Europe's dependence on US payment and financial infrastructures. It may also weaken Europe's strategic autonomy and ultimately have implications for Denmark.[45]

CHART 5

Overview of key issues related to wider use of stablecoins that may affect Denmark



Source: Danmarks Nationalbank

[45] See speech by Piero Cipollone, member of the ECB's Governing Council, *The foundations of national sovereignty: the role of central bank money*, June 2026.

1. Stablecoins may increase the interconnectedness between crypto markets and traditional financial markets

The growing use of crypto-assets, particularly stablecoins, may increasingly affect the financial system.[46] As US dollar-denominated stablecoins have seen the greatest uptake, interconnectedness is primarily evident in US financial markets, particularly the market for short-term US government bonds (T-bills). Issuers of US dollar-denominated stablecoins have thus become some of the largest net buyers of and investors in T-bills.

There is growing debate about whether stablecoins primarily provide stable demand for T-bills or may introduce new vulnerabilities into the market.[47] The risk relates particularly to scenarios involving large, sudden stablecoin redemptions, known as *stablecoin runs*. Such redemptions may lead to sales of reserve assets, thereby increasing volatility in the T-bill market.

Empirical studies suggest that increased stablecoin issuance puts slight downward pressure on yields on short-term US government debt and upward pressure on US equity prices.[48] Large-scale redemptions are similarly expected to have the opposite effect. For example, large stablecoin redemptions may lead to sales of reserve assets, particularly T-bills, and thereby cause volatility in the associated yields.

Denmark's interconnectedness with the stablecoin market is limited

Limited direct links to the stablecoin market currently mean that vulnerability to shocks originating from that market is low. Considerable uncertainty remains, however, about how very large stablecoin markets would affect market dynamics in the US Treasury bill market during periods of stress. If large-scale stablecoin redemptions trigger selling pressure in Treasury bills, global interest rates, risk premia, and asset prices could also be affected, which Danish investors and pension funds would be exposed to.

2. Stablecoin runs may affect financial stability

Financial stability may be vulnerable if many holders try to redeem their stablecoins simultaneously, triggering a stablecoin run. A run on a stablecoin may trigger fire sales of reserve assets such as government bonds or sudden withdrawals of bank deposits. Rapid sales of large volumes of reserve assets may put pressure on prices and liquidity in the underlying markets. The effects may spread to other financial markets and cause asset prices to fall. This may become self-reinforcing, trigger further redemptions and cause declines in both foreign and domestic asset prices, thereby posing a systemic risk.

A fire sale of reserve assets may be triggered by a loss of confidence in, or uncertainty about, stablecoin issuers or the banks holding the reserves. For example, the collapse of Silicon Valley Bank in 2023 caused the price of USDC to fall sharply.[49] Under certain circumstances, stablecoins may be more vulnerable

[46] See also Danmarks Nationalbank, Uncertain times call for resilience and preparedness, *Danmarks Nationalbank Analysis (Financial stability – biannual review and recommendations)*, no. 28, November 2025.
[47] See Gross and Senner, From Par to Pressure: Liquidity, Redemptions, and Fire Sales with a Systemic Stablecoin, *IMF Working Paper* 26/5, January 2026, and Ahmed and Aldosoro, Stablecoins and safe asset prices, *BIS Working Papers*, no. 1270, May 2025 (revised February 2026).
[48] See Ahmed and Aldasoro, Stablecoins and safe asset prices, *BIS Working Papers*, no. 1270, May 2025 (revised February 2026), and Cerutti, Firat, Hengge and Sagawa, Stablecoin Shocks, *IMF Working Papers*, no. WP/26/44, March 2026.
[49] When Silicon Valley Bank collapsed in March 2023, Circle stated that USD 3.3 billion of the reserves backing USD Coin were held at the bank. USD Coin briefly traded at USD 0.877 – more than 12 cents below its intended parity, see speech by Christine Lagarde, Stablecoins and the future of money: separating functions from instruments, 8 May 2026.

to runs than traditional banks because stablecoin issuers generally cannot borrow against collateral from central banks. Without access to central bank liquidity, stablecoin issuers under stress rely more heavily on their own liquidity buffers and their ability to borrow against or sell reserve assets.

The effects of stablecoin runs on Denmark would mainly be indirect

Overall, runs on foreign stablecoins[50] may affect financial stability abroad and thereby indirectly affect financial stability in Denmark. Risks to the Danish financial sector may also arise if a stablecoin issuer places deposits with Danish banks.[51] However, the risk of significant implications for financial stability in Denmark is currently assessed to be very low. This is because the reserve assets backing the most widely used stablecoins currently consist mainly of short-term US government bonds. The implications for Denmark would therefore arise primarily to the extent that runs indirectly effect European and Danish markets and lead to tighter global financial conditions. Runs may also reduce the value of US equities.[52] This is relevant for Denmark because US equities account for a significant share of Danish pension wealth.

In a scenario involving runs on future, more widely used stablecoins with substantial deposits in European banks, liquidity pressures may also arise and spread to other European and Danish financial markets. However, the MiCA Regulation reduces the likelihood and scale of such events through requirements for reserve composition, diversification and liquidity management, see box 1. Similarly, liquidity requirements under the general banking regulation contain some of the risks.

When several issuers issue the same stablecoin, global runs may increase liquidity pressures on European banks

Large European banks may face a heightened risk of significant liquidity pressures during runs. The risk arises when the same stablecoin is issued in several jurisdictions, known as *multi-issuance*. This makes it difficult to control where redemptions take place, see box 6. In practice, redemptions may be more likely in Europe, partly because redemption fees are not permitted there, unlike in the United States. However, if major stablecoin issuers mainly deposit with large European banks rather than Danish banks, the direct risk to Denmark is likely to be limited. Spillovers to the Danish banking sector may nevertheless arise.

BOX 6

Multi-issuance remains an unresolved issue under the MiCA Regulation

Multi-issuance refers to a business model in which the same stablecoin is issued in parallel by two or more legally separate entities in different jurisdictions.[1] The stablecoins, or tokens, share the same currency peg and technical features, but their reserves are segregated and subject to different regulatory frameworks. One example is the US dollar-denominated stablecoin USDC. Circle Internet Financial LLC currently issues it in the United States, and Circle Internet Europe S.A.S. issues it in the EU, authorised under the MiCA Regulation by the French supervisory authorities. The risk arises from asymmetric reserve coverage in a stress scenario involving sudden redemptions, as holders may redeem their stablecoins across jurisdictions. Under normal circumstances, reserves can be transferred between issuers in different jurisdictions, allowing an issuer facing substantial redemptions to receive additional reserve assets on an ongoing basis. If such transfers are prevented, the individual issuer's reserves may become insufficient even though the stablecoin remains fully backed globally.

Continues …

[50] Foreign stablecoins are defined as stablecoins denominated in foreign currencies such as the euro or the US dollar.
[51] The deposit will be denominated in the same currency as the stablecoin in question, see Box 1.
[52] See Cerutti, Firat, Hengge and Sagawa, Stablecoin Shocks, *IMF Working Papers*, no. WP/26/44, March 2026

... continued

The risk is illustrated by the following example: A global stablecoin holds 90 per cent of its reserves with the third-country issuer and 10 per cent with the MiCA-authorised EU entity. Under normal conditions, the EU entity is fully backed. In a scenario where capital restrictions in the third country constrain rapid transfers of reserves between jurisdictions, global holders may turn to the EU entity because it offers the most favourable redemption rights, particularly if the global stablecoin comes under stress. The EU entity's reserves may then quickly become insufficient, triggering a fire sale of reserve assets.

Multi-issuance has attracted regulatory attention. The European Central Bank, the Financial Stability Board, FSB, and the European Commission have all identified the arrangement as a source of systemic risk. This may lead to amendments to the MiCA Regulation.

Danish banks have limited direct exposure. Stress affecting a global stablecoin in the EU would predominantly affect larger European banks because they receive the reserve deposits, rather than the Danish banking system.

[1] For more details about multi-issuance, see (1) FSB, Thematic review on the FSB global regulatory framework for crypto-asset activities, October 2025. (2) ECB, non-paper on EU and third-country stablecoin multi-issuance, April 2025. (3) ESRB, report on stablecoins, crypto-investment products and multi-function groups, October 2025.

3. Wider use of foreign stablecoins may increase the risk of currency substitution

One of the most widely discussed risks associated with foreign stablecoins is currency substitution. This occurs when citizens replace the domestic currency with a foreign currency on a large scale. In Denmark, the risk scenario would involve using a US dollar- or euro-denominated stablecoin as a store of value and/or for domestic payments, thereby reducing demand for Danish kroner.

The risk of currency substitution in Denmark is low

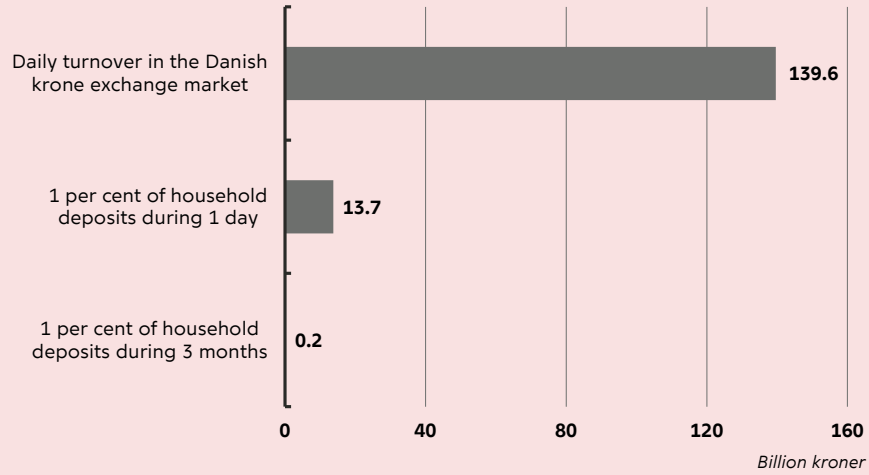
The growing digitalisation of money and payment solutions, including the development of stablecoins and other potential types of money, may generally make other currencies more accessible and easier to use and facilitate currency exchange. All else being equal, these factors will increase the risk of currency substitution.

Danmarks Nationalbank nevertheless assesses that foreign stablecoins are unlikely to gain wider use at the expense of the Danish krone. First, stablecoins do not appear attractive as a store of value in Denmark. For example, regulated stablecoins may not pay interest, making them less attractive as a store of value. Second, Danish payment solutions are efficient and inexpensive, reducing the likelihood that stablecoins will be widely used for domestic retail payments. Finally, payments in foreign stablecoins would involve currency conversion costs and would therefore, all else being equal, be more expensive than existing solutions. If foreign stablecoins gain traction as a means of making cross-border payments, this is not expected to affect demand for Danish kroner.[53]

[53] If, for example, a cross-border payment is made using a US dollar-denominated stablecoin, the related sale of Danish kroner will be the same as under existing solutions. If, for example, a US dollar-denominated stablecoin is used for a domestic retail payment, the payer's sale of Danish kroner will be offset by the recipient's purchase of Danish kroner, as both buyer and seller can be assumed to prefer holding their liquidity in Danish kroner.

CHART 6

Turnover in the Danish krone exchange market far exceeds the potential decline in demand for Danish kroner, even in extreme scenarios



Note: Daily turnover in the Danish krone foreign exchange market in 2026, comprising spot, forward and swap transactions with Danish banks, compared with scenarios involving increased daily sales of Danish kroner as households shift deposits in Danish kroner into foreign stablecoins. One per cent of bank deposits is used as an extreme scenario and significantly exceeds typical daily inflows into US dollar stablecoins globally, see Ahmed and Aldasoro, Stablecoins and safe asset prices, *BIS Working Papers*, no. 1270, May 2025 (revised February 2026). The scenario in which 1 per cent of deposits is spread over three months is motivated by the time it took Danish households to respond fully to negative deposit rates in 2019-20, see Mandsberg, Otte and Spange, The response of household customers to negative deposit rates, *Danmarks Nationalbank Analysis*, no. 9, April 2021.

Source: Danmarks Nationalbank and own production.

If Danish citizens choose to move part of their wealth into a foreign stablecoin, the Danish krone foreign exchange market is expected to absorb the resulting decline in demand for Danish kroner without significantly affecting the krone's exchange rate against the euro. This assessment is based on the daily turnover in the Danish krone foreign exchange market being substantially larger than the potential decline in demand for Danish kroner – both in an extreme scenario involving a large reduction in bank deposits concentrated on a single day and in a more realistic scenario involving a gradual reduction, see chart 6.[54] The chart illustrates that the effect will largely depend on how quickly and to what extent Danish citizens move their Danish krone deposits from Danish banks into a foreign stablecoin. If weakening pressure on the krone arises, Danmarks Nationalbank can use its standard monetary policy instruments to counter it.[55]

[54] The potential decline in demand for Danish kroner is compared with turnover in the Danish krone foreign exchange market to illustrate the scale of sales of Danish kroner relative to market liquidity. High turnover increases the market's capacity to absorb foreign exchange flows without significantly affecting the exchange rate. The assessment is robust when foreign exchange transactions are limited to spot and forward contracts, which have the greatest effect on net demand for Danish kroner. The assessment also reflects the expectation that the effect on net demand for Danish kroner will remain within the normal variation in the currency positions of Danish banks acting as market makers.

[55] In addition, wider use of stablecoins is not expected to affect the transmission of monetary policy interest rates to the Danish krone market. This is because the differentials between short-term market interest rates in Danish kroner and euro, which are key to implementing the fixed exchange rate policy, are unlikely to be affected. If euro interest rates are affected, the effect is expected to pass through approximately one-to-one to the corresponding Danish interest rates. For a more detailed description of Danmarks Nationalbank's implementation of the fixed exchange rate policy, see Spange and Toftdahl, Fixed Exchange rate policy in Denmark, *Danmarks Nationalbank Monetary Review*, Q1 2014.

4. Stablecoins may affect banks' credit intermediation

Widespread stablecoin adoption may reduce banks' capacity to provide credit.[56] Banks' credit intermediation is important for citizens' saving and consumption decisions and also affects monetary policy transmission.

Analyses indicate that banks may experience a decline in stable retail deposits if households or companies move deposits from banks into stablecoins.[57] However, the MiCA Regulation requires stablecoin issuers to hold part of their reserves as bank deposits in the EU. Depending on where the reserves are held, deposits from stablecoin issuers may therefore partly offset a decline in stable household deposits. However, all else being equal, such deposits would be a less stable source of funding.[58] The decline in stable household deposits may therefore make banks more reliant on other, potentially more expensive sources of funding, such as corporate deposits and market-based funding.

Overall credit intermediation is resilient in Denmark

In the Danish context, Danmarks Nationalbank assesses that wider use of stablecoins would have only a very limited effect on credit intermediation. First, banks have access to alternative funding sources and may adjust their funding, for example, by increasing market-based funding. Corporate deposits and market-based funding already represent important sources of funding, particularly for large and some medium-sized banks in Denmark. Second, mortgage lending accounts for a substantial share of credit intermediation in Denmark. Mortgage lending is entirely market-based and would therefore not be affected in the same way as banks' credit intermediation might be. Finally, Danish banks have robust liquidity positions. Danish banks thus maintain substantial buffers above the regulatory liquidity requirements.[59]

5. Stablecoins may pose risks to monetary policy transmission in the euro area, with spillovers to Denmark

From a European perspective, the European Central Bank, ECB, considers that stablecoins may weaken monetary policy transmission.[60] The ECB's monetary policy aims to maintain price stability in the euro area over the medium term. Through its fixed exchange rate policy, Denmark "imports" price stability from the euro area. The overall implications of stablecoins for Denmark are therefore closely linked to developments in the euro area.

Stablecoins may affect the transmission of monetary policy to the economy in several ways. In Europe, the effect through banks' credit intermediation is particularly important, see Risk 4 above. This reflects the MiCA Regulation requirement for stablecoin issuers to hold a significant share of their reserve

[56] See, for example, (1) Altavilla, Boucinha, Burlon, Adalid, Fortes and Maruhn, Stablecoins and monetary policy transmission, *ECB Working Paper Series*, no. 3199, 2026; (2) Born, Lambert, Nguyen, Soons, Staunton and van der Kraaij, Euro stablecoins and their potential effect on sovereign bond markets, *ECB Macroprudential Bulletin*, Issue 33, 2026; and (3) De Cos, Bank for International Settlements, Stablecoins: framing the debate, speech delivered at a Bank of Japan seminar, April 2026.
[57] See sources in the preceding footnote.
[58] This is also reflected in the regulatory Liquidity Coverage Ratio (LCR), which requires banks to hold sufficient liquid assets to cover estimated net outflows over 30 days in a stress scenario. Under this framework, stable household deposits have low outflow rates of around 5 per cent, while deposits from stablecoin issuers are treated as highly unstable and assigned an outflow rate of 100 per cent. All else being equal, such deposits therefore weaken the banks' liquidity position as measured by the LCR.
[59] This means that banks hold liquidity above the requirements under the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). See Danmarks Nationalbank's financial stability analyses, including Danmarks Nationalbank, Global tensions, rising house prices and the cyberthreat dominate the risk outlook, *Danmarks Nationalbank Analysis (Financial stability – biannual review and recommendations)*, no. 9, May 2026.
[60] See Lagarde, Stablecoins and the future of money: separating functions from instruments, speech delivered at the Banco de España LatAm Economic Forum, May 2026, and Schnabel, From money market funds to stablecoins: lessons for central banks, speech delivered at a Bank of Korea conference, June 2026.

assets as bank deposits and the important role of banks in providing credit to households and companies in Europe.

First, the ECB highlights that wider use of US dollar-denominated stablecoins in Europe may weaken monetary policy transmission.[61] This is because European issuers of US dollar-denominated stablecoins must hold part of their reserves as US dollar deposits with European banks. A larger share of US dollar deposits on the liability side makes banks' funding costs more sensitive to US monetary policy, thereby reducing the pass-through of the ECB's monetary policy.

Second, wider use of stablecoins may reduce banks' credit supply in the euro area and thereby weaken the transmission of monetary policy interest rates to credit conditions. This applies regardless of the stablecoin's currency of denomination and reflects European banks' greater reliance on less stable and potentially more expensive funding sources, as described under Risk 4. As a result, borrowing conditions for households and companies may deteriorate even if monetary policy interest rates remain unchanged.

Overall, the ECB assesses that widespread stablecoin adoption could make it harder to calibrate monetary policy to achieve the desired effects on credit conditions, investment, consumption, and ultimately inflation in the euro area. This could lead to larger and more frequent interest rate changes than would otherwise be necessary, which could also affect Denmark through its fixed exchange rate policy.

The risks are important for Denmark but currently appear low

For these risks to materialise, stablecoins, particularly US dollar-denominated stablecoins, would need to become widely used in Europe as a store of value or means of payment. This currently appears unlikely. If the risks build, the MiCA Regulation allows authorities to restrict or prohibit stablecoins that threaten monetary stability or monetary policy transmission. However, the available powers will depend on the specific circumstances.

[61] See Lagarde, *Stablecoins and the future of money: separating functions from instruments*, speech delivered at the Banco de España LatAm Economic Forum, May 2026.

04
Stablecoins' potential role in the monetary system

This chapter sets out Danmarks Nationalbank's position on stablecoins based on current developments and the current and potential applications and risks described in chapters 2 and 3. Danmarks Nationalbank's position reflects the central bank's core tasks: supporting safe and efficient payments, ensuring financial stability, and maintaining stable prices.

The potential adoption of stablecoins as a new means of payment has led central banks worldwide to analyse and consider the role that private digital money can and should play.[62] Wider stablecoin adoption may affect how payments are made; how money circulates in the economy; and how trust in different types of money is maintained. This has prompted central banks to consider how to support innovation and more efficient payments while safeguarding safety, financial stability and trust in money. A key question in the international debate is whether stablecoins should have access to central bank infrastructure – central bank accounts and central bank money – and thus be linked directly to the existing monetary system.

The Bank of England has indicated that systemically important stablecoin issuers may gain access to central bank reserves. It has also considered dedicated liquidity facilities that could support issuers' ability to liquidate reserve assets under stress. The case for granting access includes supporting innovation and competition in the payment market. Access to central bank money may also strengthen financial stability by facilitating rapid redemption and reducing the risk of destabilising runs[63].

The European Central Bank, ECB, highlights several risks to monetary sovereignty, financial stability, and fragmentation of the payments landscape if private stablecoins assume a central role in the payment system. The ECB notes, among other risks, that granting access could create expectations of public support for private money and weaken the role of central bank money as the anchor of the monetary system. The ECB therefore takes a more restrictive approach to stablecoin access to central bank money.[64]

Taking a technology-neutral approach, Danmarks Nationalbank assesses that stablecoins and their underlying technology could contribute to more efficient and secure payments. However, stablecoins should not replace the use of central bank money between financial institutions and its role as the key anchor for trust, convertibility and final settlement in the financial system. At the same time, increased stablecoin use may pose risks to the monetary and financial system, depending on how stablecoins are designed and the role they ultimately assume in the financial system. Future adoption remains uncertain but should preserve trust in the monetary system, support financial and monetary stability, and prevent market developments from being driven by regulatory arbitrage rather than benefits to society.

[62] See Appendix 1 for a detailed review of different central banks' approaches to stablecoins.
[63] See Bank of England, *Sterling-denominated systemic stablecoins, Policy statement and consultation on draft Code of Practice*, bankofengland.co.uk, June 2026.
[64] See Lagarde, *Stablecoins and the future of money: separating functions from instruments*, speech delivered at the Banco de España LatAm Economic Forum, ecb.europa.eu, May 2026, and Philip Lane, *The digital euro: maintaining the autonomy of the monetary system*, speech at the University College Cork Economics Society Conference, ecb.europa.eu, March 2025.

The potential use of stablecoins as money

A well-functioning monetary system requires trust above all, see box 7. Trust allows money to function as a means of payment, a store of value and a unit of account.[65] New types of money must therefore meet the same fundamental requirements. Whether stablecoins can eventually meet all the criteria for functioning as money remains uncertain, given their continued limited use as a means of payment in the economy and examples of fluctuations in their value, see box 4.

BOX 7

Stable values across different types of money are essential for trust in money

Trust in both digital and physical money primarily reflects trust in the central bank and in the state. It also reflects that the central bank uses monetary policy to ensure that the currency retains its value and usability over time. Trust also rests on general confidence in key actors such as banks, which record transactions and account balances. Three factors primarily underpin this trust: First, banks hold assets, liquidity and capital that support and safeguard the value of deposited funds. Second, effective legislation governs these actors. It includes capital requirements to absorb losses and limits on the risks that banks may assume. Finally, the deposit guarantee scheme, the Guarantee Fund, protects deposits of up to approximately kr. 745,000 if a bank enters into liquidation.

The three factors above and trust in key actors mean that both bank deposits and cash are regarded as safe stores of value, even though bank deposits are claims on private actors, while cash is a claim on Danmarks Nationalbank. In practice, the difference in who issues the two types of money mean that the central bank guarantees the value of cash, while private banks guarantee the value of digital money. Danmarks Nationalbank's guarantee therefore means that holding cash entails no credit risk, unlike holding bank deposits. A bank deposit balance exceeding the deposit guarantee scheme's coverage entails credit risk because the depositor may lose all or part of the amount if the bank enters into liquidation. An established crisis management regime also provides a framework for managing banks in severe financial distress in an orderly manner. This framework further supports stability and trust in the financial infrastructure.

Trust in money also requires adherence to the fundamental principle that money can be used at the same value regardless of its form and provider. This requires both parity – stable exchange rates between different types of money, allowing them to be exchanged one for one – and convertibility, allowing users to exchange them freely and without impediment. Although private digital money issued by banks accounts for most payments, settlement in central bank money ensures parity between these types of money. Central bank money in digital form provides the basis for settling transactions between banks because banks use their central bank deposits for settlement. This helps ensure parity between private money and central bank money.

Source: Seixas, Nielsen and Mogensen, New types of digital money, *Danmarks Nationalbank Analysis*, no. 8, June 2022.

Stablecoins should not be used in large transactions between financial actors

Tokenisation of financial assets and distributed ledger technology, DLT, are developing rapidly and may significantly affect the future financial market infrastructure, including in Denmark. Stablecoins are often cited as a potential settlement asset for trading tokenised assets because both stablecoins and tokenised assets rely on DLT.

However, this development should not lead to private money being used to settle large transactions between financial actors, typically interbank payments. Such transactions should continue to be settled in central bank money because it is the safest settlement asset in the financial system and entails no credit or liquidity risk.

[65] For a detailed description of the properties of money, see Seixas, Nielsen and Mogensen, New types of digital money, *Danmarks Nationalbank Analysis*, no. 8, June 2022.

International standards and European legislation also reflect the importance of central bank money as a settlement asset. They state that securities settlement systems and systemically important payment systems should use central bank money for settlement where practical.

For the same reason, Danmarks Nationalbank actively participates in the ECB's Pontes and Appia projects, which aim to make central bank money available in a DLT-based environment. The projects seek to ensure that new technological infrastructures can use central bank money for settlement, allowing central bank money to remain the primary settlement asset for large transactions between financial actors. Danmarks Nationalbank participates in the Pontes and Appia projects to ensure that future solutions can also benefit Danish actors and that the European development process incorporates Danish perspectives at an early stage.

The Pontes project will connect market-developed DLT platforms for tokenised financial assets with the Eurosystem's TARGET Services. This will allow the financial sector to develop and scale DLT solutions with access to settlement in central bank money. The solution will gradually add new functions, including the option to connect Danish kroner. In parallel, the Appia analytical initiative aims to pave the way for a DLT-based financial market ecosystem over the longer term. The Appia project covers the euro and other currencies that the relevant central banks make available in TARGET, including Danish kroner.

Considerations regarding retail stablecoin use

Very few Danish citizens and companies currently use stablecoins. Digital payments in Denmark are already safe and efficient. The potential for stablecoins therefore appears limited in the short term, but stablecoins may gain traction in the future.

Retail use of krone-denominated stablecoins would not have the same implications for monetary and financial stability as the use of foreign-currency stablecoins. In such a scenario, the technology could benefit the payment market, see box 2. All else being equal, an additional means of payment based on a different infrastructure would also strengthen the resilience of Denmark's payments infrastructure.

In a scenario where stablecoin adoption is driven by regulatory arbitrage, trading in volatile crypto-assets, or illicit purposes, the benefits to society appear very limited, while the risks become more prominent. As noted in chapter 2, Tether (USDT), currently the most widely used stablecoin, complies with neither US nor European stablecoin rules. Crypto-asset service providers in the EU may therefore not offer trading in this stablecoin.

Coordinating international standards is essential. Jurisdictions should consistently implement recommendations from international institutions in this area to ensure a level playing field, not least, trust in stablecoins as a potential new type of money.[66] Such considerations should form part of future work to adjust EU rules and should be a key element in discussions of cross-jurisdictional regulatory initiatives.

Overall, the implications of stablecoins depend heavily on how they are used. If used primarily as a means of payment, the risks may be limited and may be offset by benefits. By contrast, if stablecoins are increasingly used for saving or as a store of value, they may have a greater impact on bank funding, monetary policy

[66] See Financial Stability Board, *Thematic Review on FSB Global Regulatory Framework for Crypto-asset Activities*, Peer review report, October 2025.

transmission and financial stability. Their use is therefore key to assessing the potential adoption of stablecoins from a Danish perspective.

Stablecoins in cross-border payments

As noted in chapter 2, cross-border payments are typically highlighted as the most attractive use of stablecoins because they could reduce transaction costs and processing times. This applies, for example, outside the Single Euro Payments Area, SEPA,[67] where payments infrastructure is more fragmented and less efficient. Such uses do not immediately pose challenges to financial or monetary stability.

Developing new solutions for cross-border payments could increase efficiency and competition. However, wider use should reflect genuine added value for users and the economy rather than differences in regulation or opportunities to circumvent existing rules. New technology should not allow regulated activities to benefit from less stringent requirements. Developments in stablecoin use for cross-border payments must therefore be assessed in this light.

Risks of circumventing legislation and sanctions, see chapter 2, should be limited by continuously adapting legislation and closely coordinating rules internationally. This may help ensure that wider use is driven by genuine added value compared with existing solutions.

Increased stablecoin use may raise institutional and regulatory considerations

Although future stablecoin adoption remains uncertain, current developments already raise questions about the role that stablecoins should play in the monetary system. These include whether stablecoin issuers should have access to central bank infrastructure and central bank money, which provide the common foundation for settlement and trust in the monetary system.

Under current legislation, Danmarks Nationalbank determines which entities may access krone accounts with the bank and the conditions they must meet.[68] The rules governing access are based on monetary policy and financial stability considerations. This purpose entails a natural distinction between different financial institutions that differ in their importance to monetary policy and are subject to different regulatory frameworks.[69]

Overall, banks and e-money institutions, including stablecoin issuers, have different access to central bank accounts. E-money institutions may access a settlement account with Danmarks Nationalbank. Danmarks Nationalbank pays no interest on settlement accounts, and end-of-day balances may not exceed amounts justified by settlement purposes. E-money institutions therefore cannot use these accounts to hold customer funds. Banks may access a current account, which bears interest at the current account rate, and Danmarks Nationalbank's collateralised lending facilities.

The distinction between the two types of access reflects, among other factors, banks' key role in monetary policy transmission. Banks with access to Danmarks Nationalbank's monetary policy facilities have a responsibility to support an

[67] The Single Euro Payments Area, SEPA, is a common payment area for euro payments that makes cross-border euro transfers as easy as domestic transfers.
[68] For more information about the requirements for holding an account with Danmarks Nationalbank, see *Rules and forms for account holders* at nationalbanken.dk.
[69] Banks have the exclusive right to accept deposits and are therefore subject to comprehensive and detailed regulation designed to protect those deposits. This includes governance and management requirements, as well as capital and liquidity requirements while a bank is operating. It also includes a detailed resolution regime designed to protect depositors' funds if a bank fails, including through a separate deposit guarantee scheme. Payment institutions and e-money institutions may not accept deposits and are therefore not subject to equivalent regulation.

efficient money market. By actively participating in the Danish money markets and extending credit, banks ensure effective transmission of monetary policy interest rates to the money markets.[70] This role is less evident for e-money institutions, including stablecoin issuers, because they do not extend credit. They also contribute less to monetary policy transmission because stablecoins are non-interest-bearing. The distinction between the two types of access aligns with the ECB's policy on non-bank access to central bank accounts.[71]

New types of digital money should support trust and financial stability

Developing new types of digital money must deliver added value, and innovative solutions based on new technology must be safe and efficient for citizens and society.

Tokenised bank deposits can offer the same technological applications as stablecoins and may therefore provide an alternative. The ECB's and Danmarks Nationalbank's efforts to develop tokenised central bank reserves may eventually provide a foundation for banks to introduce tokenised bank deposits. Similarly, Danish banks' involvement in tokenisation and digital money projects may help build expertise and experience in new technologies and business models that may prove suitable as financial asset tokenisation increases.

Widespread adoption of krone-denominated stablecoins may require changes to the institutional framework, regulation and financial infrastructure. New DLT-based types of private money – including tokenised bank deposits and stablecoins – may play a complementary role, subject to financial and monetary stability considerations. However, developments remain uncertain. Danmarks Nationalbank monitors them closely to assess on an ongoing basis how new types of digital money can best contribute to a well-functioning monetary system that supports trust, financial stability, stable prices, and safe and efficient payments.

[70] For a detailed review of monetary policy counterparties' importance to a well-functioning money market, see Kidd, Søgaard and Toftdahl, Effective distribution of central bank liquidity is essential for a well-functioning money market, *Danmarks Nationalbank Analysis*, no. 16, June 2025.
[71] See ECB, *Eurosystem sets policy on access by non-bank payment service providers to its central bank payment systems*, ecb.europa.eu, July 2024.

05
Appendix

In addition to the stablecoin regulatory regimes adopted or under development in the EU, the United States and the United Kingdom, the European Central Bank, ECB, the Bank of England, BoE, and the Federal Reserve, Fed, have analysed and discussed a range of institutional considerations relating to stablecoins and their implications for payment systems, monetary policy and financial stability in reports, speeches and policy documents. The table below provides a simplified summary of selected views and considerations expressed by the respective central banks. By its nature, the summary does not cover every aspect highlighted by the central banks.

The approaches reflect different areas of focus and analytical perspectives.

The ECB emphasises the importance of preserving central bank money as the foundation of a two-tier monetary system. In this system, central bank money underpins trust and stability, while private money supports efficient payments and innovation, including in a future tokenised financial system. At the same time, the ECB warns of the risks of digital dollarisation and a loss of monetary sovereignty.[72]

The BoE explicitly states its intention to support stablecoins as a possible component of a future multi-money system. Stablecoins could coexist with commercial bank money, while central bank money would remain the anchor of trust and settlement.[73]

The Federal Reserve has set out a comprehensive policy vision for the role of stablecoins in the monetary system to a lesser extent. Its focus has been more on the economic and financial implications of widespread use, including for payments, financial stability and monetary policy.[74]

[72] ECB, The Eurosystem's comprehensive payments strategy, 2026, and Lagarde, Stablecoins and the future of money – separating functions from instruments, May 2026.
[73] BoE, Proposed regulatory regime for sterling-denominated systemic stablecoins – *Consultation Paper*, 2025, and BoE, Sterling-denominated systemic stablecoins – Policy Statement and Draft Code of Practice, June 2026.
[74] Federal Reserve System, Request for Information and Comment on Reserve Bank Payment Account Prototype, December 2025.

TABLE 2

Selected central bank considerations regarding stablecoins

	European Central Bank, ECB	Bank of England, BoE	Federal Reserve, Fed
Access to central bank reserves	Stablecoin issuers (e-money institutions) do not have access to central bank accounts for the purpose of holding reserves. The ECB emphasises that central bank money should serve as the monetary anchor in a two-tier monetary system.	Issuers of systemic sterling-denominated stablecoins may gain access to a non-interest-bearing central bank account and must hold part of their reserves as deposits with the BoE to support prompt redemption and financial stability.	Stablecoin issuers currently have no direct access to central bank accounts. However, the Fed has issued a new type of central bank account for public consultation, a "Reserve Bank Payment Account" ("skinny master account"). The model would provide access to the Federal Reserve's payment infrastructure, clearing and settlement, but would not provide remuneration or access to central bank credit. Balances and activity would also be subject to limits.
Deposit guarantee scheme	Stablecoins and e-money are not bank deposits and are therefore not covered by a deposit guarantee scheme. The ECB consistently emphasises that central bank money should serve as the risk-free anchor in a two-tier monetary system.	Stablecoins are not bank deposits and are therefore not covered by a deposit guarantee scheme. Instead, stability is supported through reserve requirements, strong redemption rights and specific resolution and crisis management regimes.	A stablecoin is not a bank deposit and is therefore not covered by a deposit guarantee scheme.
Holding limits	There are no general limits on individual holdings. However, the ECB has warned that widespread use may affect monetary sovereignty and displace bank deposits and bank lending.	No cap on individual holdings. BoE has abandoned previous proposals for a cap on holdings and instead applies a temporary issuance limit (£40bn) per systemic stablecoin.	There are no official limits on individual holdings. Instead, the Fed has analysed how widespread use may affect bank deposits, lending, financial stability and monetary policy.
Remuneration	The ECB has warned that stablecoins may lead to deposit substitution and weaken monetary policy transmission. Remunerating stablecoin holdings could make them more attractive than bank deposits and thereby amplify these effects.	The BoE has ruled that systemic stablecoins must not bear interest or carry any other returns.. However, the BoE allows activity-based rewards and incentives that are compatible with the use of stablecoins as a means of payment.	The Fed has not set out a comparable overarching policy position on the remuneration of stablecoins.

Source: ECB, The Eurosystem's comprehensive payments strategy, 2026, and Lagarde, Stablecoins and the future of money – separating functions from instruments, May 2026.
BoE, Proposed regulatory regime for sterling-denominated systemic stablecoins – Consultation Paper, 2025, and BoE, Sterling-denominated systemic stablecoins – Policy Statement and Draft Code of Practice, June 2026.
Federal Reserve System, Request for Information and Comment on Reserve Bank Payment Account Prototype, December 2025.

Publications



ANALYSIS

Analyses focus on current issues of particular relevance to Danmarks Nationalbank's objectives. The analyses may also contain Danmarks Nationalbank's recommendations. They include our projections for the Danish economy and our assessment of financial stability. Analyses are targeted at people with a broad interest in economic and financial matters.



STAFF PAPER

Staff Papers provide insights into the analytical work being done by employees of Danmarks Nationalbank. Staff Papers include background analyses and method descriptions. They are mainly targeted at people who already have knowledge of economic and financial analyses. The conclusions expressed in Staff Papers are the authors' own and should not be interpreted as views held by Danmarks Nationalbank.



WORKING PAPER

Working Papers present research work by both Danmarks Nationalbank's employees and our partners. Working Papers are primarily targeted at professionals and people with an interest in central banking research as well as economics and finance in a broader sense. The conclusions expressed in Working Papers are the authors' own and should not be interpreted as views held by Danmarks Nationalbank.



NEWS

News may be a news article or an appetiser offering quick insight into one of Danmarks Nationalbank's more extensive publications. The series is targeted at people who need an easy overview and like a clear angle.



STATISTICAL NEWS

Statistical news focuses on the latest figures and trends in Danmarks Nationalbank's statistics. Statistical news is targeted at people who want quick insight into current financial data.



REPORT

Reports consist of recurring reports on Danmarks Nationalbank's areas of work and activities. Here you will find Danmarks Nationalbank's annual report, among other documents. Reports are targeted at people who need a status and update on the past period.

The analysis consists of a Danish and an English version. In case of doubt regarding the correctness of the translation, the Danish version is considered to be binding.

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