



# **From Hype to Impact: What Stablecoins Mean for Financial Inclusion (Part I)**

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**December 11, 2025**

# Agenda

- **Setting the Scene**  
10 minutes
- **Deep Dive on Remittances**  
25 minutes
- **Policy Considerations**  
10 minutes
- **Q & A**  
15 minutes



# Setting the Scene

*Adam Yusoff, 2017 CGAP Photo Contest*

# Stablecoins by Numbers

**\$300B**  
circulating supply  
(market cap)



**~200M** people  
have held or  
used stablecoins  
globally



**98-99%** of fiat-  
backed stablecoins  
are **USD-pegged**



**\$10-50T** annual  
on-chain  
transfer volume

➤ **Majority (~90%)**  
of stablecoin volume is  
**crypto trading**, exchange  
liquidity, DeFi flows

➤ **Institutional**  
**payments** represent  
less than **10%**

➤ **A fraction (<1%)**  
represents **retail-sized**  
**payments** (under \$250)

Mix of sources: [Visaonchainanalysis.com](https://visaonchainanalysis.com), Allium, TRM Labs, Grayscale, a16z.

# Type of Stablecoins

	Collateral	Peg-mechanism	Stability	Centralization	Categories of use	Example
<b>Fiat-backed</b>	Fiat cash & T-bills	1:1 redeemable	High	Centralized	Move money, store of value, trading & liquidity (dominate use), settlement layer, investing & financing	USDC, USDT, PYUSD
<b>Crypto-collateralized</b>	Over-collateralized crypto	Smart-contract stabilization	Medium (depends on collateral ratio & liquidity mechanism)	Decentralized	Store of value, trading & liquidity, investing & financing	DAI
<b>Commodity-backed</b>	Gold, silver	Asset-reserve backing	Variable	Centralized	Niche use case: Investing exposure, commodity hedging (not used for payments)	PAXG
<b>Algorithmic</b>	None	Algorithm supply adjustment	Low	Varies; often opaque (high risk)	Limited, experimental (speculative investing, not used for payments)	FRAX

# Stablecoins Use Cases

Stablecoins are digital assets designed to maintain a stable value, typically pegged to a fiat currency (e.g., US dollar) or a basket of assets and are issued and transferred using DLT/blockchain infrastructures.

Category	Use Cases	Primary User
<b>Move Money</b>	<p><b>P2P:</b> Cross-border remittances</p> <p><b>B2B:</b> Corresponding banking alternative, supplier &amp; vendor payments, corporate payouts, and treasury transfers between subsidiaries</p> <p><b>P2B:</b> digital commerce, checkout with stablecoins, subscriptions</p> <p><b>B2P &amp; B2E:</b> gig workers, payroll</p> <p><b>G2P &amp; NGO2P:</b> Social benefits, humanitarian &amp; disaster relief</p>	Diaspora, consumers, SMEs, fintechs, corporates
<b>Store of Value</b>	<p><b>Retail:</b> Inflation hedge, digital USD savings, SME working capital &amp; short-term liquidity, emergency savings</p>	Consumers in EMDEs, SMEs
<b>Investing &amp; Financing</b>	<p><b>B2B and retail:</b> Collateralized lending / borrowing, yield, tokenized RWAs, stablecoin denominated credit</p> <p><b>B2B:</b> Supply chain financing</p>	Investors, institutional, DeFi users, fintechs
<b>Settlement Layer</b>	<p><b>Institutional:</b> Tokenized asset settlement, DvP, PvP, institutional settlement, fund subscriptions</p>	Institutions, asset managers, banks

# Should The Financial Inclusion Community Care?



- New rails for payments
- Possible improvements across Cost, Access, Fit, and Experience
- Risk of widening inclusion gap
- Increased interest in the topic from investors, donors, and policymakers



# Cross-Border Remittances: Overview

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# Remittances by Numbers



**\$860-880B**  
global remittances flow



**300M+** people send  
or receive cross-border  
remittances



**\$1.5T**  
estimated total value  
incl. informal flows



**6.2%**  
average global  
remittance cost



**15-20%**  
annual growth of digital  
remittances – the smallest,  
but fastest growing segment












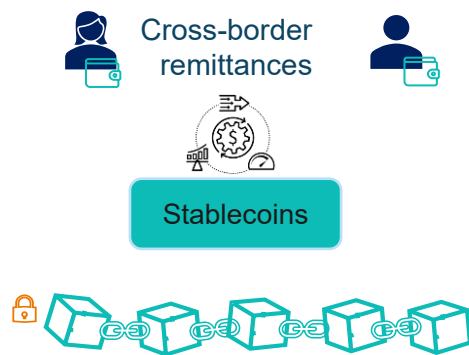
**~70-75%**  
of remittances flow to  
**Asia, Latin America, and  
Sub-Saharan Africa.**

Source: The World Bank (2025)









# Cross-border Remittances: Pain Points and Benefits

## Potential pain points

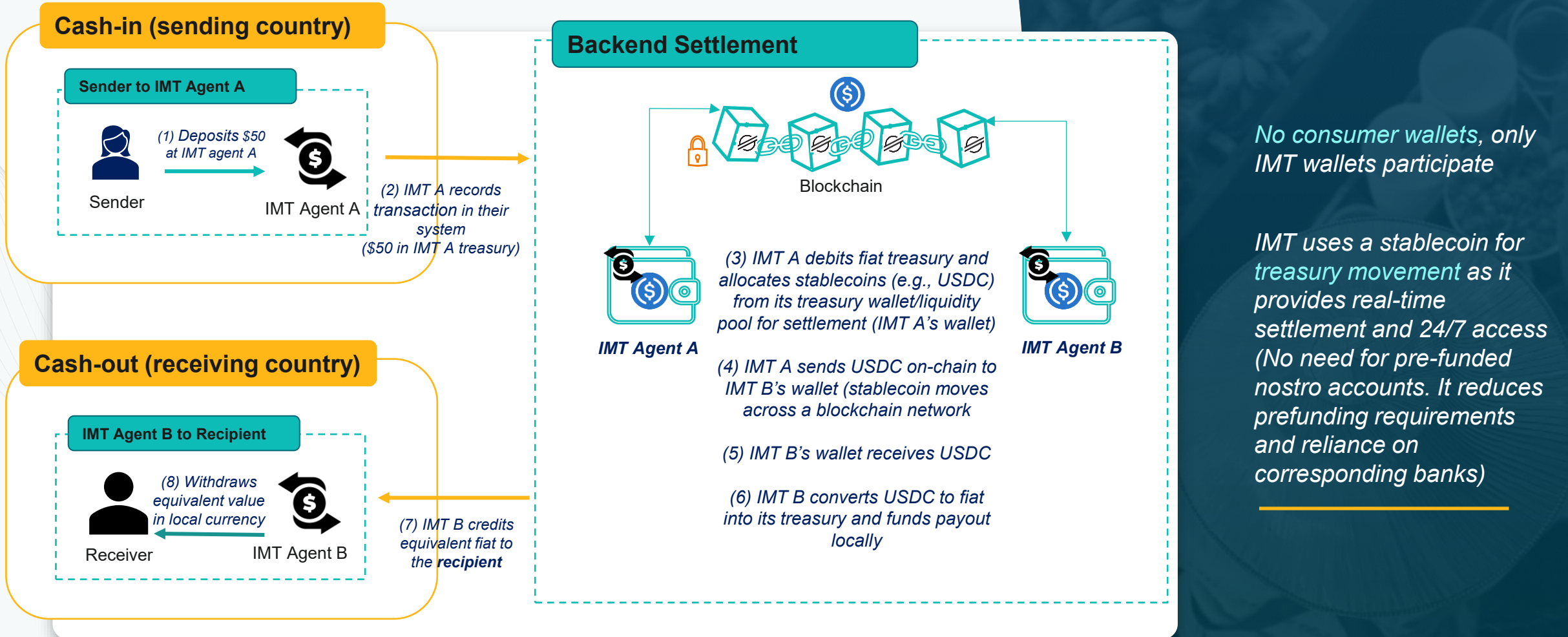
-  **High fees**
-  **Slow settlement times**
-  **FX rates**
-  **Transparency**
-  **Identity & compliance frictions**
-  **Frauds** - reversibility risks and dispute complexity
-  **Limited access** (rural/underbanked)
-  **Interoperability issues**
-  **Fragmented user experience**



## Potential benefits of stablecoins for remittances

-  **Lower costs** (fewer intermediaries; competitive FX)
-  **Faster on-chain settlement**
-  **Greater transparency** (real-time tracking and exchange rate visibility)
-  **Immutable** records for compliance across jurisdictions
-  **Real-time transaction tracking** and status visibility to all parties
-  **Reduced fraud risk** (cryptographic security)
-  **24/7 availability** across time zones
-  **Improved user experience?**

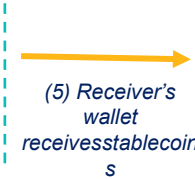
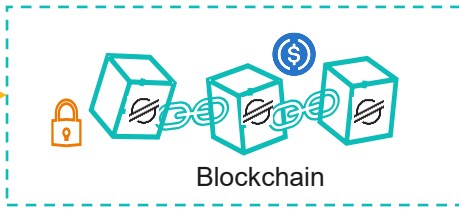
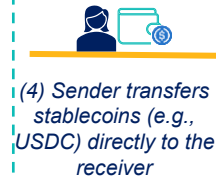
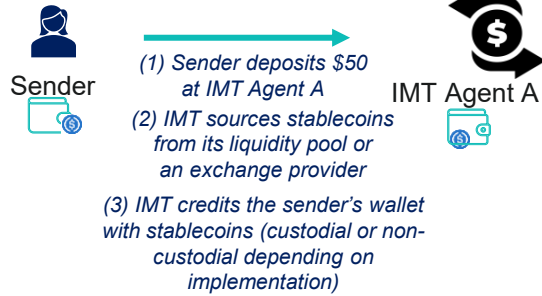
# Cross-border Remittance: Stablecoin Sandwich Model



# Cross-border Remittance: Hybrid Stablecoin Model (Sandwich + Consumer-facing wallets)

## Consumer Wallet Flow

### Cash-in & stablecoin acquisition



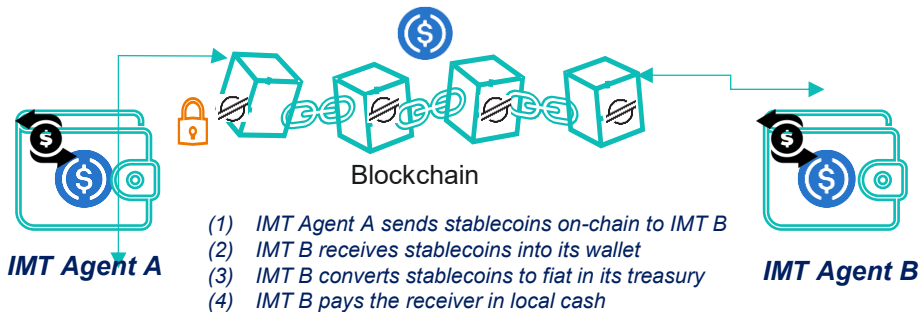
### Receives stablecoins in their wallet

Receiver has a stablecoin wallet and has the option to:

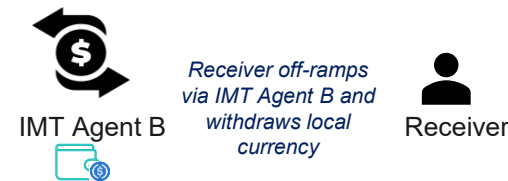
- Keep stablecoins in the wallet (store of value)
- Spend stablecoins if supported by merchants
- Cash-out to fiat via IMT or cash-out partner



## Backend Settlement



### Cash-out at IMT Agent B (optional)



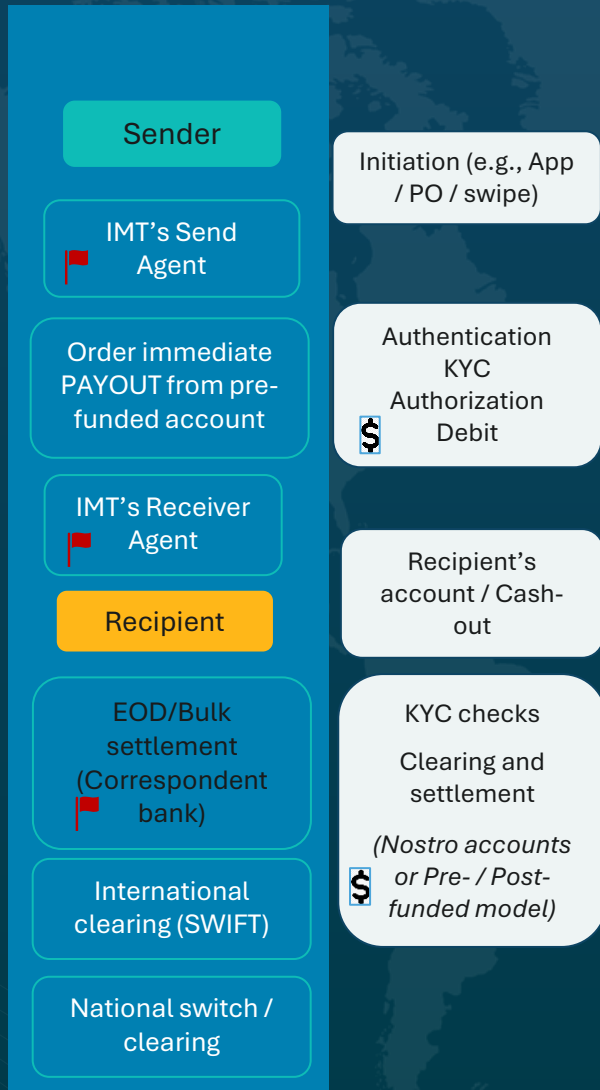
Users have the option to hold, transfer, and store stablecoins in a wallet

# Cross-border Flow for an IMT: Traditional vs. Stablecoin Sandwich Model (Illustrative)

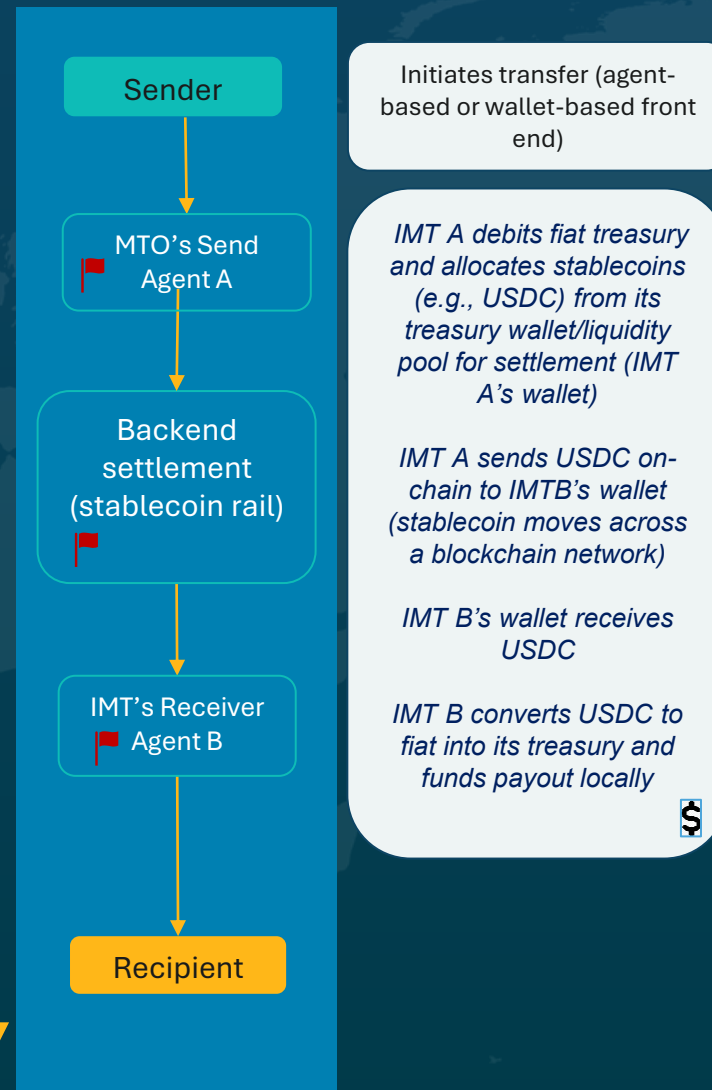
## Traditional

## Stablecoin Sandwich Model

T+1/T+2,  
Often batch



Near-real time / 24x7



- In a traditional model:*
- AML checks are duplicated across layers
  - Fees & costs accrue at multiple layers
  - Payout <=> Settlement. Recipient receives funds quickly due to pre-funded local liquidity
- In a Stablecoin Sandwich model:*
- AML/KYC checks are concentrated at regulated MTO endpoints
  - Costs shifts from correspondent banks to payment rails
  - Correspondent banking may still be used for local fiat liquidity, but no longer for cross-border settlement.

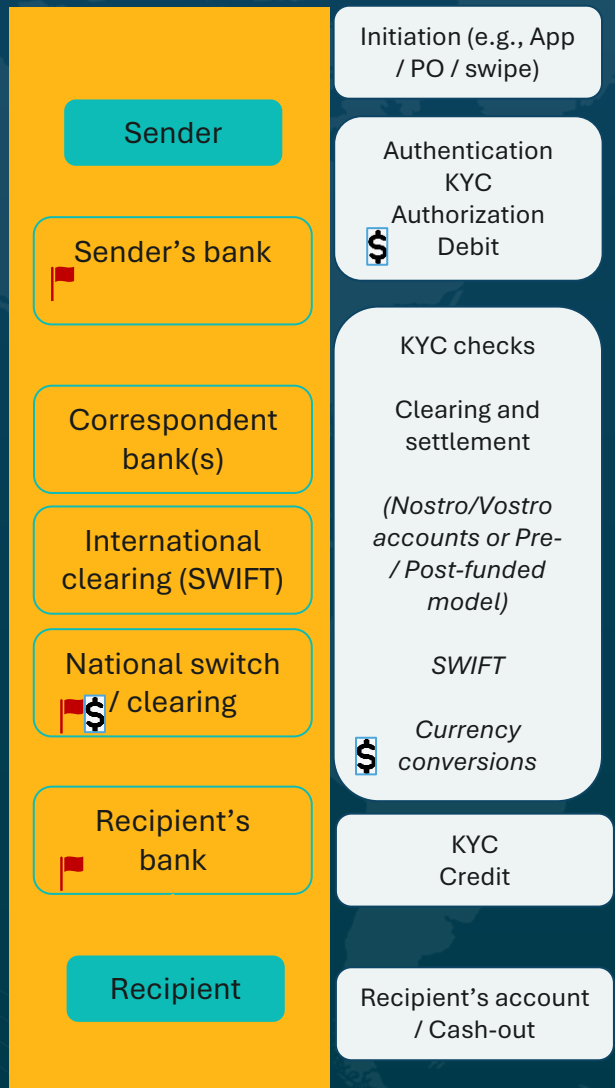
- 🚩 KYC/AML checkpoints
- 💰 Costs/fees (e.g., on/off-ramp fees, gas fees, FX spread)

🕒 Settlement time

# Cross-border Flow: Corresponding Banking vs Stablecoin-Enabled (Illustrative)

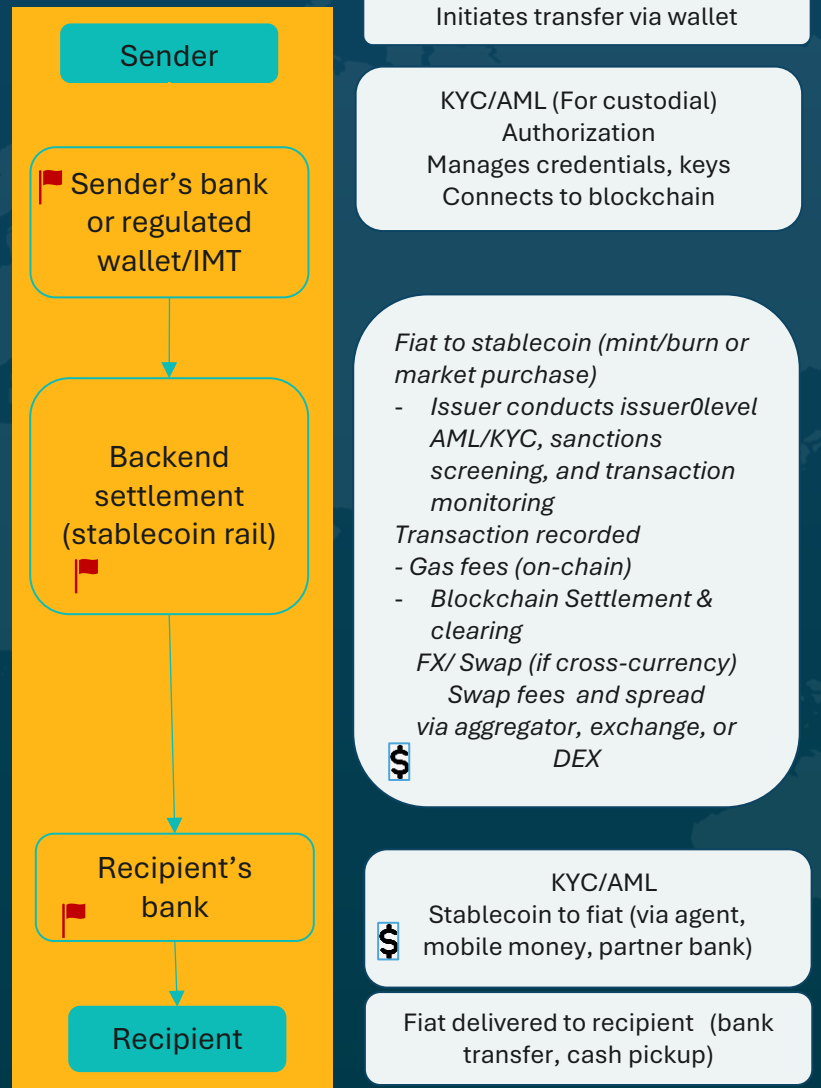
## Traditional

T+1/T+2,  
Often batch



## Stablecoin for settlement

Near-real time / 24x7



Stablecoins do not remove banks, they reposition them. Settlement risk and liquidity risk are decoupled.

- KYC/AML checkpoints
- Costs/fees (e.g., on/off-ramp fees, gas fees, FX spread)
- Settlement time

# Price Comparison (Illustrative)

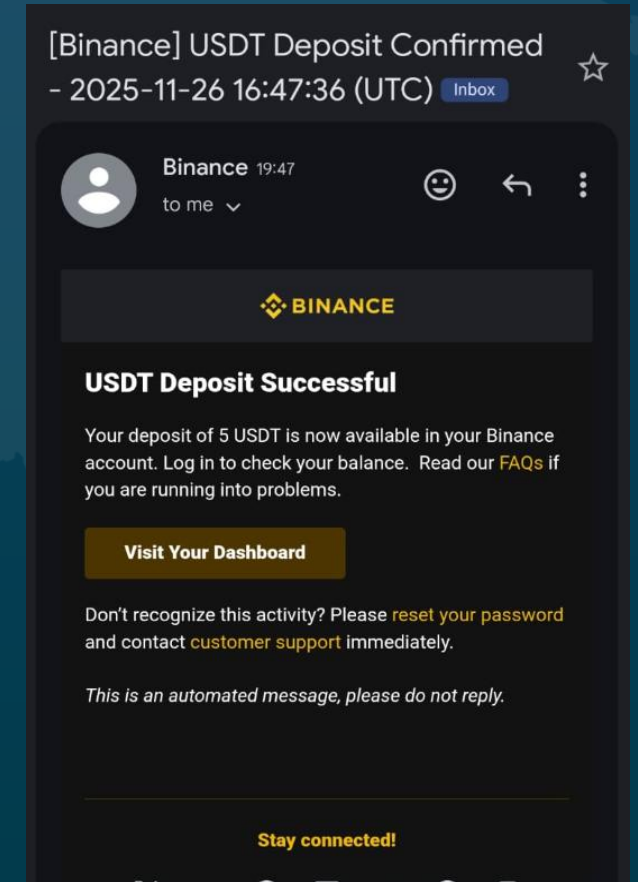
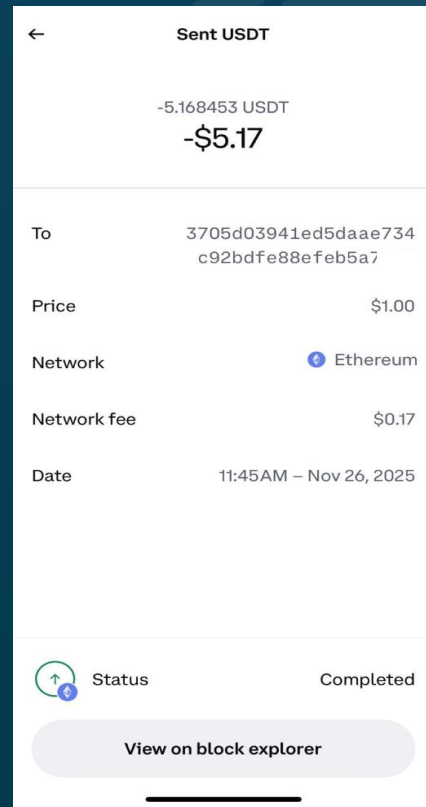
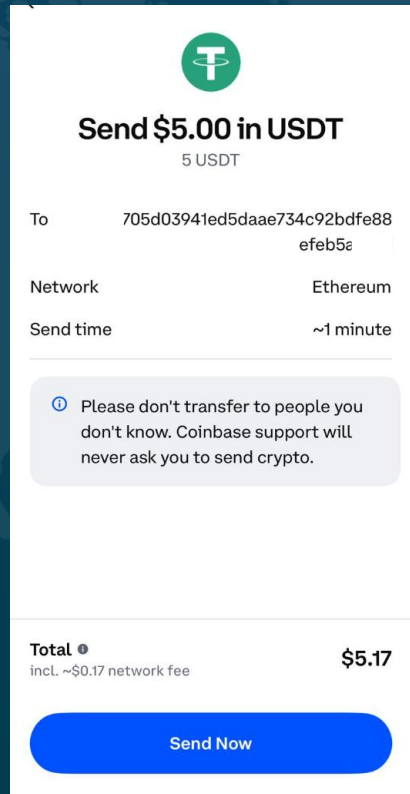
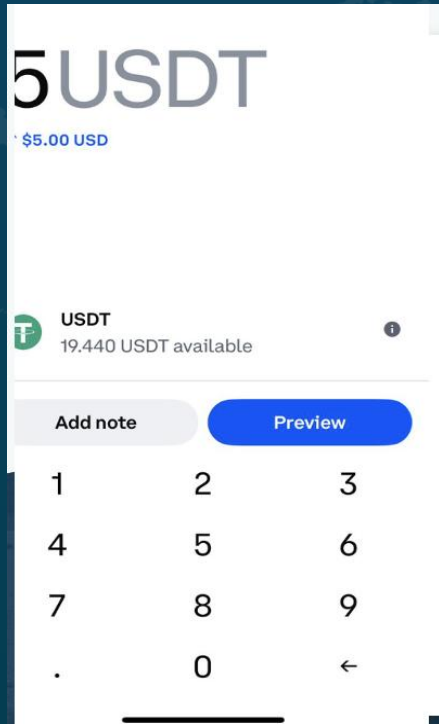
Method	Sender US	Receiver Kenya	Send \$	Receive KES	Fees	Time
IMT	PayPal/Xoom (from bank account)	mPesa	\$50	6,156	~4.5%	3 minutes
IMT	Wise (from bank account)	bank	\$50	6,063	\$3.11 (6.22%)	Varies
Stablecoins	Coinbase wallet using USDT	Binance 50 USDT with option for off-ramp	5 USDT	640	\$0.17 (3.4%)	1 minute
Stablecoins	Crypto wallet USDC	mPesa	\$50	\$38	\$12 (24%)	4 hours

*Note: The data provides anecdotal evidence based on transfers performed by the CGAP team members in November 2025. The remitted amounts are lower than \$200/\$500 used by the World Bank to calculate the average cost of remittances. The overall cost is affected by multiple factors, notably the transferred amount and the corridor.*

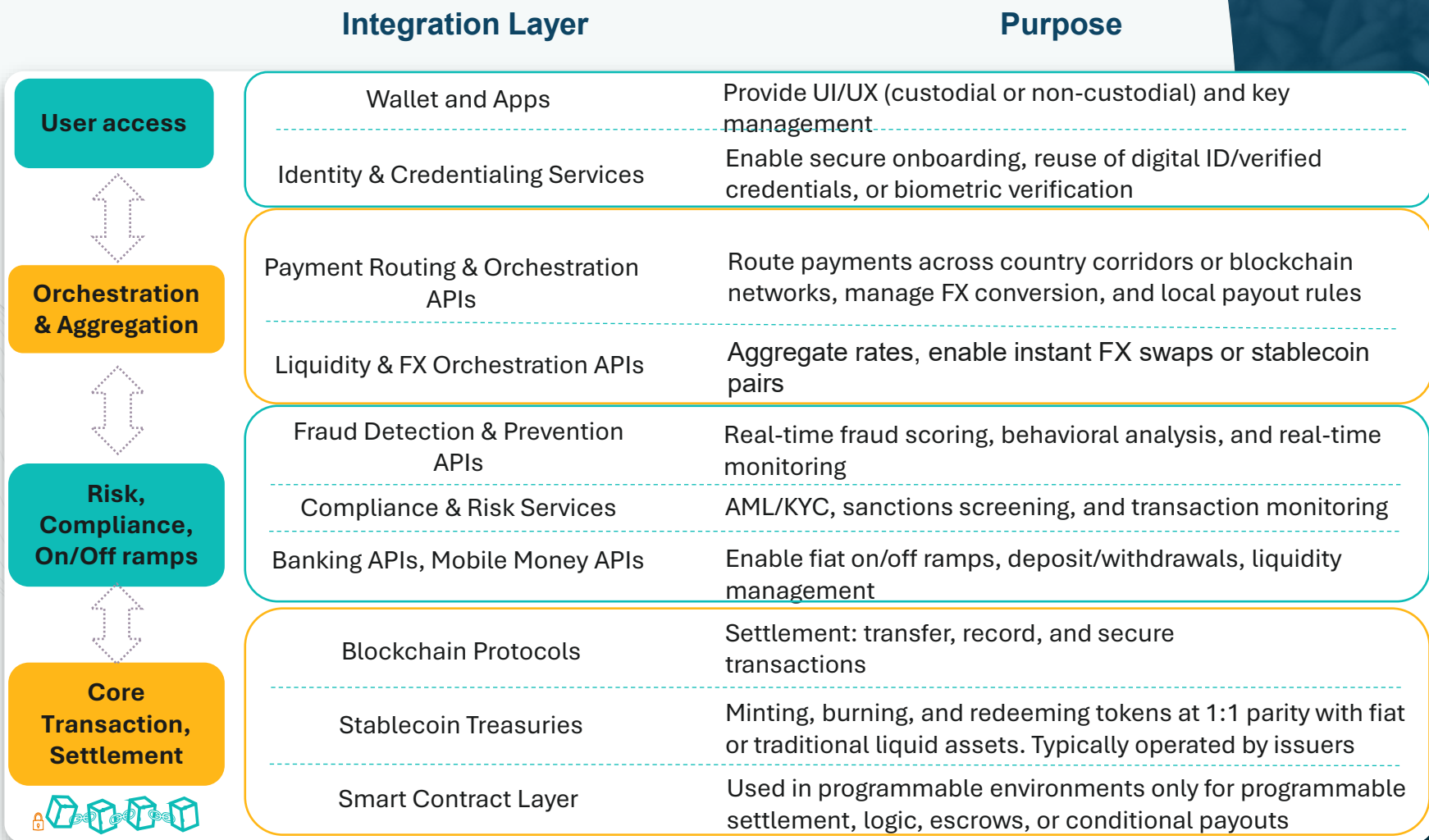
# Example sending stablecoins via Coinbase wallet using USDT

Sender

Receiver



# Ecosystem: Most Solutions Follow a Modular Integration via APIs



### Examples

A vertical list of various logos representing different companies and services in the fintech ecosystem, including wallets, payment providers, and blockchain-related entities.



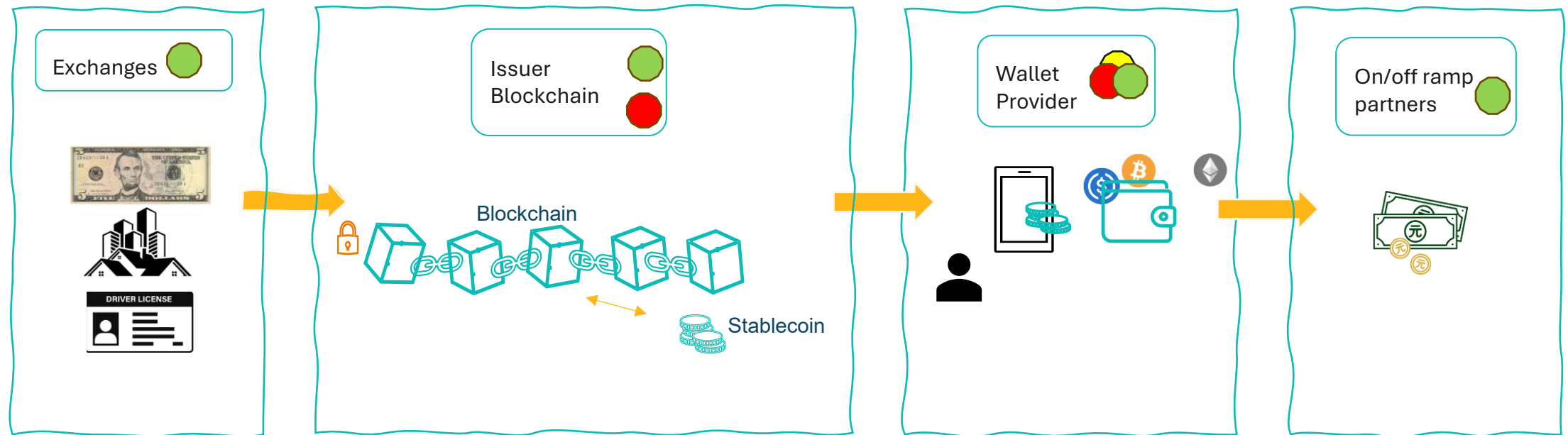
# Policy Considerations

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*Adam Yusuf, 2017 CGAP Photo Contest*

# Stakeholders, Roles, and Regulatory Perimeter

The **ecosystem** brings together diverse **stakeholders** from traditional players, fintech companies, regulators, and tech providers.



# Stablecoin Cross-border Remittances: Opportunities

Opportunities	Description
<b>Access</b>	<ul style="list-style-type: none"><li>• 24/7 availability</li><li>• Near-instant settlement</li><li>• Bridging the gaps left by de-risking</li></ul>
<b>Affordability</b>	<ul style="list-style-type: none"><li>• Streamlined flow with less / lower fees</li><li>• Reduced currency volatility and FX cost (dollar-pegged stablecoins)</li><li>• Reduced operational costs through automation and smart contracts</li></ul>
<b>Increased transparency and traceability</b>	<ul style="list-style-type: none"><li>• Immutable transaction records on public blockchains enhance auditability</li><li>• Real-time tracking of payments status throughout the process</li><li>• Improved compliance monitoring and reporting capabilities</li></ul>
<b>Market competition</b>	<ul style="list-style-type: none"><li>• Increased competition driving down costs and improving services</li><li>• Reduced dependency on traditional corresponding banking networks</li></ul>

# Stablecoin Cross-border Remittances: Risks

## ➤ Interoperability

- Fragmented ecosystem with multiple blockchains, stablecoins, and protocols
- Cross-chain bridge risks and additional complexity
- Potential for vendor lock-in with specific blockchain networks

## ➤ Regulatory and Compliance

- Evolving and inconsistent regulatory frameworks across jurisdictions
- AML/KYC compliance challenges with pseudonymous blockchain transactions
- Capital controls and FX restrictions in some countries
- Travel rule enforcement challenges – ensuring "sender and receiver information" compliance across decentralized platforms

## ➤ Other (related to adoption and scale )

# Big-Picture Concerns

1. New types of intermediaries and payment value chains bring new solutions, but also new risks
2. Fragmentation leads to "walled gardens", interoperability and liquidity concerns
3. Regulatory compliance and cross-border nature of the service
4. Competitive landscape

# Q & A

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*Adam Yusoff, 2017 CGAP Photo Contest*



**Thank you**

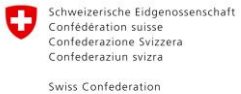
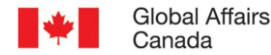
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