

Stablecoin + Regulatory Oversight = Economic Growth

US has opened the door for Stablecoin innovation for Governments, Corporations and consumers by enacting the GENIUS Act. This is a regulatory framework for stablecoins, backed by low-risk assets such as cash (\$) and US T-Bills. This can drive value for:

Government Economic Growth

Stablecoins move instantly and with sub-second finality settlement. This facilitates faster money movement than the traditional banking/payment systems, often by 24 hours. High velocity of money is usually associated with a healthy and expanding economy. On the contrary, low velocity is more likely to represent low growth and even recession. One of the reasons the EU is mandating faster payment starting October 2025 is to speed up the flow of traditional money to achieve this GDP growth.

Corporate Advantages

Corporations issuing their own-brand compliant US stablecoin can leverage the US Government's AA+ rating through regulatory compliance. This could represent significant financial advantage to the corporate treasurer. In the charts comparing US Corporate AA (4.78%) and 1-month US Treasury (4.37%) shows a potential cost savings of 9%. Much more for the average Corporates where credit ratings are often below AA ratings.

1-Month Treasury (USTM1.RT)

4.37% **unch** 07/25/25 [RATE]

QUOTE OVERVIEW for Fri, Jul 25th, 2025

Notes Alerts Watch Help

52W Low 4.11% 52W High 5.55%
since 06/26/25 since 08/08/24

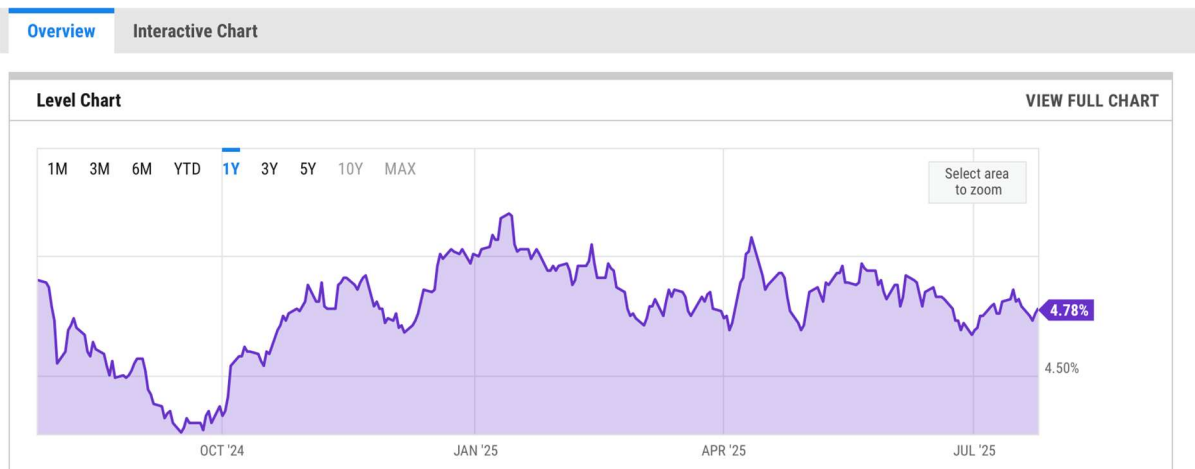
Previous Close	4.37%
YTD High	4.45%
YTD Low	4.11%
14-Day Stochastic %K	100.00%
Weighted Alpha	-16.80
5-Day Change	+0.02% (+0.46%)



<https://www.barchart.com/stocks/quotes/USTM1.RT/overview>

US Corporate AA Effective Yield (I:USCAAAY)

4.78% for Jul 24 2025



https://ycharts.com/indicators/us_corporate_aa_effective_yield

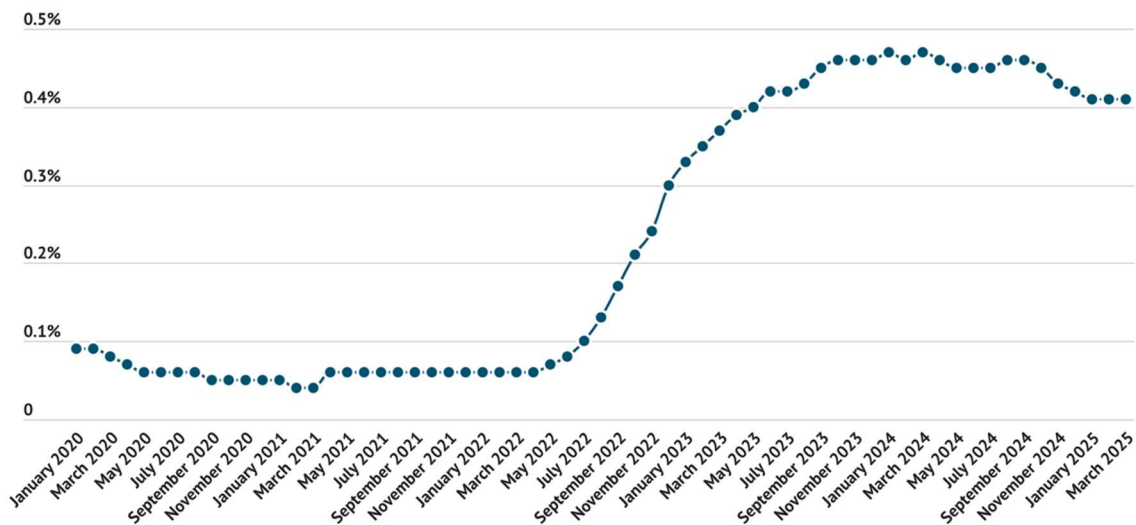
Consumer Impact

The Act includes consumer protection requiring firms to hold reserves on a one-to-one basis underlying the stablecoin. Stablecoins are held in an electronic wallet. As such, they are independent of the bank and FDIC guarantees do not apply.

Most people use a bank account to help manage their money. In the UK, the FCA found progress has been made on access to basic banking services. More people are banking online or with a mobile app. Today 1.2 million adults (2%) are digitally excluded, a dramatic improvement from 6.9 million (14%) that were in 2017 although still room for progress.

Stablecoin wallets could offer interest (or something similar depending on country) that could compete with basis savings accounts. In the US, for example, the historic savings accounts rate yields 0.4%. Should own-brand stablecoins issue a yield that exceeds this figure, the electronic wallet becomes an area of fiscal efficiency and provides competition for traditional banking. Stablecoins easily outperform this historically pitiful savings rate.

Historical Savings Account Rates



Data source: FDIC (2025).

Banking Industry Response

Banks do need to modernise. The Act restricts large tech companies from directly issuing stablecoins unless they partner with regulated entities. This creates opportunities for traditional banks to play intermediary roles and provide support activities e.g. custodian. Banks can issue a stablecoin themselves provided these are held in a legally separate subsidiary and in agreement to specific regulations.

US Government is to police the Genius Act as they encourage companies to offer own brand stablecoins. Stablecoin worldwide market stands at \$270 billion having grown 56% year on year. Given the growing acceptance of Stablecoins before the Act, growth could really accelerate given the clearer regulation and enforcement now being introduced.

Several major banks have indicated interest and, indeed, plans to issue stablecoins. Many countries are viewing what else can compete with the Stablecoin, e.g. CBDC (Central Bank Digital Currency) or another type of digital/crypto token.

An alternative approach is to accept the move to digital coinage and help address the new infrastructure. One UK Bank, Lloyds, is currently looking at acquiring a digital wallet company. Here traditional bank accounts with an attached wallet can manage all types of modern payments, both fiat and crypto, that the customer requires.

Growth opportunities available for Governments, Corporations and Consumers with Stablecoins and other crypto-like activities look very promising.

Traditional Banking if asking about Stablecoin “is it just the beginning” may take Bette Davis’s advice: “Fasten your seat belts it’s going to be a bumpy ride”

<https://youtu.be/84niZwqbYjY>