



STABLECOINS & CBDCs REPORT

FEBRUARY 2023

Mission Statement

About CryptoCompare

CryptoCompare is an FCA-authorised benchmark administrator and regulated global leader in digital asset data, providing institutional and retail investors with high-quality real-time and historical data. Leveraging its track record of success in data expertise, CryptoCompare's thought-leadership reports and analytics offer objective insights into the digital asset industry.

About This Report

The stablecoin sector has grown in size and interest over the past year. Pegged to the value of an asset, stablecoins serve as the fundamental means for trading cryptoassets, allowing for the on-ramp of fiat-pegged money into blockchain applications. However, recent developments surrounding stablecoins including the collateral of Tether and the collapse of TerraUSD have raised concerns from investors and regulators.

Cryptocompare's Stablecoins Report aims to capture the key developments within the stablecoins sector. Our review focuses on analysis that relates to market capitalization and trading volume of stablecoins, segmented by their type based on collateral, and the pegged asset, among others.

CryptoCompare's Stablecoins Report is conducted monthly and caters to both the crypto-enthusiast interested in a broad overview of the stablecoins sector, as well as investors, analysts and regulators interested in more specific analyses.

Explore CryptoCompare's API

For those interested in accessing CryptoCompare's data for their own purposes, including cryptocurrency trade data, order book data, blockchain data, social data or historical data across thousands of cryptocurrencies and 300+ exchanges, please take a look at CryptoCompare's API here: <https://min-api.cryptocompare.com>.

Disclaimer

Due to the nature of exchange API endpoints and the practice of backfilling data, there may be data discrepancies between this edition and previous reports. The data presented below is correct up to the release date of this report.

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Latest News

Topic	Story	Date
USDC	Visa Eyes High-Value USDC Settlement Payments on Ethereum	Feb 6
USDT	Tether Reports \$700M in Profits Despite 'Tumultuous End to 2022': CTO	Feb 9
BUSD	Crypto firm Paxos to face SEC charges, ordered to stop minting Binance stablecoin	Feb 13
crvUSD	Crypto Traders' Focus on Curve USD Stablecoin Drives Curve Token Price Higher	Feb 14
USDT	As BUSD Dies, Tether's USDT Soaks Up Another \$1 Billion	Feb 15
CBDCs	The Bank of Japan to Launch its CBDC Pilot Before May	Feb 17
CBDCs	Bank of Russia to Pilot CBDC in April	Feb 17
TUSD	Binance Mints 50M TrueUSD Days After Paxos Ordered Stop Issuing BUSD	Feb 17
Regulation	The SEC has a Stablecoin Firm in its Sights — it Could Shake Up the Whole \$137 Billion Market	Feb 19

Key Insights

Market Cap Falls For Eleventh Consecutive Month

In February, the total market capitalisation of stablecoins fell 0.68% to \$136bn (up to 20th February), the lowest stablecoins market cap since September 2021 and the eleventh consecutive month of decline.

BUSD Market Cap Falls After SEC's Wells Notice

On February 12th, the SEC issued a Wells Notice to Paxos over BUSD, which led to its market cap falling 18% to \$13.3bn. Paxos has announced the halting of new BUSD mints, effective from the 21st of February.

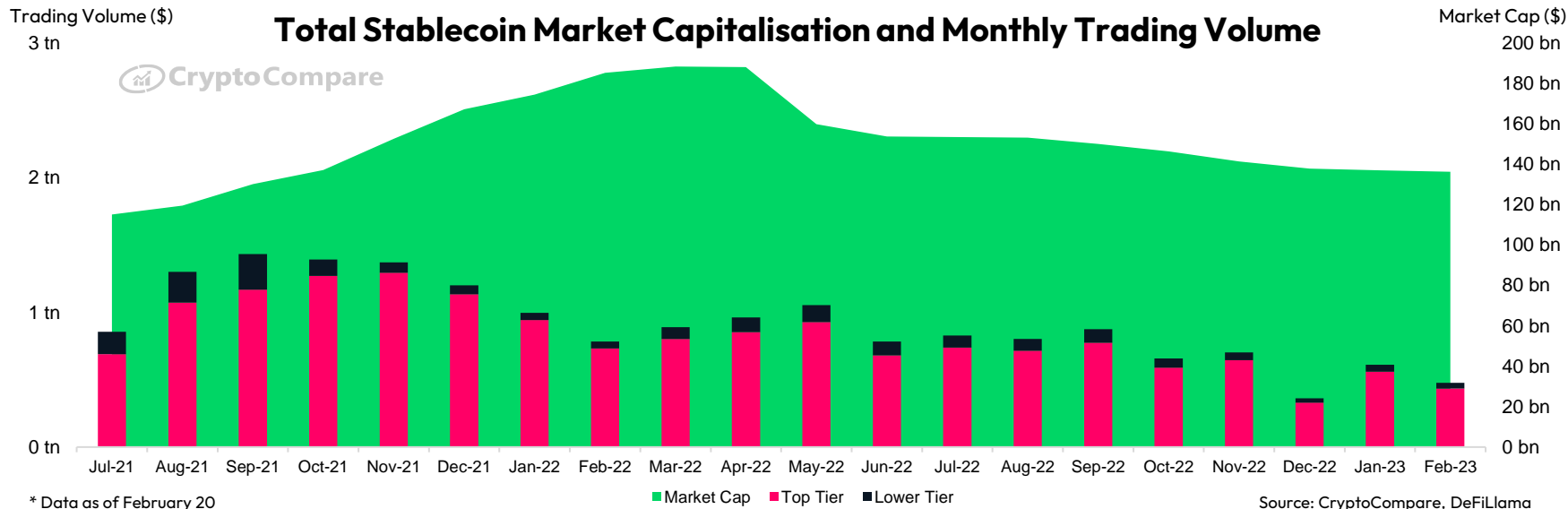
e-CNY Included in Official Yuan Circulation Statistics

China officially included its CBDC (e-CNY) circulation data in their financial statistics for the first time in February. As of December 31st, 2022, there were 13.6bn e-CNY, which represented 0.13% of the 10.5tn yuan in circulation.

USDT Dominance Surpasses 50%

As major stablecoins including BUSD and USDC saw their market cap decline in February, USDT grew its dominance - increasing its market share to 51.7%. This was the fourth consecutive month that saw an increase in USDT dominance.

Stablecoins Market Cap & Volumes



- In February, the total market capitalization of stablecoins fell 0.68% to \$136bn, the lowest stablecoins market cap since September 2021. This is the eleventh consecutive month of decline in stablecoins market capitalisation.
- Stablecoins market dominance is currently at 11.4%, falling from 12.31% in January and recording the lowest market share since April 2022. The decline in stablecoin dominance highlights the recent rally in the prices of crypto assets and the declining stablecoin market cap.
- USDT stablecoin dominance increased from 48.7% to 51.7% in February. This was the highest market share for the stablecoin since October 2021.

Stablecoins Overview: Top 10 Stablecoins

Market Cap (\$)

80 bn

70 bn

60 bn

50 bn

40 bn

30 bn

20 bn

10 bn

0 bn



USDT

USDC

BUSD

DAI

■ Dec ■ Jan ■ Feb

* Data as of February 20

Market Cap (\$)

1200 mn

1000 mn

800 mn

600 mn

400 mn

200 mn

0 mn



FRAX

TUSD

USDD

USDP

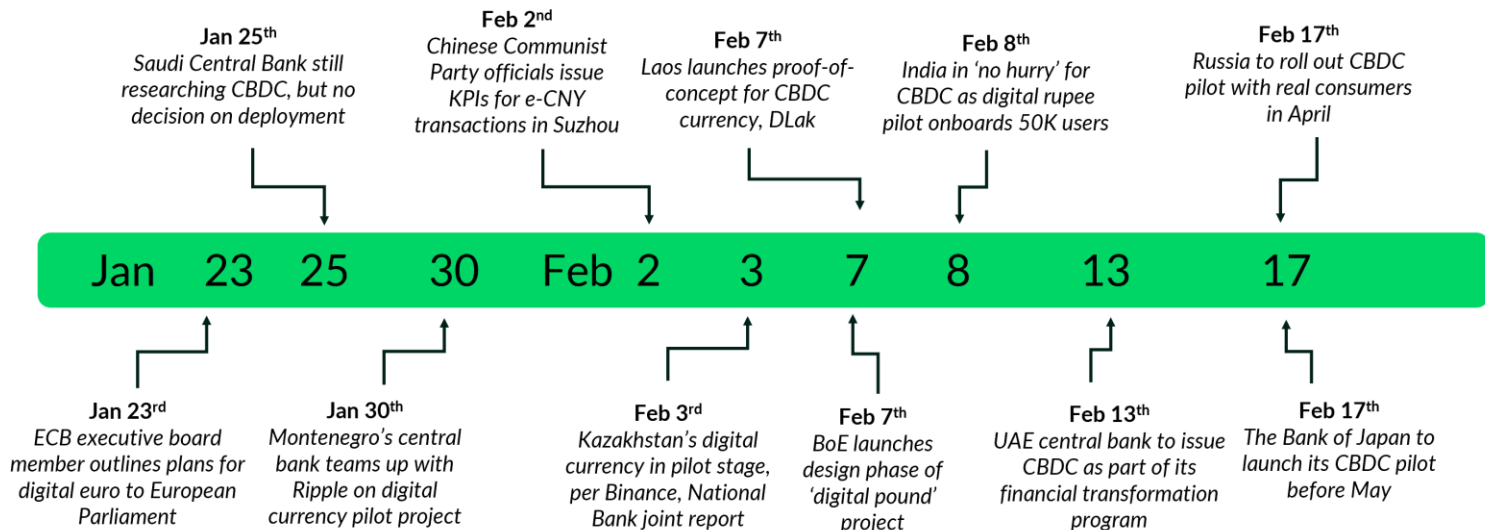
GUSD

USTC

■ Dec ■ Jan ■ Feb

- The SEC's charge against Binance USD led to large outflows of Paxos stablecoins, with BinanceUSD (BUSD) and Pax Dollar (USDP) seeing their market cap fall 15.8% and 24.37% to \$13.3bn and \$729mn, respectively. USDD overtook USDP as the 7th largest stablecoin, rising 0.57% to \$724mn in February.
- TetherUSD (USDT) and TrueUSD (TUSD) were beneficiaries of the BUSD decline with their market capitalisation rising 3.85% and 2.31% to \$70.4bn and \$968mn, respectively. Meanwhile, USD Coin (USDC) saw its market cap fall 1.76% to \$41.4bn.
- TerraClassicUSD (USTC) was the largest gainer among the top ten stablecoins, with its market cap rising 34.2% to \$281mn after its price rose to a three-month high of \$0.044, before falling to \$0.027 following the latest lawsuit against Terraform Labs.

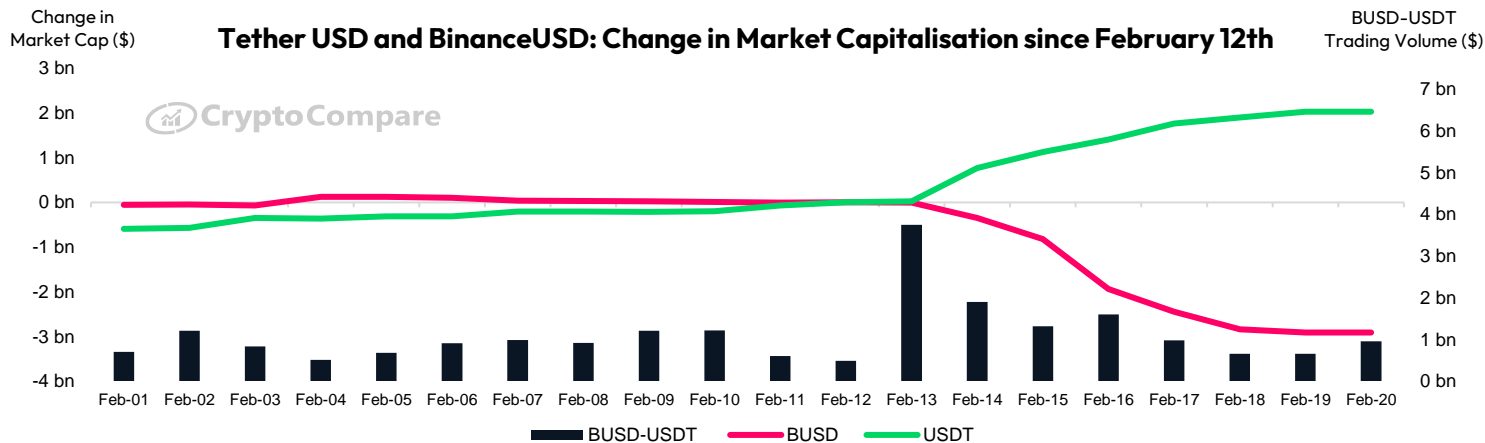
CBDCs Overview: February Events



- CBDC developments continued to surge in February with two new countries announcing plans to start pilot programs later this year. Russia and Japan are likely to initiate their pilot programs for their digital ruble and digital yen in April. Meanwhile, the Bank of Laos initiated the proof-of-concept for their CBDC currency, Digital Lao Kip (DLak) on February 7th.
- The Reserve Bank of India also gave the first update of their pilot CBDC program which was launched in December last year. The project has witnessed 770k transactions, while onboarding over 50,000 users and 5,000 merchants in two months.

BUSD and USDT: Change in Market Cap

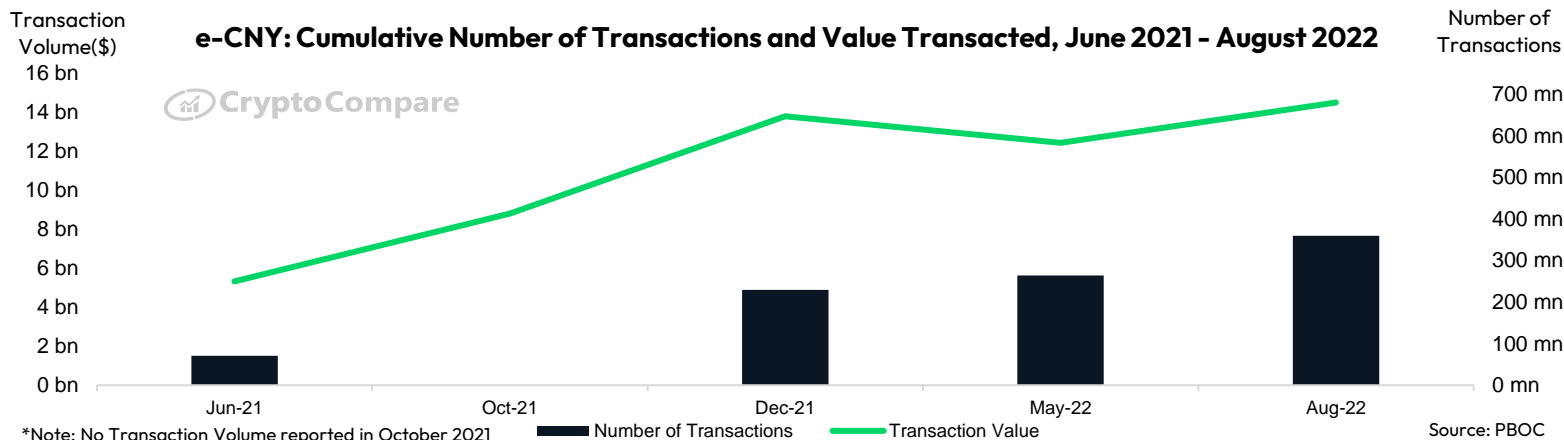
Paxos Ceases BUSD Minting Amid Scrutiny From SEC



- On February 12th, the SEC issued a Wells Notice to BUSD stablecoin issuer, Paxos, indicating a possible enforcement action on the charge that BUSD is an unregistered security. Paxos has since announced the halting of new BUSD mints, effective from February 21st. The lawsuit doesn't affect Paxos' other stablecoins – USDP and Pax Gold, suggesting that the regulatory body is only targeting BinanceUSD, which was also found to be undercollateralized for a period back in 2020 and 2021.
- The market capitalisation of BUSD, which is the third largest stablecoin, has fallen 18.0% to \$13.2bn since the announcement. Meanwhile, the market capitalisation of USDT has increased by \$2bn in the same period. This, combined with the 676% rise in BUSD-USDT volume on February 13th, suggests that a large part of the BUSD has been swapped for USDT on the exchange.

E-CNY: Transaction Value and Number of Transactions

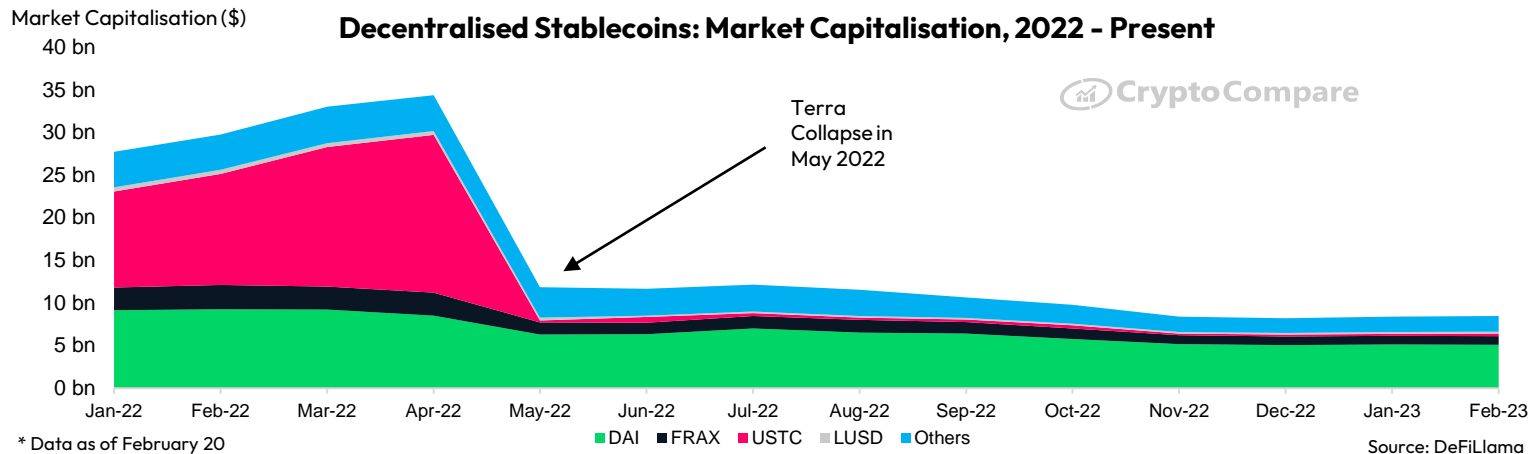
Are CBDCs Inevitable?



- With stablecoins currently under regulatory scrutiny and CBDC developments continuing to make progress, the adoption of digital currencies issued by central banks is of great interest. The Chinese CBDC, e-CNY, which is the most widely adopted CBDC in the world is now included in the latest money supply statistics, released in February. As of December 31st, 2022, there were 13.6bn e-CNY in circulation, which represented 0.13% of the 10.5tn yuan in the economy.
- However, the transaction volume and transaction value data as of August 2022, suggest that the adoption of the CBDC has been largely inactive with the value transacted only rising 14.1% to \$14.5bn from the start of the year. Similar negative reviews about the CBDC adoption were observed in Nigeria with only 0.5% of the population using the e-Naira, 15 months after its launch.

Decentralised Stablecoins: Market Cap

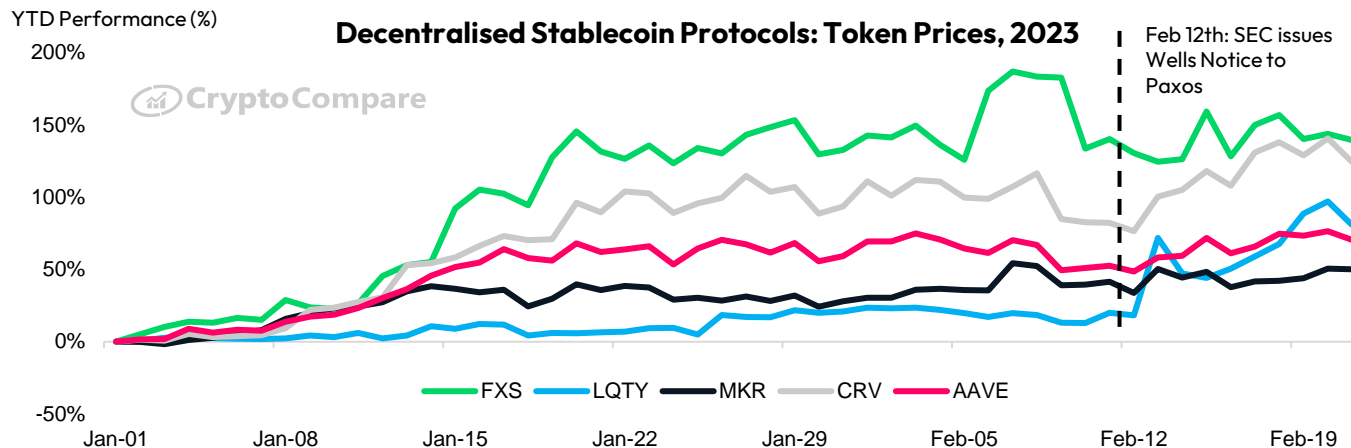
Can Decentralised Stablecoins Make a Comeback With Centralised Counterparts Under Scrutiny?



- In February, the market capitalisation of decentralised stablecoins rose 0.90% to \$8.46bn, recording the third consecutive monthly rise since November. The market share of decentralised stablecoins is currently at 6.23%, a long way off from its all-time high of 18.3% in April 2022, days before the Terra collapse.
- Binance CEO, Changpeng Zhao, has suggested that the stringent regulatory climate on centralised exchanges could see the re-emergence of algorithmic stablecoins. However, the sector has been dealt a blow with [the latest lawsuit against Terraform Labs](#) labelling TerraUSD as a security since it could be redeemed for LUNA. This type of tokenomics is commonplace amongst other algorithmic stablecoins.

Decentralised Stablecoins: Token Prices

Associated Protocols Relishes New Narrative from Stablecoin Regulation

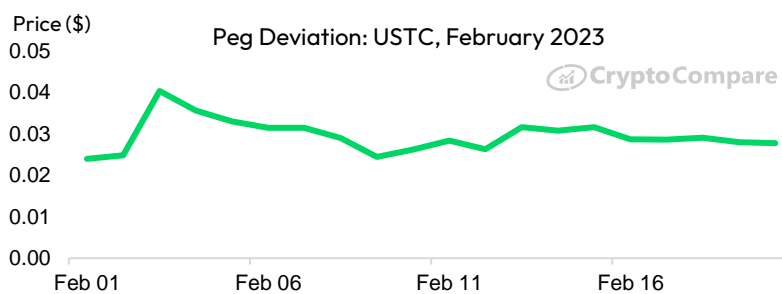
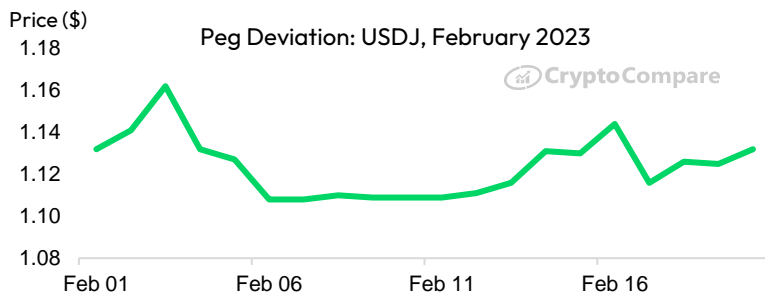
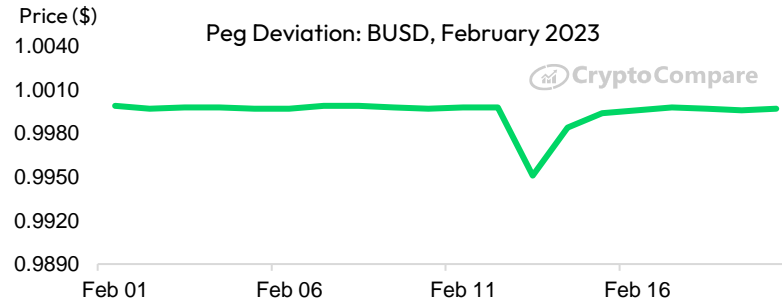
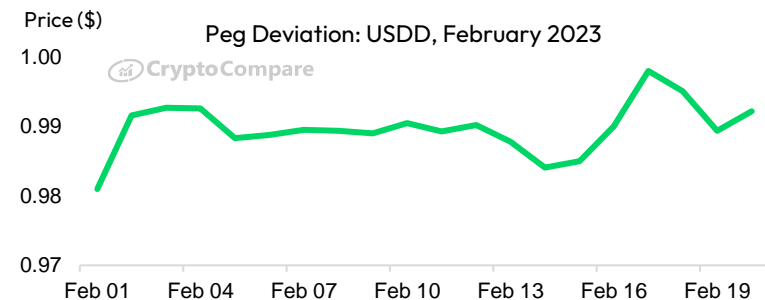


- With centralised exchanges under scrutiny from the SEC, the limelight has fallen back on decentralised stablecoins with associated protocols such as MakerDAO, FRAX, Liquity Protocol, and Curve seeing their token prices surge hours after the BUSD news broke out. Liquity Protocol (LUSD), which allows users to borrow interest-free loans paid out in LUSD, saw its token surge 66.6% since February 12th to \$1.04.
- Curve, the stableswap which is set to launch their stablecoin crvUSD this quarter, rose 36.4% since the announcement to \$1.27. FRAX, which employs a fractional stablecoin mechanism where the asset is partly backed by collateral, and part algorithmic, has been one of the best-performing assets this year with a return of 144%.

Stablecoins: Depegs

SEC Enforcement Actions Shakes Multiple Stablecoins

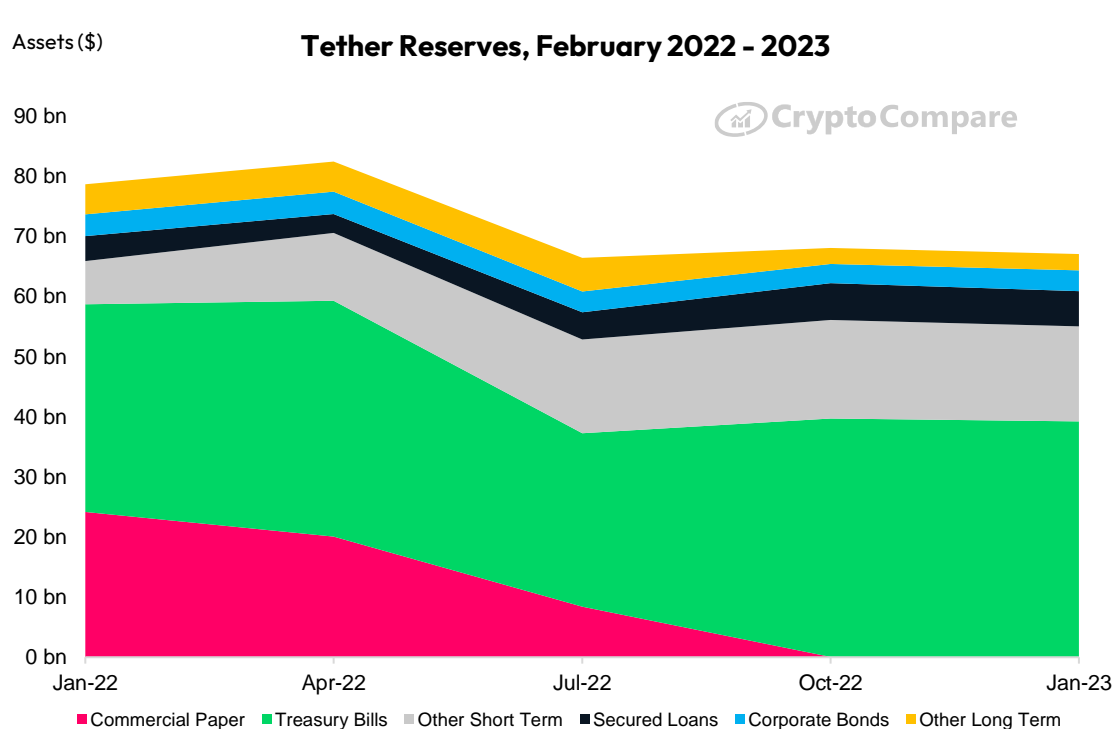
The SEC's action against Paxos' BUSD led the stablecoin to depeg to as low as \$0.9951 on February 13th, recording the largest depeg for the fully collateralized stablecoin since February 2022. USTC, which has been off its parity since the Terra collapse last year, saw its price rise to \$0.044 before falling to \$0.027 after the latest lawsuit against Terraform Labs. Tron stablecoins USDD and USDJ remain off their peg in February. Other notable depegs include the new Cardano stablecoin 'DJED', which fell as low as \$0.975, and the pegged asset of Platypus DeFi, USP, which was subject to a flash loan exploit on February 17th.



Stablecoins: Collateral

Tether Eliminates Commercial Paper in Collateral

- On February 9, Tether released their latest quarterly assurance opinion completed by the accounting firm BDO which confirmed that the group's assets exceed liabilities worth \$67.0bn. The total assets fell 1.49% in the quarter to \$67.1bn. The reserves data also shows that Tether has eliminated commercial papers from its balance sheet with 82.1% of the collateral held in short-term liquid assets including US Treasury Bills and cash deposits.
- Although Tether's short-term US Treasury bills holding declined to \$39.2bn this quarter- it now accounts for an all-time high share of 58.2% of the stablecoin reserves. The stablecoin issuer also announced \$700mn in profit last quarter.



Glossary

- **Stablecoins:** Cryptocurrencies whose value is pegged to another currency, commodity, or financial instrument.
- **CBDCs:** Government-backed digital currencies used by consumers and businesses
- **Centralised Stablecoins:** Stablecoins that are collateral backed with corresponding assets by a third-party custodian.
- **Decentralised Stablecoins:** Non-custodial stablecoins that are issued by a DeFi protocol or DAO.
- **Fiat-Backed stablecoins:** Stablecoins that are backed 1:1 by fiat currencies and other short-term assets.
- **Algorithmic stablecoins:** Stablecoins where price stability is achieved using specialized algorithms and smart contracts that manage the supply of tokens in circulation.
- **Crypto-backed stablecoins:** Stablecoins that are backed by another cryptocurrency as collateral. Most decentralised stablecoins that use smart contracts instead of relying on a central issuer are crypto-backed.

This report currently covers 97 stablecoins. This includes 16 centralized stablecoins including Tether, USDC, and BUSD. The rest of the 75 decentralised stablecoins covered in this report include DAI, MIM and USTC.

The report covers 22 fiat-backed stablecoins, 16 algorithmic stablecoins, and 59 crypto-backed stablecoins.

As of February 2023, the trading volume data consists of the 33 stablecoins that are currently trading on the centralized exchanges integrated with CryptoCompare API.

For research inquiries contact
research@cryptocompare.com

For enterprise inquiries contact
sales@cryptocompare.com

For enterprise support contact
enterprise-support@cryptocompare.com



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