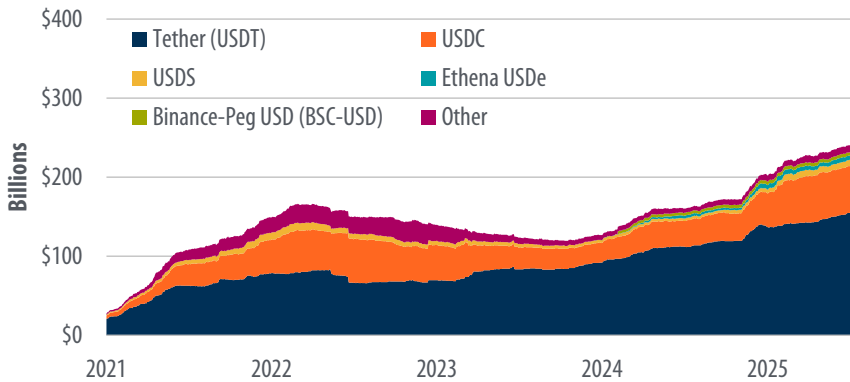


Stablecoins 101

Last week, Congress passed a landmark bill establishing the first national regulatory framework for stablecoins—digital assets designed to maintain a steady value, typically pegged to the U.S. dollar, or some other fiat currency or asset like gold, to maintain a stable price. It's a major step forward in recognizing stablecoins as a legitimate part of the financial system rather than a crypto sideshow. But what exactly are stablecoins, how do they work, and why do they matter? In this week's "Three on Thursday," we break down the fundamentals of stablecoins, and explore how they're being used today. To find out more view the three graphics below.

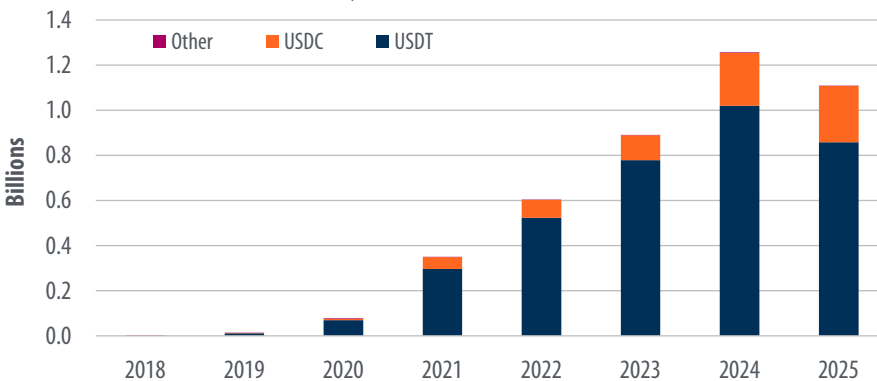
Stablecoin Market Caps



Source: rwa.xyz, First Trust Advisors. Daily data 1/1/2021 – 7/20/2025.

Stablecoins have become a major force in the crypto ecosystem, soaring from zero to roughly \$250 billion in market cap in just six years. The vast majority of that growth comes from two key players—Tether (USDT) and USD Coin (USDC)—both backed 1-to-1 by U.S. dollars held in reserve. Today, more than 90% of stablecoins are fiat-backed, mostly by the dollar. Others are crypto-backed or algorithmic, using smart contracts to automatically adjust supply in response to demand in an effort to maintain a stable price.

Stablecoin Transaction Count, by Stablecoin



Source: Allium, First Trust Advisors. Annual data 2018-2025. 2025 data through 7/22/25.

So far in 2025, stablecoins have been used in 1.1 billion transactions—nearly matching the 1.25 billion recorded in all of 2024, and we're only seven months in. Tether (USDT) accounts for about 78% of this activity, with USD Coin (USDC) making up the remaining 22%; all other stablecoins are negligible by comparison. At this pace, total transactions are on track to exceed 2 billion this year—almost doubling last year's total and setting a new record.

How Stablecoins Reduce Settlement Times

Traditional cross-border payment rails – settled in up to six days



Stablecoin – typically settled in less than 24 hours



Source: CPMI, BVNK, First Trust Advisors.

Clearly, Stablecoins are growing rapidly overall and becoming important in the global financial system and while some say this is all illegitimate activity, the facts prove otherwise. This growth suggests that stablecoins could replace international bank wires and remittance services by enabling faster, cheaper, and more transparent international payments—particularly in Southeast Asia and Latin America. Unlike banks, stablecoins work 24/7, even on weekends and holidays, with lower fees and no need to wait for business hours. Because transactions happen on the blockchain, they're also easier to track. For people and businesses in regions with limited banking access, stablecoins offer a quicker, more accessible alternative for moving money across borders.