The Lion is in the Room as Stablecoins are Go

The Stablecoin Lion is in the room. Time to get out the best of it by developing standards and a governance to train it. The Stablecoin and its ilk – Token deposits for example – offer significant cost benefits, accountability and 24x7 accessibility.

Very important for the UK's City of London, HM Treasury, BoE, FCA (PSR) and users worldwide. The UK is the world's largest FX centre and owns this position through geography. The UK is opening as Asia is closing and closing when the US is opening permitting global trading. Now technology allows 24x7 trading and tokens can be swapped and stored in digital wallets anywhere.

The BoE has received feedback on its Consultation. The WCIT (Worshipful Company of IT, a City Livery Company) response was in broad agreement with the twenty - three questions asked – offering just six recommendations for consideration. The BoE has since announced extending the opening hours of CHAPS and RTGS systems. These further supports stablecoin/Token requirements of 24x7 access and finality of settlement worldwide. (Planned 2027). BoE has also permitted four organisations to trial their stablecoins in their crypto sandbox and is supported by the WCIT response.

As with anything new there are many concerns. One is interoperability between the legacy, centralised data storage systems and the permissionless distributed ledger systems. Internal controls are often hierarchical, and compliance based and written in old, structured computer languages like Assembler and Cobol (50% banks' core systems). These systems are the bedrock of Financial Services. However, a combination of APIs, Distributed Ledger Technology evolution (smart contracts, increased speed and efficiency) has made interoperability much easier.

External governance relies on relational, near real time data coupled with permissionless ledgers. The detailed Custodial arrangements being introduced with Stablecoins significantly mitigates financial crime activities. Standard KYC and AML practices are followed with the addition of ongoing data monitoring for Stablecoins as transactions are instant.

The move to stablecoins is happening across the globe very quickly. The country that will eventually 'own the digital finance' must demonstrate interoperability and confidence of other governances. The City of London after 500 years of continuity, has a great set of standards in Law, Governance, Regulation, liquidity and fairness. The UK is a top contender.

The key to taming the lion is to ensure stablecoin looks and feels like real money. Easy to use and understand. Here the right level of education is needed. Like ApplePay, the UK's leading telephone wallet app, simply states its's simpler than using a physical card and safer too.' The consumer wants to buy something and that's what ApplePay does. In a pub quiz the question who has a digital wallet was asked and many of the men reply no only to be told by their partners – yes you do – look at your phone.

What is needed is a level of education that explains what Stablecoins are, how they are used, governed and circulated by the people who issue, own, exchange, clear and custodian them. Here action and education are needed.

The UK's geographic, legal, and institutional inheritance gives it a genuine competitive advantage in digital finance governance, but only if it moves deliberately. To do so the BoE needs to meet its 2026 Consultation target and education is needed to make everyone comfortable with their use of Stablecoins. Unlike the 'Elephant in the room' often ignored, a Lion in any room is dangerous.