



# THE STATE OF STABLECOINS

 BLOCKCHAIN

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# INTRODUCTION

# STABLECOIN PROJECTS HAVE PROLIFERATED

There is a total of 57 identified stablecoins, 39% of which are live.

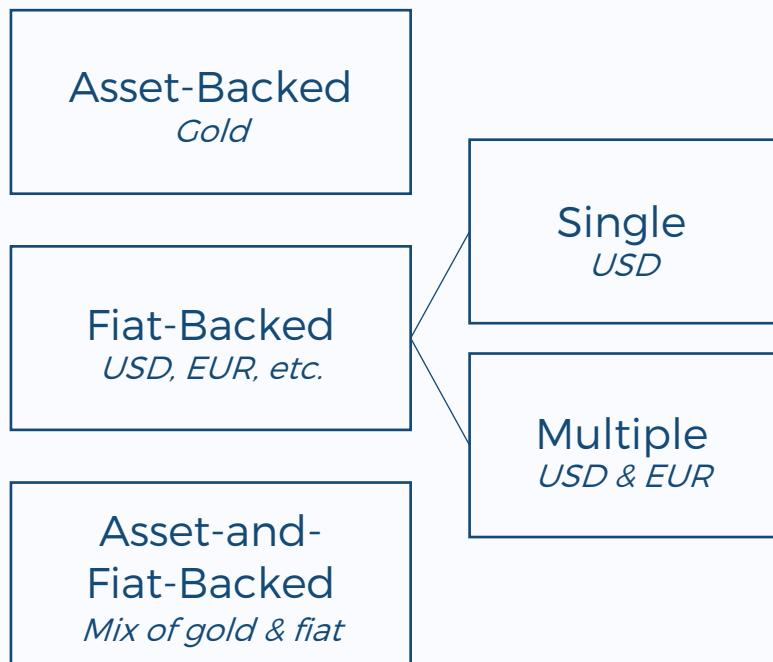


Source: Mosaic.io

# TAXONOMY

## COLLATERAL-BACKED

### Traditional Collateral



### Crypto Collateral



## ALGORITHMIC

Seigniorage Shares

Fee-Backed

Hybrid

# EMPIRICAL DATA SUMMARY

- Size: a total of 57 live and pre-launch stablecoins were identified for the research study sample
- Maturity: 23 stablecoins (40%) are live and 34 stablecoins (60%) are at the pre-launch phase
- Timing: the number of active stablecoin projects has dramatically increased over the past 12-18 months and more than a dozen project teams have stated they plan to launch in the coming weeks/months
- Stability: live stablecoins have had mixed results to date in achieving price stability, with asset-backed coins (e.g., Tether) generally delivering on their stability promise and outperforming algorithmic coins (e.g., NuBits)
- Stablecoins can be broadly divided into two main stability mechanism categories: algorithmic and asset-backed, with 77% of our total sample asset-backed
- Of the asset-backed stablecoins, a higher percentage (54%) utilize on-chain collateral (i.e., cryptoassets like ether) versus off-chain collateral (46%) (i.e., US dollars held in escrow)
- The US dollar is the most common stability benchmark or ‘peg’ and is utilized by 66% of stablecoins; other benchmarks include other fiat currencies (e.g., euro, yen), commodities (e.g., gold), and inflation (e.g., G10 average country inflation)

# EMPIRICAL DATA SUMMARY

- 51% of stablecoins offer some type of ‘dividend’ or incentive mechanism built into the design of the stablecoin system (e.g., ‘seigniorage shares’, transaction fee dividends)
- Stablecoins are already an important part of the digital assets ecosystem: Tether (USDT) is the second most actively traded cryptocurrency (~60% of BTC daily trading volume) and earlier this year entered the top-10 cryptoasset rankings by market value
- Stablecoins are listed on over 50 different exchanges at present, with Tether featuring the greatest number of total individual exchange listings (at least 46)
- Stablecoins have had success gaining listings on major exchanges, with eight stablecoins (42% of live coins) featuring one or more Tier-1 exchange listings: Tether (6), TrueUSD (5), SteemDollar (4), NuBits (2), BitBay (2), Gemini (2), Paxos (2), Numins (1), STASIS (1), HelloGold (1)
- Even with the success of new entrants like TrueUSD in gaining listings on major exchanges, Tether continues to dominate with approximately 98% of total stablecoin daily trading volume
- The total market value of all stablecoins is \$3 billion, or 1.5% of the total market value of all cryptoassets; Tether comprises 93% of the all stablecoin market value

# EMPIRICAL DATA SUMMARY

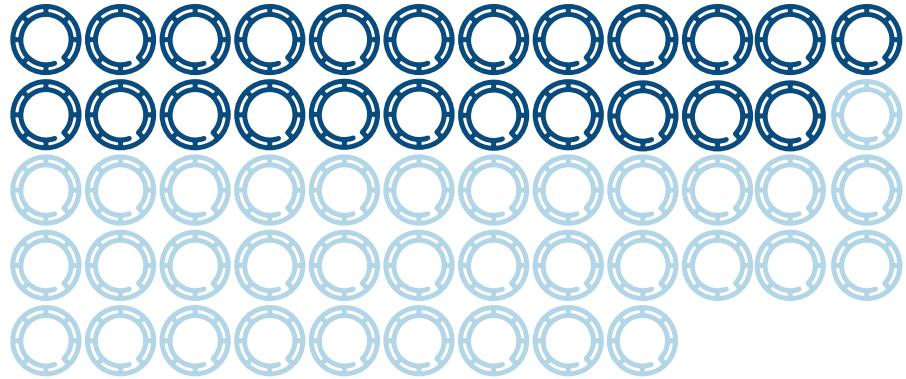
- None of the Tier-1 wallets have made any extra effort to support stablecoins to date, creating incentives for stablecoins to run on Ethereum and piggyback on broadening ERC20 token support
- While Ethereum is by far the most widely used technology platform for stablecoins, fewer than two thirds of all stablecoins (60%) are building exclusively on top of Ethereum
- Other technology platforms chosen for use by at least two stablecoins include Bitcoin, NEO and Stellar
- Over two-thirds of project teams (69%) have made their stablecoin code (e.g., smart contract) open-source for audit inspection
- Little clarity exists around code licensing, with very few projects disclosing or having made final decisions about how their code can be used or licensed by third-parties
- \$350m in venture funding has been raised by all stablecoin project teams to date, and the present value of funding held by stablecoin projects is estimated to be around \$533m (primarily due to appreciation of Digix's ETH holdings)
- Algorithmic stablecoins have raised more funding (\$174m, or 50% of the total) than traditional asset-backed stablecoins (\$144m, 41%), with crypto-collateralized stablecoins lagging behind (\$33m, 9%)
- Stablecoins are legally domiciled in a wide variety of legal jurisdictions, with the US (10) and Switzerland (7) leading
- The leading home for stablecoin teams is the US (17), with Europe (13) the second most popular location

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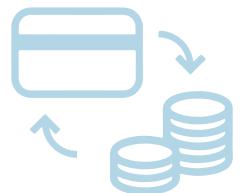
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## LANDSCAPE

# OVERVIEW OF THE STABLECOIN ECOSYSTEM

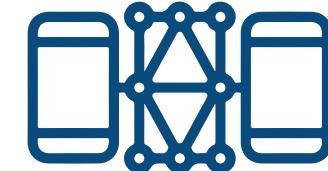
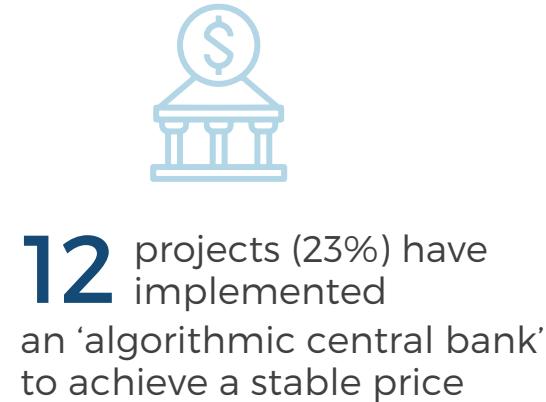


**57** stablecoin projects identified,  
23 of which are live

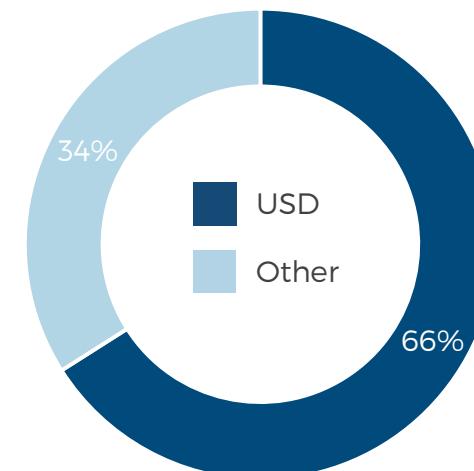


**77%** of stablecoins are  
asset backed

**54%**  
Slightly more asset-  
backed coins are using  
crypto vs fiat collateral



**60%** Of  
stablecoins  
intend to use or have  
launched on just the  
Ethereum platform



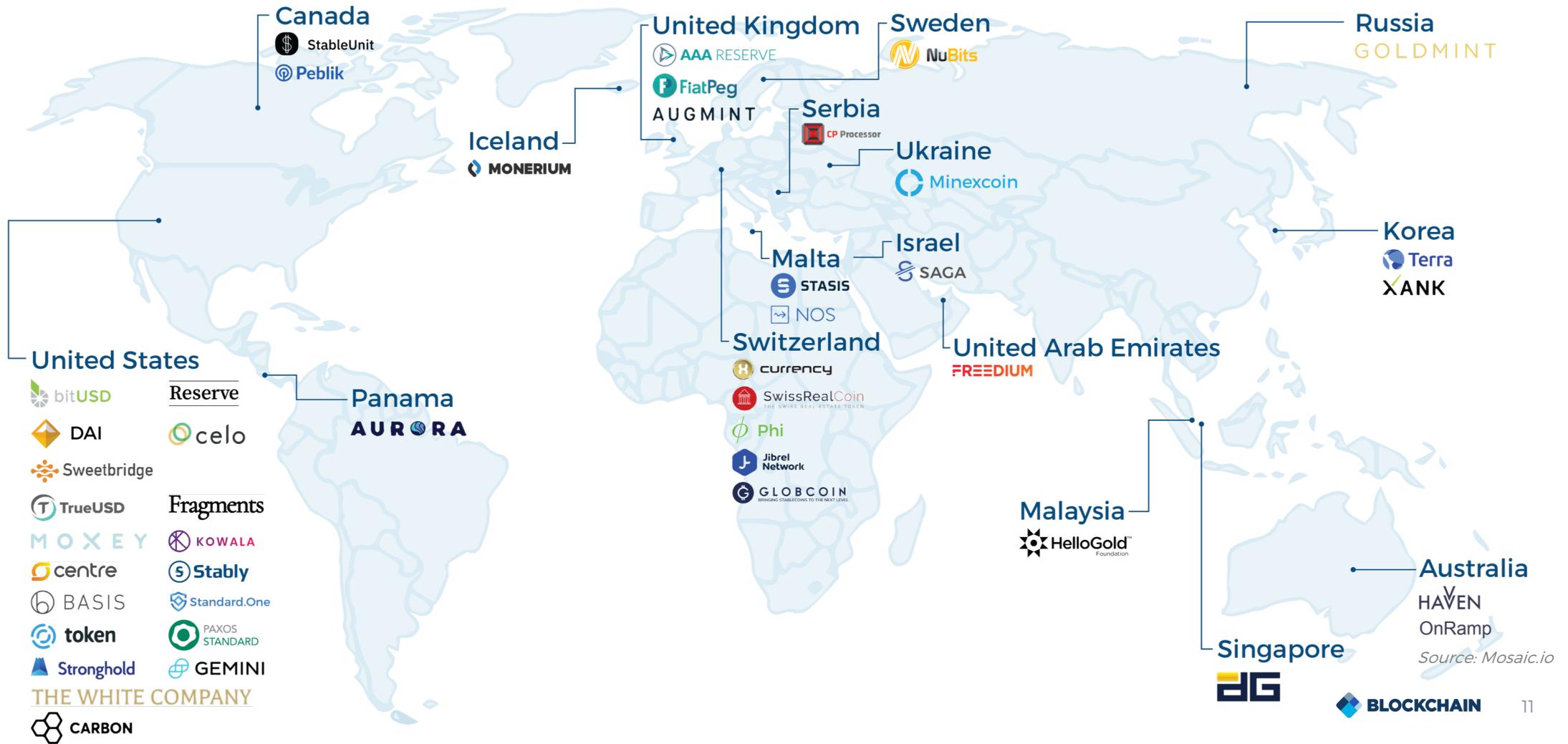
**USD is the dominant peg**

Pegs include fiat currencies such as  
the U.S. dollar and Euro, commodities  
(e.g., gold), or inflation (e.g., G10  
inflation) as a stability benchmark

Sources CoinMarketCap, Mosaic.io

# STABLECOINS TEAMS ARE SPREAD GLOBALLY

United States, United Kingdom, & Switzerland are the most popular team locations

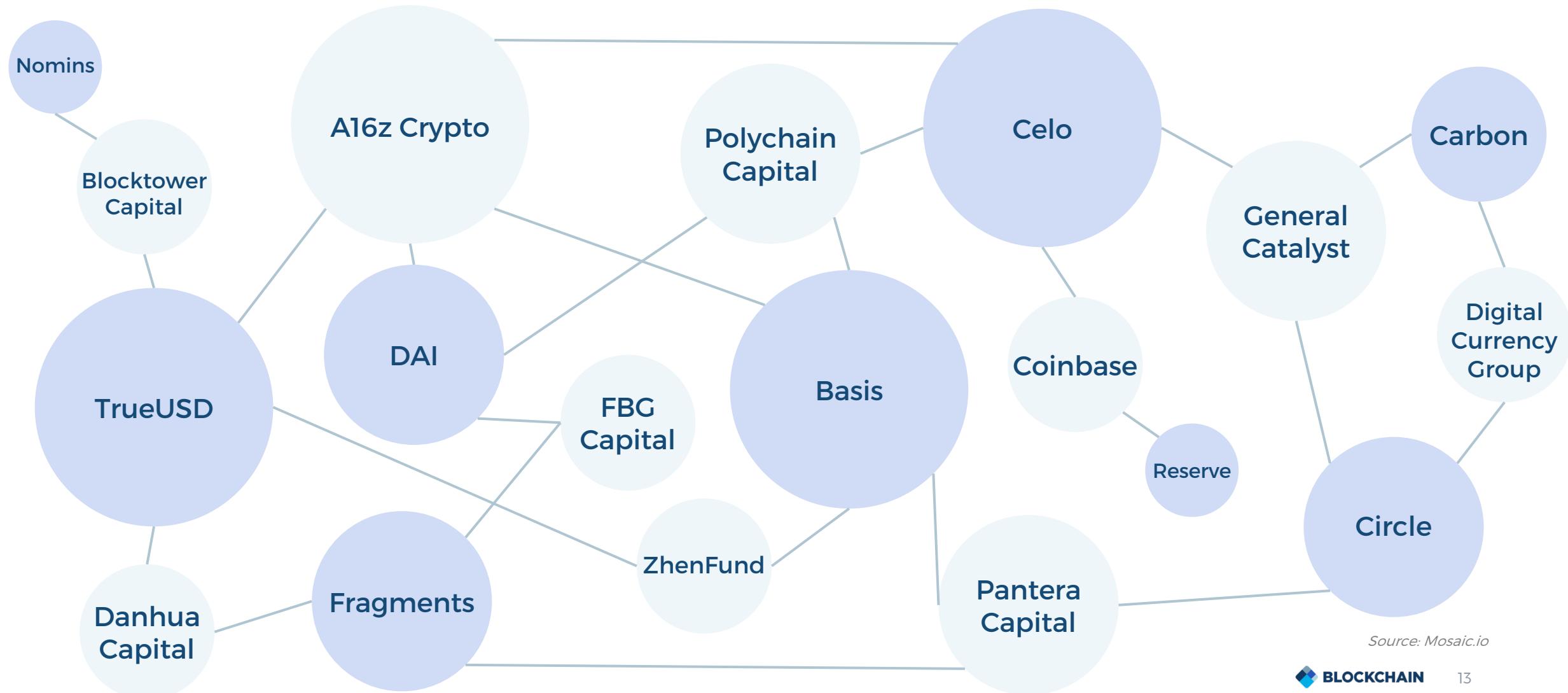


# STABLECOINS ARE GLOBALLY DOMICILED

Switzerland & United States are leading jurisdictions



# MOST ACTIVE STABLECOIN INVESTORS



# FUNDS RAISED

TRUEUSD



CARBON



\$2M

RESERVE



TERRA



\$32M

CENTRE



TOKEN



DIGIX GOLD



\$1.3M

MONERIUM



\$2M

JIBRA



\$32M

BASIS



\$133M

FRAGMENTS



AAA RESERVE



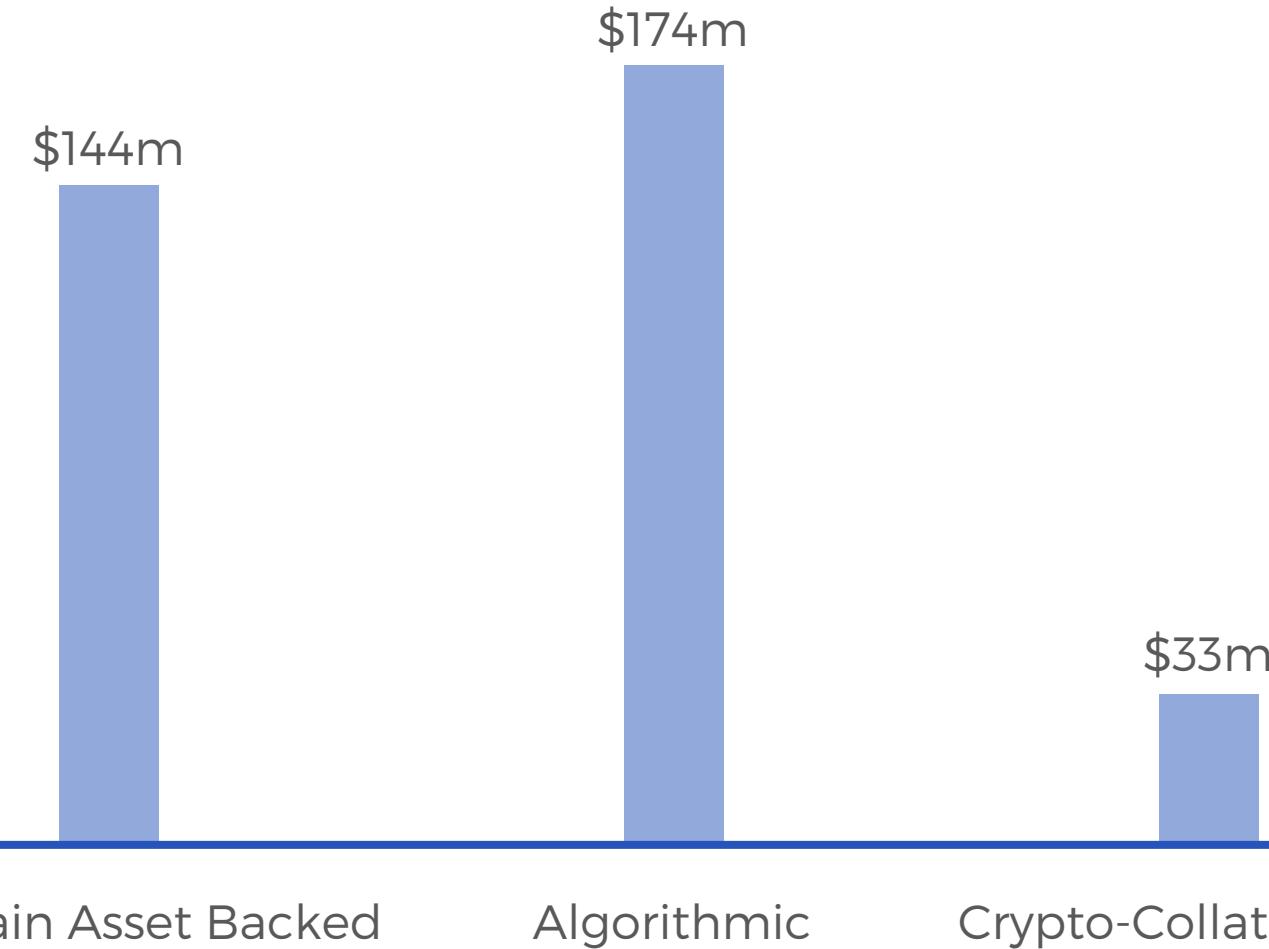
SAGA



\$30M

Source: Mosaic.io

## FUNDING BY STABLECOIN TYPE

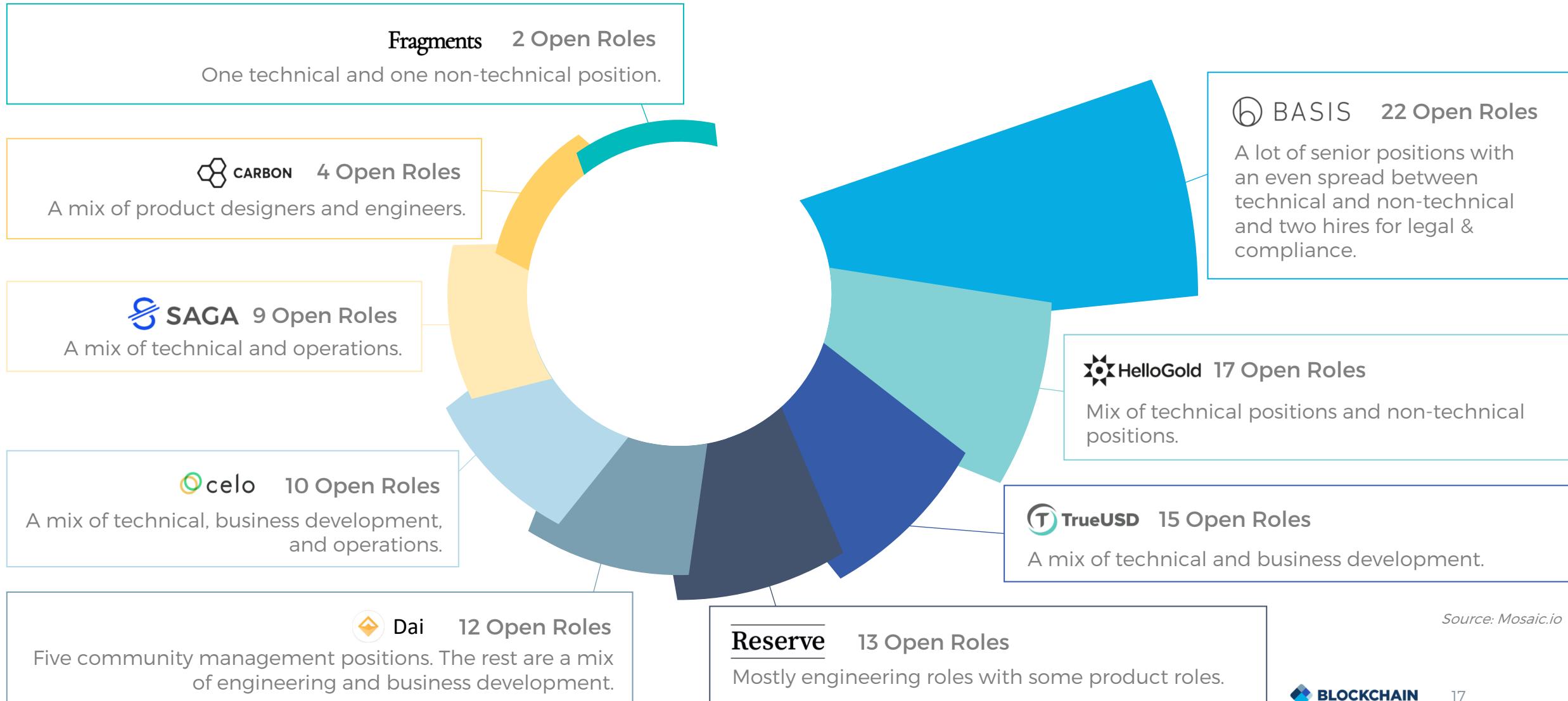


# OVERVIEW OF THE STABLECOIN ECOSYSTEM

Platform	Stablecoin	Transparency	Automation	Complexity
<b>Ethereum</b>	AAA Reserve (AAA)	Low Medium	Low	Low
	Augmint	High Medium	High Medium	Medium
	Basis	High	High Medium	High
	Bridgecoin (BCO)	Low Medium	Medium	Medium
	Dai (DAI)	High	High Medium	High
	Digix Gold (DGX)	Medium	Medium	Low
	Fragments	High Medium	High Medium	High
	HelloGold (HGT)	High	Medium	High
	Kowala	Low Medium	High Medium	High Medium
	nomins (nUSD)	High	High Medium	High
	SAGA (SGA)	High Medium	Medium	High
	Stably	High Medium	Low Medium	Medium
	TrueUSD (TUSD)	Medium	Low Medium	Low
	x8c	Low Medium	Low Medium	Medium
<b>Omni Protocol</b>	Tether (USDT)	Low	Low	Low
<b>Hedera Hashgraph</b>	Carbon (CUSD)	High Medium	Medium	Low
<b>Nano</b>	NOS	High Medium	Medium	Medium
<b>Dfinity</b>	Phi	TBD	TBD	TBD
<b>Proprietary</b>	Celo	TBD	TBD	TBD
<b>Stablecoin Neutral</b>	USDC	High Medium	Low Medium	Medium
<b>TBD</b>	Burreal (Aurora)	TBD	N/A	N/A
	Stableunit	TBD	High Medium	High
	Terra	High Medium	High Medium	High
<b>N/A</b>	Reserve	High	High	Medium

Source: Mosaic.io

# STABLECOIN RECRUITING



Source: Mosaic.io



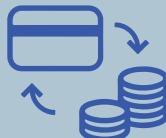
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# USE CASES

# STABLECOIN USE CASES



Store of Value



Medium of Exchange



Performance Measurement



Unit of Account



Remittance



dApps



Pegged Lending



Synthetic Gold

# PROJECTS ARE TARGETING DIFFERENT USE CASES

Store of Value  
Short-Term



Digital US Dollar



Digital Fiat



Store of Value  
Long-Term



Synthetic Gold



Currency Basket



Pegged Lending



Unit of Account  
Long-Term



Algorithmic  
Central Bank



Remittances



dApps Medium  
of Exchange



## USE CASES

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### SMART INSURANCE

- Stablecoins are a more appropriate currency than other cryptocurrencies for smart insurance.
- ‘Smart travel insurance’ is one compelling example of the application of this technology
- Approximately 600k annual passengers do not file eligible insurance claims for delayed/cancelled UK flights
- A delayed/canceled flight is a public record that can be queried by a ‘smart flight insurance’ software application
- If the flight is delayed or canceled then the smart contract automatically pays the claimant, eliminating the painful claims process
- Insurance premium can also be escrowed ‘on-chain’ to eliminate counterparty risk

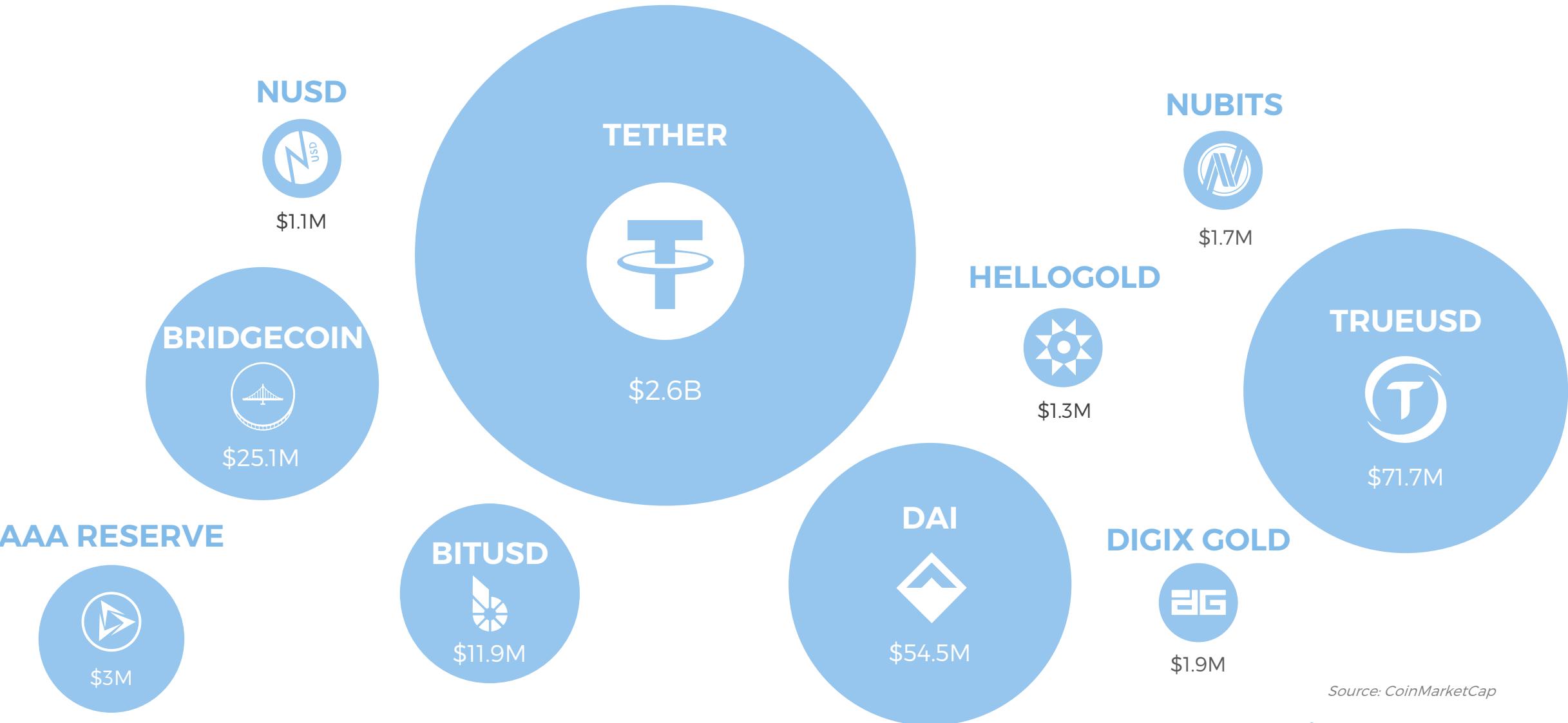
Source: [BankInnovation](#)

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## ADOPTION

# MARKET CAP



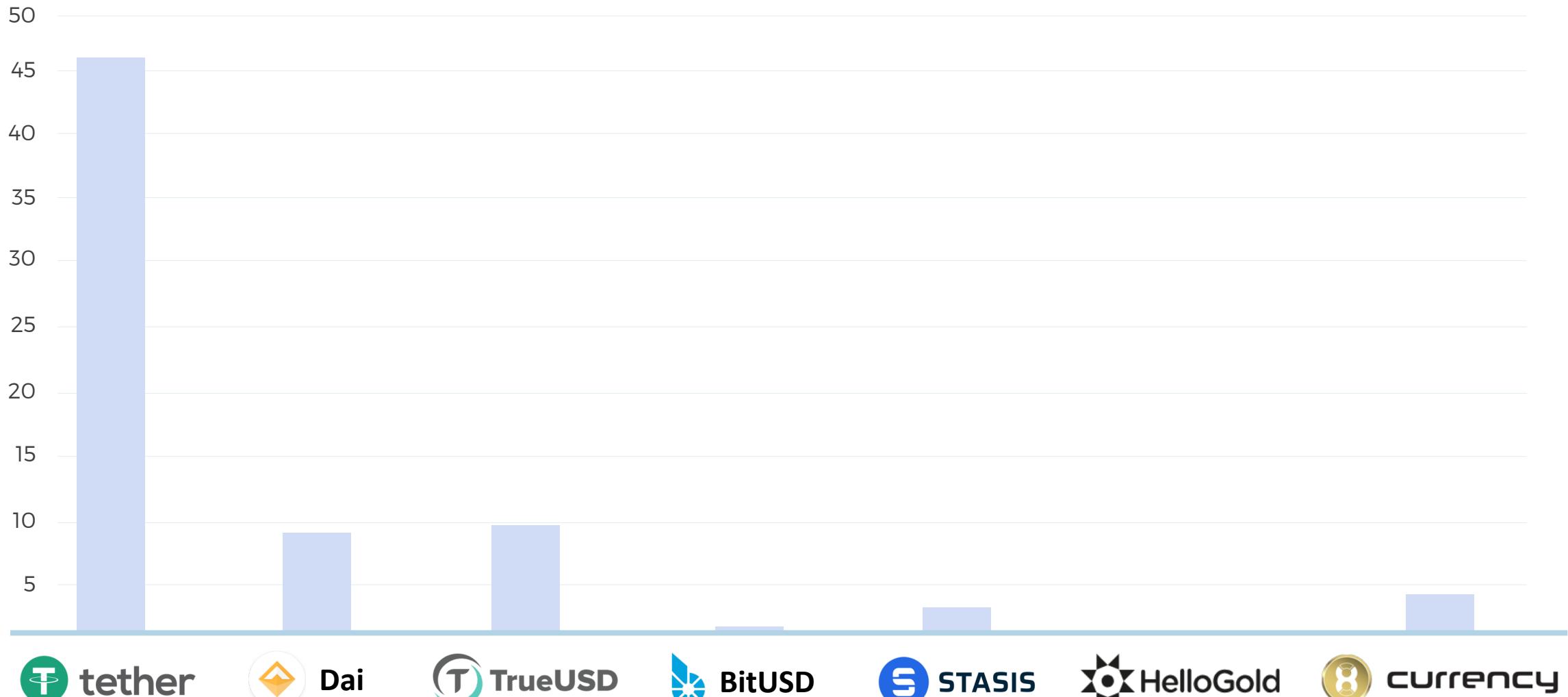
Source: CoinMarketCap

# NUMBER OF FOREX PAIRS

	Tether (USDT)	Dai (DAI)	TrueUSD (TUSD)	BitUSD	AAA Reserve (AAA)	Digix Gold Token (DGX)	STASIS	HelloGold (HGT)	x8c	Strong USD
Number of Fiat Pairs	1	0	2	0	3	0	2	0	0	1
Number of Crypto Pairs	159	17	6	23	0	1	13	3	4	1

Source: CoinMarketCap

# NUMBER OF EXCHANGE LISTINGS



# NUMBER OF TIER-1 EXCHANGE LISTINGS

kraken

**POLONIEX**



Huobi

OKEX

**BINANCE**

tether

DigiFinex



BITTREX

**UPbit**

**BINANCE**

TrueUSD



BITTREX

**UPbit**

**POLONIEX**

STEEM

NuBits



BITTREX

**UPbit**

**UPbit**

Gemini

BitBay



BITTREX

**UPbit**

**UPbit**

HitBTC



GEMINI

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**HitBTC**

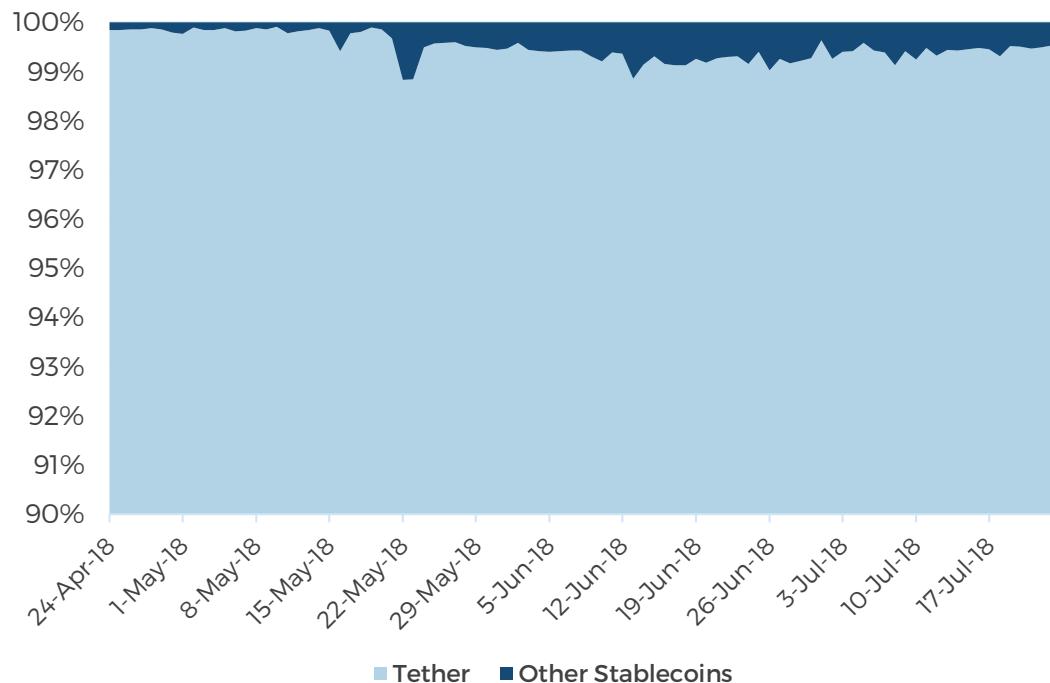
**HitBTC**

**STASIS**

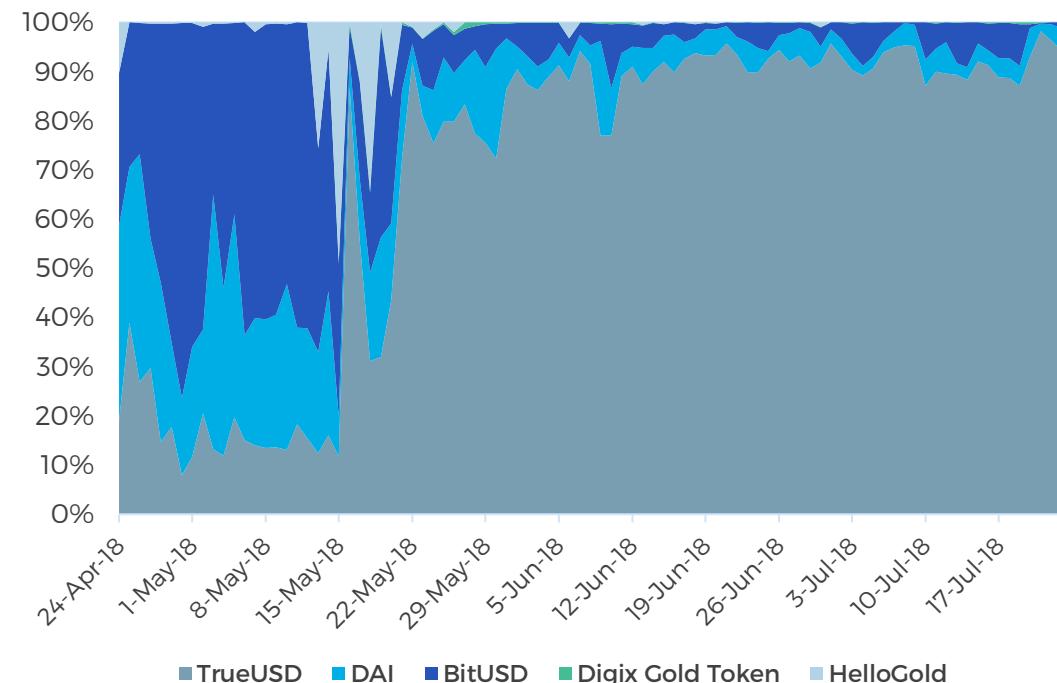
Source: CoinMarketCap

# LIQUIDITY 2018 - TETHER DOMINATES

Trading volume: Tether vs. other Stablecoins



Trading volume: other Stablecoins (sans Tether)



Source: CoinMarketCap

# OVERVIEW OF LIVE STABLECOINS

Coin	Backing	Decentralization	Community Trust	Stability	Current Market Use
<b>Tether (USDT)</b>	USD	Low	Poor, a lot of doubt surrounding USD reserves. Claim to be redeemable for actual USD but are not in practice. Supply has only been reduced once.	Very Good. The price has seen little to no variation from its peg.	Other than BTC, USDT has the most trading volume, a number normally larger than its market cap giving it a daily velocity of +1. Used as trading gas in the crypto ecosystem
<b>TrueUSD (TUSD)</b>	USD	Medium/Low	Good, Far more transparent and actually redeemable.	Good, price hike after it was added to Binance due to trading bots, other than that it has stuck to its peg. Trades at a 1% premium due to improved community trust to tether.	Starting to gather trading volume, with most expecting it to play a similar role in the crypto ecosystem to tether.
<b>DAI (DAI)</b>	ETH in a CDP	High	Medium. It is still very new, and there is some community distrust. Community trust will never be great as DAI's value is backed by ETH, a very volatile asset.	Good, had a slightly volatile start but is getting there	Very low trading volume. This suggests it is not being used in the same way as tether/ true USD. Probably mainly being used to margin trade ETH.
<b>Digix Gold Token (DGXD)</b>	99% LMBA Standard Gold	Medium/Low	Medium. Users are able to track DGX transactions in a transparent way with the corresponding on-chain transaction.	Good. Generally stays in sync with its peg, though has only been trading since May.	Extremely low trading volume. Project is not yet well known.
<b>AAA Reserve (AAA)</b>	Multi-currency: fixed income	Medium/Low	Unclear	Very good	Low, tiny in size.

# Q3

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## LOOKING AHEAD

# VIEWPOINT SUMMARY

- While there is a great deal of excitement surrounding stablecoins, the technology is still nascent and it is highly unlikely that the perfect stablecoin design exists at present; further experimentation (and innovation) is expected
- Due to the aforementioned design uncertainty, as well as regional factors (e.g., local regulations), space may exist for approximately 5-8 significant stablecoins in the short to medium-term
- Many cutting-edge algorithmic stablecoin designs will initially launch with hybrid Tether-esque fiat backing (due to price stability concerns), which risks dampening some of the enthusiasm for algorithmic stablecoins
- Stablecoins are more complementary than competitive with other cryptocurrencies like bitcoin or ether, with many stablecoins relying on the security, compatibility and infrastructure provided by such cryptocurrencies
- Stablecoins will continue to see an increase in listings on more cryptoasset exchanges, and these listings will be motivated for reasons beyond simply offering traders options to reduce exposure to market volatility
- Key near-term regulatory issues include whether stablecoins (or aspects of stablecoin systems) are in compliance with securities and money service laws in some jurisdictions

# VIEWPOINT SUMMARY

- Overall, stablecoins are best viewed as a form of infrastructure or foundational layer for cryptoassets that will generate immense value for the digital assets ecosystem
- A stablecoin could help create a tipping point for much broader cryptoasset adoption by successfully addressing concerns around volatility, which are often cited as a key reason why many institutions and individuals have remained on the digital assets sidelines to date
- Due to competition and other factors, it is unclear how much direct, long-term financial profits stablecoins will generate for their creators; greater long-term value may be derived from stablecoin-powered products and services (e.g., smart insurance)
- Some stablecoins may be deemed to pose greater direct competition to fiat currencies than bitcoin and may spark a competitive response or regulatory backlash from central banks, which in many jurisdictions have largely remained on the sidelines of cryptocurrency regulation to date
- The rise of stablecoins may weigh on the prices for some cryptocurrencies, such as bitcoin, that will face greater competition for certain medium of exchange (MoE) and store of value (SoV) use cases



Please send questions and  
comments

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