Economics & Strategy

Digital Assets Update 3Q25: Embracing tokenization and stablecoins

Currencies/monetary policy/economics/digital/banking/finance

Group Research

21 August 2025

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This is our quarterly update on digital assets. Please refer to the end of this article for a set of useful resources and links to past publications

Summary

The digital ecosystem is getting a major boost from the Trump administration. Ripples are being felt around the world as regulators shift from consultation to execution.

Main points

- *Starting with the launch of a Bitcoin Strategic Reserve, the US has unleashed a torrent of digital asset-friendly measures.*
- *Recently passed Genius Act by the US Congress has created a stampede of developments with Stablecoins.*
- *In late July, a US Presidential Working Group issued over a hundred recommendations to deepen the digital asset ecosystem.*
- *As regulatory nudges and clarifications materialise, banks and nonbanks are jumping into the fray with products and tech solutions.*
- *Safety and security concerns and regulatory oversight will expand, but digital assets' momentum may be unstoppable.*

Introduction

In line with the pledges made during his 2024 election campaign, US president Donald Trump has taken a series of landmark steps to add substantial energy and regulatory clarity to the digital ecosystem. The major boost in support from the US authorities is causing ripples around the world, as regulators shift from consultation to execution.

Starting with the launch of a Bitcoin Strategic Reserve, the US has unleashed a torrent of digital asset-friendly measures this year. The recently passed Genius Act has created a stampede of developments with stablecoins. In late July, a US Presidential Working Group issued over a hundred recommendations to deepen the digital asset ecosystem.

As regulatory nudges and clarifications materialise, banks and nonbanks are jumping into the fray with products and tech solutions. For monetary authorities and financial sector regulators, a wide range of challenges await. Can stablecoins proliferate while upholding key properties like singleness (all stablecoins should be equal), elasticity (responsive liquidity and settlement), and integrity (central authority with power to regulate)? The answers are not yet fully clear.

Safety and security concerns and regulatory oversight will likely expand in the coming months and years, but digital assets' momentum may be unstoppable. We could very well be standing at an inflection point.

A new US digital assets landscape

The US has moved to the forefront in embracing digital assets globally. Beyond the creation of a strategic Bitcoin reserve, and legal affirmation for US dollar stablecoins with the GENIUS Act, the Presidential Working Group (PWG) on Digital Asset Markets published a report on 30th July containing over 100 recommendations for regulatory and legislative actions—an initiative directed by Trump back in January. Full adoption of these recommendations mean that cryptocurrencies and digital assets should move from a decentralized and unregulated market, to one that is more institutionalized and effectively regulated, which should allow digital asset markets to scale.

In the PWG's report titled "Strengthening American Leadership in Digital Financial Technology", there are many proposals to address a range of issues. They include liberalizing market structure legislation, reinforcing dollar dominance through stablecoins, countering illicit finance, ensuring predictability in crypto taxation, as well as modernizing bank regulations for digital assets.

Market Structure and CLARITY Act

Currently, only Bitcoin and Ether are considered commodities by the CFTC, while other digital assets are treated as securities under the SEC. The report proposes a unified approach between the SEC and CFTC to improve clarity, referencing the House's Digital Asset Market Clarity Act of 2025 (CLARITY). Digital assets could be classified as 1/security tokens, 2/commodity tokens, and 3/tokens for commercial and consumer use. Security tokens are part of an investment contract and regulated by the SEC, while commodity tokens are broadly recognized as goods, services, rights, and interests that can be the subject of futures contracts, and regulated by the CFTC. The report proposes granting CFTC authority over spot markets in non-security digital assets. In response to the proposals, the SEC had launched "Project Crypto" (Atkins, 2025) to explore regulatory frameworks and market structures of digital assets, potentially allowing cryptos to be traded side-by-side on SEC-regulated platforms. The CFTC has also announced an initiative for spot crypto asset trading in August (CFTC, 2025). Meanwhile, tokens related to commercial and consumer use could be given exemptions and safe harbour, with regulation focussed on consumer protection.

Stablecoins and payments

The US is aiming for increased adoption of USD stablecoins to boost the USD's dominance in both cross-border payments and financial markets. Currently, USD stablecoins make up more than 99% of all stablecoins valued at 276Bn (as of 17 Aug), with outstanding stablecoins having grown over 18X in the last five years. The recently passed US GENIUS Act increases federal oversight to prevent token runs, promote stability and supports cross-border adoption of USD backed coins. Reserves must be in high quality liquid assets, supporting demand for Treasuries and avoiding the risk of illiquidity from riskier assets. Wallets and payment service providers might also come under federal oversight. Stablecoins are expected to lower costs for cross-border transfers, increase settlement efficiency, reduce risks of settlement failures, and support the emergence of innovation such as tokenization. In contrast, Central Bank Digital Currencies (CBDCs) are prohibited to protect individual privacy, prevent overreach by non-elected officials, and create space for private competition and innovation.

Countering Illicit Finance

The US seeks to protect its digital asset ecosystem and its users by mitigating risks posed by illicit use. Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) obligations could be better tailored to actors within the digital asset ecosystem.

Taxation

Tax policies should be updated to recognize the unique characteristics of digital assets, which are currently considered as property, not currency. Guidance should be given on the tax treatment of income from staking and mining, investment trust status linked to staking, and wrapping/unwrapping across chains. Stablecoins, which are not recognized as money under tax rules, could give rise to gains and losses. The PWG recommends giving guidance that wash sale rules (aimed at preventing selling and buying to generate a tax loss) do not apply to payment stablecoins, like the tax treatment for money market fund redemptions.

Banking and Digital Assets

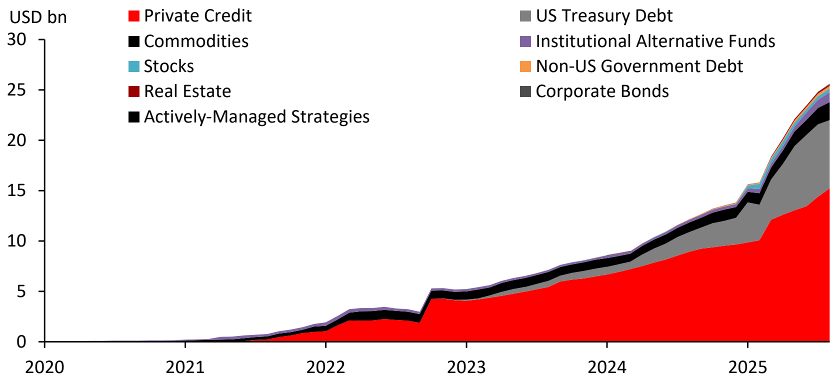
Banks have been exploring blockchains for faster payments, for tokenization, as well as the trading, custody, and lending of digital assets. The PWG recommends that regulatory guidance and best practices be established for banks and supervisors on the issues of custody, permissibility of tokenization, and the adoption of permissionless blockchains. Digital asset firms seeking a bank charter to provide additional services should be given clarity on the timeline for decisions, and their applications should not be declined solely because of engagement in digital asset activities.

Embracing Tokenization

The Trump administration's drive to ease barriers for digital assets in integrating with traditional finance raises many new opportunities for investors. One key market trend that will be accelerated by Trump's crypto-friendly policy drive is tokenization.

In a nutshell, **tokenization is the use of blockchain technology to record ownership of an asset**. Such tokens can then be used for new applications across finance and technology. **Assets represented by the tokens could be financial assets**, such as money market instruments (for stablecoins) or derivatives, **physical assets** such as EV charging infrastructure, **or even virtual assets** that are part of decentralized protocols. Real world asset (RWA) tokens, which represent physical or traditional financial assets, have now grown to over USD25bn from virtually nothing just five years ago. About 60% of RWA tokens are linked to private credit, while around 25% are linked to US Treasuries.

Real World Asset Tokens Outstanding (USD bn)



Source: rwa.xyz, DBS

What are the benefits brought by asset tokenization? We think tokens could be a solution to various frictions in real world asset markets. **For one, they enhance liquidity of traditional illiquid assets**, through providing of fractionalized ownership and 24/7 trading availability. Tokenization could thus be used to unlock value to illiquid asset holders, playing a similar role as Real Estate

Investment Trusts (REITs) for real estate, but modernized for the digital world.

Two**, tokens on the public blockchain made their underlying assets easily accessible to anyone globally**. Tokens sidestep many frictions related to cross-border trading, settlement, and custody for real assets. Imagine a world where one can sign an investment contract with a foreign counterpart to invest in a fraction of a property on a Sunday. This is not possible today, but it is possible in theory with tokenization of real-world assets.

Third, there can be a **higher degree of transparency in tokens compared to the underlying asset**, especially if deep and liquid markets develop for these tokens. In modern finance, prices generally reflect all available information, especially for public markets with frequent trading. The availability of token prices for previously untraded private assets could offer a valuation benchmark for investors. Ownership information is also transparent on public blockchains, reducing risks of fraud.

Fourth, **tokens offer new possibilities such as smart contracts**, which are automatically executed based on the meeting of contract preconditions. For instance, tokens of carbon credits could be released to farmers who have verifiably switched to more carbon-neutral agricultural activities.

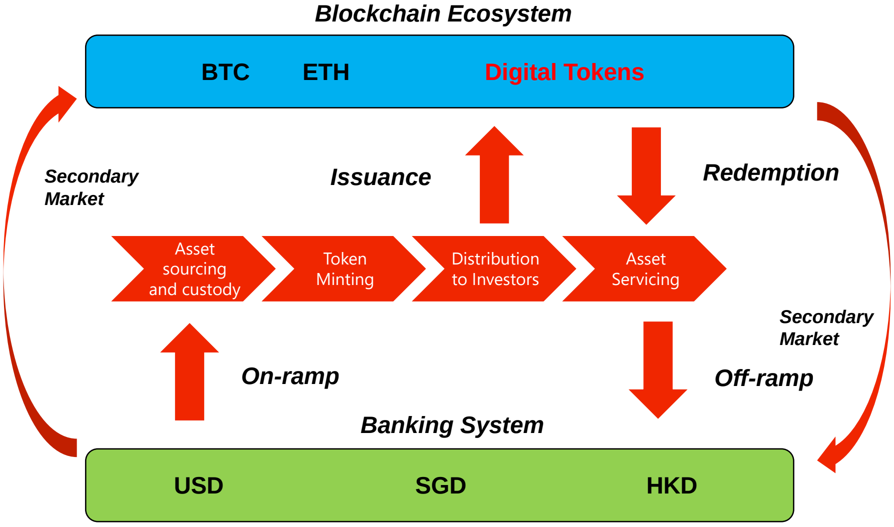
Finally, there could be **greater capital efficiency and lower risks of settlement failures for tokens**, due to the nature of atomic settlement on the blockchain.

Tokenization process and connections

The mechanism of tokenization can be broken down into a four-step process:

1. Assets are sourced from the real world and deposited into a custody vehicle
2. Issuer mints digital tokens representing these custodied assets on a blockchain, such as Ethereum
3. Tokens are distributed to investors via digital wallets

4. Asset servicing is provided for token holders, which may include financial reporting and the provision of redemption services.



Source: DBS

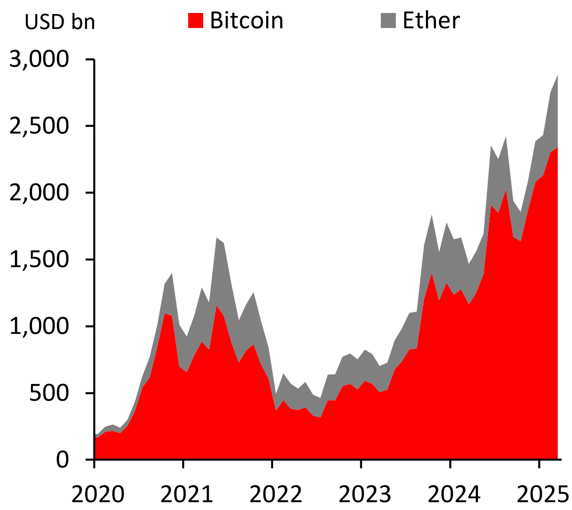
Token issuers will on-ramp investors into the digital asset ecosystem by converting fiat money from the banking system to digital tokens. Direct off-ramp back into fiat could be achieved via direct redemption by the issuer. Purchases and sales of digital tokens in the secondary market could also be utilized by investors, if an active market develops for the token subsequently.

Within this broad framework, there are likely to be key differences amongst digital tokens representing similar assets, and tokens from different issuers should not be recognized as fungible in the first instance. Redemption policies could be materially different between issuers, which means differentiated liquidity premia. Unless bound by regulations (as in the case of stablecoins), issuers may implement different token redemption policies, such as quantity and time-based limits to protect against a liquidity squeeze or a token run. Secondary market liquidity may also be highly different across tokens depending on market interest and the support of market makers. Issuers may also retain special control of their tokens, such as the ability to freeze or effect forced transfers This makes tokens quite different from typical cryptocurrencies, with an implicit trust in the institutional based framework. Such control allows issuers to comply with regulations to stop illicit finance, or regain control of tokens for investors who have lost access to their digital wallets.

Crypto market

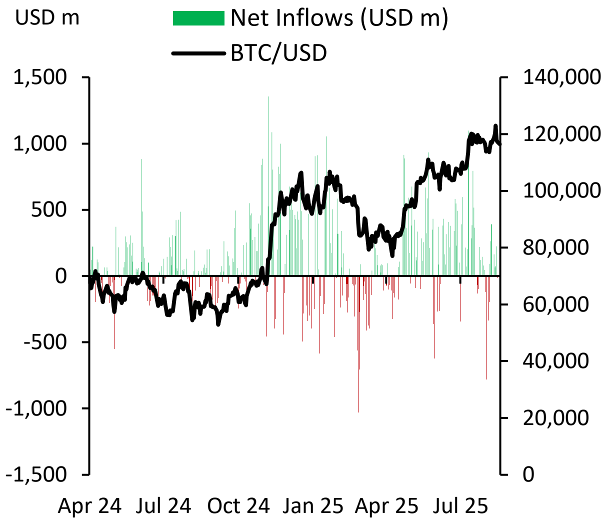
Cryptocurrency markets have been buoyant since May. Both Bitcoin and Ether have hit record highs (BTC:122k; ETH:4.5k) in the month of August, and their combined market capitalization is now closing towards a remarkable USD 3trn, making them comparable to the largest US tech companies in capitalization. Since May, there has been over USD10bn of inflows into US-listed Bitcoin ETFs, with cumulative year-to-date inflows now reaching USD18.7bn.

Cryptocurrencies Market Capitalization



Source: Coinmetrics, DBS

BTC: US-listed ETF daily net inflows and price



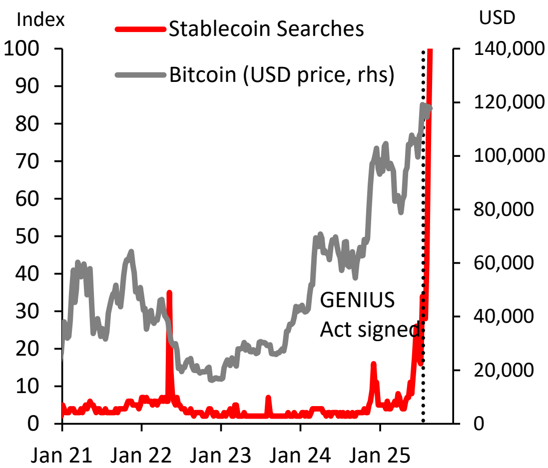
Source: Bloomberg, DBS

Undoubtedly, US policy support for the crypto industry has given confidence to investors. Beyond the establishment of a strategic crypto reserve in March, the US has rolled out numerous pro-crypto initiatives, including the enactment of the GENIUS Act (in July), and a policy roadmap for digital assets issued by the Presidential Working Group. Both SEC and CFTC leadership have taken initial steps to explore and revise regulations, which should permit expedite industry roll-out of crypto-based products in the coming months.

As a result of the GENIUS Act, stablecoins have garnered interest from both financial institutions, e-commerce companies, and even corporate treasuries. Google data indicates 12 times in global search interest for “stablecoin” since May, and this has coincided with the rising Bitcoin and Ether prices. US has been a leader in establishing a regulatory framework for stablecoins, but the EU, Japan, and China are also catching up in setting stablecoin policy frameworks.

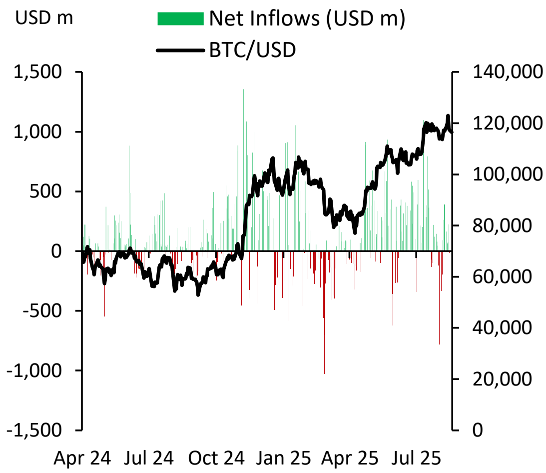
Stablecoins' promises to resolve frictions associated with cross-border payments could help support global adoption of the crypto ecosystem, underpinning demand for cryptos.

Search interest in stablecoin vs Bitcoin prices



Source: Google, Bloomberg, DBS

BTC: US-listed ETF daily net inflows and price



Source: Bloomberg, DBS

Tokenization as the next demand catalyst

With US regulators now launching "Project Crypto" in response to the PWG's recommendations for digital assets, a clear policy framework for both commodities (under CFTC) and securities (under SEC) could emerge soon. A well-regulated environment will enable institutions to build new crypto products at scale, with tokenization likely to emerge as the next driver of crypto interest.

Of course, exuberant capital markets have also been a major support for cryptos, given their high sensitivity to market risks. Beyond public markets, even valuations of crypto startups have been surging amid high investor interest. Given high investor enthusiasm across both public and private markets, risks of renewed volatility from economic shocks, such as a tariff-led slowdown or equity wobbles due to stretched valuations, could still impact crypto markets despite positive longer-term trends.

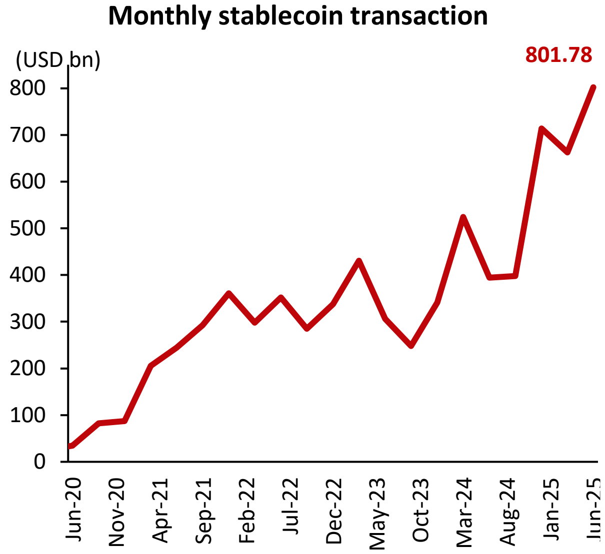
Stablecoins

Stablecoins overview

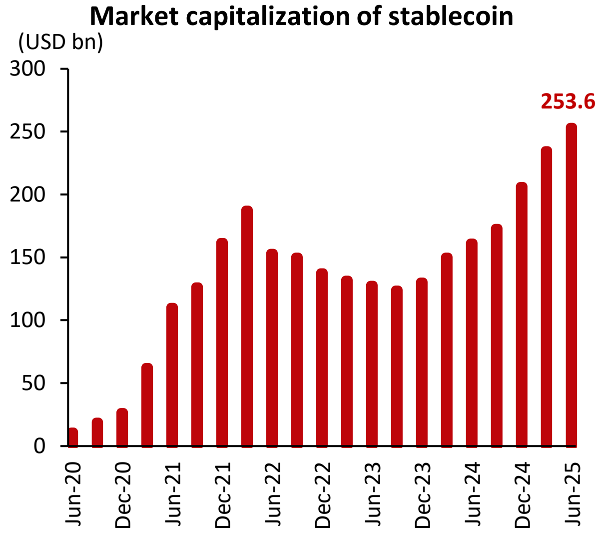
The development of stablecoins is gaining traction following the legislation of the US's GENIUS Act and Hong Kong's Stablecoin Bill. Stablecoins are digital tokens are designed to maintain a stable value by pegging to reserve assets, either through collateralization or algorithmic mechanisms. In contrast to volatile cryptocurrencies, stablecoins aim to replicate fiat currency price stability while enabling near-instant and low-cost transactions.

Stablecoins share some features with Central Bank Digital Currencies (CBDCs), but differ in governance, issuance, and risk profile. CBDCs are sovereign-backed, carry much lower credit risk, and function as legal tender. In other words, they are considered M0. They aim to modernize payment systems, enhance monetary policy transmission, and improve financial inclusion. Stablecoins, by contrast, are privately issued, backed by fiat reserves or assets, and are subjected to issuers' credit profile. While CBDCs offer regulatory certainty, stablecoins provide faster innovation cycles.

The stablecoin market has grown rapidly alongside the crypto market boom. Its market capitalization expanded by 451% since the first quarter of 2020, reaching USD 253 billion as of June 2025. According to the IMF and BIS, the market size could jump ten-fold to approximately USD 2 trillion by 2028. Annual transaction volume reached USD 36.8 trillion as of June 2025, exceeding Visa/Mastercard combined (USD 23.2 trillion). Monthly transactions hit USD 800 billion as of June 2025. However, around 80% of stablecoin usage is linked to crypto trading. After adjusting for high-frequency and high-volume trading, real volumes could be only USD 7.6 trillion.



Source: Visa, DBS



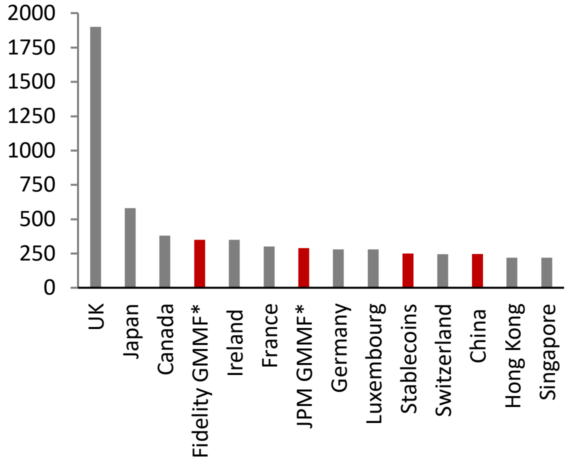
Source: DeFiLlima, DBS

Yet, real transaction volume could rise as stablecoins have the potential to integrate into tradition banking services as settlement and cross-border transactions. For capital markets, stablecoins present opportunities in tokenizing asset, loans, and fund management. These could potentially enhance market efficiency through time and cost savings.

GENIUS Act and inflow into UST bills

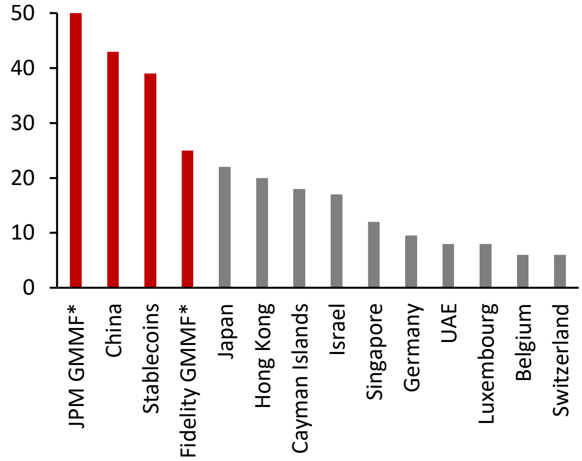
The US's GENIUS Act was signed into law on July 18, 2025, and will take effect within 120 days after final regulations are issued. The act aligns with the national strategic goal of maintaining the U.S. as a global payments innovation leader. A key feature of the act is the reserve requirement of maintaining 1:1 cash or short-term Treasuries. Such a requirement further solidify the demand for US Treasury over the medium term. Already, stablecoins held more UST bills than China and were the 10th largest holder of UST bills in 2024. They even contributed the third largest inflow into UST bills last year, largely on par with China and other major global money market funds. For now, only approximately 50% of the reserves of USDT and USDC are invested in UST bills. The new regulation will require issuers to allocate the remaining 50% of reserves into UST bills, representing another USD 100 billion of inflow in the next 12 months.

Major holders of T-bills in 2024 (USD bn)



Note: (*) Global Money Market Fund
Source: Bank of International Settlement, DBS

T-bills purchases in 2024 (USD bn)



Note: (*) Global Money Market Fund
Source: Bank of International Settlement, DBS

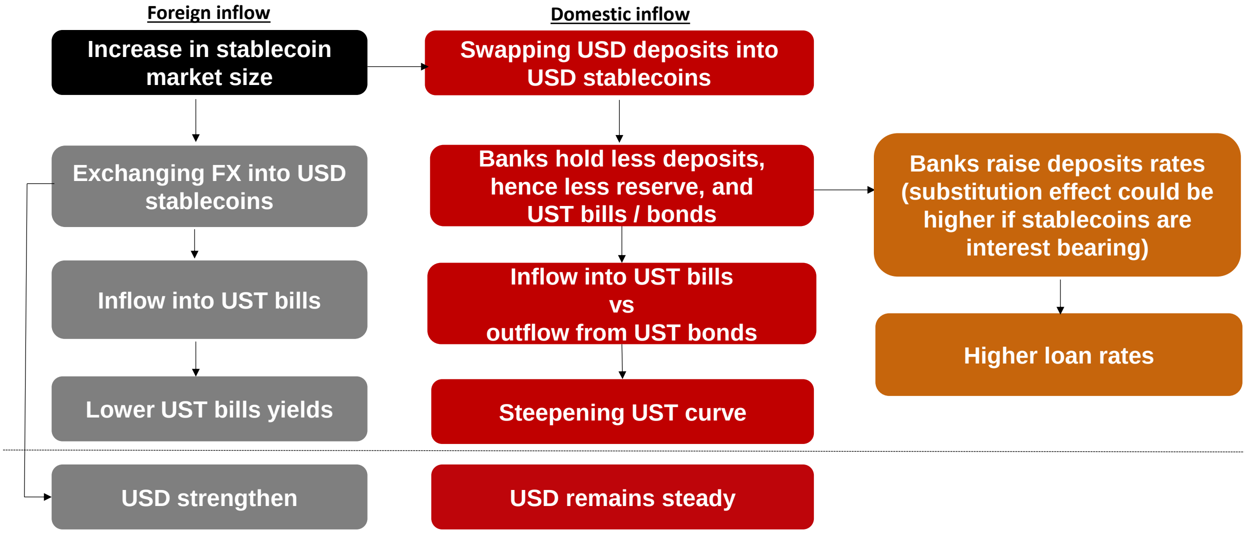
Near-term impact on rates and FX

In the near term, the growing stablecoin market will add fresh impetus to the UST market. However, the impact on UST yields could differ depending on the types of inflow. For foreign inflow, exchanging FX into USD stablecoin is essentially a capital inflow into USD assets. The increasing demand for UST bills will compress the yield and support USD strength.

The case for domestic inflow, however, poses a limited impact on the currency. This is because it is essentially a switch from deposits in banks to UST bills. For rates, it will likely steepen the UST curve. With fewer deposits, commercial banks will hold less reserve and, consequently, fewer UST bills/bonds. Long-end rates will see upward pressure due to the sell-off. On the contrary, demand for front-end UST bills from stablecoins could overwhelm the outflow triggered by banks on a net basis.

According to BIS's estimate, a USD 3.5 billion 5-day inflow compressed 3-month T-bill yields by about 25-30 basis points in 30 days in 2024. After controlling for the crypto market boom and bust, the real impact could be approximately 2.5 basis points. Assuming the stablecoin sector grows to USD 2 trillion by 2028, a corresponding USD 11 billion 5-day inflow is estimated to compress T-bill yields by approximately 6-8 basis points.

Impact on USD rates and FX

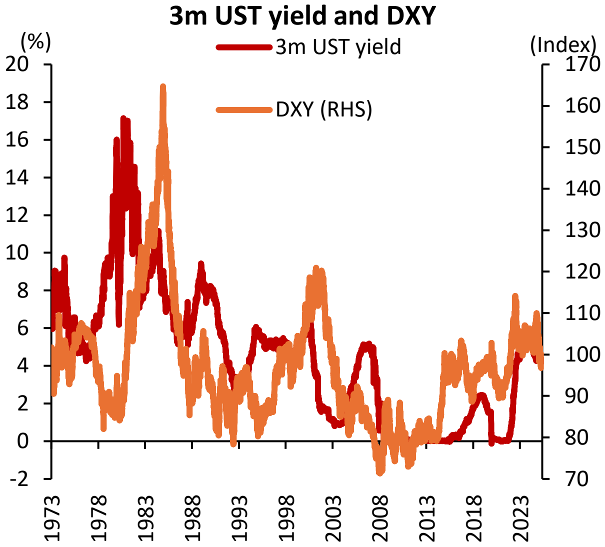


Source: DBS

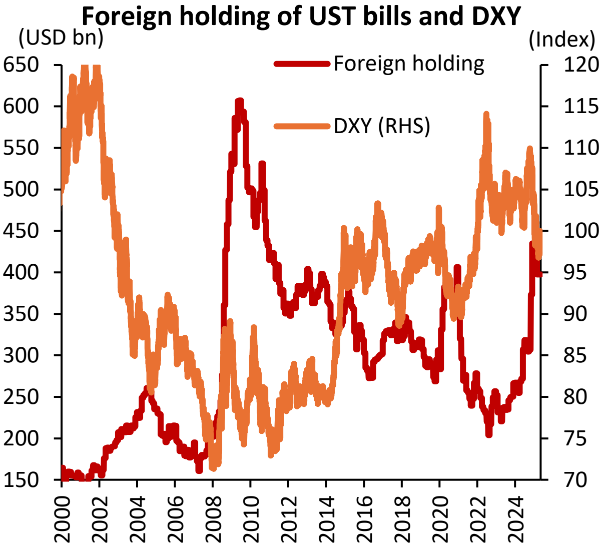
Medium-long term impact on rates and FX

The impact on USD rates and DXY, however, could be less affected by capital inflow in the medium to long term. Safe haven demand and the Fed's policy are instead more prominent. Dollar strength shows a stronger correlation of 0.42x against UST yields since 1996 than the 0.19x correlation of DXY versus foreign ownership of UST bills.

The rapid expansion of stablecoins could complicate the monetary policy decisions of the Federal Reserve over the long run. First, banks may have to raise deposit rates to retain customers if stablecoins are interest-bearing. Loan rates would increase accordingly. Second, there could be additional upward pressure on UST yields under a rate hike scenario. An increase in USD rates will pose higher opportunity costs of holding stablecoins. Wider crypto market consolidation could trigger further stablecoin outflow and, consequently, UST bills sell-off. The Fed may therefore adjust its monetary policy directions.



Source: Bloomberg. DBS

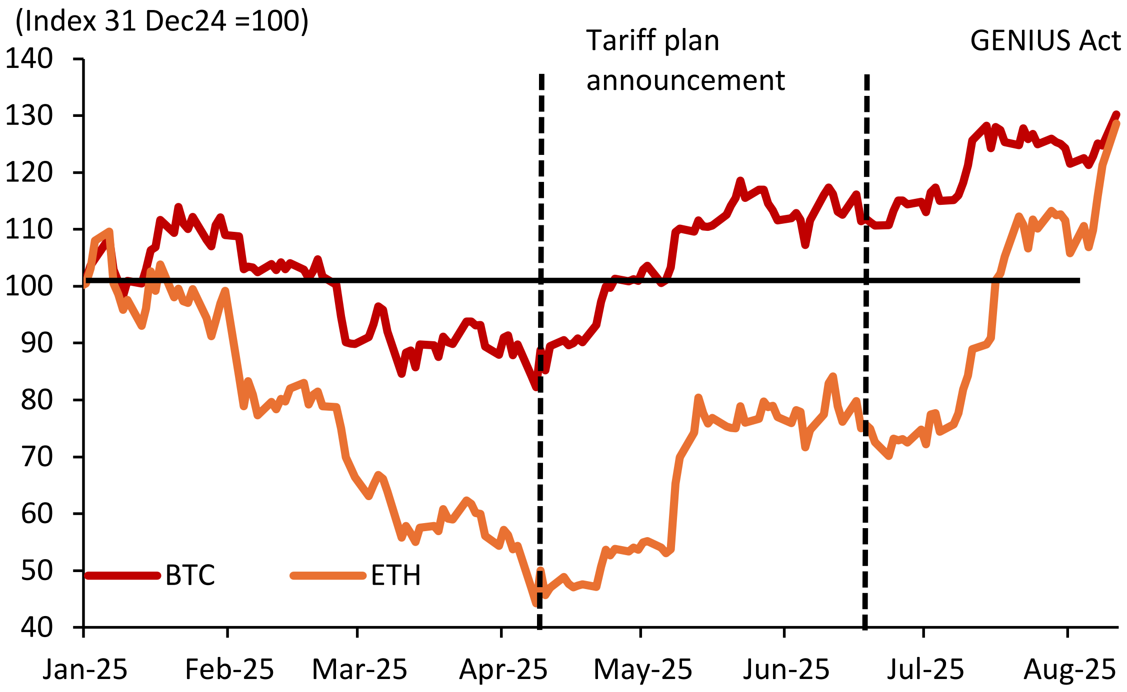


Source: Bloomberg. DBS

Implication on ETH

ETH stands to benefit from stablecoin development. ETH has caught up with the BTC rally since the announcement of the GENIUS Act in June, after losing 20%-50% of its value this year. First, the majority of stablecoin supply is issued on Ethereum chains. Reportedly, Ethereum accounts for nearly 50% of all stablecoin activity. Second, stablecoin growth expands non-speculative demand for ETH. This includes executing smart contracts and running DeFi. Stablecoins are paired with ETH in liquidity pools, collateralized lending, and derivatives. Meanwhile, BTC's value is more tied to macro "digital gold" narratives than to transaction-layer usage.

BTC and ETH performance



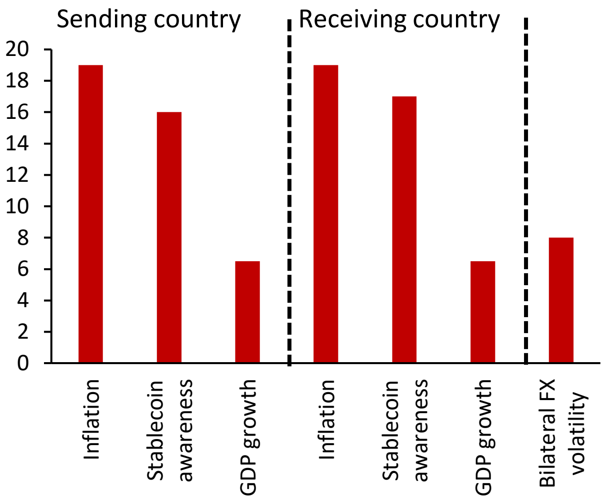
Source: Bloomberg, DBS

Stablecoins use cases

Banks and financial institutions (FIs) could play a key role in stablecoin development. Among the upstream of the value chain, banks could issue their own stablecoins with their resilient balance sheets. Also, banks could provide custodian services to other private sector issuers. For the midstream, FIs could provide trusted crypto exchange platforms.

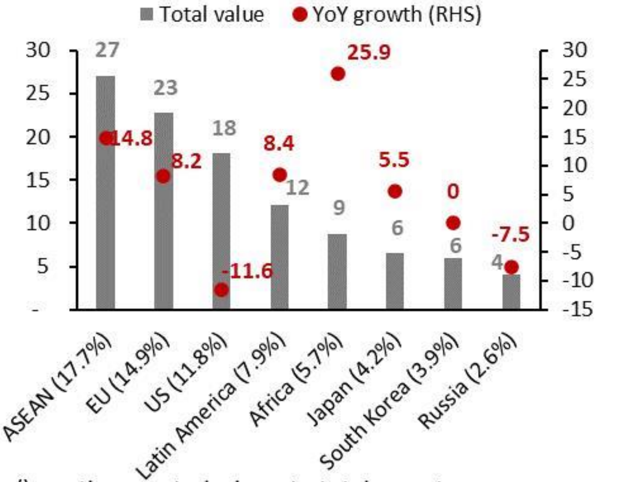
More importantly, FIs could enhance the efficiency of traditional downstream banking and capital market services with the help of stablecoins. First, banks could transform escrow account services. Customers are enabled to execute instant transfers after confirming receipt from counterparts. This could be applicable to subscription services, trade finance, and fund management. In the case of cross-border transactions, stablecoin users can settle trades through escrow account wallets at their respective banks. This could save currency transaction costs stemming from either the traditional banking system or CBDCs.

Increase in stable coin flows



Source: Bank of International Settlement, DBS

China exports by region/country in 7M25



() are the country's share to total export
Source: CEIC, DBS

Second, the tokenization of assets such as funds, bonds, and equities could improve market efficiency. Investors could potentially use smaller amounts to invest in traditional assets such as REITs as they are sliced into small blocks. Even for a single property, ownership could be disseminated to multiple investors. Banks could also undertake syndicated mortgages.

Hong Kong's Stablecoin Bill

On August 1, Hong Kong implemented the Stablecoins Bill, establishing a comprehensive legal framework for fiat-backed stablecoin issuers. Introduced by the Hong Kong Monetary Authority (HKMA) and the Financial Services and the Treasury Bureau (FSTB), the law aims to strengthen financial stability, protect investors, and position Hong Kong as a global leader in digital finance.

For China and Hong Kong, the development of RMB and HKD stablecoins aims to enhance the national strategy of RMB internationalization. CNY remains the second-largest trade finance currency. Together with HKD, these two currencies are the 6th and 7th largest currencies in international settlement. Meanwhile, CNY already accounts for over 50% of China's cross-border settlement. The upcoming offshore stablecoin development could help facilitate a closed-loop ecosystem for China, Hong Kong, and rising trading partners such as the Middle East, ASEAN, and Africa. There is particular motivation for EM markets to adopt stablecoins due to a lack of financial inclusion and inflation.

There are few regulatory considerations for the HKMA.

The need for stablecoin regulation. Stablecoins—digital tokens pegged to stable assets like fiat currencies—play a key role in crypto trading, cross-border payments, and decentralized finance (DeFi). However, their rapid growth has exposed vulnerabilities, including inadequate reserve backing, fraud, and systemic risks, as seen in the 2022 collapse of TerraUSD.

Following international trends such as the EU's Markets in Crypto-Assets Regulation (MiCA) and the US's GENIUS Act, Hong Kong's legislation addresses these concerns by enforcing reserve, operational, and disclosure standards. It complements the city's existing cryptocurrency exchange regulations implemented in 2023, reinforcing its fintech credentials.

Fiat-backed. The Stablecoins Bill applies to fiat-backed stablecoins, particularly those pegged to the HKD or USD. It does not currently cover algorithmic stablecoins or commodity-backed variants. Issuers operating in or targeting Hong Kong must obtain a license and comply with strict regulatory requirements, including full asset backing, redemption guarantees, and transparency measures. The HKMA is the primary regulator, empowered to issue licenses, supervise operations, and enforce compliance through fines or revocation.

Ensuring stability. Applicants must be incorporated in Hong Kong or an approved jurisdiction and demonstrate sound governance and risk management. Critically, issuers must maintain minimum financial thresholds, including at least HK$25 million in paid-up share capital, HK$3 million in liquid capital, and excess liquid capital sufficient to cover 12 months of operating expenses. These requirements ensure that only financially resilient entities can participate in the market.

Safeguarding users and market integrity. A cornerstone of the bill is the full reserve backing requirement. Issuers must hold high-quality liquid assets—such as cash or short-term government securities—equal to 100% of the value of issued stablecoins. Redemption must be guaranteed within one business day, ensuring liquidity and user confidence.

Issuers must also comply with anti-money laundering (AML) / counter-terrorist financing (CTF) obligations, including:

- Know-your-customer (KYC) verification for large transactions
- Real-time monitoring of wallet activity
- Reporting of suspicious transactions to the HKMA

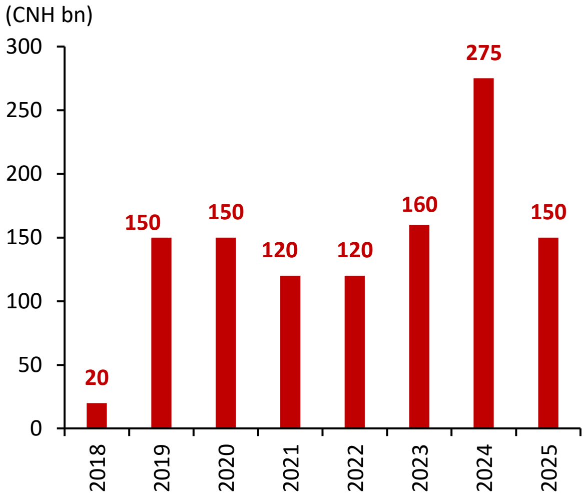
These standards help prevent illicit activity while enhancing financial integrity. Licensed issuers are subject to ongoing supervision, including regular reporting, audits, and compliance checks by the HKMA. Existing financial institutions, such as banks and regulated payment providers, may benefit from an expedited approval process due to their prior regulatory oversight.

Stringent Identity Verification. The bill establishes rigorous identity verification standards, requiring issuers to maintain complete records of all stablecoin holders. These requirements, combined with mandatory board-level oversight and cybersecurity protections, position Hong Kong as having one of the world's most transparent stablecoin frameworks. While enhancing financial integrity, the provisions have drawn some criticism from privacy advocates concerned about data collection.

Market impact. The Stablecoins Bill introduces higher compliance costs, potentially limiting participation by smaller issuers. Strategically, the bill aligns with Hong Kong’s ambition to be a global digital finance hub and supports China’s broader digital currency agenda, particularly the development of the digital yuan (e-CNY). While the mainland bans private stablecoins, Hong Kong’s model may serve as a regulatory testing ground for future integration within the Greater Bay Area.

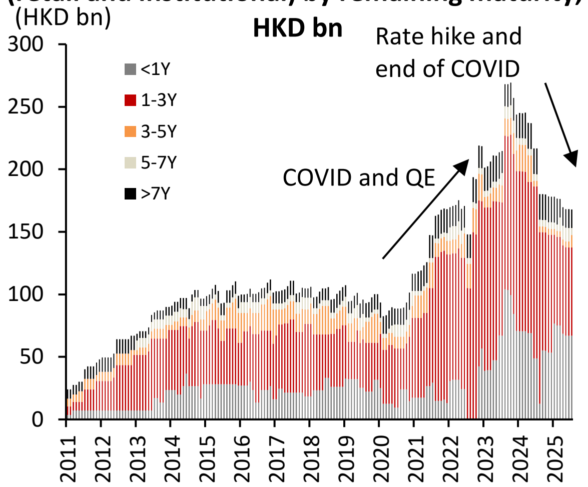
Regulators caution against speculation. Hong Kong regulators have taken swift action to curb market speculation following the August 1 implementation of the Stablecoins Bill. The HKMA and SFC jointly warned investors against irrational trading behavior after observing

PBOC CNH bill issuance in Hong Kong



Source: PBOC, DBS

Hong Kong government bond outstanding (retail and institutional) by remaining maturity, HKD bn



Source: HKMA, DBS

significant price volatility in stocks linked to stablecoin rumors. Authorities have intensified market surveillance, with the SFC deploying specialized monitoring teams to detect and prevent manipulation. The HKMA maintains its position that only a select few applicants meeting rigorous standards will receive licenses when the first approvals are granted in early 2026, ensuring a controlled market entry process that prioritizes stability over rapid expansion.

Market and policy implication on CNH and HKD bond market

Similar to the case of USD rates, foreign inflow could compress CNH and HKD rates. For CNH rates, an inflow from onshore CNY market to offshore CNH rates will help narrow the spread. This could potentially soothe offshore rates liquidity conditions and volatility. Potential steepening is likely given the increasing demand for front-end bills. The same applies to HKD rates, and hopefully, this could help develop the HKD credit market.

Regulators may need to increase the CNH and HKD bond supply in the medium term. The lack of highly liquid, quality short-tenor collateral could be an obstacle to development. HKD stablecoins could be supported by both HKD and USD reserves. Given the limited supply of HK government bonds, the inflow into HKD stablecoins could spill over to USD assets instead. Notably, outstanding HK government bonds fell by 40% from their peak to HKD 168 billion as of July 2025. The supply of front-end HK government bills with less than 1-year tenors is even more limited at HKD 25 billion. For RMB stablecoins, sources of offshore collateral are also limited. Annual issuance of PBOC CNH bills has stayed around RMB 150 billion in the past six years, except for 2024. The volatility stemming from defending RMB exchange rates could also complicate the reserve management of RMB stablecoins.

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