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Future of Advice podcast

Stablecoins: From Exploration to Strategic Imperative

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Host: Welcome back to the Future of Advice podcast by Deloitte Luxembourg. Today we're looking at research that challenges a fundamental assumption in finance: that liquidity has to be slow. We all know the friction of T+2 settlement and correspondent banking. But these aren't just annoyances anymore—they're becoming obsolete. Stablecoins are moving from a crypto niche to a strategic imperative.

Guest: That's right. For a long time, discussions around digital assets focused on volatility—Bitcoin soaring or crashing. Meanwhile, a quiet infrastructure upgrade was happening. This deep dive isn't about speculation; it's about the plumbing of the global financial system.

Host: The report identifies a massive disconnect: we can send a WhatsApp across the globe instantly, but sending money is stuck in processes that feel decades old. Why is that gap so wide?

Guest: It comes down to structural inefficiencies in the legacy rails. Emails move directly, but international payments usually move through multiple correspondent banks—each adding fees and delays. The bigger issue is the difference between messaging and settlement. Traditional finance sends a message, "I promise to pay," but funds move later, often days later, through batch processing.

Host: And fintech apps give the illusion of speed. Haven't they solved this?

Guest: Not really. Many fintechs mask legacy complexity with a fast interface, but they prefund accounts, parking millions in idle capital. It's expensive and inefficient.

Host: So, stablecoins are the solution. But which type?

Guest: Classic fiat-backed stablecoins, not algorithmic experiments. Bitcoin is volatile; classic stablecoins maintain a stable value, pegged 1:1 to a fiat currency. For each digital token issued, there's an equivalent held in high-quality liquid assets—cash, Treasury bills, or repos—which can be sold instantly. This backing builds trust.

Host: Why tokenize digital dollars if banks already offer digital money?

Guest: Speed and availability. Stablecoins run 24/7/365, no holidays or cutoffs. They also enable atomic settlement—payment and asset transfer happen simultaneously, eliminating counterparty risk and reconciliation work.

Host: That reduces operational costs.

Guest: Significantly. Public blockchain infrastructure, often layer-2, is cheap and disintermediates multiple intermediaries.

Host: And programmable money?

Guest: Smart contracts allow money to carry instructions. For example, in a supply chain, a digital escrow can release funds automatically when IoT sensors confirm cargo delivery. It removes manual reconciliation, enforces business logic, and reduces fraud risk.

Host: Beyond P2P transfers, how are stablecoins used?

Guest: Cross-border payments, corporate treasury management, and tokenized assets. You can sweep liquidity from subsidiaries globally at any time to optimize yield or meet margin calls—impossible with SWIFT.

Host: What about AI agents?

Guest: AI lacks legal identity and can't open traditional accounts easily. But an AI can hold private keys and manage digital wallets. Stablecoins provide the programmable asset rails machines need to pay each other, creating the infrastructure for the machine economy.

Host: Is this growing in the real world?

Guest: Yes. Market cap grew from under $10B to ~$300B in five years, with projections of $2T by 2028. Transaction volume has already surpassed Visa and Mastercard, mostly USD-denominated. Institutional convergence is accelerating: Stripe, Visa, JP Morgan, and Citi are launching stablecoin initiatives.

Host: Regulation?

Guest: MiCA in Europe sets global standards: reserve requirements, asset segregation, redemption guarantees. Similar regulations exist in the US and Hong Kong. This ensures safety and stability while allowing the technology to grow.

Host: What about the risk of depegging?

Guest: Classic fiat-backed models mitigate code risk but still carry counterparty and operational risk. Problems can arise from insufficient reserves, bank runs, or minting/redemption failures. Safekeeping is crucial—lost private keys mean lost funds. Legal claims are not automatic; private stablecoins may not be de facto claims on reserves.

Host: So faster, cheaper, programmable money comes with new operational risks. What should companies do?

Guest: Treat this as an inflection point. Build awareness, assess the ecosystem, understand digital wallets, tax implications, and run small pilots. Maybe settle a single intercompany invoice using a stablecoin. The advice: slow first, fast later.

Host: Prepare before scaling, so you can meet client demand or supplier incentives instantly.

Guest: Exactly. Stablecoins are moving from experiment to core infrastructure—the plumbing of next-generation global finance.

Host: Final thought: as AI agents transact on our behalf, will your business be ready, or will legacy payment systems hold you back?

Guest: A critical question for the decade ahead.

Host: Thank you for listening. Until our next episode.