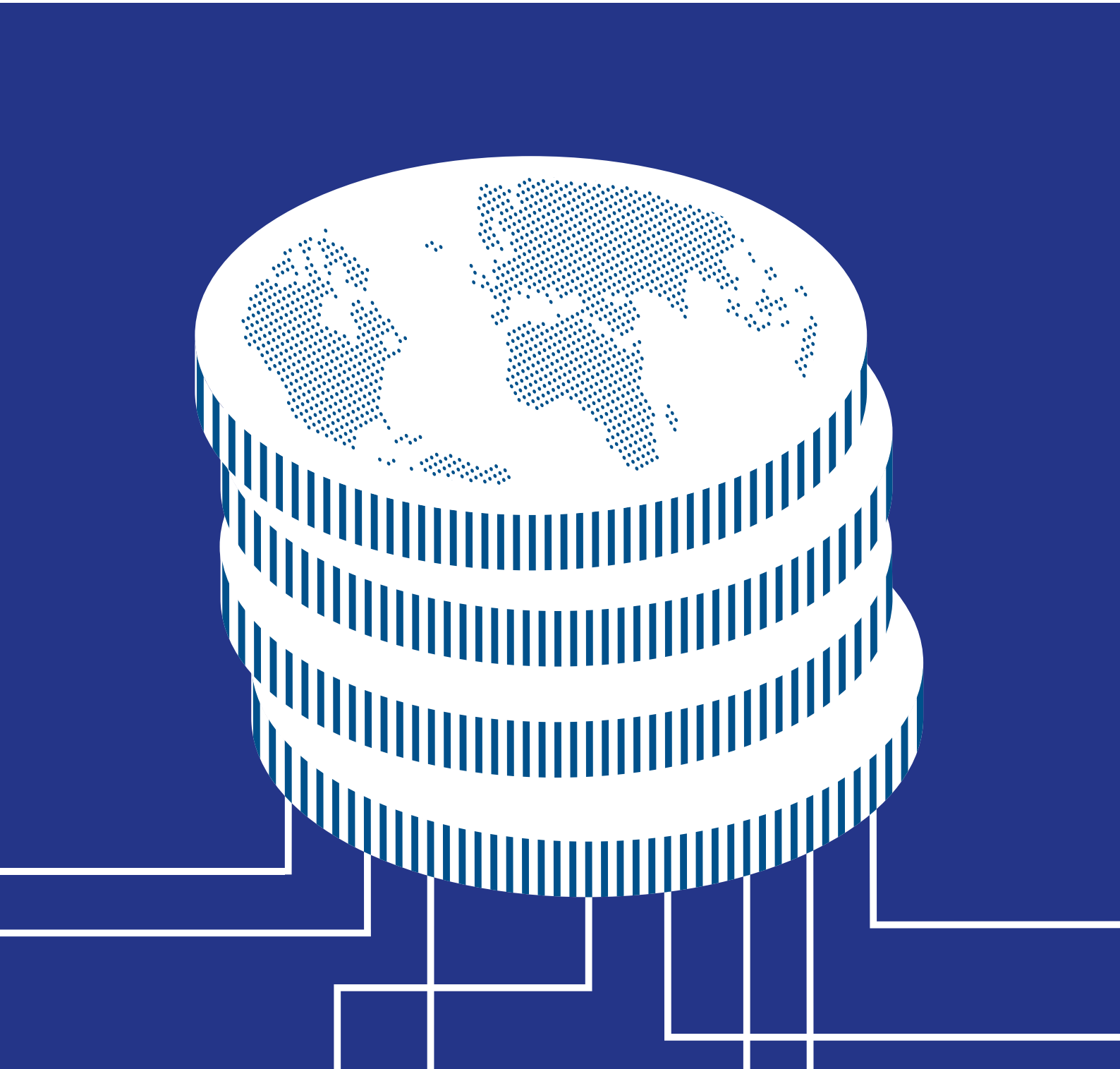
WORLD TRADE ORGANIZATION

Stablecoins and world trade

Emerging role, opportunities and challenges



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Foreword by the WTO Director-General

Digital technologies are transforming not only how goods and services are produced and exchanged, but also how international transactions are financed, documented and settled. Innovations in digital payments are changing the way we make our every-day transactions. Yet cross-border payments remain slower, more costly, and less transparent than they could be, particularly for small and medium-sized enterprises and firms operating in developing economies. These frictions limit their ability to participate fully in international markets.

Stablecoins emerged as an innovation from the crypto-asset ecosystem, with a strong potential for facilitating faster and more efficient cross-border payments. At the same time, their use raises important questions concerning financial stability, consumer protection, financial integrity, monetary sovereignty and regulatory cooperation. As with many technological innovations, their potential will depend not only on technical capabilities but also on the existence of appropriate governance frameworks and public trust.

This report examines their potential contribution to international commerce. It looks at how they can help reduce long-standing frictions affecting cross-border payments, their limitations, and the legal, operational and regulatory conditions for their broader use. It also discusses the broader role of digital transformation in shaping a more relevant, responsive and inclusive multilateral trading system. The WTO has long provided a forum for Members to discuss transformative technological developments that influence the conduct of trade. By analysing emerging technologies from a trade perspective, the WTO Secretariat seeks to contribute to informed policymaking and to support Members in navigating an increasingly digital global economy.

More efficient cross-border payments have the potential to lower transaction costs, facilitate participation in international trade and improve access to global markets. Yet these opportunities can only be fully realized if they are accompanied by appropriate regulatory frameworks, interoperable payment infrastructures, and international cooperation that foster confidence, security and inclusion.

We hope that this report will contribute to the discussion on how to harness technological innovation in ways that make international trade more efficient, inclusive and resilient. As members continue to explore the opportunities and challenges presented by new payment technologies, the WTO will remain a forum for dialogue, analysis and cooperation on issues that shape the future of international trade.

Dr. Ngozi Okonjo-Iweala
Director-General

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.

Introduction

International trade is undergoing a period of profound digital transformation. Advances in digital technologies are reshaping the way goods, services, information and finance move across borders. Electronic trade documents, digital identities, distributed ledger technology, such as Blockchain, artificial intelligence and new forms of digital money are gradually changing the infrastructure that supports international commerce. While many of these innovations remain at an early stage of adoption, they collectively point towards a more integrated, automated and data-driven trading environment in which payments, logistics and documentation are increasingly interconnected.

As part of this broader transformation, the modernization of cross-border payments has emerged as a particular policy priority. Despite significant progress in domestic payment systems, international payments continue to rely on fragmented infrastructures involving multiple intermediaries, differing legal frameworks and complex compliance procedures. These frictions increase the cost and uncertainty of international transactions, disproportionately affecting small and medium-sized enterprises (SMEs) and firms operating in developing economies. They also affect an increasingly important segment of international commerce – cross-border digital trade in services – for which efficient, low-cost payments are often more critical than access to traditional trade finance. Against this background, policymakers, international organizations and private-sector actors have intensified efforts to explore technologies capable of improving the efficiency, transparency and accessibility of cross-border payments.

Within the WTO, improving the efficiency of cross-border payments is not a new area of interest. The broader issue of digital cross-border payments has become an important element of the WTO's work on digital trade and development, and has featured prominently in the work of the Committee on Trade in Financial Services, where members have examined how innovations in digital payment systems can facilitate international trade, particularly for SMEs and developing economies. Recent thematic discussions have highlighted both the opportunities and the policy challenges associated with new payment technologies, reinforcing the importance of understanding how developments such as stablecoins may affect international trade.

Stablecoins have become one of the most prominent innovations in this evolving landscape. Although originally developed within the crypto-asset ecosystem, they are increasingly being considered as a potential component of future payment infrastructures because they combine the technological capabilities of distributed ledger systems with an asset designed to maintain a relatively stable value. Their rapid growth has stimulated debate over whether they could contribute to more efficient international payments and, by extension, facilitate international trade. At the same time, their expansion has raised important questions relating to financial stability, monetary sovereignty, consumer protection, financial integrity and the appropriate design of domestic and international regulatory frameworks.

This report argues that the principal relevance of stablecoins for international trade is in their potential to improve cross-border payments and settlement rather than to replace existing arrangements or payment systems. Their most immediate contribution is therefore likely to be as a complement to existing financial infrastructures, helping to reduce selected payment frictions while operating alongside established banking and trade finance mechanisms. Whether this potential can be realized will depend not only on technological developments but also on the emergence of robust legal and regulatory frameworks, interoperable payment infrastructures and effective international cooperation.

Viewed from a trade perspective, the significance of stablecoins therefore lies less in the technology itself than in their potential to address long-standing frictions affecting cross-border commercial transactions. Their potential value should be assessed against the practical needs of traders and service suppliers: reliable settlement, legal certainty, efficient access to liquidity, interoperability with existing financial infrastructures and compliance with applicable regulatory requirements. Assessing both their opportunities and their limitations is therefore essential to understanding the role they may play in the future evolution of global trade.

Recent developments suggest that stablecoins are moving beyond their original role within crypto-asset markets and are increasingly being tested in real-economy payment applications. Financial institutions, payment service providers, financial technology (fintech) firms and multinational corporations are exploring their use for treasury

operations, business-to-business payments, remittances and selected cross-border commercial transactions. At the same time, governments and regulatory authorities are developing new legal and supervisory frameworks to ensure that innovation proceeds in a manner consistent with financial stability, market integrity and consumer protection. These parallel developments underscore the importance of assessing stablecoins not only as a technological innovation but also as a potential component of the evolving international payments architecture.

From a policy standpoint, the central question is whether stablecoins can reduce the costs and inefficiencies that continue to constrain international commerce. Their potential value should be assessed against the practical needs of traders, while payment efficiency alone cannot substitute for the broader financing, credit and risk-allocation functions that underpin international trade. Stablecoins' relevance may consequently differ across types of trade. In merchandise trade, payment is often embedded within documentary, financing and risk-mitigation arrangements. In digitally delivered services, in contrast, efficient cross-border payment constitutes the principal financial requirement.

Against this background, the report adopts a balanced and evidence-based approach, examining both the opportunities presented by stablecoins and the limitations that may constrain their wider adoption. Throughout, the analysis distinguishes carefully between the role of stablecoins as payment and settlement instruments and the broader institutional arrangements that support international trade. Particular attention is given to developing economies, where improvements in cross-border payments could generate significant benefits but where institutional capacity, digital infrastructure and regulatory readiness may also present important constraints.

This report's central findings are threefold:

- First, **stablecoins can meaningfully reduce the cost, speed and transparency frictions affecting cross-border payments**, although their use in actual trade transactions – as opposed to crypto-market trading – remains limited and concentrated in business-to-business payments.
- Second, **stablecoins are a payments and settlement tool, not a substitute for trade finance**: they do not replicate the credit, guarantee and risk-mitigation functions that underpin merchandise trade, and this distinction also means their relevance differs across trade in goods and trade in services, a point taken up further in Sections 2 and 4.
- Third, **the regulatory landscape remains fragmented and underdeveloped relative to the pace of market growth**, and this, more than the technology itself, is what will determine whether stablecoins become a durable part of trade-related payment infrastructure, particularly for developing economies.

The report is organized in four sections, as follows: Section 1 reviews the main characteristics, design models and market developments associated with stablecoins and distinguishes them from central bank digital currencies and tokenized deposits. Section 2 examines payment-related frictions in international trade, assesses the potential contribution of stablecoins and explains their relationship with trade finance. Section 3 analyses the evolving regulatory landscape, including reserve management, redemption rights, financial integrity, legal certainty and regulatory fragmentation. Section 4 considers the opportunities and risks for developing economies and identifies priorities for international cooperation, regulatory coordination and technical assistance.

1

Stablecoins: definitions, features and market developments

The features of stablecoins most relevant to international trade include their use as payment and settlement instruments, their relationship with other forms of digital money and the extent to which their growing market presence is translating into real-economy payment activity. These factors are presented in this section and the principal characteristics, design models and market developments associated with stablecoins are introduced.

What are stablecoins?

Stablecoins are privately issued digital assets designed to maintain a stable value relative to a reference asset, most commonly a fiat currency such as the US dollar or the Euro. Unlike unbacked crypto assets, whose prices may fluctuate substantially, stablecoins seek to minimize volatility and facilitate payments, settlement and transfers of value across digital networks.

Stablecoins originally emerged to solve a narrow problem within the crypto-asset ecosystem: price volatility of cryptocurrencies. The volatility of cryptocurrencies such as Bitcoin limited their usefulness as a medium of exchange or unit of account. This prompted developers to create digital assets that would combine the advantages of distributed ledger technology such as blockchain (which are used for cryptocurrencies) with the stability of conventional financial assets. As a result, the first widely recognized stablecoin, BitUSD, was launched in 2014 on the open-source, blockchain-based financial platform BitShares, and used crypto-collateralization and algorithmic stabilization mechanisms to maintain dollar parity (Arner et al., 2020; Dionysopoulos and Urquhart, 2024).

Their role has thus evolved from a crypto-trading tool into a broader instrument for payments, company treasury management, and value storage. Building on early innovations, stablecoin development accelerated after the launch of Tether (USDT) in 2014, which popularized the fiat-backed model under which tokens are supported by reserves denominated in traditional currencies or other assets. Originally designed as "a gateway to the crypto ecosystem" (BIS, 2025), allowing users to transact in relatively stable digital assets without leaving blockchain networks, stablecoins have gradually moved beyond crypto-asset trading and settlement. They are now used for remittances, treasury operations, decentralized finance, selected cross-border payments and, in economies experiencing currency instability, as a digital store of value.

Types of stablecoins

Stablecoins can be classified in four main categories depending on the mechanism used to maintain their value:

1. **Fiat-backed stablecoins** are supported by reserve assets denominated in fiat currencies –or highly liquid assets such as US Treasury bills and cash deposits – with the vast majority (over 97 per cent) pegged to the US dollar, alongside minor representations in other fiat currencies like the Euro or UK pounds (Adrian et al., 2025). These stablecoins dominate current market activity and are the most relevant for cross-border payment applications.

2. **Commodity-backed stablecoins** are linked to the value of tangible assets such as gold, silver, or oil, offering users exposure to traditional commodity-based stores of value while operating on blockchain networks. They are used mainly as investment or savings instruments and currently play only a limited role in payments.

3. **Crypto-backed stablecoins** are collateralized by other cryptocurrencies such as Bitcoin or Ethereum and are typically overcollateralized to absorb fluctuations in the value of the underlying assets.

4. **Algorithmic stablecoins** attempt to maintain their value through automated adjustments to supply and demand rather than through conventional reserve assets.

Algorithmic and crypto-collateralized models face greater volatility and structural risks, limiting their applicability in high-stakes financial contexts (Bains et al., 2022). The collapse of the algorithmic stablecoin TerraUSD (UST) in 2022 illustrated that stabilization mechanisms relying primarily on algorithms rather than high-quality reserve assets may be vulnerable to sudden loss of confidence. This experience contributed to renewed international attention to reserve quality, redemption rights and prudential oversight.

Stablecoins should also be distinguished from central bank digital currencies and (CBDC) tokenized bank deposits. Stablecoins are a form of private digital money; they do not constitute currency in the strict monetary sense, in contrast to central bank digital currencies. Stablecoins are privately issued digital assets designed to maintain a stable value relative to a reference asset. Their value and credibility therefore depend on the quality of the underlying reserves and the governance arrangements

of the issuing entity. In contrast, CBDCs constitute a digital form of central bank money and therefore represent a direct claim on the central bank, equivalent to sovereign currency in digital form. CBDCs combine digital functionality with the safety and legal status of central bank money (BIS, 2021). Stablecoins also differ from tokenized deposits, the latter typically being a digital representation of a traditional bank deposit recorded on a blockchain network.

According to the Bank for International Settlements (BIS), stablecoins fail to meet the three fundamental tests for sound money: singleness (i.e. issued by different banks but accepted by all), elasticity (i.e. provided flexibly to meet needs for large-value payments), and integrity (i.e. not used for illicit activity, ensuring monetary sovereignty). In terms of singleness, stablecoins lack the central bank backing necessary to ensure that payments can be settled seamlessly and at par across different networks (Aldasoro et al., 2023). Regarding elasticity, the supply of stablecoins cannot easily adjust to changes in macroeconomic demand without creating risks to convertibility and financial stability. Finally, from an integrity perspective, the circulation of stablecoins without adequate issuer oversight raises concerns related to financial crime, regulatory compliance and systemic risk (BIS, 2025). This will be further discussed in Section 3.

Functional characteristics

Stablecoins offer a set of concrete functional advantages – notably speed, cost-efficiency, transparency, programmability and accessibility – that explain their rapid growth. These features will be further developed in Section 2 of this report, when addressing the potential of stablecoins for resolving frictions in international payments.

Stablecoins are seen as offering both technological and monetary benefits.[1] On the technological side, they serve as a native settlement asset within blockchain-based financial infrastructures that enable near-instant, peer-to-peer transfer of value and programmability thereby reducing costs, intermediaries and settlement risk, and accelerating settlement times. On the monetary side, they can extend the reach of currencies by easing two long-standing constraints. First, they can bypass traditional correspondent banking networks – often characterized by multiple intermediaries, incompatible data formats, lengthy processing chains, differing operating hours, high transaction costs, settlement delays and limited transparency. Second, they can make it easier for individuals and businesses, particularly in economies with weak currencies, to hold and transfer stable-value assets across borders.

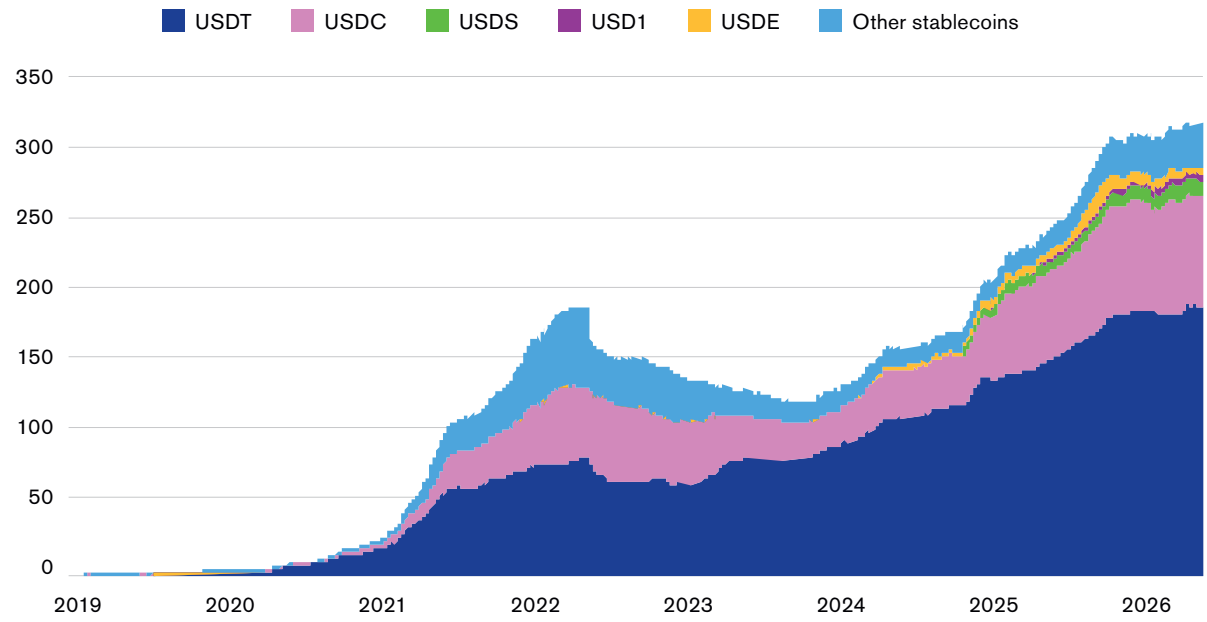
Stablecoins therefore offer the prospect of faster, cheaper and more accessible cross-border payments and money transfers. This takes place in contrast to existing systems which remain slow, expensive and opaque, and can expand access for populations previously underserved by traditional financial systems, including small businesses (Lawrence et al., 2025).

Market developments

The stablecoin market is highly concentrated, with a small number of issuers accounting for most of the supply and transaction activity. The two largest stablecoins – USDT issued by Tether and USDC issued by Circle – represent about 90 per cent of the market (see Figure 1). USDT and USDC trading volume amounted to US$ 33 trillion in 2025, a 72 per cent year-over-year increase with Bloomberg projecting stablecoin flows to reach US$ 56.6 trillion by 2030 (MEXC Exchange, 2026). Some other financial services providers have also introduced their own stablecoins, such as Paypal (PYUSD), and Fiserv (FIUSD). Stablecoins pegged to the US dollar represent around 98 per cent of the market by value, representing around two thirds of the number of existing stablecoins (Aldasoro et al., 2026). The remaining share consists mostly of stablecoins denominated in euros. Although their share remains small, growth in euro-pegged stablecoins has been substantial in recent years, reaching EUR 450 million ($525 million) in January 2026, up from EUR 50 million ($60 million) at the beginning of 2024 (Born et al., 2026).

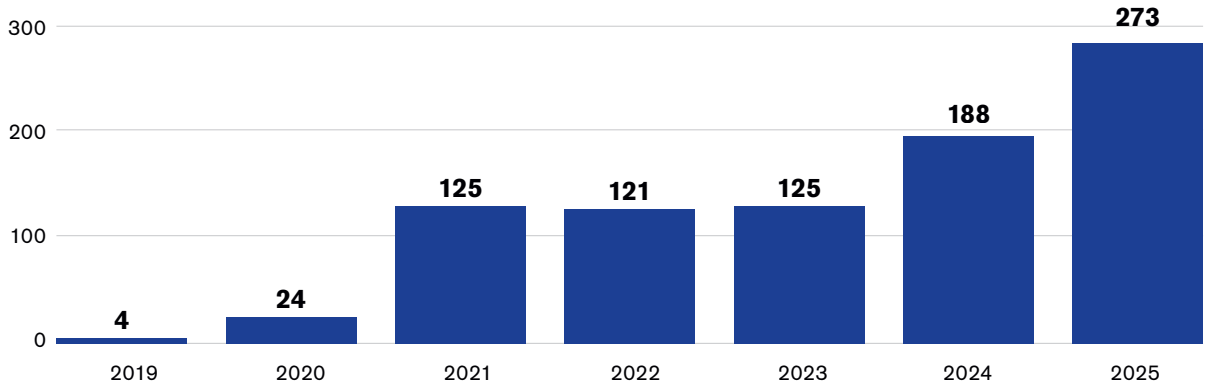
Stablecoins have experienced rapid growth in recent years yet the measurement of stablecoin transactions is fraught with challenges. These include, lack of transparency and standardized reporting by private issuers, difficulty in obtaining granular, real-time data from decentralized systems and the complex evolving nature of their underlying mechanisms. Having said that, available evidence points to limited – albeit increasing – use. According to available data, the total value of stablecoin units in circulation directly linked to reserve assets increased more than eleven-fold between 2020 and 2025, rising from approximately US$ 24 billion to over US$ 270 billion (see Figure 2).

Figure 1: Market capitalization of the largest stablecoins, 2019–2026 (US$ billion)



Source: BIS Annual Economic Report 2026.
Notes: Based on classification by Kosse et al. (2023). USDT: issued by Tether; USDC: issued by Circle; USDS: issued by Sky protocol; USD1: issued by BitGo, sponsored by World Liberty Financial; USDE: issued by Ethena protocol.

Figure 2: Average stablecoin supply, all stablecoins, 2019–2025 (US$ billion)



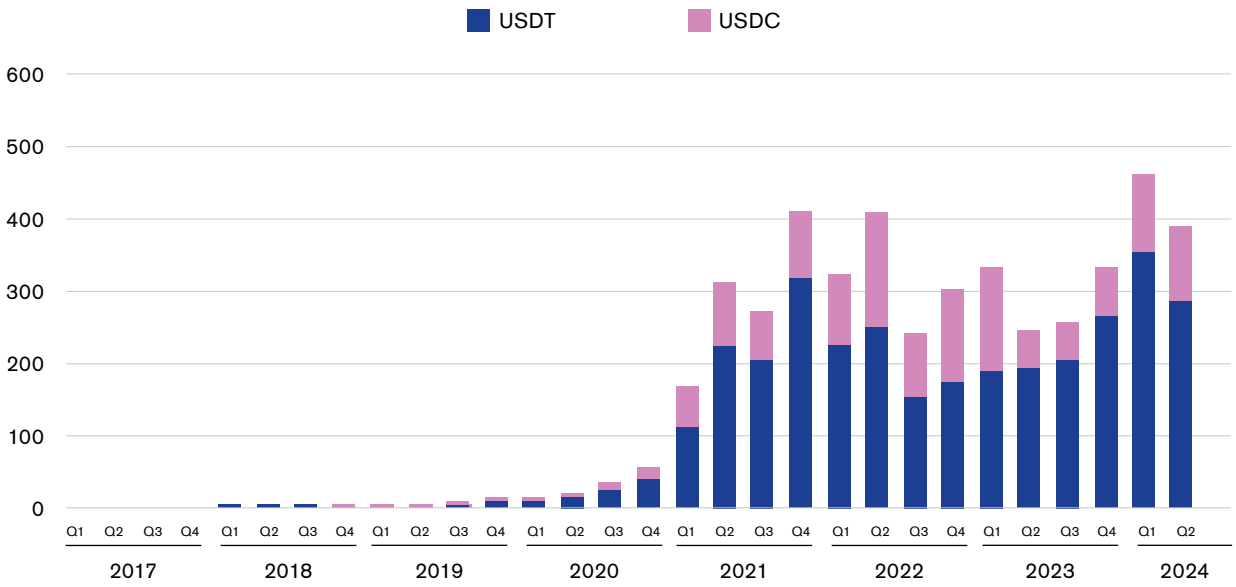
Source: Visa Onchain Analytics Dashboard, https://visaonchainanalytics.com.

The largest share of stablecoin turnover is still linked to the trading and settlement of native crypto assets, but real payment volumes are growing, with business-to-business (B2B) payments leading growth. A recent study finds that most of the activity linked to the US$ 35 trillion of reported transaction volumes annually does not represent true end-user payments, such as paying suppliers or sending remittances (Higginson et al., 2025). It consists mainly of trading, internal shuffling of funds, and automated blockchain activity. As a result, the volume of actual stablecoin payments made annually is only about US$ 390 billion, representing roughly 0.02 per cent of global payment volumes. However, the true volume of stablecoin payments, although small, has more than doubled from 2024 levels, reflecting real and growing usage in specific contexts.

B2B payments dominate stablecoin activity, accounting for approximately US$ 226 billion, or around 60 per cent of global stablecoin payment volume. B2B stablecoin payments increased by 733 per cent in 2025 year-on-year, highlighting the accelerating adoption of stablecoins in commercial transactions (Higginson et al., 2025). As adoption expands beyond crypto markets, stablecoins are beginning to demonstrate their potential as a new payment rail, i.e. the underlying infrastructure or system that facilitates the transfer of funds, rather than merely a settlement asset within digital asset ecosystems.

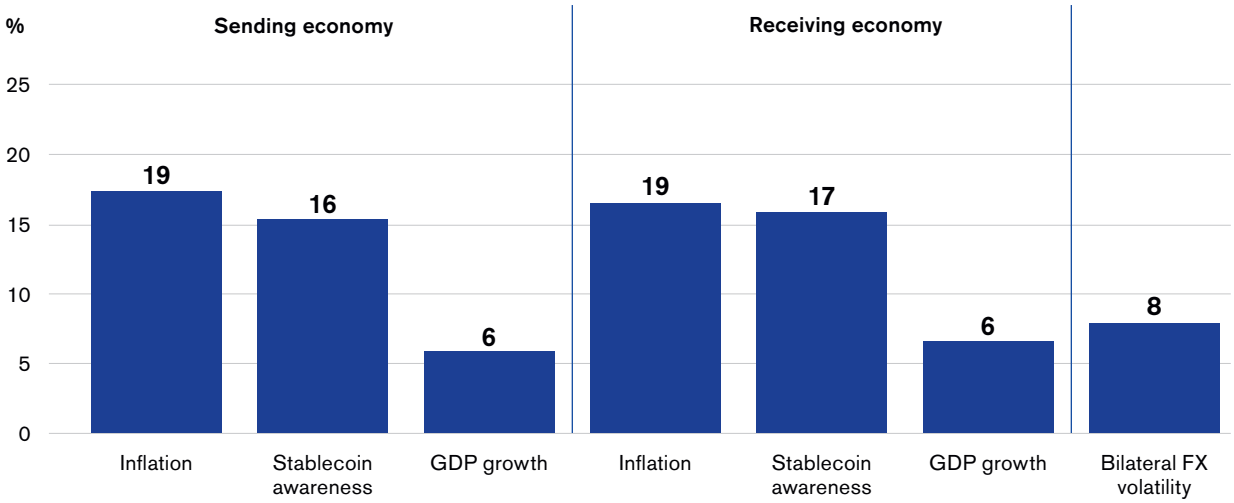
This growth is not evenly spread, however, as stablecoin activity remains highly concentrated across regions and payment corridors.
Asia accounts for the largest share of stablecoin payment flows, representing approximately US$ 245 billion, or around 60 per cent of total global volume, followed by North America with US$ 95 billion and Europe with US $50 billion. In contrast, Latin America and Africa each account for less than US$ 1 billion in stablecoin payment activity. Current usage is driven predominantly by payments originating from a small number of financial and digital asset hubs, particularly Hong Kong, China; Japan and Singapore (Mckinsey & Company, 2025a).

Figure 3: Cross-border use of stablecoins, 2017–2024 (US$ billion)



Source: BIS Annual Economic Report 2025; Auer et al., 2025.
Notes: USDC: issued by Circle; USDT: issued by Tether.

Figure 4: Economy-level drivers of cross-border stablecoin flows (percentage increase in flows)



Source: BIS Annual Economic Report 2025; Auer et al., 2025.

Stablecoin use in cross-border transactions is growing rapidly, but still remains limited, while adoption in trade finance is virtually non-existent. According to the BIS Annual Economic Report 2025, the use of stablecoins for cross-border payments increased by around 35-fold between 2020 and mid-2024, from approximately US$ 14 billion in early 2020 to about US$ 406 billion in the second quarter of 2024, with a peak at roughly US$ 480 billion in the first quarter of 2024 (see Figure 3). Cross-border transaction volumes tend to rise following episodes of high inflation and foreign exchange volatility in sending and receiving economies. Stablecoin awareness and growth of gross domestic product are two other factors explaining the growing use of stablecoins for cross-border transactions (see Figure 4).

According to the International Monetary Fund, stablecoin cross-border flows surpassed those of unbacked crypto assets in early 2022, and the gap has widened thereafter. Meanwhile, McKinsey reports that by early 2025, stablecoins were estimated to account for around 3 per cent of total global cross-border payments volume of an estimated global cross-border payments market of approximately US$ 200 trillion per year (Higginson, 2025). Beyond a few pilot projects, stablecoins are not used in trade finance at scale. While there is openness to consider stablecoins, there is also considerable scepticism about their widespread adoption in the trade finance space.

The growing use of stablecoins in cross-border payments raises a broader question for international trade: to what extent can stablecoins address the frictions that continue to affect trade payments and settlements? This issue applies, in particular, to small and medium-sized enterprises and firms operating in developing economies. Section 2 examines these frictions and assesses where stablecoins may offer practical advantages, while also identifying their limitations.

2

Frictions in international trade and the potential use and limitations of stablecoins

While stablecoins offer certain advantages in terms of speed, accessibility and programmability, their practical use in trade-related transactions remains limited and subject to operational, legal and regulatory constraints. This section examines the main payment-related frictions affecting international trade and assesses the extent to which stablecoins may contribute to addressing them. It also reviews current and emerging trade-related uses of stablecoins, bearing in mind the distinction, introduced above, between payment and settlement functions and the broader credit and risk-mitigation functions of trade finance.

Payment frictions in international trade

Cross-border payments are an essential component of international trade. Whether international trade transactions are settled through bank wire transfers, payment platforms, foreign currency accounts, international checks, money transfer services, or even mobile payment solutions, exporters and importers ultimately require reliable means of transferring value across jurisdictions.

Despite ongoing modernization efforts, international payment systems continue to face structural frictions. Four main issues affect cross-border payments: high costs, low speed, limited access, and insufficient transparency (FSB, 2020). These problems are closely related to the fragmented nature of the international payment architecture, which largely depends on correspondent banking networks connecting financial institutions across multiple jurisdictions.

- **High transaction costs are the first major friction, persistently raising the cost of cross-border trade and financial transactions**. International transactions frequently involve multiple financial institutions, foreign exchange conversions, compliance checks and settlement processes, all of which generate fees (FSB, 2020; BIS, 2020). These costs are particularly burdensome for low-value payments, where transaction charges represent a relatively large proportion of the amount transferred (FSB, 2020). High payment costs may reduce the profitability of international trade transactions and hinder smaller firms from accessing foreign markets.

- **Closely tied to cost is the issue of the speed of cross-border payments, which continues to lag behind that of domestic payments, despite advances in financial technology and payment infrastructure.** Although domestic payment systems in many jurisdictions now support near-instant settlement, cross-border transactions are often much slower (FSB, 2020). Differences in time zones, operating hours, regulatory requirements, compliance procedures and settlement arrangements can delay the completion of transactions (BIS, 2020). Payments routed through multiple correspondent banks may require additional processing and verification steps, resulting in settlement times that extend over several business days (IMF, 2023).

- **Beyond cost and speed, access to reliable and affordable cross-border payment services remains uneven across countries and market participants, particularly in developing economies**. The decline in correspondent banking relationships observed in certain regions over the past decade, due to de-risking by global banks, has raised concerns regarding the ability of firms and individuals to participate effectively in international commerce (World Bank, 2015; IMF, 2023). Limited access to payment services may reduce financial inclusion and constrain opportunities for cross-border trade and investment (FSB, 2020). Additionally, the decline in exports is only partially compensated by increased domestic sales, leading to reduced total revenues and employment, which particularly impacts smaller and younger firms (Borchert et al., 2024).

- **A related but distinct friction concerns transparency which, when lacking in cross-border payment processes, can complicate users' ability to determine the cost, timing and status of international transactions.** Businesses and consumers often face uncertainty regarding the total cost, expected delivery time, exchange rate applied, and intermediary institutions involved in a cross-border payment (FSB, 2020). In many payment chains, information becomes fragmented as transactions pass through multiple intermediaries, making it difficult for participants to track payments or predict final settlement amounts accurately (BIS, 2020). Insufficient transparency can increase operational uncertainty and reduce confidence in international payment systems (FSB, 2020).

Foreign exchange conversion constitutes an additional source of friction. Cross-border trade requires conversion between currencies, generating costs associated with exchange-rate spreads (i.e. the difference between the buying and selling prices of a currency pair in the foreign exchange market) and

intermediary fees. These costs can be particularly burdensome for small and medium-sized enterprises (SMEs), which often lack access to sophisticated treasury management services, extensive banking networks, or preferential pricing arrangements. Restricted access to foreign currency services may create additional challenges, particularly for firms operating in developing economies, where liquidity in major international currencies can be limited and foreign exchange markets less developed.

Beyond these currency-related costs, market structure itself can compound the problem: limited competition among payment providers and underdeveloped financial infrastructures may further constrain the ability of businesses to conduct international transactions efficiently (FSB, 2020; IMF, 2023). In markets where only a small number of institutions provide cross-border payment services, businesses may face higher fees, less favourable exchange rates, and fewer alternatives for processing international transactions. At the same time, weaknesses in domestic financial infrastructure, including limited interoperability between payment systems, inadequate digital payment networks, and lower levels of financial inclusion, can increase transaction costs and reduce the speed and reliability of cross-border payments. These constraints can increase operational uncertainty, raise the cost of international trade, and reduce the ability of firms, especially SMEs, to participate effectively in global markets (FSB, 2020; IMF, 2023; World Bank, 2015).

How stablecoins could address trade frictions

Stablecoins have emerged as a notable innovation capable of facilitating faster, cheaper and more accessible cross-border transfers. They could notably be used in the context of international trade transactions (see Figure 5). As discussed in Section 1, stablecoins are designed to maintain a stable value relative to a reference asset, most commonly a fiat currency such as the US dollar. Combined with distributed ledger technology, this stability allows them to function as digital settlement assets capable of circulating across blockchain networks.

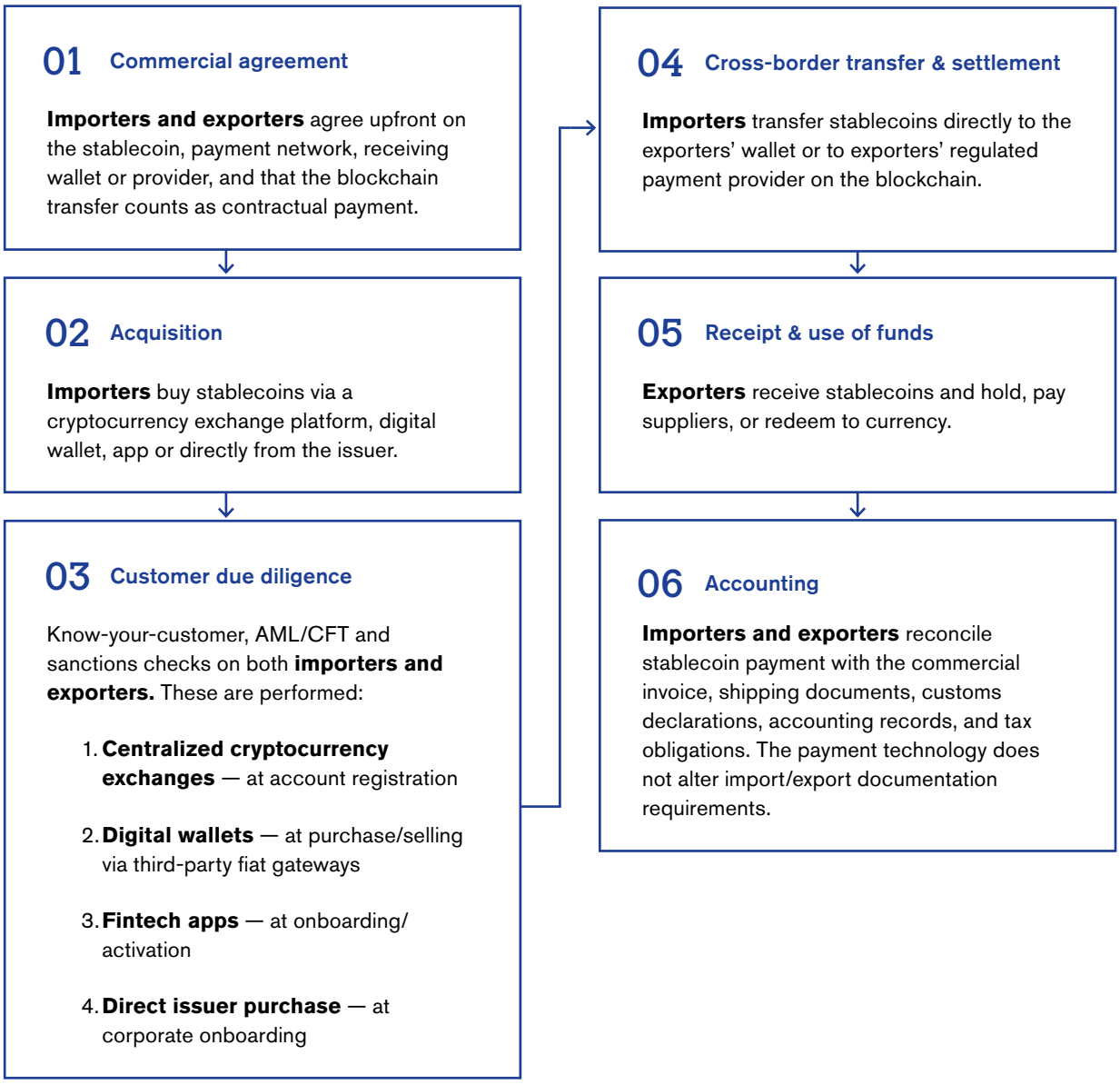
One of the most frequently cited advantages of stablecoins is the potential to accelerate settlement. Unlike traditional payment systems, which often rely on batch processing and the intervention of intermediary institutions operating within specific business hours, stablecoin transactions can generally be processed continuously and settled within minutes (see Table 1). Faster settlement through stablecoins may reduce the amount of working capital that must be held available while also decreasing counterparty and foreign exchange risks during the settlement period. For example, Visa permits financial institutions and fintechs to settle transactions using USD Coin (USDC) on major blockchains, allowing businesses to bypass traditional correspondent banking rails, resulting in near-instant funding and 365-day transaction capabilities (Visa, 2025).

Stablecoins may also contribute to lowering transaction costs. Because transactions can occur directly between users on blockchain networks, the number of intermediaries involved in payment processing may be reduced. This can lower fees associated with correspondent banking chains and reduce operational costs associated with reconciliation and settlement. The potential cost savings appear particularly relevant in payment corridors where existing banking infrastructure is limited or expensive. A recent study estimated that sending US$ 500 through stablecoins could cost between US$ 5 and 15 (1 to 3 per cent), compared to US$ 20 to 30 (4 to 6 per cent) using traditional routes (Adams et al., 2023; IMF, 2023). However, another recent study focusing on the use of a single stablecoin across a selection of international corridors found that there was not a systematic cost advantage, with total costs ranging from 0.3% to nearly 9% of the transferred amount, driven primarily by the fiat conversion phases ("on-ramp" and "off-ramp") rather than the on-chain transfer itself (Di Iorio et al., 2026).

Another potential advantage is accessibility. Stablecoins can be transferred using digital wallets without requiring participants to maintain relationships with multiple financial institutions. This characteristic has attracted particular attention in jurisdictions where access to banking services, correspondent banking networks, or foreign currency accounts remains constrained. According to recent International Monetary Fund (IMF) and World Bank analyses, stablecoins may help expand access to digital financial services for certain categories of users, including SMEs engaged in international transactions (IMF, 2023; World Bank and BIS, 2022).

Stablecoins also offer programmability, through the use of smart contracts i.e. self-executing computer programmes stored on a blockchain, enabling payments to be executed automatically once predefined conditions have been met. This functionality could facilitate automation of certain commercial processes and integration with digital trade platforms, potentially reducing administrative costs and improving efficiency.

Figure 5: Step-by-step overview of the use of stablecoins in international trade



Source: WTO Secretariat.
Notes: Fiat gateway: platform allowing the conversion of fiat currency to cryptocurrency and vice-versa; in-flight blockchain analytics: real-time analysis of blockchain transactions and activities as they occur; travel rule compliance: adherence to a set of regulations established to enhance transparency and to combat financial crime, i.e. AML/CFT.

Table 1: Frictions in international trade payments, the stablecoin alternative and possible limitations

Friction in international trade payments	Why it matters for traders	Potential contribution of stablecoins	Key limitations
Slow settlement times	Cross-border transfers may require several business days, tying up working capital and exposing firms to foreign exchange and counterparty risks	Blockchain-based settlement can occur near real time and operate continuously (24/7), reducing delays and improving liquidity management	End-to-end settlement still depends on fiat conversion, banking interfaces and regulatory compliance procedures
High transaction costs	Multiple intermediaries, correspondent banking fees and processing costs increase the cost of international transactions, especially for SMEs	Fewer intermediaries and automated settlement may reduce payment processing costs	Savings vary significantly across corridors; currency conversion and regulatory compliance costs remain
Foreign exchange costs	Exchange-rate spreads and conversion fees increase transaction costs and create uncertainty	US$-backed stablecoins can reduce the need for multiple currency conversions in some transactions	Currency conversion is still required whenever local currency is needed; exposure to US$ may increase dollarization concerns
Limited correspondent banking access	Some jurisdictions have experienced declining correspondent banking relationships, restricting access to international payment networks	Stablecoins may provide an alternative payment rail accessible through digital wallets	Users still require reliable on- and off-ramp services and access to regulated exchanges or financial institutions
Fragmented payment infrastructures	Different messaging standards, operating hours and payment systems create inefficiencies and delays	Stablecoins operate on common blockchain networks and can facilitate interoperability among participants	Stablecoin ecosystems themselves remain fragmented across blockchains and service providers
Restricted access to stable-value assets	Firms operating in volatile currency environments may struggle to access reliable foreign currency	US$-backed stablecoins can provide access to a relatively stable digital asset for transactions and treasury purposes	Reliance on foreign currency stablecoins raises policy concerns regarding monetary sovereignty and currency substitution

Current trade-related use cases

Despite still representing only a small share of global payment activity, stablecoins are experiencing rapid growth, particularly in business-to-business (B2B) and cross-border payments. As discussed in Section 1, stablecoin adoption for cross-border payments remains modest relative to global payment volumes, with annual payments activity estimated at approximately US$ 390 billion in 2025. Nevertheless, usage is expanding rapidly, particularly in B2B transactions, as mentioned above, which grew by 733 per cent in 2025 compared to 2024, accounting for around 60 per cent of stablecoin payment volume. Cross-border stablecoin transactions have increased substantially in recent years and are estimated to account for around 3 per cent of global cross-border payment volumes. These developments suggest that stablecoins are gradually evolving from assets used primarily within crypto markets into a potentially relevant payment infrastructure for selected use cases.

Beyond B2B payments, remittances represent a second use case where this growth is visible. Traditional cross-border remittance services often involve relatively high fees and lengthy settlement periods. Stablecoins may offer a lower-cost alternative by allowing funds to be transferred directly between users and converted into local currency upon receipt. Emerging evidence from Latin America and Africa suggests increasing experimentation with stablecoin-based remittance solutions (Reuter, 2025). For instance, research estimates

that remittance fees via stablecoin rails between the United States and Mexico are now under 1 per cent, a huge cost-saving against the more than 6 per cent average often reached on traditional channels, resulting in stablecoins already accounting for an estimated 5–10 per cent of flows (Dolev, 2025).

Another emerging application involves treasury management by multinational enterprises. Stablecoins may facilitate liquidity management across jurisdictions, allowing firms, including banks, to move funds rapidly between subsidiaries and manage foreign-currency exposure more efficiently. Deutsche Bank notes that some corporates are increasingly examining stablecoins alongside tokenized deposits and other forms of digital money as potential tools for treasury operations (Deutsche Bank, 2026).

Why adoption remains limited

Several factors explain the limited use thus far: users' confidence, legal and regulatory uncertainty, operational and cybersecurity risks, and lack of interoperability. Users' confidence remains constrained by uncertainty over the quality of reserve assets, governance structures and redemption mechanisms. Legal and regulatory uncertainty is also significant**:** frameworks are evolving rapidly and differ considerably across jurisdictions, creating uncertainty regarding issuance, custody, redemption, taxation, accounting treatment and prudential requirements (see Section 3). This fragmentation increases compliance costs and complicates cross-border use. Operational and cybersecurity risks, including wallet security, private-key management – secure administration and protection of private cryptographic keys used to control and authorise transactions involving digital assets — and exposure to cyberattacks and technological failures**,** are particularly significant for firms unfamiliar with digital-asset infrastructure.

The efficient use of stablecoins requires access to digital wallets, reliable internet connectivity, secure custody solutions and regulated service providers capable of facilitating conversions between stablecoins and fiat currencies. In jurisdictions where such infrastructure remains underdeveloped, the advantages of stablecoin-based payments may be limited (Ratha, Plaza and Kim/World Bank, 2024). Interoperability challenges, as explained in Section 3, further constrain adoption. The fragmentation of stablecoin ecosystems across blockchain networks and existing financial systems limits the potential for end-to-end digitalization of trade transactions.

These adoption barriers compound a more basic point: while stablecoins may reduce certain operational frictions associated with cross-border payments, they do not eliminate many of the underlying challenges that characterize international transactions. Regulatory compliance requirements, including anti-money laundering (AML), counter-terrorist financing, sanctions screening and know-your-customer (KYC) obligations, continue to apply irrespective of the payment technology used (FSB, 2023a; BIS, 2023a). As a result, firms and financial intermediaries must still undertake verification, monitoring and reporting activities that can generate costs and delays.

Furthermore, stablecoins do not necessarily remove the need for foreign exchange conversion. In many commercial transactions, businesses ultimately require settlement in domestic currency to pay suppliers, employees, taxes and other operating expenses. Where a stablecoin is denominated in a foreign currency, users may still incur conversion costs and be exposed to liquidity constraints when exchanging stablecoins for local fiat currency (IMF, 2024). Consequently, some of the foreign exchange-related frictions that affect traditional cross-border payments may persist.

Taken together, these constraints matter because, more fundamentally, stablecoins introduce their own set of risks and limitations. Concerns have been raised regarding reserve asset management, redemption arrangements, operational resilience, governance structures and the potential implications for monetary sovereignty and financial stability if adoption were to become widespread (FSB, 2023a; BIS, 2023a). For these reasons, stablecoins are currently seen as a potential complement to existing payment systems rather than a complete substitute for traditional cross-border payment infrastructure.

Stablecoins in trade finance

The analysis that follows primarily concerns trade in goods, for which trade finance is a well-established institution. Trade finance instruments such as letters of credit and documentary collections exist because a physical good is shipped and can be pledged, inspected or held as collateral while payment and delivery are reconciled. Trade in services, and digitally delivered services in particular, generally lacks an equivalent collateralized-credit structure: there is no shipped good, in this case, against which a bank or insurer can lend or issue a guarantee.

As a result, stablecoins' comparative advantage may lie more directly in payment speed and cost for services trade, whereas for goods trade it is best assessed alongside, rather than in place of, the trade finance functions discussed in this subsection. The payment frictions affecting services trade more closely resemble ordinary cross-border business-to-business or business-to-consumer payments (for example, paying an overseas freelancer, a software-as-a-service subscription, or a platform payout) than they resemble the documentary and credit-intensive frictions described below.

There is for the time being, limited evidence of the use of stablecoins in trade finance which encompasses a range of instruments designed not only to facilitate trade payments but also to provide financing, liquidity enhancement and risk mitigation. Trade payments are facilitated if buyers (importers) receive a guarantee that payment will not be released until goods are delivered according to contract, and if sellers (exporters) can count on a payment guarantee upon shipment. As suggested in Box 1, instruments such as letters of credit, documentary collections, guarantees and export credit insurance enable buyers and sellers to manage the commercial, payment and performance risks of the trade transaction. The risk mitigation role of trade finance is enhanced by its credit function. Trade loans, working capital facilities or supply chain finance generate funding for buyers and sellers during the various stages of the trade transaction (funding for producing, shipping or paying for the goods).

Trade finance markets, although hard to fully account for, are substantial. The Bank of International Settlements (see Box 1) estimated that bank-intermediated trade finance accounted for some US$ 6.5 to US$ 8 trillion in 2011. Non-bank trade finance, such as credit insurance, factoring and inter-company credit (supplier or buyers' credit) adds another US$ 2.5 to US$ 3 trillion. This brings the total of bank and non-bank trade finance to between US$ 9 and US$ 11 trillion, in comparison to US$ 19 trillion in total merchandise trade in that year. Several surveys suggest that trade finance is in shorter supply in developing economies, and much less accessible for smaller firms than for large firms, as measured by considerably higher rejections of requests for trade finance by this category of enterprise (Beck et al., 2025).

It is fair to say that access to trade finance remains limited in developing economies characterized by low levels of financial development and where the vast majority of traders rely on self-financing, informal credit, or cash-based arrangements. As shown by WTO-International Finance Corporation (IFC) studies for West Africa (2022), the Mekong Region (2023) and Central America (2025), only 2 to 20 per cent of total flows in the surveyed emerging markets, including such large traders as Viet Nam and Mexico, is supported by trade finance. In Mexico, only one quarter of all importers and exporters have any access to credit, let alone trade finance. The largest share of trade and traders is "unserved", meaning that, in the absence of affordable trade finance available, corporates self-finance their trade using internal working capital, borrow informally (family, relatives), or simply pay cash-in-advance or are paid on "open account", as detailed in Box 1.

Even where trade finance is available, it is costlier than in developed economies or developing economies with advanced financial markets, procedurally burdensome, and subject to high rejection rates, with SMEs bearing a disproportionate share of these constraints. The same WTO-IFC studies show that, when available, access to trade finance can be expensive and uneven for eligible traders. Inherently, risk-mitigation instruments such as letters of credit and the like are expensive, because of their processing costs. Every document submitted must be verified as being fully accurate, complete and compliant with the terms agreed upon by all parties.

According to the International Chamber of Commerce Banking Commission, an estimated 65 to 80 per cent of documents presented under letters of credit are rejected on first presentation due to discrepancies (ICC, 2022). The strict compliance rule means that even tiny mismatches can halt payment. Other reasons explain the high level and unevenness of banks' rejections of trade finance requests: additional collateral requirements, lack of foreign exchange availability for the banks, insufficient correspondent bank relationships, risk aversion of counterparty banks, etc.

Trade finance is a framework of credit, risk allocation and legally enforceable payment undertakings that enable trade transactions to occur despite gaps in trust, liquidity and time. Stablecoins address certain payment and settlement frictions, but they do not perform risk mitigation and credit functions. This distinction is particularly important because trade finance operates within a sophisticated ecosystem involving banks, traders, logistics providers, customs authorities, insurers and legal institutions. Traditional trade finance instruments rely heavily on documentary processes that establish ownership rights, payment claims and collateral arrangements at each stage of the transaction. Although often criticized for being document-intensive and costly, these mechanisms provide a high degree of legal certainty and risk mitigation that stablecoin-based payment systems do not currently replicate.

Box 1: Credit and risk mitigating functions performed by banks through trade finance

1. The credit and liquidity function of trade finance

In the financial system, credit is supplied by banks. Credit can be insured or re-insured by credit insurance institutions. Trade credit or finance is a specialized form of credit applying to the needs arising during the various stages of the trade cycle, for example for the purchase of inputs, such as raw materials, parts or components, the production of the goods for overseas clients, their shipment and delivery. The most common facilities include import loans and post-shipment finance for importers, and pre-shipment export loans for exporters, who, by buying inputs, may also become importers. Under supply chain finance, banks and factor companies (i.e. financial institutions that buy a company's international accounts receivable at a discount) supply or unlock liquidity by discounting invoices. Credit can also be extended to smaller suppliers within the supply chain using the higher credit rating of larger buyers.

Trade loans are typically granted against trade collateral, such as trade titles, i.e. short-term working capital facilities, and documents (purchase orders, export contracts), and physical collateral (goods for shipment or kept in inventory until delivery).

In its report on trade finance, the Bank for International Settlements estimated flows of bank-intermediated trade finance to amount to between US$ 6.5 and 8 trillion a year in the early 2010s, including around US$ 2 trillion in letters of credit and US$ 4.5 to US$ 6 trillion in bank loans (BIS, 2014). As highlighted in recent WTO-IFC regional studies (WTO and IFC, 2022, 2023, 2025) on trade finance in developing economies, short-term working capital lines (i.e. flexible bank or lender credit facilities) are often used by importers and exporters as a substitute to more formal, structured and documented trade loans. Working capital loans can be preferred for their flexibility but are also typically more expensive and only accessible to clients with sufficient land or building collateral.

2. The risk mitigation function

Without trade finance, importers and exporters with little market power may bear a disproportionate share of the payment and transaction risk between the parties. For example, in cash-in-advance payments, the importers pay for goods upfront thus facing an opportunity cost of using their own cash flow, while pre-financing that of the exporters', and incurring a (transactional) risk of potentially not receiving timely and/or compliant delivery. Inversely, the exporter may be induced to deliver the goods prior to payment (open account), thereby taking a transactional and payment risk of non-payment or non-acceptance by the buyer.

Letters of credit, documentary collections and similar guarantee instruments mitigate and "rebalance" these risks between buyers and sellers. If a letter of credit is involved, the payment is guaranteed to the exporter by the bank of the importer, provided the goods are delivered by the exporter according to the terms of the contract and subject to presentation of compliant trade documentation, which allow for the identification of right holders at every stage of the transaction.

The system is document heavy but provides high levels of security to the parties. It relies on the systematic handling, verification and exchange of a large set of documents to be presented to banks (invoice, transport documents such as the bill of lading or air waybill, packing list, certificate of origin, inspection certificates, etc.) consistent with the terms agreed by all parties, confirming the claimant's (exporter) right to payment. Such instruments are governed by international rules, which are enforceable in most jurisdictions in the world, using the goods as collateral.

Other institutions, such as export credit agencies, can also mitigate the risk of international trade payments by offering export credit insurance, guarantees and direct financing.

Source: WTO Secretariat.

The inefficiencies of trade finance are well documented (ADB, 2022). They result from heavy reliance on paper, stringent anti-money laundering and know-your-customer (AML-KYC) compliance, and conservative lending frameworks, disproportionately affecting SMEs, and contributing to high levels of unmet demand.

The question is therefore whether stablecoins could reduce settlement frictions and improve liquidity management through faster and potentially programmable payment mechanisms, particularly in markets where payment infrastructure remains costly or inefficient. By enabling near real-time settlement once contractual conditions have been satisfied, stablecoins may shorten the cash conversion cycle, improve working-capital management and reduce settlement-related costs, including delays associated with correspondent banking and exposure to exchange-rate movements during the settlement period. However, these efficiency gains do not eliminate the need for trade finance. Stablecoins do not provide credit, substitute for legally enforceable payment undertakings such as letters of credit, or address the commercial and documentary risks that arise earlier in the trade transaction. Their principal contribution therefore lies in complementing, rather than replacing, existing trade finance arrangements.

Smart contract-enabled stablecoins could potentially automate conditional payments triggered by real-world trade events, with particular potential benefits for underserved small businesses in markets with limited banking infrastructure. Proponents suggest that stablecoins would provide for reduced payment risk by promoting programable, secure payments, while at the same time reducing the liquidity "lock-up" of having to wait for payments to be processed (Frosinini, 2025). The immediate nature of on-chain payments, running 24/7, would permit conditional payments; for example, payments could be programmed to be released only when Internet of Things sensors verify that containers reach port or clear customs. Some applications already exist, using sensors on shipping containers to automatically release payment upon delivery. Smart contracts could enhance trust between parties as contractual conditions are transparent and verifiable.

Table 2: Possible contributions of stablecoins to trade finance

Trade finance function	How trade finance performs this function	Stablecoin contribution	Remaining limitation
Payment and settlement	Payment triggered once contractual conditions are satisfied	Faster 24/7 settlement; programmable execution	Banking interfaces and fiat conversion remain necessary
Credit provision	Banks provide working capital before payment	None (except possible future tokenized lending models)	Stablecoins do not create credit
Risk mitigation	Letters of credit, guarantees and UCP 600-compliant* documentary processes create legally enforceable payment obligations	Smart contracts may automate payment conditions	Cannot replace bank guarantees or documentary compliance
Documentation	Documentary examination establishes entitlement to payment	Integration with electronic trade documents possible	Legal recognition still incomplete
Liquidity	Pre- and post-shipment finance supports exporters and importers	Faster release of funds after settlement	Does not finance production or shipment

Source: WTO Secretariat.
*Note: *UCP 600 stands for UCP Credits. It is a set of 39 international rules established by the ICC that governs the use of letters of credit in global trade finance. Table 2: Possible contributions of stablecoins to trade finance.*

It is argued that stablecoins, locked in smart contracts subject to compliant delivery, could serve as collateral in automated settlement arrangements that could replace pre-funded guarantees (Mitchell et al., 2026). For the above-mentioned potential to materialize in trade finance specifically, certain operational and legal conditions need to exist. A key aspect of the success of a conditional payment (risk mitigation) in trade is the ability to legally use goods as collateral. In traditional trade finance, rights holders have clear claims on the goods, as recognized by the current rules of the International Chamber of Commerce (ICC) – Uniform Customs and Practice for Documentary Credits (UCP) – and most legislation in the world.

The UCP rules determine the operational guidelines, rights and obligations of all parties involved at each stage of the contract execution and itinerary of a good. This may not be entirely clear in the case of a transaction involving stablecoins. For example, misdirected funds under blockchain cannot be easily rolled back; in the case of a dispute over payments, funds cannot be easily frozen by the parties. Furthermore, trade documentation standards are not always acknowledged by private agreements under digital contracts, creating enforceability of payment issues.

Legal and operational issues hinder the development of stablecoins in trade finance. An important condition for the widespread use of stablecoins in trade would be to achieve a significant level of interoperability across all actors, banks, corporates and logistics networks, as for traditional trade finance. Bank infrastructures are not yet designed to link up with enterprise treasury management systems, that is to say specialized software platforms that centralize an organization's global financial operations and are adapted to handle trade payments in stablecoins, in relation to the physical movement of goods (see Section 3). Another uncertainty relates to the acceptance of digital trade documents by all the parties.

In itself, the lack of digital documents is not a constraint, but one that limits the use of stablecoins, especially if the legislation does not allow the blending of paper and electronic documentation (see Section 3). Progress such as that seen through the UK Electronic Trade Documents Act and the United Nations Commission on International Trade Law's (UNCITRAL) Model Law on Electronic Transferable Records, help establish legal equivalence between digital and paper trade documents, laying the ground for possible complementarity between traditional trade finance and blockchain-based transactions (see Table 2).

Overall, current evidence suggests that stablecoins may contribute to reducing selected payment and settlement frictions associated with international trade. However, they do not substitute for the broader financing, liquidity-enhancement and risk-management functions traditionally performed by trade finance institutions. Their most plausible near-term role is therefore as a complementary payment infrastructure that may improve efficiency within existing trade finance arrangements rather than replace them.

3

Regulatory issues essential for the use of stablecoins in international trade

Regulatory fragmentation and the case for international coordination

The extent to which stablecoins can become a meaningful instrument for international trade depends less on the underlying technology than on whether businesses can rely on clear, predictable and interoperable legal frameworks across jurisdictions. For exporters, importers and financial intermediaries, the attractiveness of stablecoins depends not only on their potential to facilitate faster or less costly payments, but also on confidence that transactions will be legally recognized, settlement will be final, redemption rights will be enforceable, and compliance obligations can be met across borders.

Divergent regulatory approaches can increase legal uncertainty, operational complexity and compliance costs, potentially limiting the efficiency gains that stablecoins could otherwise offer for international trade. Against this background, this section reviews the emerging international regulatory landscape governing stablecoins, highlighting the international guidance issued by key standard-setting bodies and comparing selected national frameworks to illustrate how differing regulatory approaches can generate legal uncertainty in the use of stablecoins in the context of trade transactions.

The global regulatory response to stablecoins remains at an early stage. As of 2025, only 5 (21 per cent) of approximately 29 jurisdictions surveyed by the Financial Stability Board (FSB) reported having finalized a regulatory framework for stablecoins. Ten jurisdictions (34 per cent) were actively developing or completing regulatory frameworks for global stablecoins, indicating that meaningful advancement in this area is likely within the next 1 to 2 years. Three jurisdictions (10 per cent) implemented partial regulatory measures, and 11 (38 per cent) are still in the early stages without an existing framework (FSB, 2025). By comparison, broader cryptocurrency regulation is considerably more advanced, but in many cases, there are gaps in addressing risks posed by stablecoins (e.g. taxation, anti-money laundering/combating the financing of terrorism (AML/CFT), consumer protection, and licensing).[2]

Jurisdictions are increasingly recognizing stablecoins as a distinct category of payment instrument, requiring tailored regulation rather than reliance on existing financial legal frameworks. Unlike speculative crypto assets, stablecoins are designed to maintain a stable value and are increasingly recognized as a beneficial instrument for payment, particularly in cross-border transactions (Adrian et al., 2025). This functional reality gives rise to concerns spanning monetary sovereignty, financial stability, consumer protection and illicit finance that do not map neatly onto any single prior regulation.

The stakes of getting this tailored regulation right are significant; in the absence of adequate regulations, several risks can directly undermine the use of stablecoins to settle cross-border trade transactions. Where redemption rights are restricted or not easily enforceable, or where backing funds are exposed to market and liquidity shocks, a loss of confidence in the stablecoin's value can disrupt settlement when payment is due. Legal uncertainty as to a stablecoin's status, the enforceability of holder rights across jurisdictions, and the mutual recognition between national frameworks add a further layer of risk.

All regulatory frameworks require licensed intermediaries to follow international AML standards, by mandating Financial Action Task Force-aligned AML/CFT obligations and travel rule implementation. The latter requires originator and beneficiary information to accompany the transfer of funds and crypto assets. Inconsistent implementation of these requirements across jurisdictions can itself become a source of friction and delay. When corporate treasuries cannot guarantee that a digital settlement asset will be mutually recognized across a multi-economy trade corridor, they are forced to maintain costly traditional fiat buffers, i.e. reserves, eroding the cost-efficiencies that digital assets are meant to provide. These risks are amplified in economies with weaker regulatory and institutional capacity and can also raise macroeconomic concerns (Adrian et al., 2025).

Regulatory frameworks are being designed not only to protect individual holders but to safeguard the broader financial system and, in several jurisdictions, to preserve domestic monetary sovereignty. Minimum reserve requirements, redemption-at-par obligations, interest prohibitions, stringent licensing requirements for issuers and systemic thresholds all reflect an effort to position stablecoins as payment instruments subject to payment system oversight. This design of the regulatory framework is relevant to cross-border settlements and trade finance, as whether a stablecoin can legally be used to settle a commercial invoice depends on how, and by whom, it is classified.

A stablecoin might be a licensed payment instrument in one jurisdiction, but an unregulated foreign token, a security, or a prohibited asset in another. As a result, a stablecoin accepted as a lawful means of payment in one jurisdiction may face different legal treatment elsewhere. For firms engaging in international trade, this fragmentation can increase legal uncertainty, complicate compliance

and reduce the potential efficiency gains from using stablecoins in cross-border transactions.

Addressing this fragmentation is where international bodies come in, providing international guidance to reduce regulatory fragmentation and promote greater legal certainty for cross-border transactions. By encouraging greater consistency across national frameworks, international standards can facilitate the use of stablecoins in international trade while supporting financial stability, market integrity and consumer protection. In recent years, guidance on crypto and stablecoin regulation has been provided by the Bank for International Settlements (BIS) through their Basel Committee on Banking Supervision (BCBS) and Committee on Payments and Market Infrastructures (CPMI), the International Organization of Securities Commissions (IOSCO), and the Financial Stability Board (FSB). Their recommendations share a common architecture but vary in scope and legal effect.

Despite differences in emphasis, all four bodies converge on a common set of expectations: high-quality and adequate reserves, enforceable redemption rights, sound governance arrangements, robust AML/CFT compliance and operational resilience. For example, the FSB established the "same activity, same risk, same regulation" principle to address financial stability risks; the BCBS framework focused on bank capital adequacy, a measure of a bank's financial strength; and the CPMI provided guidance to target stablecoin arrangements as financial market infrastructures, requiring settlement finality and legally recognized governance structures. None of these recommendations are directly binding, but they are all addressed to national authorities. Adhering to these international guidelines can mitigate the risks associated with regulatory fragmentation.

National stablecoin frameworks

Lack of progress in the development of detailed frameworks may be limiting the use of stablecoins to settle cross-border trade transactions. Advanced economies have enacted binding, detailed frameworks; emerging-market jurisdictions are either implementing broad enabling legislation or still developing the secondary rules that will determine how stablecoins can be used in practice (see Table 3). The European Union; Hong Kong, China; Singapore; Japan; and the United States represent the economies with the most advanced regulatory environments, each having enacted comprehensive, in-force frameworks with detailed reserve, licensing, redemption, and AML requirements. Their approaches nonetheless differ in ways that carry direct implications for cross-border payments. For instance, the divergence in reserve composition requirements, type of permissible issuer, as defined by international banking norms, and redemption rights mean that a stablecoin that can be fully compliant in one jurisdiction may not meet the legal and operational standards of another, complicating correspondents' relationships and the settlement of payments across borders.

Among developing economies, Brazil, Kenya and Nigeria have made significant progress, though parts of their frameworks remain less complete. Economies, such as El Salvador, have also moved forward in establishing a stablecoin regulatory framework, positioning themselves as early adopters among smaller developing jurisdictions. Differences in regulatory maturity across jurisdictions means that use of stablecoins to settle cross-border trade transactions may still face significant legal uncertainty when one leg of the transaction falls within a developing jurisdiction.

Jurisdictions apply different regulatory standards for operators in the stablecoin ecosystem, creating uncertainty in the ability to use stablecoins to settle trade transactions. Regimes differ significantly in the conditions for issuer eligibility, meaning that the pool of legally usable stablecoins may be difficult to identify. Also, conditions for stablecoins offered by foreign issuers based abroad also differ significantly. Some impose local presence requirements for foreign-based issuers (e.g., Brazil, the European Union), while others (e.g. the United States) do not impose such conditions, but rather require equivalence of the issuer's home regime or a reciprocal agreement. On wallet regulation, the treatment of non-custodial, self-hosted wallets diverges sharply, with developing economies' frameworks leaving this dimension largely unaddressed. Examples of this are Nigeria and Kenya which have not published specific rules on non-custodial wallet interactions.

Stringent conditions and regulatory fragmentation that hinder the activities of stablecoin operators internationally may have consequences for trading firms, as they can create compliance burdens regarding the use of certain stablecoins over others depending on the jurisdiction of the counterparty. In this respect, it is important to note the role of international trade frameworks such as the General Agreement on Trade in Services (GATS) to support work on impediments to the international supply of stablecoin-related services, playing a complementary role to address trade- related issues, alongside other ongoing international regulatory initiatives tackling financial stability or consumer protection (see Box 2).

Table 3: Features of stablecoin regulatory frameworks in selected economies

Theme	Brazil (Virtual Assets Law)	European Union (Markets in Crypto-Assets)	Hong Kong, China (Stablecoins Ordinance)	Japan (embedded within the Payment Services Act)	Kenya (Virtual Asset Service Providers Act)	Nigeria (embedded within the Investments and Securities Act)	United States (GENIUS Act)
Stage	In force (February 2026); Resolution 561 reversed key cross-border provision	In force (2024); review launched May 2026	In force (August 2025)	In force; amendments June 2026	Enacted October 2025; regulations pending	In force (March 2025)	In force (July 2025)
Issuer Eligibility	Authorized Virtual assets services providers (VASPs)	Electronic Money Institutions, credit institutions	Licensed entities	Banks, trust companies, fund transfer providers only	Licensed companies	Securities and Exchange Commission (SEC)-licensed VASPs;	Banks, and chartered nonbanks
Reserves	1:1; segregated fiat backing; independent certification of segregation required	100%; segregated, low-risk liquid assets; protected from creditor claims	Full backing; trust custody; assets match referenced currency; holder priority in insolvency	100%; insured deposits (banks); segregated money deposits/ guarantees (others)	100%; cash, central bank deposits, government securities, short-term repos	Mandated; asset classes not yet specified	1:1; Treasury bills, insured deposits, central bank reserves, repos
Redemption	Contractual only; no statutory par-value right	At par, on demand, free of discretionary fees	At par within 1 business day; holder priority claims in insolvency	At par; non-custodial redemption unavailable	Mandatory at par on demand; not yet in force	Not defined	Enforceable; timeline not specified*
Who Can Use	Treated as a foreign exchange operation; US$ 100K cap per transfer for unlicensed counterparties; electronic foreign exchange service providers banned from cross-border settlement	EUR 200M/day cap on non-euro stablecoin transactions	No restrictions	Must register as Electronic Payment Instrument Exchange Service Provider; 95% offline storage; travel rule compliance required	No explicit prohibition	Crypto payment prohibition; retail investment limits apply	No restrictions
Foreign Issuers	Local authorization required	EU establishment required	Local incorporation or authorized institution; senior management in Hong Kong, China	Direct issuance prohibited	Local incorporation required	Local incorporation required	Treasury certification needed
AML/CFT & Travel Rule	FATF-aligned, phased travel rule	Zero-threshold travel rule and AML obligations apply	Travel rule above HKD 8000; Anti-Money Laundering and Counter-Terrorist Financing Ordinance compliance mandatory	All intermediaries must comply; travel rule mandatory	Risk-based AML/CFT programme mandatory; travel rule not yet addressed in draft regulations	FATF-aligned; travel rule applies	Bank Secrecy Act and AML obligations apply

Theme	Brazil (Virtual Assets Law)	European Union (Markets in Crypto-Assets)	Hong Kong, China (Stablecoins Ordinance)	Japan (embedded within the Payment Services Act)	Kenya (Virtual Asset Service Providers Act)	Nigeria (embedded within the Investments and Securities Act)	United States (GENIUS Act)
Wallet Regulation	Central Bank-authorized custodial VASPs; self-hosted wallet owners must be identified for cross-border transfers	Custodial providers licensed as Crypto-Asset Service Providers (CASPs); self-hosted wallet due diligence above EUR 1,000; further restrictions possible	Custodial VASPs need Securities and Futures Commission licence	Non-custodial unavailable	Central bank licence for custodial providers; non-custodial not yet addressed	SEC-approved custodians mandatory; no non-custodial wallet rules published	Self-custody protected
Interoperability	No mandate	No mandate	EnsembleTX pilot program (stablecoins + tokenized deposits + wholesale CBDC); cross-border standards stated as priority	No mandate	No mandate	No mandate	Statutory mandate to develop standards with National Institute of Standards and Technology (only binding mandate reviewed)

* The New York Department of Financial Services baseline refers to two business days.

Source: WTO Secretariat.
Note: Frameworks are at different stages of legal and operational maturity. Some are fully in force, such as the European Union's Markets in Crypto-Assets Regulation (MiCA), while others (e.g., the GENIUS Act) have been enacted but await implementing rules, which remain the focus of ongoing discussion. All frameworks may be subject to future revision.

Among the specific regulatory dimensions that matter for trade, redemption rights stand out. Redemption rights will be an important trust element for traders, and while they are legally enforceable and near-immediate in most advanced-economy frameworks, in developing economies, they are either contractual, undefined, or not yet in force. Frameworks in more advanced economies (e.g., the European Union; Hong Kong, China; the United Kingdom) give holders an unconditional right to redeem on demand, and within a reasonable period of time, at par, free of discretionary or unreasonable fees, enforceable against a licensed issuer. However, in several developing-economy frameworks, redemption remains contractual or undefined. For trade purposes, the consequence is concrete. For example, a buyer in such an economy holding a foreign-issued stablecoin to settle a trade payable is not protected by the right of redemption enforceable under local law, and a stablecoin issuer operating under that jurisdiction's rules does not owe a statutory par-value obligation to its holders.

To address these redemption challenges, the FSB recommended a "same activity, same risk, same regulation" approach. This required issuers to provide users with a legal claim for prompt redemption at par value in the relevant fiat currency, backed by national authorities ensuring redemption rights, stabilization mechanisms, and prudential standards (FSB, 2024). Redemption is a critical prerequisite for micro, small and medium-sized enterprises engaged in cross-border trade, as they may often lack the legal resources and liquidity reserves to manage redemption uncertainty. Where redemption rights are undefined or unenforceable under local law, stablecoins cannot substitute for correspondent banking in trade finance, given the liquidity risk they pose at the moment of settlement.

A second, equally consequential dimension is compliance. AML/CFT obligations are among the most consequential regulatory dimensions for cross-border stablecoin use in trade, because a

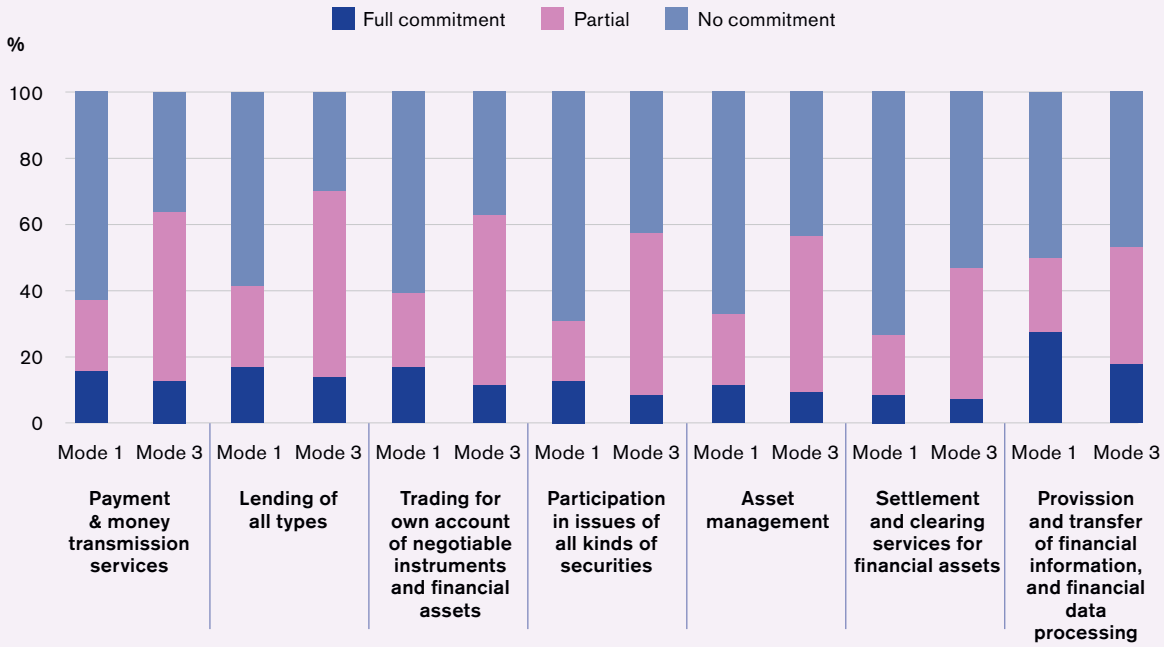
Box 2: Stablecoins and the General Agreement on Trade in Services (GATS)

Many financial services are essential to the issuance, circulation and operation of stablecoins. Stablecoins do not operate in isolation. Rather, they rely on a complex network of service suppliers, including issuers, payment providers, custodians, exchanges, wallet providers, clearing and settlement entities, cloud-computing and data-processing providers, as well as other financial intermediaries. To the extent that these activities constitute services supplied internationally, they fall within the scope of the GATS and the specific commitments undertaken by WTO members.

Relevant service categories include all payment and money transmission services; trading in negotiable instruments and financial assets; participation in the issuance of securities and other financial instruments; custodial, depository and trust services; settlement and clearing services for financial assets; the provision and transfer of financial information; financial data processing; and lending and financing services, including those associated with decentralized finance. While all modes of supply* can be significant, cross-border supply (mode 1) and the supply through the establishment of a commercial presence (mode 3) are the most pertinent.

While BIS, FSB and IOSCO primarily focus on financial stability, consumer protection, market integrity and prudential regulation, the GATS provides a framework for addressing trade-related dimensions of services associated with stablecoins. Its role notably includes facilitating market access for service suppliers and ensuring non-discrimination. In this respect it is worth noting that a significant share of WTO members have already undertaken commitments in services sectors relevant to stablecoin-related activities. Between one-half and two-thirds of members have already made mode 3 commitments in relevant services, while approximately one-third to one-half have undertaken mode 1 commitments, albeit maintaining certain limitations (see Figure 6).

Figure 6: Share of WTO members with commitments in stablecoin-related services



Source: World Bank-WTO I-TIP Services, GATS module.
Note: EU-27 individual Member States and the United Kingdom are covered in the EU schedule.

By providing disciplines on market access and non-discrimination, the GATS offers a framework through which WTO members can reduce unnecessary barriers to trade in stablecoin-related services**, while preserving their ability to pursue legitimate public policy objectives, including financial stability, consumer protection, anti-money laundering and counter-terrorism financing measures. Furthermore, the GATS can facilitate the development of sound regulatory practices and promote interoperability. As stablecoins continue to evolve as part of the global digital economy, the interaction between international trade rules and financial regulation is likely to become increasingly significant. In this context, the GATS can contribute to a more transparent, predictable and interoperable environment for the supply of stablecoin-related services.

Source: WTO Secretariat.
*Notes: *The GATS defines four ways of supplying services, namely cross-border supply (mode 1); consumption abroad (mode 2); establishment of a commercial presence (mode 3); or the temporary presence of natural persons (mode 4). At the same time, the prudential carve-out in the GATS Annex on Financial Services preserves members' ability to adopt measures for prudential reasons.*

transaction that satisfies compliance requirements on one side of a payment may not satisfy them on the other. Stablecoins can pose AML/CFT risks due to their potential for anonymity, global reach and their ability to enable rapid cross-border transactions, particularly if they allow for anonymous payments and bypassing regulated intermediaries. In such cases, illicit funds can be concealed and moved anonymously on a massive scale. These risks are amplified in trade contexts, where stablecoins could be used to circumvent targeted financial sanctions or obscure the origin of commercial payments.

Additionally, a stablecoin arrangement typically involves multiple entities (such as exchanges or custodial wallet providers), potentially located in multiple jurisdictions, each under differing AML/CFT obligations (BIS, 2023). Travel rule thresholds and implementation vary widely. When one of the parties in a cross-border stablecoin payment operates in a jurisdiction that has not yet finalized the travel rule, the licensed institution on the compliant side might bear the compliance exposure of that regulatory gap. This asymmetry might deter many advanced economies with robust stablecoin frameworks to avoid transactions with developing economies which have underdeveloped frameworks, due to asymmetric regulatory risk, undermining the commercial case for engagement.

Interoperability

Even where a national stablecoin framework is well-developed, it does not automatically extend, or correspond, to the framework governing the other end of a transaction. Domestic regulatory completeness is therefore not sufficient on its own to enable cross-border use. Domestic and across border interoperability are key for being able to use stablecoins in the context of international trade, i.e. that stablecoins can be used seamlessly in trade transactions. The absence of interoperability standards constrains the use of stablecoins for cross-border trade settlement. In a fragmented infrastructure, a stablecoin payment initiated in one jurisdiction may not be technically receivable, legally recognizable, or compliance-compatible in another jurisdiction. The issue is especially severe for developing economies, which tend to lack domestic infrastructure and the international connectivity found in developed economies, and which therefore often lack an interoperability arrangement.

Achieving interoperability across and within jurisdictions requires the synchronization of multiple elements in the cross-border payment chain. The stablecoin systems entail multiple software components and technologies while addressing key challenges such as security, ensuring the system is always running, keeping data consistent, making transactions all-or-nothing, and maintaining control across many users instead of one central authority. This cross-chain collaboration requires interoperability mechanisms. Additionally, interoperability implementation faces multiple challenges due to the diversity of blockchain systems in network structures, cryptographic primitives, i.e. basic mechanisms used to secure, authenticate and verify transactions in digital systems (e.g. digital signatures), and application contexts (Deng et al., 2025). Although some initiatives are emerging, there is no cross-chain interoperability standard provided for in ISO 20022.[3]

Also, there is a growing but limited stablecoin interoperability with banks, payment systems and other third-party services providers. Major payment firms and some banks are actively building stablecoin capabilities. However, stablecoin integration remains complex and expensive due to the operational challenges of converting fiat currency to stablecoin and back, and sourcing sufficient exchange liquidity on both ends of corridors (Copestake et al., 2026). Major payment service providers are moving into stablecoins at different speeds. Across the board, the momentum is in cross-border and B2B payments, where stablecoins help bypass the cost and delays of traditional correspondent banking. For self-hosted wallets, they operate natively on public blockchains and can hold and transfer stablecoins without intermediary permission. However, these platforms remain complex for the average retail user (OECD, 2024). Additionally, self-hosted wallet transactions are pseudonymous, where individual users' identities are hidden behind addresses, which can preserve privacy but also facilitate illegal use (BIS, 2025).

The divergent national classification and regulation of the same stablecoin is a significant interoperability issue for trade. Existing frameworks remain largely silent on how to resolve this matter. A single transaction involving an exporter using a Singapore-issued stablecoin, an importer in Brazil, and a correspondent bank in Europe, may be subject to different licensing, reserve, redemption, and AML requirements in each jurisdiction. This divergence creates legal uncertainty as to which rules govern the transaction and whose obligations prevail. Mutual recognition and regulatory compatibility across jurisdictions ultimately determine whether a stablecoin can function as a reliable cross-border payment instrument. The Guiding and Establishing National Innovation for US Stablecoins Act (GENIUS Act) is the only framework with a statutory mandate to develop technical interoperability standards, directing federal regulators to work with the National Institute of Standards and Technology and other standard-setting bodies to prescribe standards promoting compatibility. No other jurisdiction has enacted a comparable mandate. In other jurisdictions, interoperability is being pursued through pilot initiatives from some jurisdictions and public-private collaboration rather than binding regulations (e.g. Hong Kong, China; Singapore). The absence of interoperability standards constrains the use of stablecoins for cross-border trade settlement.

Stablecoin payments must operate within, rather than replace, the existing legal architecture of trade finance and trade documentation. Two issues arise in this context. First, trade finance operates under an established legal architecture, including International Chamber of Commerce (ICC) instruments such as UCP 600 and URC 522[4], alongside domestic commercial law, with which stablecoin payments must coexist. The relevant question is not whether a smart contract executes correctly, but whether its execution is legally recognized across the jurisdictions involved in the transaction. Second, a programmable payment depends on external inputs, including electronic bills of lading, certificates of origin, customs clearance and inspection certificates, to determine when payment conditions have been satisfied.

Unless the stablecoin layer can reliably communicate with the underlying trade-document layer, smart contracts cannot verify whether the conditions triggering payment have been met. Therefore, legal recognition of stablecoin-based payment execution, and integration of the stablecoin layer with the trade-document layer, are preconditions for smart contracts to function as reliable payment mechanisms in trade finance.

Overall, the future role of stablecoins in international trade will depend not only on technological innovation but also on the degree of regulatory convergence achieved across jurisdictions. While differences in national approaches are likely to persist, greater alignment around common principles governing issuance, redemption, compliance and interoperability could reduce legal uncertainty and facilitate the safe use of stablecoins in cross-border commercial transactions. Conversely, persistent regulatory fragmentation may limit the extent to which stablecoins can reduce the payment frictions identified in Section 2.

4

Implications for trade, the trading system and developing economies

Trade and payment benefits for developing economies

The potential implications of stablecoins extend beyond payment innovation, to the functioning of international trade and the participation of developing economies in the global trading system. By reducing selected payment frictions, stablecoins could facilitate cross-border commercial transactions, particularly for small and medium-sized enterprises and firms operating in markets with limited access to international financial services. At the same time, the extent to which these benefits materialize will depend on the availability of adequate digital infrastructure, effective regulatory frameworks and sufficient institutional capacity. This section examines these opportunities and challenges from the perspective of international trade and developing economies.

There is a growing appetite for broader adoption of stablecoins, particularly in developing economies. Private entities in nations characterized by higher remittance flows and greater trade openness are increasingly inclined to embrace digital currencies, including stablecoins, particularly in economies in East Asia, the Pacific, the Middle East and North Africa. These jurisdictions benefit from a more accessible supply of these innovative payment instruments from foreign sources (World Bank and BIS, 2022). Moreover, the fact that a significant portion of the population in these regions may lack access to traditional bank accounts further incentivizes the exploration of alternative payment solutions (Feyen et al., 2020). This context likely explains why an increasing number of regulators in developing economies are taking a closer look at the implications and potential of stablecoins within their jurisdictions. They are increasingly recognizing stablecoins as a distinct category of payment instruments, necessitating customized regulatory frameworks rather than solely relying on existing financial laws.

Regulatory frameworks related to stablecoins are being gradually enacted or contemplated. As indicated in Section 3, international guidance from organizations such as the Financial Stability Board (FSB), the Bank for International Settlements (BIS), and International Organization of Securities Commissions (IOSCO) can assist regulators in crafting effective and trustworthy regulatory frameworks that include appropriate oversight of stablecoins. This oversight is essential for ensuring financial stability and instilling confidence among cross-border traders and remittance senders and receivers. Furthermore, international organizations (e.g., International Monetary Fund - IMF, World Bank) and regional bodies (e.g., Asia/Pacific Group on Money Laundering) offer technical assistance to developing economies for implementing the Financial Action Task Force (FATF) anti-money laundering and counter-terrorism financing (AML/CFT) standards, resulting in significant improvements in compliance. This enhanced regulatory environment should further support the adoption of stablecoins, in particular in developing economies.

Several key inefficiencies in traditional cross-border payment systems, such as the decrease in the number of correspondent banks, disproportionately affect developing economies, explaining the growing interest in stablecoins. Stablecoins can be a tool to mitigate the effects of reduced or limited correspondent banking access. Over the past decade, many developing economies have experienced a significant reduction in correspondent banking relationships as banks in advanced economies have withdrawn from smaller or higher-risk jurisdictions due to AML/CFT compliance costs, sanctions risks and the limited profitability of certain payment corridors. According to the BIS, the number of active correspondent banking relationships declined by approximately 30 per cent between 2011 and 2022, with particularly sharp reductions in the South Pacific (–62.6 per cent), the Caribbean (–52.1 per cent) and South America (–50.5 per cent).

Small island developing states have been especially affected, losing 41 per cent of their correspondent banking connections, with 15 jurisdictions retaining fewer than 20 active relationships by 2018 (BIS, 2022). This trend has resulted in fewer payment routes, longer settlement chains, and in some cases, a degree of financial isolation from the global economy. These developments can be particularly challenging for micro, small and medium-sized enterprises (MSMEs), which rely heavily on local banking institutions for cross-border transactions and often face greater obstacles than larger firms in accessing international payment services, trade finance and foreign-exchange facilities (BIS, 2025). By enabling value to be transferred directly over blockchain networks, stablecoins could help reduce dependence on shrinking correspondent banking networks and improve access to cross-border payment services in underserved markets.

Stablecoins can also help address the high cost of cross-border payments, which remains a significant impediment to trade, in particular for small businesses. As indicated above, traditional cross-border payments often rely on lengthy correspondent banking chains involving multiple intermediaries, foreign exchange conversions and compliance procedures, all of which contribute

to higher transaction costs. These costs tend to be particularly high in developing-economy corridors due to lower transaction volumes, reduced competition, higher perceived risks and the fixed costs associated with compliance and payment processing. Again, the burden of these costs falls disproportionately on small businesses, for which international payments are typically smaller in value but represent a larger share of operating expenses.

Stablecoins can be used to reduce costs of sending remittances, while increasing financial inclusion. Remittances are an important source of income in many developing economies. The target set by the UN Sustainable Development Goal 10.c is to reduce by 2030 the cost of migrant remittances to less than 3 per cent and eliminate remittance corridors with costs higher than 5 per cent. According to the World Bank, the average cost was still 6.4 per cent in the third quarter of 2025 (World Bank, 2025), with Sub-Saharan Africa remaining the most expensive region to send money to (8 per cent). Remittance senders and beneficiaries often have to rely on official remittance services which are costly, and inefficient in certain corridors.

Also, given the lack of trust and high cost of existing corridors, remittance senders may rely in many cases on informal solutions which come with risks. By enabling value to be transferred directly between users on blockchain networks, stablecoin transfers exhibit fees that are substantially lower as a percentage of transfer value, particularly for small to medium transfer amounts (Lawrence et al., 2025). Stablecoins could also support financial inclusion and provide an alternative to informal channels (Ekshian, 2025). However, for financial inclusion to be realized in practice, these reduced operational costs must be passed on to end consumers, which remains a challenge given current frictions in on-ramp and off-ramp conversion between stablecoins and local fiat currencies. Furthermore, the speed of transfer of stablecoins will enable receiving households to benefit from much needed funds faster (Di Iorio et al., 2026).

Stablecoins may be of particular relevance to developing-economy exporters of digitally delivered services, a segment for which the trade finance constraints discussed in Section 2 are largely inapplicable. Freelancers, small software and business-process-outsourcing firms, and independent content creators exporting services across borders typically do not require letters of credit or documentary collections; their main friction is the cost, speed and reliability of receiving payment from foreign clients or platforms, often in small or irregular amounts. This is precisely the type of payment friction stablecoins are best positioned to address, and it may make stablecoins comparatively more relevant to the growth of developing-economy services exports than to their merchandise trade, where trade finance considerations remain central.

Stablecoins may be particularly attractive in developing economies where higher inflation, greater exchange-rate volatility and constraints on access to foreign currency can increase the cost and uncertainty of cross-border transactions. As discussed in Section 1, cross-border use of stablecoins tends to rise following episodes of macroeconomic instability. Compared with advanced economies, developing economies are more likely to experience sustained inflationary pressures and currency fluctuations that erode purchasing power and complicate international payments. According to the IMF's World Economic Outlook, average consumer price inflation in emerging market and developing economies has been two to three times higher than in advanced economies since 2000[5]. BIS research similarly finds that emerging-market currencies typically exhibit exchange-rate volatility that is 1.5 to 3 times higher than that of major advanced-economy currencies[6].

These conditions can result in significant currency conversion losses, higher hedging costs and increased uncertainty for households and firms engaged in cross-border trade transactions. Those affected, in particular, are small businesses which often lack access to sophisticated treasury functions, hedging instruments and foreign-currency accounts. In addition, restrictions on access to foreign currency remain more prevalent in developing economies. IMF data indicate that roughly one-third of low-income and lower-middle-income countries maintain foreign exchange surrender requirements, while many also require approval for foreign currency purchases.[7]

In this context, stablecoins may provide traders with access to a relatively stable store of value and means of payment. This would help reduce exposure to local currency instability and facilitate cross-border transfers where access to foreign currency is limited (BIS, 2025). For small businesses operating in economies with volatile currencies or restricted access to foreign exchange, stablecoins could therefore offer a means of reducing transaction uncertainty and simplify cross-border payments, although the extent of these benefits will depend on local regulation, convertibility arrangements and digital infrastructure readiness.

Regulatory and structural barriers to adoption

When trading across borders, the regulatory fragmentation of stablecoin frameworks creates a compounding compliance burden, which is exacerbated by the dependence on foreign stablecoin issuers, infrastructures and settlement networks. A trade transaction using stablecoins as a payment solution must simultaneously satisfy the requirements of all jurisdictions involved in the transaction, i.e. the respective jurisdictions of the exporters and importers, as well as those of the stablecoin issuer, the blockchain service provider and the entity supplying the wallet, if these are located in third jurisdictions. This may also involve the economies where other intermediaries, if any, are located (e.g. correspondent banks). This is not resolved by merely meeting the most permissive common standard.

Certain regulatory requirements are jointly binding, eliminating architectures that would otherwise be viable under each framework considered individually (Fan, 2026). For example, under the United Arab Emirates's (UAE's) Payment Services Transaction Reporting, foreign-currency stablecoins are prohibited for commercial payments on the mainland, meaning a UAE-based importer legally cannot settle a trade invoice in USD Tether (USDT) or USD Coin (USDC) regardless of how the exporting counterparty is regulated. This situation underscores the need for effective oversight, which is challenging to implement across borders, especially given the lack of regulatory convergence.

This compliance burden is only one part of a broader structural problem: the fragmentation of stablecoin regulatory frameworks across jurisdictions creates a structural friction for trade payments that goes beyond compliance costs. In practice, it questions the role of stablecoins as a reliable settlement instrument. While stablecoins offer multiple advantages, such as near-real-time settlement, programmable payment conditions, and the potential to reduce reliance on the slow and costly correspondent banking system, these advantages are most accessible where comprehensive, enabling frameworks are in place and where all actors in the transaction operate within a recognized legal perimeter. For multiple developing jurisdictions with the highest demand for trade and need for stablecoins, the constraints are tighter as they are often linked to limited regulatory capacity.

Legal frameworks are often non-existent or incomplete, use-case restrictions apply, and no mechanism is in place to extend the protections of an issuing jurisdiction's framework to the receiving party. Moreover, even when regulations are in place, or in development, gaps may still exist. The dominance of major players in the ecosystem can further exacerbate foreign dependence, as these entities may dominate certain stablecoin related services, either by providing these services across borders or by establishing a commercial presence in various markets. Such concentration raises governance concerns and associated risks that must be carefully addressed.

The issuance and redemption of stablecoins typically require a robust and well-developed ecosystem for digital currencies, which is currently insufficient in developing economies. In many of these economies, inadequate internet connectivity and low mobile penetration can significantly hinder the adoption of stablecoins in trade transactions. Additionally, developing economies often lack the necessary infrastructure for transacting with stablecoins or converting them into fiat currencies, such as physical locations for cash-in and cash-out services that many MSMEs and households may wish to be able to do (World Bank and BIS, 2022). Also, while representing the largest share of cross-border activity by value, users in developing economies tend to operate outside the protective perimeter of the major issuing-jurisdiction frameworks.

Many of the developing economies lack a dedicated framework regulating the issuance and use of stablecoins, leaving users with no enforceable legal claim when an issuer delays, suspends, or denies redemption. This asymmetry will persist until regulators develop their own frameworks or international instruments to establish enforceable redemption rights that extend beyond the issuer's home jurisdiction. Other barriers to the effective use of stablecoins and their redemption relate to limited banking infrastructure, a lack of peer-to-peer platforms, insufficient payment services, and low levels of financial literacy.

These infrastructure gaps are compounded by risks at the macroeconomic level. Developing economies face disproportionate macro-financial risks associated with stablecoin adoption, even as interest in these digital currencies appears to be comparatively higher than in advanced economies. Since the majority of stablecoins are denominated in US dollars, this could significantly heighten currency substitution risks in developing countries, leading to an unintended "dollarization" of domestic economies where stablecoins are prevalent (Aldasoro et al., 2026; Hofmann et al., 2026). Foreign-currency-denominated stablecoins may mitigate local transaction and foreign exchange volatility risks for individual exporters and facilitate trade invoicing and settlement in internationally accepted currencies. However, widespread reliance on such instruments may also reinforce

currency substitution and reduce monetary policy autonomy in some developing economies.

Policymakers therefore face the challenge of facilitating more efficient cross-border trade while preserving domestic financial stability. Such a shift would impair the efficacy of domestic monetary policy and amplify financial stability risks by increasing capital outflows in response to negative shocks (e.g., political or economic). Also, given that convertibility at par value cannot always be guaranteed, this could result in a rapid reduced confidence in the use of stablecoins triggering a sharp valuation collapse. These dynamics could have destabilizing effects on developing economies, particularly smaller nations integrated into global value chains.[8] The FSB has also documented how foreign-currency-pegged stablecoins can destabilize financial flows and strain fiscal resources in developing economies, where monetary frameworks often lack resilience to external shocks.

Developing economies with limited regulatory capacity and oversight frameworks could pose serious risks regarding AML/CFT standards, as outlined by the FATF. These factors create a structural tension for regulators in developing economies: while stablecoins fill a demand for stable and accessible payment instruments in underbanked regions, their large-scale adoption can undermine the policy tools critical for ensuring financial stability (FSB, 2024).

The extent to which traders, in particular in developing economies, can benefit from stablecoins for trade transactions hinges on a set of enabling conditions (see Figure 7) As noted in policy discussions, stablecoins are seen not merely as a new asset class but as a potential "digital-native" payment rail capable of supporting global trade in a more efficient and inclusive manner (WEF, 2026).

With advancements in related services facilitating their development and usage, stablecoins are likely to play a growing role in cross-border payments in the coming years. First and foremost, a robust digital infrastructure is essential, including reliable internet access and mobile penetration, both of which are critical for blockchain-based payments. Encouragingly, progress is being made on this front; nearly 75 per cent of the global population now has internet access, and mobile coverage is almost universal, though further improvements are necessary in terms of coverage, quality and affordability (ITU, 2025).

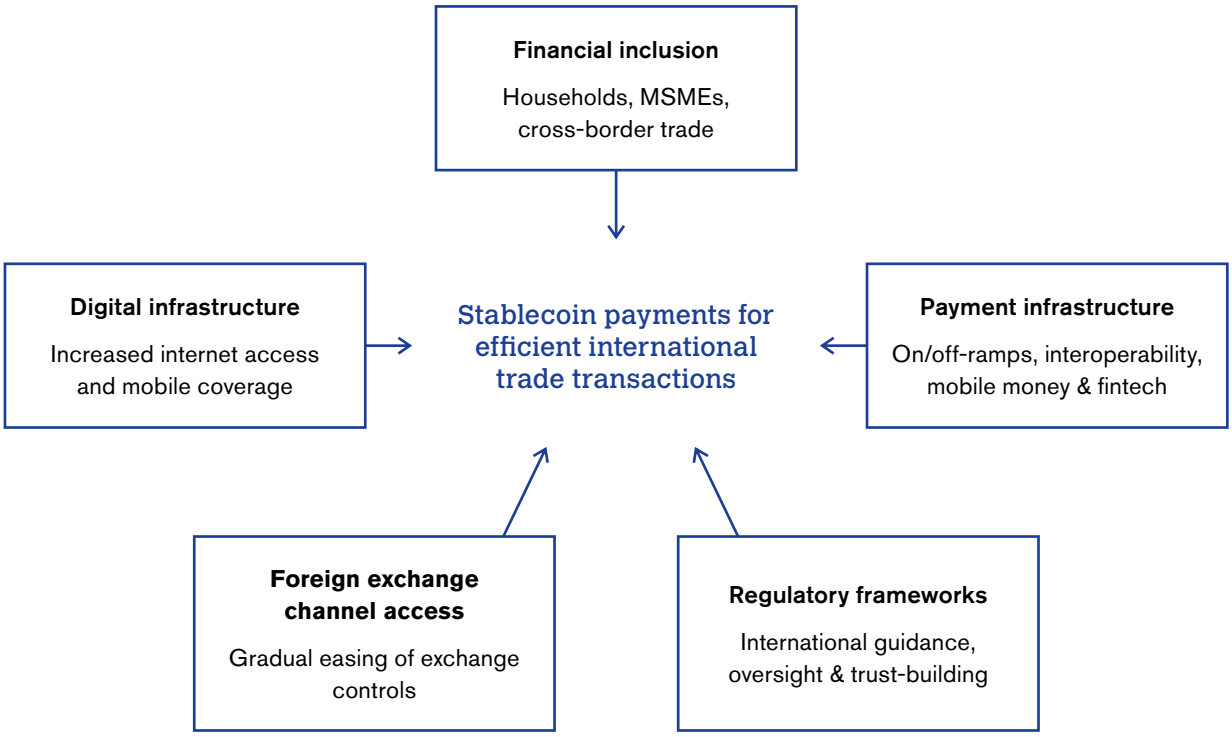
Also, the payment infrastructure must be developed and interoperable to foster trust and usability of stablecoins among traders. This includes sound on-ramp/off-ramp mechanisms that ensure a seamless experience in using stablecoins. There is significant progress in this area, driven by two concurrent trends: (i) correspondent banks are increasingly stepping back from their intermediary roles in cross-border payments and remittances, and (ii) many developing economies are bypassing traditional banking systems and payment card networks in favour of innovative solutions such as mobile money, digital wallets and advanced payment systems developed by fintech companies (e.g., Wise). This indicates a willingness among stakeholders to embrace and develop new payment solutions that promote greater financial inclusion, both domestically and internationally, particularly for households and MSMEs engaged in international trade. Given their characteristics, stablecoins can be seen as an interesting solution.

Additionally, access to foreign exchange channels is vital for actors in developing economies. The gradual easing of exchange controls over time can further promote the adoption and use of stablecoins in these economies (IMF, 2024). Finally, it is of utmost importance to accelerate the development of regulatory frameworks on stablecoins, leveraging the guidance and technical assistance provided by international or regional organizations and thus ensuring appropriate oversight. This is essential to fully benefit from the potential of stablecoins to resolve payment issues faced by traders, while safeguarding the financial system and building trust in their use.

Beyond their potential implications for individual firms, stablecoins could also influence the functioning of the international trading system more broadly. Greater interoperability between payment systems could contribute to more efficient cross-border commercial transactions and support the continued digitalization of international trade. Conversely, divergent regulatory approaches and incompatible payment infrastructures could create new forms of fragmentation, increase compliance costs and reduce the predictability that businesses require for international commerce.

Overall, stablecoins have the potential to improve selected aspects of international trade by reducing payment frictions, particularly for firms in developing economies facing limited access to international financial services. However, their contribution to greater participation in international trade will depend not only on technological innovation but also on appropriate regulation, digital infrastructure, interoperability across payment systems and continued access to trade finance. Stablecoins are therefore best understood as a potential complement to the evolving digital infrastructure of international trade rather than a substitute for the broader institutions and policies that underpin the international trading system. This complementary role, rather than a substitute one, is elaborated further in the Conclusion.

Figure 7: Enabling conditions for efficient use of stablecoins in international trade



Source: WTO Secretariat.

Conclusion

This report finds that stablecoins are becoming increasingly relevant to cross-border transactions, primarily as payment and settlement instruments. Their principal potential contribution to international trade lies in reducing specific payment frictions, including slow settlement, high transaction costs, limited access to cross-border payment services, insufficient transparency and delays associated with intermediary banking and foreign exchange processes. These potential benefits may be particularly important for micro, small and medium-sized enterprises and for firms operating in developing economies where correspondent banking relationships are limited, or payment infrastructures remain costly or inefficient.

Their relevance to trade finance is more limited. Stablecoins may improve the payment and settlement leg of a transaction, but they do not provide credit, working capital, legally enforceable payment undertakings or the documentary, collateral and risk-mitigation functions performed by banks, insurers and other trade finance providers. They therefore cannot replace instruments such as letters of credit, guarantees, documentary collections or trade loans. Their most plausible role is complementary: improving payment efficiency within or alongside existing trade finance arrangements. This assessment is not static and could shift as tokenization, legal frameworks and market infrastructure continue to develop.

The implications are likely to differ considerably across economies and types of trade. Stablecoins may be most useful in payment corridors where conventional services are costly, slow or difficult to access, and in digitally delivered services where the principal financial requirement is efficient cross-border settlement. Their contribution may be more limited in merchandise trade transactions that depend on financing, documentary control and risk mitigation. These differences reinforce the need for policy analysis grounded in the practical conditions facing traders rather than in aggregate measures of stablecoin adoption alone.

The wider use of stablecoins in trade-related payments also raises significant legal, regulatory and macroeconomic questions. Their safe adoption will require clear legal treatment, effective issuer regulation, reliable redemption rights, robust reserve management, compliance with anti-money laundering and counter-terrorist financing requirements, operational resilience and interoperability with banking systems and trade-related digital infrastructure. These conditions are particularly important in developing economies, where stablecoins may expand access to international payments but may also increase exposure to foreign issuers, currency substitution, capital-flow volatility and financial instability (Aldasoro et al., 2026; Auer et al., 2025).

For developing economies, the balance of opportunities and risks will depend heavily on domestic conditions. Economies with adequate digital infrastructure, effective supervision, reliable on- and off-ramps and clear legal frameworks may be better placed to benefit from lower-cost and more accessible cross-border payments. By contrast, where institutional capacity is weak, foreign-currency stablecoins could deepen dollarization, weaken monetary policy transmission and expose users to operational, legal and consumer-protection risks. Technical assistance and capacity-building may therefore be essential if payment innovation is to support more inclusive participation in trade.

From the perspective of international trade, the central issue is not whether stablecoins should be promoted or rejected as a category, but whether they can be integrated into cross-border commercial transactions in a manner that is reliable, legally certain, interoperable and accessible. A transaction may settle rapidly on a blockchain while the end-to-end commercial process remains costly or fragmented because of currency conversion, compliance requirements, weak on- and off-ramps or incompatibility with banking, accounting and trade-documentation systems. The value of stablecoins for trade will consequently depend on the performance of the wider ecosystem in which they operate.

The WTO does not regulate stablecoins or other digital financial assets. Its contribution lies in examining how developments in payment technologies affect the conditions under which international trade takes place. This includes assessing their implications for traders and service suppliers, identifying how regulatory differences may create trade frictions, supporting information exchange among members and considering how payment innovation interacts with financial services, digital trade, development and the wider trading system. Stablecoins should not therefore be viewed as a purely crypto-market phenomenon nor as a substitute for established financial institutions. They represent an emerging payment technology whose trade relevance will depend on whether it can reduce costs and improve access without creating new forms of legal, regulatory or infrastructural fragmentation.

For the international trading system, the central risk is that innovation develops along fragmented national and technological lines. Divergent regulatory treatment, incompatible infrastructures and uneven access to compliant service providers could prevent firms from using the same payment arrangements across markets and create additional fixed costs, particularly for smaller businesses. Greater regulatory compatibility and technical interoperability could instead allow payment innovation to support more predictable and inclusive cross-border commerce.

If supported by reliable payment infrastructures, compatible regulation and greater interoperability, stablecoins could contribute to more efficient cross-border transactions and facilitate the digitalization of trade. They may also help some firms in developing economies participate more effectively in regional and global markets. Conversely, fragmented regulatory approaches, incompatible systems and uneven institutional capacity could increase compliance costs and reduce the predictability required for international commerce.

Ultimately, the contribution of stablecoins to a more efficient and inclusive international trading system will depend less on the technology alone than on the legal, institutional and cooperative frameworks surrounding their use. Continued dialogue among governments, regulators, international organizations, financial institutions and the private sector will therefore be essential to ensure that innovation in cross-border payments supports rather than fragments international trade.

Endnotes

1. "Stablecoins and the future of money: separating functions from instruments", Speech by Christine Lagarde, President of the European Central Bank, at the Banco de España LatAm Economic Forum in Roda de Barà, Spain, 8 May 2026, https://www.ecb.europa.eu/press/key/date/2026/html/ecb.sp260508~dd909fbed1.en.html

2. The Atlantic Council's Cryptocurrency Regulation Tracker, covering 75 economies, confirms that cryptocurrency activity is fully legal in 45 jurisdictions, partially restricted in 20, and generally banned in 10. Only 28 of the 75 economies studied enacted regulations across taxation, AML/CFT, consumer protection and licensing, demonstrating that existing regulatory mandates, often designed for securities or payments, are generally insufficient to address the unique risks posed by stablecoins (https://www.atlanticcouncil.org/programs/geoeconomics-center/cryptoregulationtracker).

3. ISO 20022 is an international standard for electronic financial information interchange.. For more information see https://www.iso20022.org.

4. The ICC Uniform Rules for Collections (URC) are a set of rules to help all counterparties in a collection process of debt, owned money or assets. For more information see https://2go.iccwbo.org/subjects/urc-522-uniform-rules-for-collections-config-1+book_version-Book.

5. International Monetary Fund – World Economic Outlook (WEO), https://data.imf.org/en/datasets/IMF.RES:WEO

6. See BIS Quarterly Review, "Exchange rates and monetary policy frameworks in EMEs" and BIS Annual Economic Report (various years)

7. International Monetary Fund – AREAER Online database: https://www.elibrary-areaer.imf.org/Pages/Reports.aspx

8. "Enhancing cross-border payments in Europe and beyond", Speech by Piero Cipollone, Member of the Executive Board of the European Central Bank, at the Regional Governor's Meeting in Osijek, Croatia, 1 April 2025, https://www.ecb.europa.eu/press/key/date/2025/html/ecb.sp250401~9e1ee05e88.en.html

Glossary

Algorithmic stablecoins	Stablecoins where the value is maintained through protocols (i.e. stabilization mechanisms) that provide for the increase or decrease of the supply of the stablecoin in response to changes in demand (FSB, 2023a).
Anti-money laundering and countering the financing of terrorism (AML/CFT)	Laws, regulations and procedures designed to prevent financial systems from being used to conceal the proceeds of crime or to finance terrorist activity (BIS, 2021).
Commodity-backed stablecoins	Stablecoins linked to the value of tangible assets such as gold, silver, or oil (Aldasoro, Frost and Ito, 2026).
Corporate treasury platforms	Dedicated software solutions for overseeing and managing a company's finances.
Correspondent banking	An arrangement under which one bank provides payment and other financial services to another bank, often enabling cross-border transactions where the latter does not have a direct presence or account in the relevant market (BIS, 2016).
Crypto-backed (or collateralized) stablecoins	Stablecoins collateralized by other cryptocurrencies, typically overcollateralized to absorb fluctuations in the value of the underlying assets (Aldasoro, Frost and Ito, 2026).
Cryptocurrency	A type of digital asset that uses cryptography to secure transactions and operates on a distributed ledger (Auer, 2019).
Cryptographic primitives	A basic cryptographic algorithm that serves as a fundamental building block for data and communications security.
Currency substitution	The use of a foreign currency, or assets denominated in a foreign currency, alongside or instead of the domestic currency for payments, savings or other financial purposes, e.g. "Dollarization" (BIS, 2003).
Decentralized finance (DeFi)	Financial services provided through blockchain-based applications and smart contracts, allowing activities such as lending, borrowing, trading or asset exchange without relying exclusively on traditional financial intermediaries (OICU-IOSCO, 2022).
Distributed ledger technology	Technology that allows computers in different locations to validate and record transactions or other data, and to maintain synchronized records across a network, e.g. Blockchain (BIS, 2017a).
Fiat currency	Money issued by a government or central bank and recognized as legal tender e.g. dollar, euro, yen (World Bank, 2014).
Fiat-backed stablecoins	A stablecoin that aims to maintain a stable value with reference to one or several fiat currencies and has the potential to be used as a means of payment and/or store of value (FSB, 2023a).
Foreign exchange spread	Difference between the highest price (exchange rate) that a dealer is willing to pay (bid) to buy foreign currency and the lowest price which the dealer is willing to accept (ask) to sell the foreign currency (IMF, 2025).
Foreign exchange surrender requirements	Obliging recipients of foreign exchange, such as those originating from export proceeds, to surrender or sell part of the foreign currency for local currency to the central bank or authorized dealers (IMF, 2024).
Key management system	A system that manages cryptographic keys and related metadata, helping to oversee, automate and secure key management processes.
Non-custodial, self-hosted wallets	Crypto-asset wallets in which the user has sole control over the private keys and the associated assets, rather than a third-party provider such as a crypto exchange or custodian. They allow users to access and transact directly on a blockchain without relying on an intermediary (BIS, 2026a).
Off-ramp services	Off-ramping is the process where crypto-assets are converted into fiat currency and typically transferred back to a bank account (BIS, 2023b).
On-chain payments	Payments made by transferring digital assets, such as cryptocurrencies or stablecoins, directly between wallets, with the transaction recorded and verified on a distributed ledger.

On-ramp services	Process of converting fiat currency into crypto-assets, typically by transferring funds from a bank account to a crypto-asset exchange or service provider (BIS, 2023b).
Payment rail	The system or network that facilitates the movement of funds and enables payments to be completed between parties.
Private key	A secret digital code that allows a user to access and authorize transactions involving their crypto-assets on a blockchain or other distributed ledger.
Redemption rights	The rights of stablecoin holders to exchange their tokens for the reference asset, or its equivalent value, according to the issuer's redemption terms (Spira and Wessel, 2025).
Reserve assets	Assets held by a stablecoin issuer to support the value of the stablecoin and meet redemption requests. Depending on the arrangement, these may include cash, bank deposits, government securities or other highly liquid assets (BIS, n.d.).
Settlement assets	An asset used for the discharge of obligations as specified by the rules, regulations or customary practice for a financial market infrastructure. A digital form exists and may be transferred, recorded, or stored using distributed ledger technology or other similar electronic means (BIS, 2026b).
Settlement finality	The legally defined point at which the settlement of an obligation, payment, or transfer becomes irrevocable and unconditional and cannot be unwound (BIS, 2017b).
Smart contracts	Self-executing computer programmes, enabling actions (e.g. payments) to be executed automatically once predefined conditions have been met (FSB, 2023b).
Tokenization	Process of generating a digital representation (token) of assets on a distributed ledger (FSB, 2023b).
Wallet (or "digital wallet")	An application or device for storing the cryptographic keys providing access to crypto-assets (FSB, 2023a).

The information included in this glossary is primarily sourced from the BIS, FSB, IMF and World Bank, with adaptations for clarity in the context of this report.

List of abbreviations

AML	Anti-money laundering
B2B	Business to business
BIS	Bank for International Settlements
CASP	Crypto-asset service provider
CFT	Combating the financing of terrorism
CPMI	Committee on Payments and Market Infrastructures
eFX	Electronic foreign exchange
FSB	Financial Stability Board
FX	Foreign exchange
GATS	General Agreement on Trade in Services
ICC	International Chamber of Commerce
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
KYC	Know-your-customer
MSMEs	Micro, small and medium-sized enterprises
NIST	National Institute of Standards and Technology (US)
NYDFS	New York State Department of Financial Services
SEC	Securities and Exchange Commission
SFC	Securities and Futures Commission
SMEs	Small and medium-sized enterprises
UCP	Uniform Customs and Practice for Documentary Credits
USDC	USD Coin
USDT	USD Tether
VASP	Virtual asset service provider

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Stablecoins have an increasingly important role in the rapidly evolving digital payments landscape, with growing potential for use in international trade transactions. Their relevance for world trade stems from their ability to support rapid, cross-border payments rather than as a replacement for traditional banking systems or trade finance instruments.

This publication examines stablecoins from the perspective of international trade. It discusses their potential to reduce long-standing cross-border payment frictions, including high costs, slow settlement, limited access to payment services, and insufficient transparency, while distinguishing their payment and settlement functions from the credit, guarantees and risk mitigation provided by trade finance.

The report finds that wider adoption of stablecoins depends on the regulatory environment, the interoperability with existing infrastructure, and the enhancement of technical capabilities. Particular attention is paid to developing economies, where stablecoins can offer improved access to payments but also carry risks.

In addition, the report examines how the use of stablecoins could affect the efficiency, accessibility and resilience of international trade, and the conditions under which such an innovation can support the multilateral trading system.

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