

Executive summary

Stablecoins are emerging as a potentially important component of the evolving cross-border payments landscape. Their relevance for international trade lies primarily in their ability to transfer value rapidly, continuously and across borders, rather than in any capacity to replace conventional banking systems or trade finance instruments.

This report examines the opportunities and limitations associated with their use in trade-related transactions, with particular attention to cross-border payments, settlement, trade finance and the implications for developing economies.

Stablecoins are privately issued digital assets designed to maintain a stable value relative to a reference asset, most commonly the US dollar.

They were initially developed to reduce the volatility associated with cryptocurrencies but are increasingly being used for payments, remittances, treasury operations and business-to-business transactions. Fiat-backed stablecoins dominate the market, which remains highly concentrated in a small number of US dollar-denominated instruments, notably Tether (USDT) and USD Coin (USDC). Their main functional features include near-continuous availability, rapid settlement, programmability and the possibility of reducing the number of intermediaries involved in certain transactions.

These characteristics may help address some of the persistent frictions affecting cross-border payments. International transactions can remain slow, costly, opaque and difficult to access, particularly where they depend on lengthy correspondent banking chains, multiple currency conversions and fragmented payment infrastructures. Stablecoins may shorten settlement times, improve traceability and reduce costs in selected payment corridors, or payment routes. Their use may be particularly relevant for low-value business payments, digitally delivered services, remittances and transactions involving firms that have limited access to efficient international payment services.

However, it is essential not to overstate the benefits of stablecoins, as there are complex associated challenges that can overshadow the potential advantages of their adoption. The use of stablecoins in real-economy transactions remains limited compared with their use within crypto-asset markets. Any reduction in payment costs depends on the full transaction chain, including the cost of acquiring

stablecoins, converting them into local currency, complying with regulatory requirements and accessing secure on- and off-ramp services. Stablecoins also do not remove the need for foreign exchange conversion, customer verification, sanctions screening, anti-money laundering controls or reliable financial intermediaries.

The report draws an important distinction between the payment and settlement functions of stablecoins and the broader functions of trade finance.

Stablecoins may facilitate the transfer of funds associated with a trade transaction, but they do not themselves provide credit, working capital, guarantees, insurance or risk mitigation. They therefore cannot replace instruments such as letters of credit, documentary collections, trade loans or supply chain finance. Their more plausible role is to complement existing trade finance arrangements by improving selected payment and settlement processes. However, future developments in tokenization (i.e. the use of crypto tokens), legal frameworks and market infrastructure could alter this assessment.

The distinction between financing functions and payment facilitation is especially relevant when comparing trade in goods with trade in services.

Trade in goods often requires financing, documentary control, collateral and risk allocation in the period between production, shipment and delivery. By contrast, many digitally delivered services rely more directly on efficient cross-border payments and may therefore benefit more immediately from faster and lower-cost settlement mechanisms. Stablecoins may thus have different applications across sectors and types of trade.

The wider adoption of stablecoins will depend less on technological capability alone than on the regulatory and institutional environment in which they operate.

Important concerns include the quality and transparency of reserve assets, redemption rights, governance, operational resilience, cybersecurity, consumer protection, financial integrity and the legal treatment of stablecoin transactions. Regulatory approaches remain fragmented across jurisdictions, creating uncertainty for cross-border use and increasing compliance costs for issuers, intermediaries and users.

Interoperability will also be critical. Stablecoins must be capable of interacting with banking systems, payment networks, corporate treasury platforms, digital identity systems and electronic trade documents if they are to support end-to-end trade transactions. Without such integration, they may add another technological layer rather than simplify existing processes.

For developing economies, stablecoins present both opportunities and risks. They may improve access to international payments, reduce the cost of small-value transfers and provide firms with access to digital assets which maintain a stable value, particularly where correspondent banking relationships are limited or domestic currencies are volatile. These benefits could support greater participation in international trade, especially for small and medium-sized enterprises and digitally enabled service providers.

At the same time, the widespread use of foreign-currency-denominated stablecoins may contribute to currency substitution, weaken monetary policy transmission and increase dependence on foreign private issuers. Limited supervisory capacity, weak digital infrastructure, inadequate consumer protection, and gaps in the implementation of anti-money laundering and combating the financing of terrorism measures,

may also increase operational and financial risks. The benefits of stablecoins are therefore unlikely to be distributed evenly across developing economies.

Overall, stablecoins could become a useful complement to existing cross-border payment infrastructures, but they are unlikely to transform international trade on their own. Their contribution will depend on whether they can operate within robust legal and regulatory frameworks, connect effectively with established financial and trade infrastructures, and provide users with reliable, secure and affordable access. International cooperation, regulatory coordination and technical assistance will be essential to reduce fragmentation and support their safe and effective use in cross-border trade.

