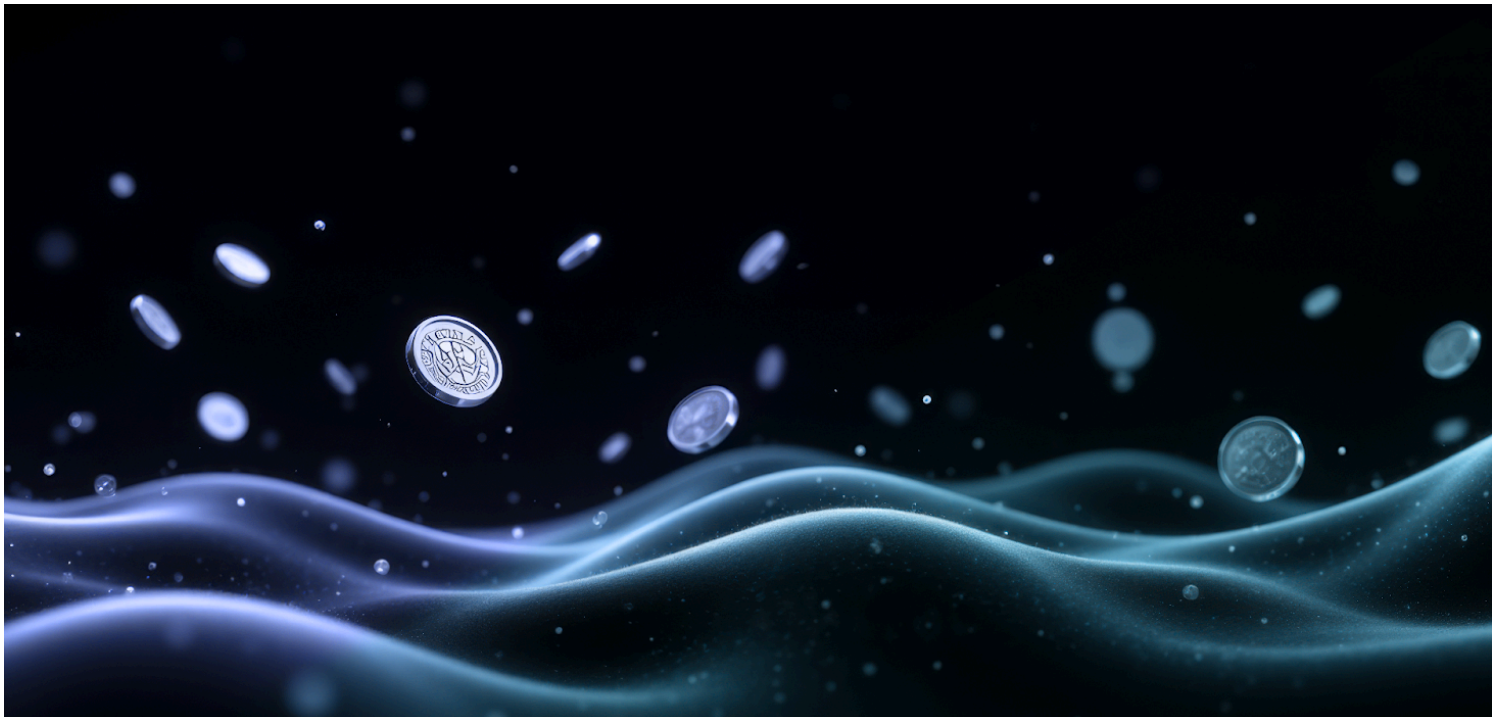
Alliance for Innovative Regulation

SHAPING THE FUTURE OF STABLECOIN OVERSIGHT

Event Recap Report • September 16, 2025 • Washington, D.C.



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In September, AIR convened a roundtable on *Shaping the Future of Stablecoin Oversight*. About 45 diverse voices exchanged insights, opportunities, concerns, and questions. The event was held under Chatham House rules.

PARTICIPATION AND GOALS

Participants represented a wide range of entities that are either driving or affected by the rapid rise of stablecoins. The group was exceptionally diverse, including stablecoin issuers, large banks, small bank trade groups, fintechs and fintech trade groups, major payments companies, international organizations, consumer advocates, and several regulators. These organizations are at strikingly different stages of engagement with the topic of stablecoins, ranging from some of the world's leading issuers to entities that are essentially new to the topic but planning to engage in shaping policy. There is clearly a strong appetite for connection, dialogue, and clarity.

The two-hour conversation aimed to surface key questions, without attempting to reach answers. Seven broad themes emerged from the rich discussion. We have summarized them below as a basis for shaping next steps and deeper collaboration.

Follow-up Activities

AIR is exploring holding more stablecoin roundtables and/or a TechSprint to delve deeper on key topics. We will welcome input regarding issues to prioritize and people to engage. We have also launched a stablecoin project in Africa and invite discussion with entities involved in that arena. Please continue to share your expertise, curiosity, and commitment to collaboration. It takes a community to tackle complex challenges.

THEMES EMERGING FROM THE ROUNDTABLE

1. Shift from Fringe to Mainstream

The stablecoin landscape is evolving quickly and drawing intense attention from regulators, banks, fintechs, payment providers, consumer advocates, and investors. Many stakeholders remain in early exploration, seeking to understand the technology, explore and test use cases, and envision regulatory frameworks that enable both innovation and consumer protection. Many also approach the space with risk concerns and skepticism about the value of use cases. Meanwhile, experienced actors are exploring retail and wholesale applications, risk remediation strategies, and AI-driven autonomous transactions. There is optimism that the technology will become a new layer of payments infrastructure that will be superior to current rails in terms of cost, speed, efficiency, and capabilities arising from programmability and composability.

TAKEAWAYS 💡

The stablecoin ecosystem is broad and global. Ensuring a safe, inclusive environment requires expanding access to knowledge and fostering open dialogue. An informed community is the strongest foundation for sound policy and responsible innovation.

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2. Global Use Cases - The Promise of Financial Inclusion

Stablecoins offer real promise for financial inclusion, particularly in emerging markets where they can lower costs, facilitate cross-border transfers and supply chain payments, and help address volatility of local fiat currencies. Adoption is uneven, with some regions advancing quickly and others still experimenting or building foundational knowledge. Infrastructure gaps and uneven digital maturity mean the benefits are not guaranteed. Stablecoin systems must be intentionally designed — with interoperability, low fees, and strong consumer education — to deliver meaningful inclusion. Otherwise, the same mechanisms could widen inequalities or expose vulnerable populations to new risks.

TAKEAWAYS 💡

There is a clear need for dialogue and collaboration as the global stablecoin landscape continues to evolve. Establishing forums for shared learning will strengthen the broader community, while smaller working groups can drive deeper exploration of global use cases and further evaluate both the promise and the risks for governments, financial institutions and consumers.

3. Global Regulation is Foundational

The rise of stablecoins will have significant implications for the global economy, making cross-border regulatory cooperation essential. In the U.S., the GENIUS Act has clarified the legal framework, but international regimes diverge. Without greater alignment, risks to monetary sovereignty, liquidity, and financial stability will deepen, as will vulnerabilities to financial crime.

TAKEAWAYS 💡

Because stablecoins enable real-time cross-border fund movement, establishing global standards, harmonized rules, and robust governance frameworks is essential.

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4. Legal Protection and Trust

A major concern is the need to clarify legal liability regarding stablecoin transactions in which problems arise. More broadly, there is consensus that consumer protection is central to the future of stablecoins, which means that perceptions of safety and convertibility are critical. Building trust will require effective redress mechanisms and transparent custody models. Disputes & errors, custody models, reserve safety & redemption, and liability are among the consumer challenges that will need to be addressed.

TAKEAWAYS 💡

Trust in stablecoins is multi-dimensional. It rests on transparent reserves, effective redress, clear liability, and consumer education — but also on perceptions that can themselves sustain or destabilize value. A holistic consumer protection framework is essential to build confidence and ensure stablecoins grow in a safe, responsible way.

5. Financial Crime

On-chain transactions may increase opportunities for illicit activity, but they also create new avenues to detect and combat financial crime. Stablecoins, paired with advances in privacy-enhancing technologies (PETs), can support more effective data sharing and interoperability. Achieving this potential will require cross-sector cooperation — including financial services, telecom, and social media. Existing blockchain and cryptocurrency risk management and compliance tools can provide a foundation for monitoring stablecoin activity. The increasing risks will almost certainly spur an escalation of focus on creating digitally-based, reliable identity verification and spurring widespread adoption.

TAKEAWAYS 💡

As cryptocurrencies and stablecoins intersect with traditional finance, blockchain analytics firms have an opportunity to educate stakeholders on current tools and techniques. Beyond education, advancing interoperability and fostering cross-sector collaboration will be critical to building effective safeguards.

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6. Banking Industry Impact

There is considerable concern that stablecoin adoption could negatively affect banks of all sizes. On the one hand, many banks welcome the GENIUS Act and other recent policy changes that enable more engagement with digital assets and stablecoins. At the same time, many also worry about increased competition for deposits, and especially about the potential that the law will allow indirect payment of interest on stablecoin deposits, despite barring it. As U.S. legislation and regulatory oversight continue to take shape, traditional banks may also face disadvantages due to strict BSA/AML requirements. Larger global institutions may be better positioned to leverage wholesale and commercial stablecoin transactions, while regional and community banks could struggle to compete. Significant outflows of traditional deposits could have serious consequences for credit markets and the broader economy. While stablecoins may expand financial inclusion and offer societal benefits, they could also create significant challenges for banks.

TAKEAWAYS 💡

U.S. banks — especially regional and community institutions — must evaluate the potential business and economic impacts of widespread stablecoin adoption.

7. AI Agents as Economic Actors - An Emerging Frontier

The intersection of stablecoins and agentic AI represents an emerging frontier in financial services. Agents are already being deployed to procure data, request content, and initiate payments. Stablecoins could soon enable these transactions at scale accelerating the shift to human-less financial flows. These developments will surface policy gaps. Identity verification must evolve from Know Your Customer (KYC) to Know Your Agent (KYA), built on the ability for parties to verify that a given agent is in fact empowered to act on behalf of the identified party. Liability must be clarified and new guardrails, escalation paths, and auditing mechanisms are required. The challenge is to strengthen trust and oversight without imposing unsustainable costs on banks and other intermediaries.

TAKEAWAYS 💡

AI-driven autonomous transactions remain nascent but are fast approaching relevance. Preparing now is essential: robust digital identity, accountability frameworks, and practical guardrails will determine whether this new frontier strengthens or undermines trust in the financial system. Progress will require deep collaboration between the public and private sectors.

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