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STABLECOINS, DIGITAL EURO:

Which currency for tomorrow's finance?

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Stablecoins, Digital Euro:

Which currency for the finance of tomorrow?

In July 2025, Treasury Secretary Scott Bessent stated that the value of stablecoins could reach 2 trillion US dollars by the end of 2028¹, compared to 250 billion US dollars in July 2025. At the same time, the European Central Bank (ECB) is working diligently on the implementation of the Digital Euro in Europe, a modern form of sovereign currency. In both cases, what is at stake is the financial services of tomorrow.

First, this White Paper will explain what stablecoins and the Digital Euro are, their respective histories, philosophies, and use cases. Then, we will outline the major questions facing European banks in this context and share our views on these issues.



01

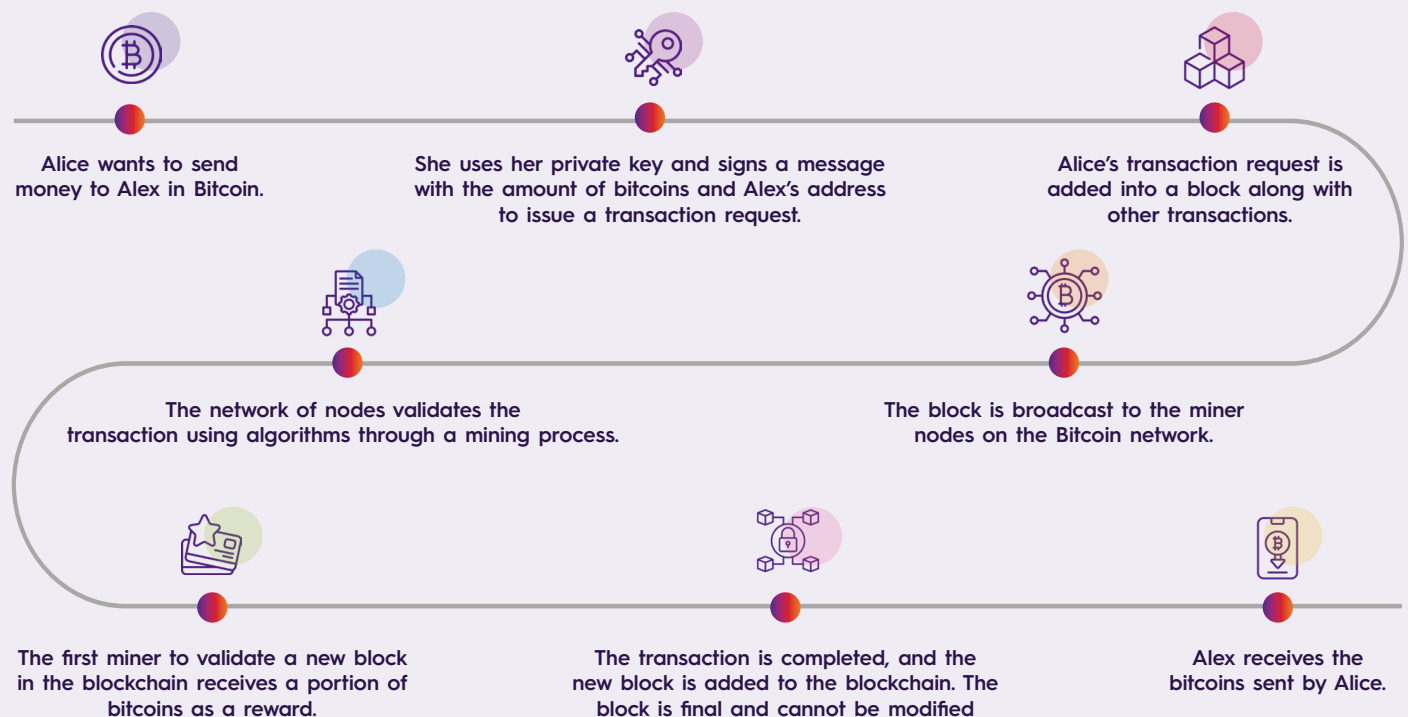
Stablecoins

A Particular Form of Crypto-Assets

To explain what stablecoins are, it is essential to first understand the family of products they belong to: crypto-assets. In 2008, Satoshi Nakamoto published a paper describing a digital exchange system based on a new technology, the public blockchain. This marked the birth of Bitcoin. As of July 21, 2025, all the bitcoins in the world are worth a total of 2.35 trillion US dollars² (also referred to as the market capitalization of bitcoins). But more broadly, beyond Bitcoin, a large number of other crypto-assets (over 10,000) have been created, bringing the overall value of crypto-assets to around 4 trillion US dollars.³ Special mention should be made of Ethereum, which underpins many services, particularly in the financial sector.

Structurally, a crypto-asset is inseparable from its public blockchain infrastructure – a decentralized service infrastructure that is accessible to all. Unlike a traditional system, where a central entity operates the service infrastructure in exchange for payment from participants, in blockchain it is the participants themselves who run the infrastructure. To incentivize them to perform this work (known as “mining”), participants must be compensated, which is done through the issuance of new crypto-assets. Under this operating model, the price of a crypto-asset is influenced both by the level of use of the infrastructure and by the cost of maintaining it. Thus, in most cases, a public blockchain is both a technical service infrastructure and a crypto-asset.

Bitcoin Operating Diagram



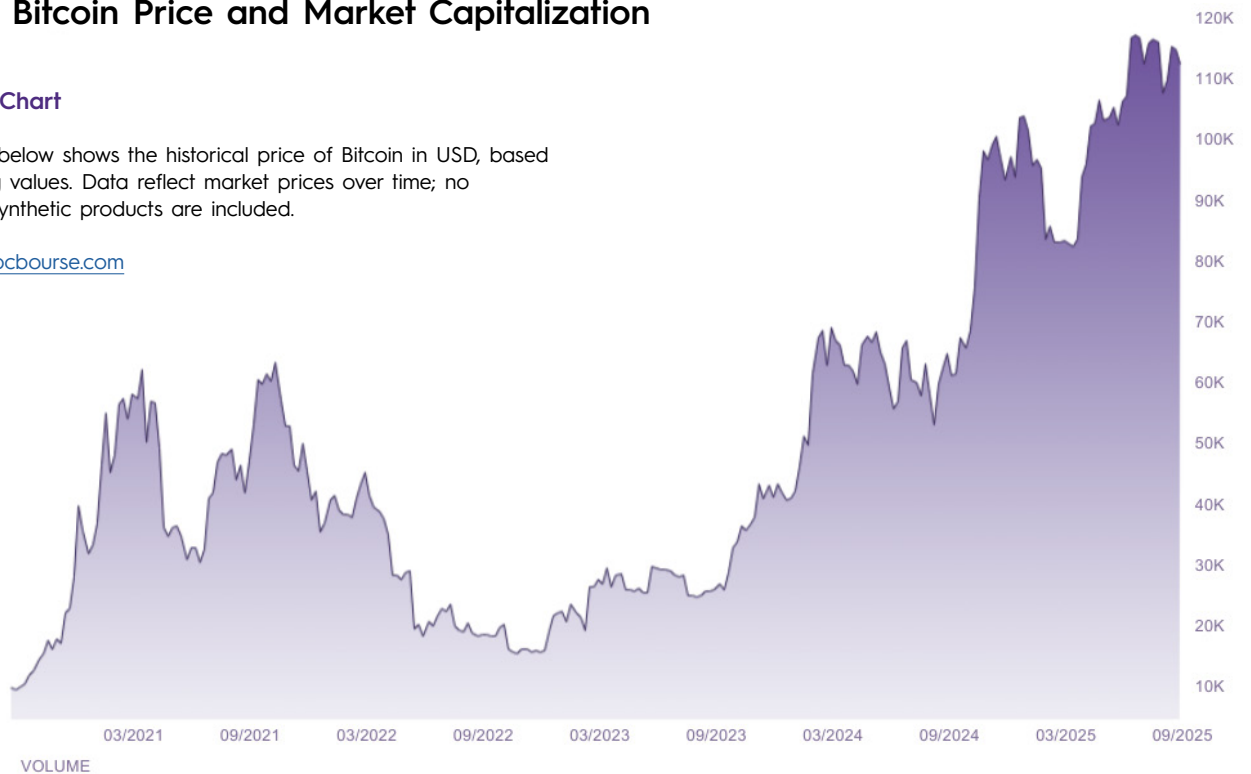
Since 2008, an entirely new economic sector has developed around crypto-assets, with roughly 10,000⁴ companies employing around 200,000 people worldwide⁵, operating in parallel with traditional finance. This sector combines both technological aspects (creation of blockchains, mining, applications leveraging blockchains, etc.) and financial aspects, particularly the buying and selling of crypto-assets – either using traditional money, known as fiat, or through exchanges between different crypto-assets.

Trends in Bitcoin Price and Market Capitalization

Bitcoin Price Chart

Key: The chart below shows the historical price of Bitcoin in USD, based on daily closing values. Data reflect market prices over time; no derivatives or synthetic products are included.

Source: www.abcbourse.com



Total Crypto Market Cap Chart

Key: The chart below shows the total market cap & volume of cryptocurrencies globally, a result of 18,020 cryptocurrencies tracked across 1,382 exchanges. Crypto-backed tokens such as wrapped, bridged, and staked tokens are excluded from global market cap to avoid double-counting of value.

Source: www.coingecko.com

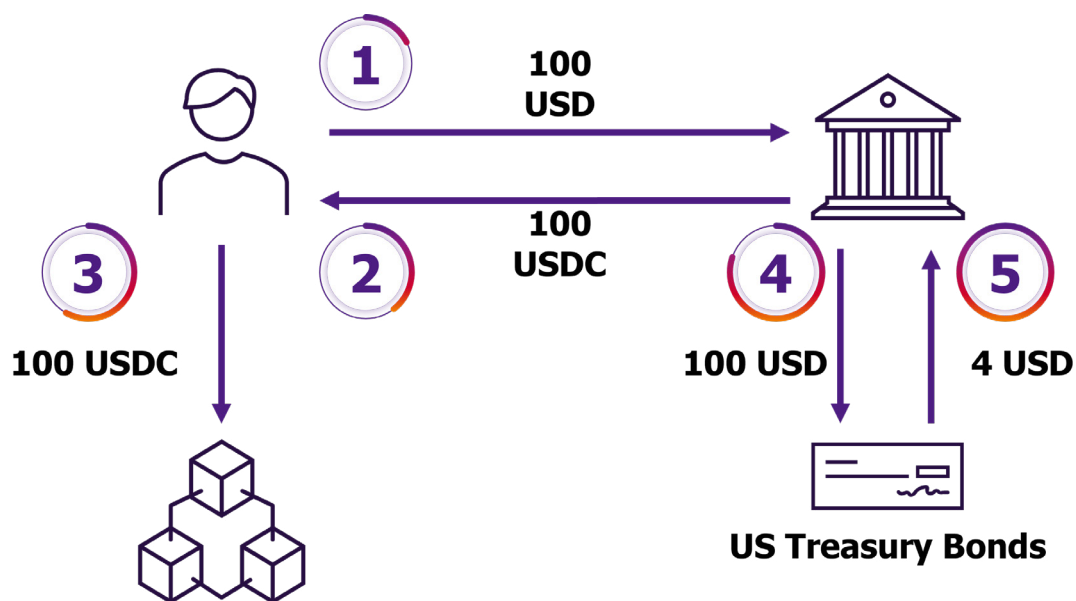


Stablecoins were created to facilitate the buying and selling of crypto-assets.

Since the emergence of crypto-assets, certain firms have specialized in trading them, just as others specialize in trading traditional assets (stocks, bonds, etc.). In the process of buying and selling crypto-assets, these companies needed a way to “store” their liquidity — that is, to preserve it at a stable value, similar to a cash account within an individual’s brokerage account.

Converting back into fiat currency is not ideal for this purpose, as it involves transaction costs, delays, and in some cases, tax implications. Stablecoins were thus created to serve as a settlement asset on the blockchain. Indeed, stablecoins have a fixed value relative to another reference asset, usually a fiat currency. These assets are issued by a private company in exchange for fiat currency (generally the US dollar). The stablecoin issuer then invests this fiat, for example by purchasing debt securities issued by the US Treasury.

Operation of a USD Stablecoin



1

The consumer pays \$100 fiat to purchase \$100 worth of stablecoin.

2

The issuer issues \$100 worth of stablecoins and gives it to the consumer.

3

The consumer can use their \$100 USD worth of stablecoins to make transactions on the blockchain.

4

The issuer purchases \$100 worth of Treasury bills with the \$100 fiat.

5

The issuer receives \$4 in income from the \$100 Treasury Bills.

3 drivers will fuel the growth of stablecoins, which could expand across all financial services

Stablecoins are already widely used:

- Transaction volumes have become impressive: as of July 2025, they reached around 150 billion US dollars per day, compared to daily volumes processed by Visa (approximately 40 billion US dollars) and Mastercard (around 25 billion US dollars).
- In March 2025, over 40 million blockchain accounts had sent or received a stablecoin, and 89 million held one on a daily basis – a 64% increase compared to the previous year.⁶

Strong growth in stablecoins can be expected in the coming years.

In the short term, growth is likely to come primarily from the original use of stablecoins as a liquidity “storage” asset between crypto-asset transactions. This use remains by far the dominant one, as confirmed, for example, by the Stablecoin Observatory established by Visa.⁷ Transaction volumes are expected to continue growing in line with increases in crypto-asset values and the number of traders.



Moreover, stablecoins have begun to be used in several real-economy applications. Globally, around 1.4 billion people live in countries where inflation exceeds 10%.⁸ In these regions, USD-backed stablecoins serve as a direct substitute for a dollar account – which is often inaccessible – and are used via mainstream mobile wallets, and even bank cards linked to stablecoins. For instance, it is estimated that transactions using stablecoins by the Turkish population represent about 4.3% of the country’s GDP.

Additionally, an increasing number of individuals and businesses are using stablecoins for cross-border payments,⁹ as fees are lower and transactions faster than in traditional finance. The global market for diaspora remittances to home countries amounts to 944 billion US dollars per year. Using stablecoins, fees can drop to less than 0.01 US dollars per transaction, compared to an average of 6.4% for 200 US dollars and 4.55% for 500 US dollars sent through traditional channels.¹⁰

Finally, a third growth driver lies in the migration of capital market infrastructures (stocks, bonds, etc.) to the blockchain, a process known as asset tokenization. This trend has been underway for several years. For example, in 2023, the CEO of BlackRock stated that¹¹ tokenization is the future of capital markets. Most studies predict very strong growth for this tokenization. For instance, McKinsey estimates that this market could reach 2 trillion US dollars by 2030 under its central scenario,¹² while BCG projects that by 2033, 13 trillion US dollars of assets could be tokenized.¹³

With this tokenization, stablecoins could serve as settlement assets for non-crypto financial trading. Indeed, stablecoin players are preparing for this. For example, Tether recently acquired 70% of Adecoagro, an agricultural commodity producer (milk, rice, sugar), for 600 million US dollars,¹⁴ positioning its stablecoin for use in agricultural commodity trading.



Within stablecoins, there is an overwhelming dominance of the US dollar and two companies, which is very favorable to the US

Today, more than 99% of stablecoins are denominated in US dollars, and the market is dominated – 90% – by two companies, Tether and Circle. This stablecoin activity is highly profitable. As mentioned earlier, issuers invest the fiat currency received in exchange for issuing stablecoins. They purchase bonds and thus earn interest. In 2024, Tether’s revenues reached 13.7 billion US dollars,¹⁵ with only 165 employees¹⁶— an extraordinary average of 83 million dollars per employee.

This dominance of the US dollar in stablecoins is extremely beneficial for the United States:

- With a volume of stablecoins issued at 250 billion US dollars, stablecoins already represent more than 10% of all US fiat currency.¹⁷ As the US will need to raise 3 trillion US dollars in public debt over the coming years,¹⁸ the growth of US dollar stablecoins will make this borrowing easier. In other words, the global use of US dollar stablecoins for savings, retail payments, and financial markets ultimately strengthens the capture of global capital to finance US debt.
- Since the stablecoin market is dominated by American players, wealth creation and innovation will primarily benefit the United States.

Tether and Circle

Criteria	Tether (USDT) ¹⁹	Circle (USDC)
Year Founded	2014	20138
Country / Headquarters	British Virgin Islands (BVI)	United States (Boston, MA)
Status	Private, Unlisted	IPO in 2025
Estimated Revenue (2024)	13.7 Billion USD	\$1.68 Billion USD
Employees	165 Employees	900 Employees
Revenue per Employee	\$83M per Employee	\$1.9 M per Employee
Total Outstanding (August 2025)	\$165 Billion (USDT in circulation)	\$63.9 Billion (USDC in Circulation)

02

The Digital Euro

The Retail Digital Euro, a Project of the European Authorities, Challenged by European Banks

Looking now at the Digital Euro, it is an initiative driven by European and its philosophy is based on two complementary objectives: first, to offer a sovereign alternative to stablecoins issued by private actors,²⁰ and second, to enable the deployment of a new electronic payment service across Europe, fully controlled by European players.

On the latter point, it is important to recall that when the Euro was introduced, Europe partially standardized electronic payments: this was done for transfers and direct debits, but not for cards. Meanwhile, cash usage continues to decline in the Eurozone, falling in physical stores from 79% of payments in 2016 to 52% in 2024.²¹ Cash payments have thus been largely replaced by electronic payments,²² which have seen significant growth. Within these electronic payments, cards have become dominant, accounting for 56% of electronic payments.



However, US actors Visa and Mastercard process two-thirds of card payments in the Eurozone,²³ creating a strong dependence on these non-European players. To reduce this dependence, in recent years European banks have launched new mobile payment services based on instant transfers, such as the Wero project and the EuroPA alliance. These services are still in their early stages and do not cover the entire European Union. This is why the European Central Bank (ECB) strongly emphasizes the strategic autonomy that the Digital Euro would provide.

Work on the implementation of the Digital Euro began in 2021, and a decision to roll out the Digital Euro could be made by the end of 2025, with actual usage expected in 2027 or 2028.²⁴ At this stage, even though the exact definition of the Digital Euro has not yet been finalized, the following aspects are clear:

- The Digital Euro is a central bank digital currency (CBDC), meaning it will be issued directly by the ECB, just like Euro coins and banknotes, giving it a strong public guarantee.
- Commercial banks will have the role of distributing the Digital Euro, similar to how they currently handle cash through ATMs.
- Consumers will store their Digital Euros in a dedicated application, known as a “wallet.” This wallet could be provided by commercial banks or other entities and may hold up to 3,000 euros of Digital Euro.
- As with cash today, the wallet will be able to operate even without a telecommunications network, a feature known as offline mode.
- Finally, an important point: it is not yet clear whether the Digital Euro will be based on blockchain technology.

European banks are increasingly expressing their opposition to the retail Digital Euro,²⁵ as it presents multiple disadvantages for them:

- High implementation costs, estimated at 18 billion euros across the continent,²⁶ although European authorities dispute these figures.
- The risk of a significant transfer of bank deposits to the Digital Euro, which would affect banks’ ability to grant loans and could have broader economic implications. For example, in France, 58% of current accounts have a balance below 1,500 euros.²⁷ Yet it is currently planned that each individual could hold up to 3,000 euros in Digital Euro.
- The split between a retail Digital Euro and a wholesale Digital Euro (see below), while stablecoins are immediately usable for all purposes.

The recent pause in the digital pound project in the United Kingdom²⁸ adds weight to the banks’ arguments.

In Parallel, a Wholesale Digital Euro Project

It should also be noted that there is a second Digital Euro project for wholesale transactions, i.e., transactions between banks and financial intermediaries.²⁹ This wholesale Digital Euro would use blockchain technologies, with a pilot phase scheduled to begin in the third quarter of 2026. This wholesale euro would thus facilitate the tokenization of assets. That is why European banks are very much in favor of this project, which they see as a better model than stablecoins.

03

Recent Developments and Impacts on European Banks

Now that we understand what stablecoins and the Digital Euro are, what are the recent market developments and their impacts on European banks?

Historically, traditional finance has been both strongly opposed to crypto-assets and strongly motivated by asset tokenization

As explained earlier, crypto-assets, stablecoins, and asset tokenization are, in fact, three facets of the same reality: a new form of finance built on public blockchain. This new finance originated in crypto-assets and is now expanding into retail banking, investment banking, and capital markets.

However, this perspective is not universally shared within traditional banks, due to the poor reputation of crypto-assets, which likely stems from three main reasons.



First, the early promoters of crypto-assets were decidedly anti-establishment. Their goal was to create an alternative financial system based on anonymity and outside any regulatory framework. Since then, the market has matured considerably. A clear and protective regulatory framework has been established in Europe through the MiCA regulation and more recently in the US with the Genius Act and several other laws in preparation. Several leading players are now publicly listed (e.g., Coinbase, Circle).



Second, prices of crypto-assets have been highly volatile. Looking at Bitcoin, its price has increased significantly since its inception, but it has also been highly volatile (see Illustration 2).

Finally, many crypto-assets have disappeared as quickly as they appeared, and some have turned out to be scams. Several massive frauds have also occurred, such as the FTX platform, which specialized in crypto-asset trading.

This situation has naturally led to a strong aversion of traditional banks toward crypto-assets. For example, in 2017, Jamie Dimon, CEO of JP Morgan Chase, denounced Bitcoin as a scam.³⁰ Later, in May 2025, he compared it to tobacco consumption — that is, a legal activity but harmful to health. This aversion was also reflected among regulators. For instance, Christine Lagarde, President of the ECB, stated in 2022 that crypto-assets were worthless,³¹ and Gary Gensler, Chairman of the SEC under President Biden, said in 2024 that the crypto-asset industry was full of fraudsters and scammers.³²

In parallel to this historical opposition to crypto-assets, traditional banks have always been very supportive of asset tokenization. Many major banks have created dedicated teams for this purpose (e.g., Onyx at JP Morgan Chase or Forge at Société Générale). These efforts have mainly focused on the use of private blockchains, i.e., solutions inspired by public blockchains but allowing controlled access and usage.

Under the Trump administration, the convergence between traditional finance and blockchain-based finance has begun in the United States

The arrival of President Trump has clearly changed the situation in the US. President Trump wants to make the US the global leader in crypto-assets.^{[33](#)} Accordingly, US authorities now strongly support the development of stablecoins and, in particular, have chosen not to issue a central bank digital currency that could compete with them. On July 18, 2025, President Trump ratified the Genius Act, which had been adopted by the House of Representatives the day before. The Genius Act provides a clear regulatory framework for stablecoins, thereby fostering their development.^{[34](#)}

In addition, US authorities are strongly encouraging traditional finance to engage with crypto-assets. As a result, US banks are starting to overcome their historical reluctance toward crypto-assets and are increasingly working on new services in this area. For example, JP Morgan Chase recently announced the granting of loans secured by crypto-assets.^{[35](#)}

More broadly, with the growing acceptance of crypto-assets, it is becoming likely that traditional US banks will gradually embrace the structural links between crypto-assets, stablecoins, and the tokenization of assets. These different areas could converge toward shared technical and financial solutions, particularly the use of public blockchains rather than private ones. Several major US banks are therefore preparing their own stablecoins^{[36](#)} or similar products (such as tokenized bank deposits).



In the face of these structural shifts, European banks are confronted with strategic questions

In light of these developments, we believe that European banks should consider the following three strategic questions:

Q1. What strategy should be adopted regarding the Digital Euro?

It seems likely that, despite the opposition of European banks, the retail Digital Euro will eventually be deployed, as European authorities are strongly determined to move forward.

In this context, European banks should prepare to maximize the benefits they could gain from this initiative. In particular, they could position their Wero and EuroPA wallets as the preferred solution of European banks to serve as the retail Digital Euro wallet.





Q2. Which settlement asset for the tokenization of assets?

The question of the settlement asset that will be used for the tokenization of assets is not sufficiently discussed or visible. Yet, this issue is critical given the very large potential transaction volumes (as seen above with the estimates in the trillions of US dollars for the future value of tokenized assets).

As noted earlier, the US will use stablecoins as a settlement asset for the tokenization of assets. Therefore, European banks with investment banking activities in the US should prepare for this situation. In particular, it could be relevant for certain European banks to issue stablecoins, either on their own or in consortiums. Société Générale's Forge entity and an alliance of nine European banks have thus recently launched or announced such products.

In Europe, banks would prefer a wholesale Digital Euro over stablecoins for asset tokenization. However, to become a credible alternative, the wholesale Digital Euro would need to be compatible with public blockchain infrastructure and deployed rapidly by the ECB. These conditions still seem achievable but require strong commitment from European authorities, which European banks should encourage.

Furthermore, for the wholesale Digital Euro to succeed, asset tokenization in Europe would need to grow to volumes comparable to the US, which calls for a determined involvement of European banks in this field.

Q3. What strategy should be adopted regarding crypto-assets?

Finally, European banks should each define a strategy regarding crypto-assets:

- Europe established a clear and secure regulatory framework for offering crypto-assets as early as 2023, through the MiCA regulation. So far, only a few pioneering banks have leveraged this to offer crypto-asset services to their clients, such as BBVA, KBC, and Revolut.
- Banks that decide to issue stablecoins should recognize that, in the short term, the primary market for stablecoins lies in crypto-asset trading, far ahead of cross-border payments or other uses. This aspect should be taken into account in the deployment strategies of European banks' stablecoins.



Thus, the duality between stablecoins and the Digital Euro is a very visible sign of a deeper – and perhaps less understood – transformation of finance, based on the use of public blockchain, both in investment banking and retail banking.

US authorities have now defined a very clear strategy: on one hand, the convergence between crypto-assets and traditional finance, and on the other, strong support for stablecoins issued by private players. In contrast, European authorities are pushing for a state-backed solution, with the retail and wholesale Digital Euro projects.

Faced with these different visions of the finance of tomorrow, European banks should position themselves both individually and collectively; otherwise, they could find themselves in a suboptimal situation. Ultimately, what roles do they want to play in this new ecosystem, in Europe and globally? And how can they achieve it?

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