

STABLECOINS: IMPACT ON U.S. TREASURY MARKET

Understanding How Stablecoin Usage Translates into Treasury Demand

July 2026

KEY TAKEAWAYS

1. Today's stablecoin market totals roughly \$295 billion in supply, supporting an estimated \$170 billion in U.S. Treasury exposure. This gap highlights that headline issuance figures overstate the direct pass-through to Treasury demand and underscores the importance of distinguishing between gross supply and incremental impact.
2. Stablecoin use cases determine whether demand is substitutive or incremental. Yield-bearing stablecoin balances, particularly those held domestically on centralized exchanges, may act as substitutes for bank deposits or money market funds. In contrast, applications such as payments, DeFi infrastructure and dollar savings by non-U.S. users more directly generate demand for U.S. Treasuries.
3. Stablecoins should be analyzed as dollar infrastructure within a shifting regulatory and institutional landscape. As institutional adoption accelerates and the regulatory framework continues to evolve, stablecoins increasingly function as settlement, liquidity and funding infrastructure, not merely as reserve-backed assets used within the crypto economy. Understanding this structural role is essential for assessing the long-term implications of stablecoins for U.S. funding markets and Treasury demand.

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ABOUT

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Citizens Financial Group is one of the oldest and largest financial institutions in the United States, serving individuals, businesses and institutions with a full suite of retail, private banking, wealth management and commercial banking solutions. With deep expertise in fintech and digital assets, Citizens supports industry participants with a broad range of investment banking capabilities including financing, capital markets and M&A advisory services. In addition, the bank's global markets team delivers sophisticated hedging and risk management solutions across foreign exchange, interest rates and commodities – helping clients navigate volatility, manage balance sheet risk and execute strategic growth.

Allium

Allium gives enterprises the simplest, fastest way to access onchain data without building data pipelines or using patchwork solutions. Allium ingests raw blockchain data, normalizes anomalies across chains and serves it via standardized datasets customers can access via queries, dashboards, APIs, datashares and streaming feeds. Allium provides broad coverage across 100+ blockchains and enriched datasets tailored to specific use cases like lending and stablecoins, built on SOC 1 and 2 certified pipelines with rigorous accuracy checks. Our customers include Visa, Stripe, Coinbase, Circle, Phantom, Metamask (Consensus), Uniswap and Grayscale.

OVERVIEW

Stablecoins increasingly function as global dollar infrastructure with direct implications for the U.S. Treasury market. USDT and USDC, the largest dollar-denominated stablecoins, are primarily supported by short-dated U.S. Treasury bills and Treasury-collateralized reverse repurchase agreements. Growth in stablecoin supply therefore creates a direct, though often misunderstood, link to demand for U.S. Treasury securities.

Today, outstanding stablecoin supply totals approximately \$295 billion. At this scale, stablecoin reserve flows have not materially distorted the \$6.8 trillion U.S. Treasury bill market. However, Treasury Secretary Scott Bessent has estimated that the stablecoin market could grow to \$3 trillion by 2030. As issuance grows and reserve frameworks standardize, stablecoins may become a persistent, price-insensitive source of demand at the front end of the U.S. yield curve.



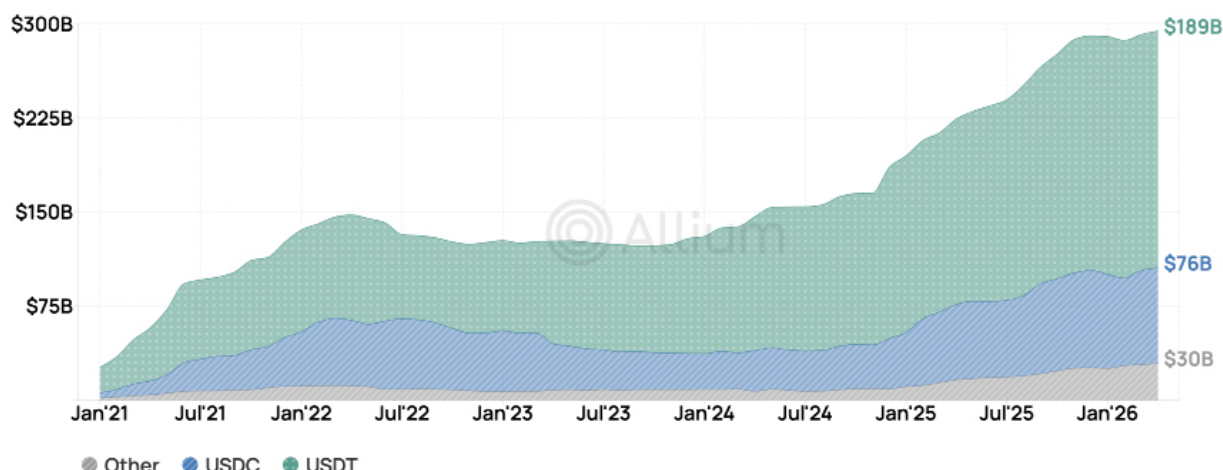
Stablecoins will expand dollar access for billions across the globe and lead to a surge in demand for U.S. Treasuries.”

- Scott Bessent, Secretary of the Treasury
U.S. Department of the Treasury

Public discussion often assumes stablecoin growth translates mechanically into increases in U.S. Treasury demand via reserve backing, but this assumption overstates the impact. In practice, the Treasury footprint of stablecoins depends not on issuance alone, but on who holds them, for what purpose and what traditional instruments they replace.

Stablecoin Supply by Asset (\$B)

Monthly, Jan 2021 – Apr 2026 (USD)



Source: Allium, Apr 2026.

Note: Verified USD stablecoins. Other includes USDS, DAI, USDe, USD1, PYUSD, etc.

Measuring Impact on Treasury Demand

This report estimates that today's approximately \$295 billion in stablecoin supply corresponds to roughly \$170 billion in incremental demand for U.S. Treasuries, rather than the full headline amount. Stablecoins that substitute for money market funds or brokerage cash generate limited net new Treasury demand, while those used for payments, dollar savings, collateral and onchain operations more clearly represent incremental demand.

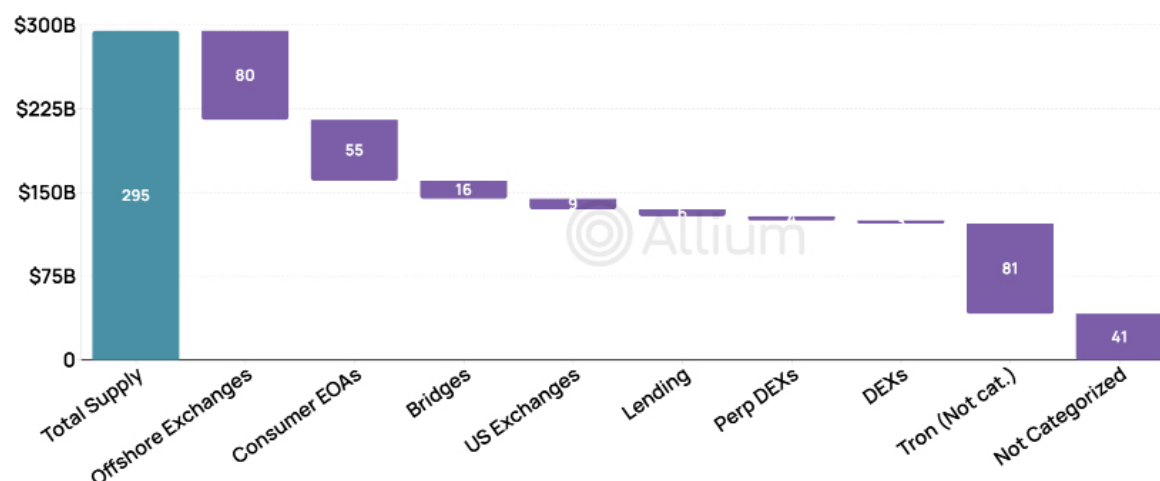
We arrive at the ~\$170 billion estimate by:

1. Classifying stablecoin supply by usage using Allium wallet and transaction labeling
2. Assigning Treasury impact factors to each category reflecting reserve backing via Treasury bills, Treasury reverse repo and bank deposits while accounting for substitution behavior

Payment-driven usage on networks such as Tron, self-custodial wallets and protocol-level infrastructure exhibit the most durable and price-insensitive Treasury demand. By contrast, exchange-held balances, particularly in the U.S., remain substitutive. The classifications constructed for this analysis are intended to reflect these distinctions and provide a framework for assessing how stablecoins shape dollar funding and financial intermediation.

Stablecoin Supply Breakdown (\$B)

As of April 2026 (USD)



Source: Allium, Apr 2026.

Note: Categorized supply covers USDC + USDT only; Consumer EOAs = non-exchange, non-contract wallets on Ethereum. Not Categorized = unlabeled USDC/USDT wallets plus other USD stablecoins (USDS, USDe, DAI, USD1, PYUSD, USDG, USDF, RLUSD, GHO). Treat labels as lower bounds – \$122B of supply is not categorized.

Stablecoin Treasury Impact Analysis

USD stablecoin TVL by category and net Treasury impact, as of April 2026



Category	Stablecoin TVL (\$B)	Stablecoin Factor	Substitution with MMF	Treasury Impact Factor	Net Treasury Impact (\$B)
US Exchanges	\$9.4	0.71	30%-50%	0.42	\$4.0
Offshore Exchanges	\$79.8	0.74	10%-30%	0.59	\$47.4
Lending	\$6.2	0.72	10%-30%	0.58	\$3.6
Decentralized Exchanges (DEXs)	\$2.7	0.72	0%-5%	0.70	\$1.9
Perpetual Futures DEXs	\$3.8	0.70	0%-5%	0.68	\$2.6
Bridges	\$16.2	0.71	0%-10%	0.67	\$10.9
Consumer EOAs (Ethereum)	\$54.5	0.73	0%	0.73	\$39.8
Tron (Not Categorized)	\$81.0	0.75	0%	0.75	\$60.8
Not Categorized	\$41.4	0.46	10%-20%	0.39	\$16.2
Total	\$295.0	—	—	0.58	\$170.9

Source: Allium (Stablecoin TVL); Citizens Bank Analysis (Stablecoin Factors, MMF Substitution, Net Treasury Impact). Apr 2026.

Note: TVL = supply of stablecoin tokens classified under each category. Stablecoin Factor = Treasury bills held as reserves against each token (methodology in Appendix). Treasury Impact Factor = Incremental Treasury Bill demand per token, after potential MMF substitution. USDT + USDC only outside Not Categorized.

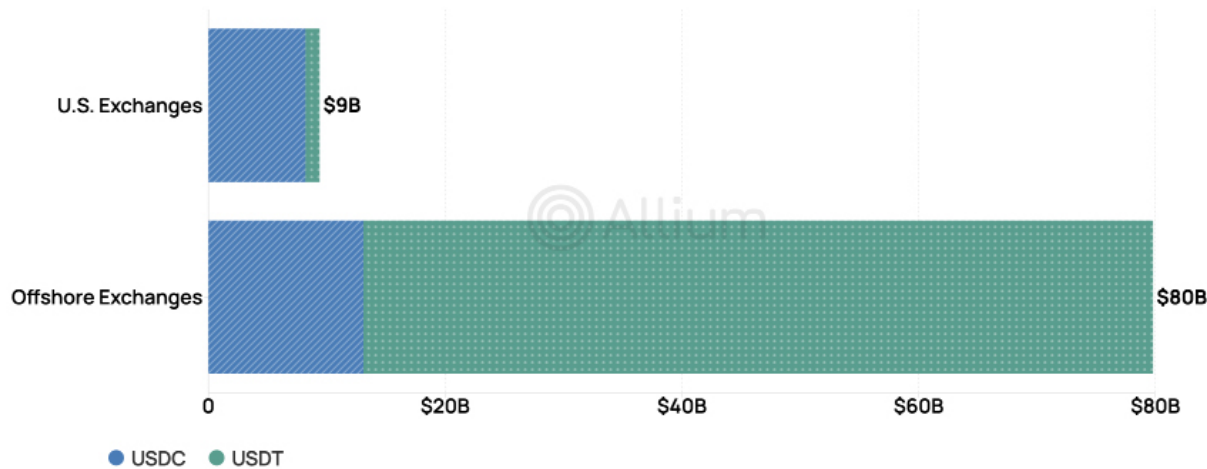
The report presents a snapshot in time. Stablecoin distribution and reserve composition are highly sensitive to regulation, yields and industry structure. Because the dataset is composable, assumptions can be adjusted to re-estimate Treasury demand under alternative futures.

EXCHANGES

Centralized cryptocurrency exchanges collectively hold \$89 billion in USD stablecoins. These balances function as trading liquidity, margin collateral and idle cash earning yield. While economic structures are broadly similar across venues, the impact on U.S. Treasury demand can differ between U.S.-domiciled and offshore exchanges.

U.S. vs Offshore Exchange Stablecoin Holdings (\$B)

As of April 2026 (USD)



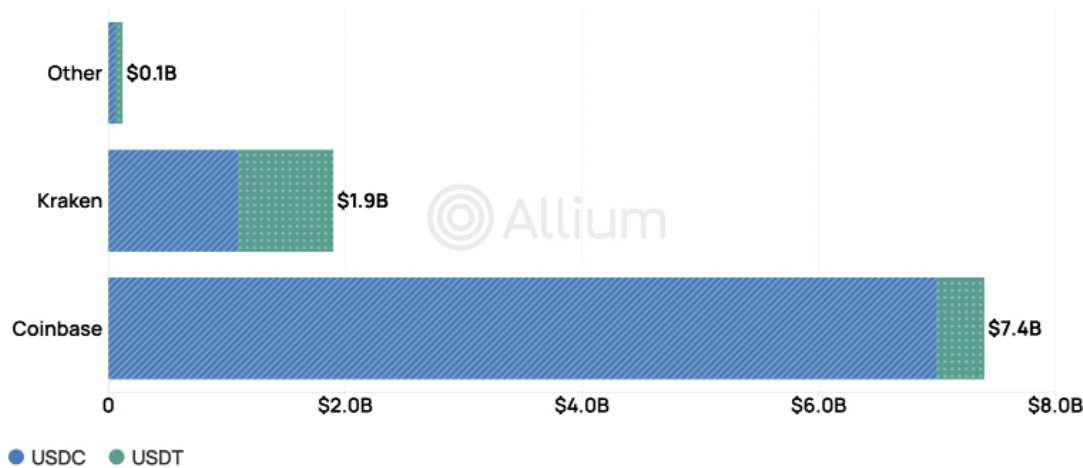
Source: Allium, Apr 2026.
Note: USDC + USDT only. Based on identity labels across all chains.

U.S. Exchanges

Among U.S. exchanges, Coinbase accounts for the majority of stablecoin balances, held primarily in USDC. Coinbase offers ~3.5% APY on USDC, funded indirectly by a revenue-sharing agreement with Circle. This structure closely resembles brokerage money market sweep programs, where idle cash can earn cash-like rates while remaining instantly deployable. Both models are backed by high-quality liquid assets, offer immediate liquidity and lack FDIC insurance. A primary distinction lies in risk: stablecoin holders bear issuer, de-pegging and exchange risks.

U.S. Exchange Stablecoin Holdings (\$B)

As of April 2026 (USD)



Source: Allium, Apr 2026.
Note: USDC + USDT only. Based on identity labels across all chains.

U.S. users of domestic exchanges hold ~\$9B in USD stablecoins. These balances overlap with bank deposits and money market funds, though they represent a very small fraction of the more than \$19T in total U.S. bank deposits today.¹ To the extent stablecoins substitute for money market funds, the net impact on Treasury demand may be marginally subtractive, as money market funds hold a higher proportion of short-dated Treasuries than Circle. By contrast, substitution away from bank deposits increases Treasury demand, but at the expense of traditional bank balance sheets and credit intermediation capacity.

Assumption: 60% of U.S. exchange balances reflect substitution away from bank deposits while the remaining 40% reflect substitution for money market funds.

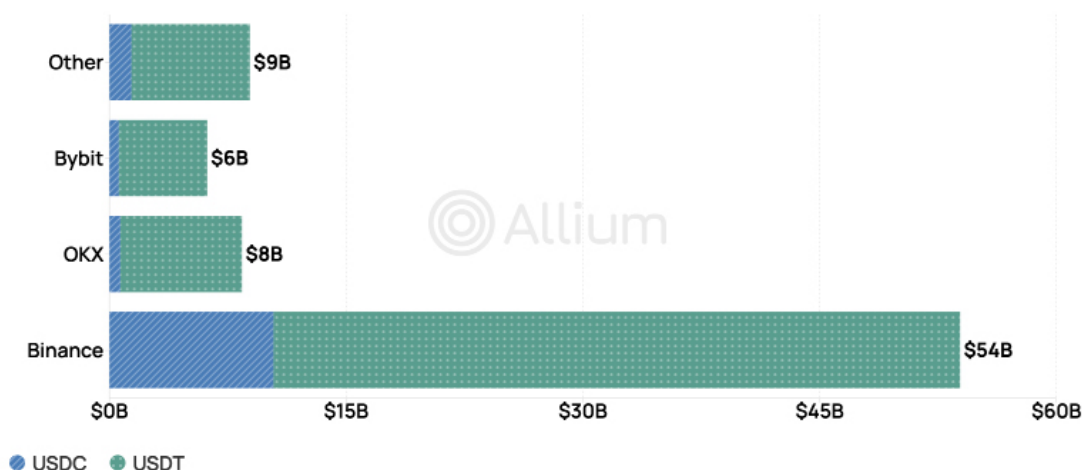
Offshore Exchanges

Binance dominates offshore exchange TVL at \$54 billion, and balances are concentrated in USDT, rather than USDC. Offshore exchange economics are less transparent, and Tether, the issuer of USDT, does not disclose revenue-sharing agreements, but Circle's S-1 discloses that Binance receives a "mid-double-digit- to high-double-digit-percentage" of a SOFR-linked rate on USDC balances. Exchange users can typically earn mid-single-digit yields on stablecoin balances, compensating for higher exchange-specific risk and supplemented by exchange-funded incentives, as was common prior to the collapse of FTX.

Offshore Exchange Stablecoin Holdings (\$B)

As of April 2026 (USD)

Allium



Source: Allium, Apr 2026.

Note: USDC + USDT only. Based on identity labels across all chains.

Major offshore exchanges including Binance geoblock U.S. jurisdictions, and foreign exchanges are generally funded by non-U.S. users with limited access to U.S. dollar banking and brokerage products. Foreign users largely fund stablecoin balances via local-currency conversion, rather than reallocating existing dollar assets.

Assumption: low substitution for traditional dollar instruments.

Evolving Regulatory Landscape

The GENIUS Act allows issuers to share revenue with intermediaries (like exchanges and fintechs) and, in some cases, pass reserve yield through to end users. If future regulation (e.g., CLARITY Act variants) prohibits yield pass-through, compliant stablecoins would become non-interest-bearing despite money-market-style reserves.

Under such conditions, U.S. users would likely reallocate idle balances towards bank deposits, money market funds, offshore exchanges and DeFi protocols. Such an outcome would reduce stablecoin-driven Treasury demand but improve traditional bank liquidity, highlighting a fundamental policy trade-off between maximizing Treasury funding and sustaining bank-based monetary transmission and private-sector credit creation.

CONSUMER EOAS ON ETHEREUM

Externally owned accounts (EOAs) are self-custodial wallets in which users hold stablecoins directly, outside of centralized exchanges and smart contracts, accounting for \$54.5 billion in stablecoin supply. Consumer EOAs in this analysis refer only to filtered Ethereum EOAs based on Allium's labeled dataset. These balances are predominantly non-yielding and are used for payments, settlement, savings and liquidity management. EOAs store dollar-denominated value that is readily deployable to DeFi or for transacting onchain. For non-U.S. users, EOAs also provide primary access to dollars and facilitate cross-border payments and even local merchant activity.

Because EOA stablecoins do not typically earn yield, substitution with money market funds is limited. However, these balances can overlap with bank deposits. EOAs are like onchain checking accounts but without FDIC insurance and with additional custody and protocol risks borne by users.

In a return to a zero-interest-rate environment, EOAs could meaningfully compete with money market funds. Separately, non-GENIUS-compliant yield-bearing stablecoins like sUSDe can draw capital from yield-bearing cash-like instruments, though their distinct risk profiles imply limited direct substitution. As with lending, substitution may rise under alternative market and/or regulatory conditions.

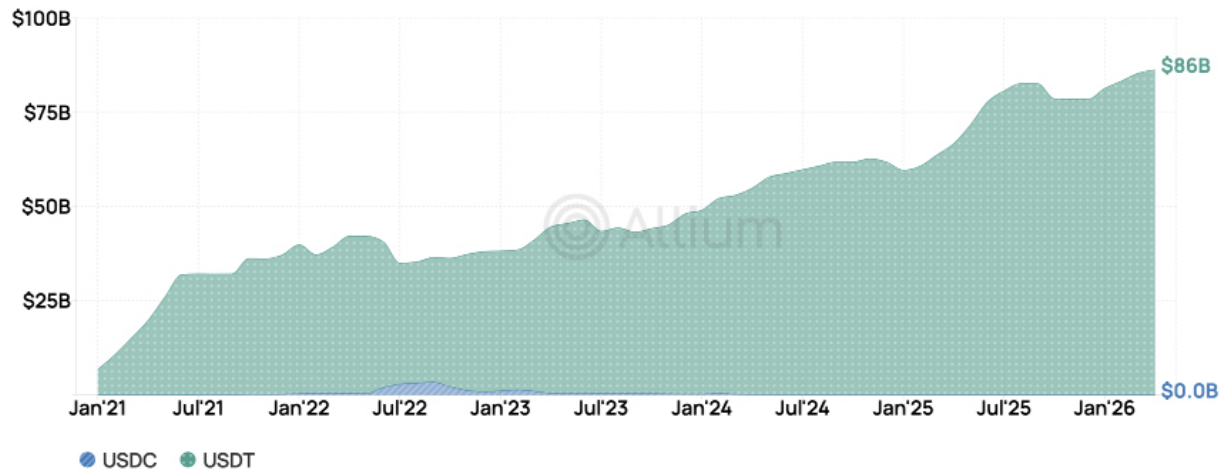
Assumption: no substitution for money market funds.

TRON

Tron hosts one of the largest concentrations of stablecoin balances at \$86 billion, primarily in USDT. \$81 billion is not categorized. Unlike major blockchains including Ethereum and Solana, where stablecoins are heavily embedded in DeFi and infrastructure, Tron DeFi activity is limited aside from the JustLend protocol.

Stablecoin Supply on Tron (\$B)

Monthly, Jan 2021 – Apr 2026 (USD)



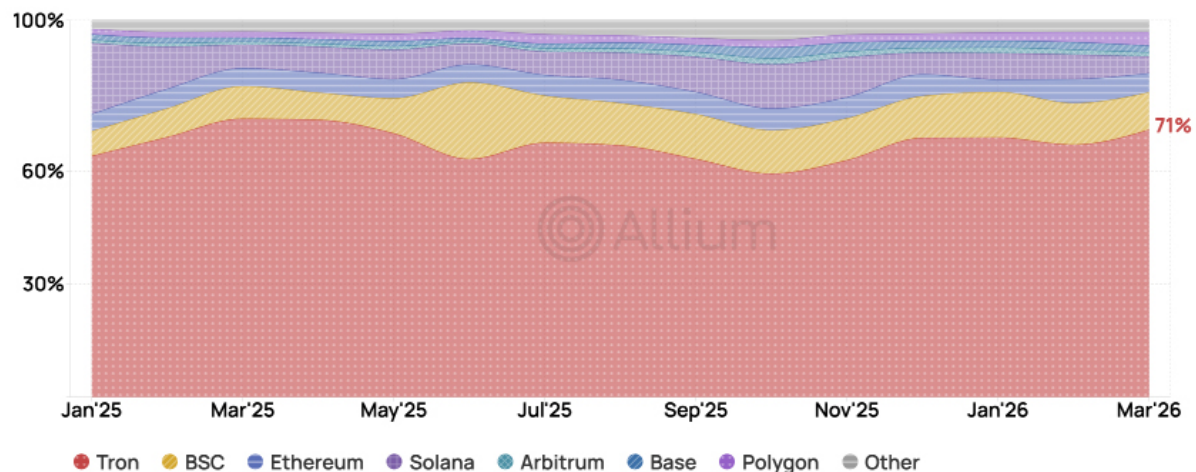
Source: Allium, Apr 2026.

Note: USDC on Tron peaked at \$3.4B (Sep 2022), now <\$0.04B. Tron is the second-largest chain for stablecoins after Ethereum.

Tron functions primarily as a low-cost, high-throughput payment and dollar-storage rail, particularly in emerging markets and regions with limited banking access. Tron stablecoins are predominantly used for peer-to-peer payments, cross-border settlement, merchant activity and offshore dollar savings.

Stablecoin Payment Volume by Chain (%)

Monthly, Jan 2025 – Mar 2026



Source: Allium, Apr 2026.

Note: Filtered transfers – excludes CEX, DeFi, infrastructure, bots, round-trips, and intra-protocol activity. USDC + USDT.

USDT on Tron behaves less like a financial asset and more like digital cash, circulating frequently and settling obligations rather than purposed for yield or collateralization. Because these balances primarily substitute for local currency, cash and informal dollar instruments, Tron-based stablecoin usage represents one of the clearest and most significant drivers of incremental U.S. Treasury demand.

Assumption: no substitution for money market funds.

DECENTRALIZED FINANCE (DEFI)

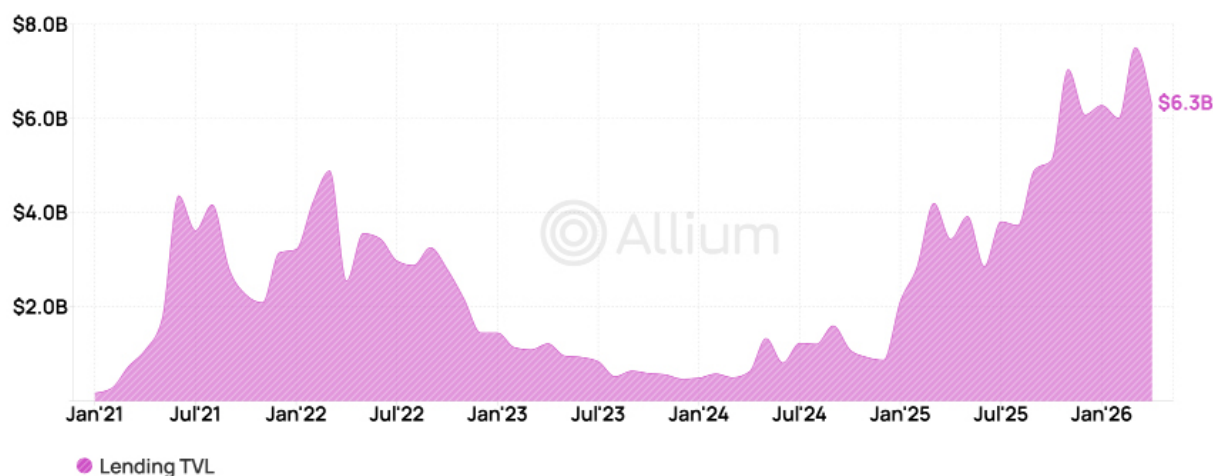
Lending

Decentralized lending platforms such as Aave and Morpho allow users to lend or borrow stablecoins against overcollateralized positions. Loans are overcollateralized to incentivize repayment, building positive token balances across lending smart contracts. To avoid double counting, borrowed tokens are excluded; only stablecoins held within lending smart contracts are considered.

Stablecoins in Lending Protocols (\$B)

Monthly, Jan 2021 – Apr 2026

Allium



Source: Allium, Apr 2026.

Note: USDC + USDT only. Lending protocol TVL – Aave, Compound, Morpho, JustLend, Kamino, etc.

Current supply yields on major protocols are generally below T-bill yields, suggesting that lenders are not substituting for higher-yielding money market instruments. Instead, users appear motivated by onchain liquidity, borrowing access or limited alternatives.

Historically, supply rates have periodically approached or exceeded T-bill yields, and products such as Aave's sGHO may be implicitly subsidized by underlying Treasury-backed collateral. We assign low substitution today but recognize this is a function of market conditions.

Assumption: low substitution for money market funds.

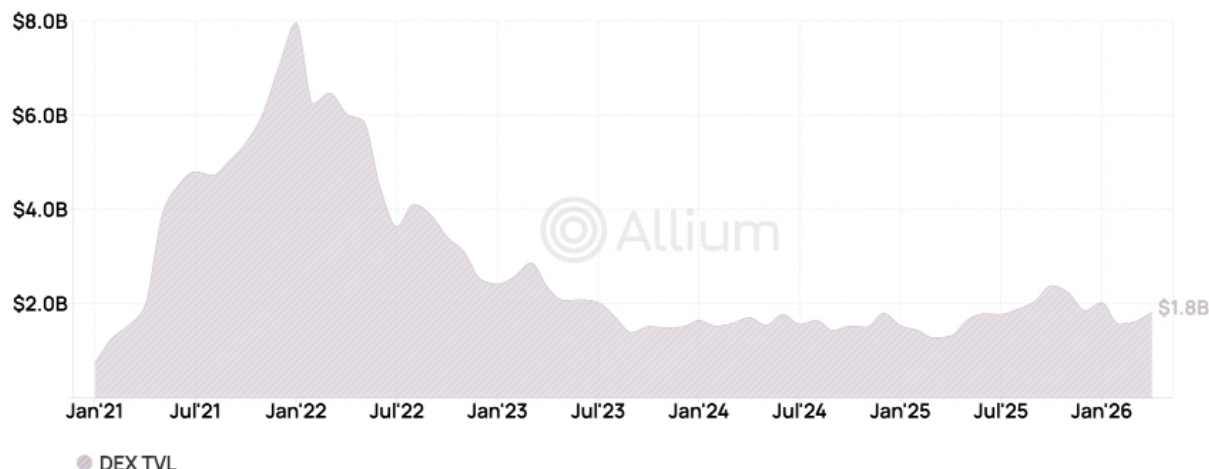
Decentralized Exchanges (DEXs)

With automated market makers, users can trade against liquidity pools rather than order books. Liquidity providers deposit token pairs to facilitate trading and earn fees, often pairing assets with stablecoins to enable dollar-denominated trading. Additionally, stablecoin-stablecoin pools (USDC/USDT on Curve) facilitate efficient swaps between different dollar-pegged tokens.

Stablecoins in DEX Pools (\$B)

Monthly, Jan 2021 – Apr 2026

Allium



Source: Allium, Apr 2026.

Note: USDC + USDT only. DEX pool TVL – Uniswap, Curve, PancakeSwap, Orca, Raydium, SunSwap, etc.

AMM liquidity provision entails risks including impermanent loss, smart-contract failures and de-pegging that lack TradFi equivalents and justify yield premiums above money-market rates. As a result, we assume there is no meaningful substitution for existing cash-like dollar instruments.

Stablecoin AMM TVL has fallen sharply over recent years, but several factors may drive renewed growth. Real-world asset tokenization creates significant growth potential, as onchain liquidity for these assets will most likely require pairing with stablecoins. Uniswap v4's singleton architecture should strengthen USD stablecoin dominance by enabling efficient multi-hop swaps (EURC → USDC → Token XYZ), making USD stablecoins the universal routing currency even for non-dollar transactions.

Assumption: minimal substitution for traditional dollar instruments.

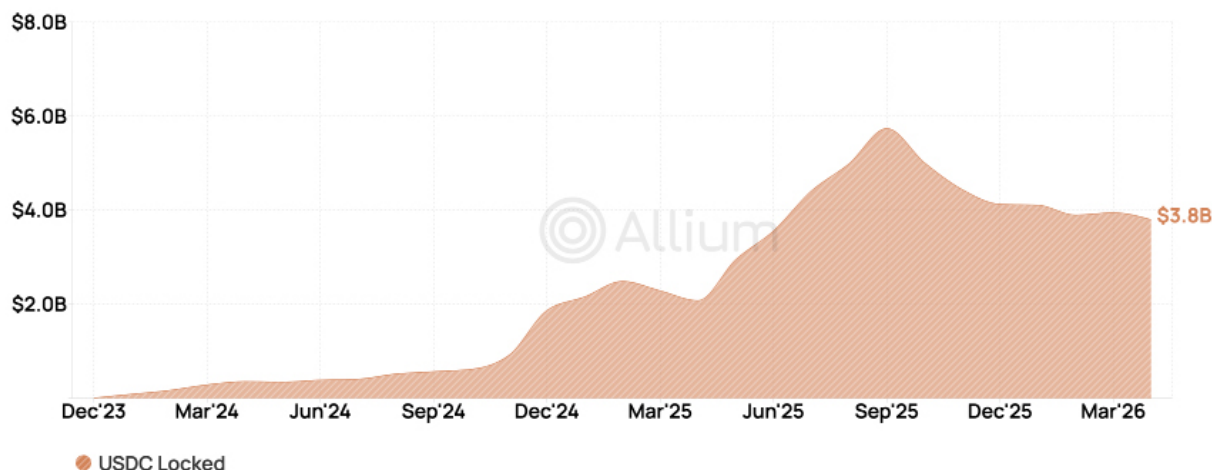
Perpetual Futures DEXs

Perpetual futures enable leveraged trading, with decentralized perpetual exchanges (Perp DEXs) relying primarily on stablecoins as margin collateral. Approximately \$3.8 billion of stablecoins are held on Hyperliquid, the leading Perp DEX, primarily in USDC.

USDC Locked in Hyperliquid (\$B)

Monthly, Dec 2023 – Apr 2026 (USD)

Allium



Source: Allium, Apr 2026.

Note: Bridge contract 0x2Df1...3dF7 on Arbitrum. Peaked at \$5.7B in Sep 2025.

Today, these balances are not meaningfully substituting for money market-like instruments. Most major platforms geoblock U.S. users, cryptocurrencies have historically accounted for most trade volume, and stablecoin yield is funded by protocol fees and incentives rather than reserve revenue, limiting overlap with traditional brokerage or futures account sweeps.

However, regulatory clarity could open Perp DEXs to U.S. participants, real-world asset markets are rapidly growing, and emerging issuer proposals, including those submitted in the RFP for USDH, point to yield pass-through. Given current use patterns, we assume minimal substitution today, but this should be revisited as product scope, regulatory access and yield mechanics evolve.

Assumption: minimal substitution for traditional dollar instruments.

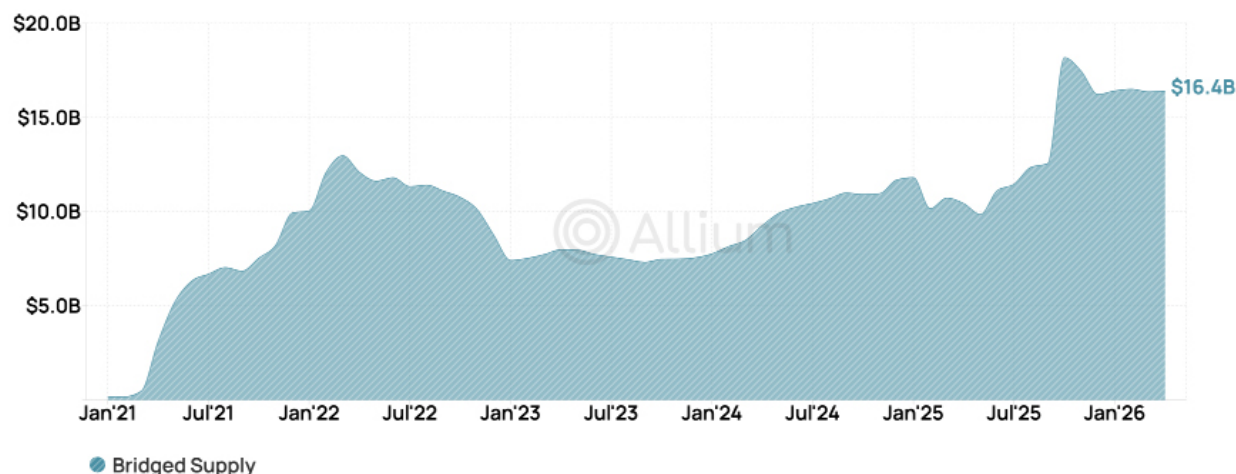
Bridges

Cross-chain bridges facilitate the movement of stablecoins between blockchains and are commonly used to extend stablecoin availability to new or developing ecosystems. In practice, the majority of bridged stablecoin balances today are concentrated in a small number of systems, including canonical Layer-2 bridges, generalized interoperability protocols such as Wormhole and Axelar and issuer-managed bridge solutions such as Tether's USDT0. About half of balances represented in this category map to the Binance Smart Chain.

Bridged Stablecoin Supply (\$B)

Monthly, Jan 2021 – Apr 2026 (USD)

Allium



Source: Allium, Apr 2026.

Note: USDC + USDT only. Bridged token supply (Wormhole, Axelar, canonical L2 bridges, USDT0, etc.).

Many bridges function as lock-and-mint mechanisms, where stablecoins are locked on a source chain (typically Ethereum) and represented by derivative tokens on a destination chain. The derived token is not backed by reserves, so to avoid double counting we exclude bridge balances included in other categories, such as USDC bridged to Hyperliquid.

The derivative nature of bridged tokens implies strict transactional or collateral utility and a lack of yield-sharing by the stablecoin issuer. Bridges incentivize stablecoin deposits by distributing yield funded by bridge fees, but high exploit risk characterizes a unique risk/reward profile that differs significantly from money market funds.

Assumption: no substitution for traditional dollar instruments.

SUPPLY NOT CATEGORIZED

The \$41 billion remainder includes unlabeled balances across smaller blockchains and stablecoin issuers, as well as distinct usage patterns that aren't large enough to merit standalone treatment in this snapshot.

Unlabeled supply comprises a material share of stablecoin balances across long-tail chains and issuers, including approximately two-thirds of Solana stablecoin supply and a wide distribution across smaller networks. These balances lack consistent attribution by user type or application.

Multisig and DAO treasuries (e.g., Gnosis Safe) lie within this category. Stablecoins are commonly used for treasury management, payroll, grants, escrow and capital deployment. Excess or long-dated treasury capital may be substituting for corporate balances in traditional instruments including money market funds, while operational balances exhibit limited substitution.

Stablecoins constitute a growing share of core network infrastructure (validators, sequencers, relayers, oracles), increasingly pulling share away from native assets such as ETH. Operating expenses are often dollar-based and stablecoins provide a mechanism to meet these obligations without relying on traditional payment rails.

Application-embedded balances (e.g., Polymarket) are also included. Stablecoins represent user balances and settlement media within applications. Balances are generally non-yield-bearing and serve functional utility rather than as savings or investments.

Across these use cases, stablecoins are primarily held for transactional, operational and settlement purposes, with limited overlap with money market funds depending on the application.

Assumption: substitution exists for a small subset of long-dated or excess balances.

CONCLUSION

Stablecoins have emerged as a form of global dollar infrastructure, increasingly intermediating how dollars are stored, transferred and deployed outside the traditional banking system. Stablecoin growth is becoming structurally linked to demand for short-dated U.S. government debt.

This report demonstrates that headline stablecoin supply materially overstates incremental Treasury demand. The true impact depends not on token count alone, but on who holds stablecoins, for what purpose and what they replace. Usage patterns that substitute for money market funds or brokerage cash generate limited novel Treasury demand. By contrast, stablecoins used for payments, dollar savings, collateral and onchain operations, particularly by non-U.S. users, represent genuinely incremental demand for Treasuries.

The most durable and incremental sources of Treasury demand are:

- **Payments-driven stablecoins, particularly on networks such as Tron, where usage substitutes for local currency, cash and informal dollar instruments.**
- **Self-custodial wallets (EOAs) and application-embedded balances, which function as onchain checking accounts and settlement rails rather than yield-bearing investments.**
- **Infrastructure and protocol-level usage, where stablecoins operate as non-substitutable operating capital for validators, sequencers, relayers and oracle networks.**

By contrast, exchange balances exhibit lower and more substitutive Treasury impact, particularly in the United States, where stablecoins overlap with bank deposits and regulated cash-management products.

Looking forward, if stablecoin supply scales towards \$3 trillion, stablecoins could become a meaningful price-insensitive buyer of Treasury bills and Treasury-collateralized repo. Applying this report's overall Treasury impact factor implies \$3 trillion in stablecoin supply would generate \$1.7 trillion in incremental demand for U.S. Treasuries. However, rapidly changing regulatory environments and industry trends suggest impact factors will change over time. Onchain wallet labeling and transaction tracking can help monitor incremental Treasury demand as it evolves.

APPENDIX

GENIUS-compliant stablecoins are not backed exclusively by U.S. Treasury Bills. Under the GENIUS Act (Pub. L. No. 119-27, 139 Stat. 425 (2025)), allowable reserve assets include U.S. coins and currency, demand deposits, U.S. Treasuries with a remaining maturity of 93 days or less and reverse repurchase agreements collateralized by U.S. Treasuries.

In practice, the reserve composition of GENIUS-compliant stablecoin issuers is dominated by Treasury-linked instruments. As of February 27, 2026, Circle and the Circle Reserve Fund held approximately 14% of reserves in bank deposits, 27% in outright U.S. Treasury bills and roughly 59% in U.S. Treasury reverse repurchase agreements.² The repo exposure is primarily structured as centrally cleared tri-party Treasury reverse repo executed with primary dealers.

Repo allocation resulting from minting of USDC does not result in immediate dollar-for-dollar purchases of U.S. Treasuries. Reverse Treasury repo instead functions as a liquidity-management and intermediation tool, allowing stablecoin reserves to remain fully liquid and duration-free while financing existing Treasury collateral. However, sustained growth in tri-party Treasury repo increases dealer balance-sheet utilization and collateral demand, expanding the system's capacity and willingness to hold Treasury securities over time.

As a result, reverse repo exposure does not translate one-for-one into primary Treasury purchases, but it contributes materially to incremental Treasury demand. Outright holdings of U.S. Treasury bills represent direct and fully incremental demand for government debt, while tri-party Treasury repo contributes incremental demand through increased auction take-up and persistent collateral financing needs. Bank deposits provide only limited and indirect support for Treasury demand, as marginal deposits may be invested into high quality liquid asset pools and treasury securities.

To reflect these distinctions, we apply differentiated incremental U.S. Treasury demand factors across reserve components: an incremental demand factor of 1.0 for outright Treasury bills, 0.6–0.8 for Treasury reverse repurchase agreements and 0.1–0.3 for bank deposits.

Financial Instrument Factor

Instrument	Range	Base Case
Treasury Bills	1.0	1.0
Reverse Repurchase Agreements	0.6-0.8	0.7
Bank Deposits	0.1-0.3	0.2

Stablecoin factors follow by applying these financial instrument factors to the weighting of issuer reserves. Applying these factors to the observed reserve composition implies that USDC exhibits an effective Treasury-demand linkage in the range of approximately 0.65-0.75 per dollar of stablecoin outstanding, or 0.7.

As of December 31, 2025, Tether held ~\$122 billion in U.S. Treasuries and \$25 billion in Treasury Repurchase Agreements as reserves against ~186.5 billion USDT.³ Reflecting this latest quarterly report by Tether and similar methodology as that for USDC, a factor of 0.75 is assigned to USDT.

As of April 10, 2026, MakerDAO's DAI and USDS together represent \$11.5 billion in stablecoin supply. Together, there is \$2.2 billion in U.S. Treasury Bills and \$5.8 billion in stablecoins (primarily USDC) held as reserves against DAI and USDS.⁴ Applying a 0.7 factor to stablecoin holdings yields a 0.54 factor assigned to DAI and USDS. Stablecoins held in MakerDAO contracts are omitted from the general analysis to avoid double-counting.

Ethena's USDe currently relies on delta-neutral strategies to maintain a dollar peg. Minimal U.S. Treasuries are held as reserves against this stablecoin so a factor of 0 is assigned. Ethena has proposed an overhaul of its reserve composition backing; if implemented this factor could change.⁵

Money market funds hold a mix of U.S. Treasuries, Treasury Repurchase Agreements and other cash-like securities, roughly 40/40/20 respectively.⁶ Relative to money market funds, Circle holds a lower proportion of outright U.S. Treasury bills (27%), while Tether holds a higher proportion of outright U.S. Treasury bills (65%). The weighted average stablecoin Treasury factor across stablecoins is sufficiently like that of money market funds that we assume a 1:1 substitution of stablecoin for money market funds does not have a material impact on U.S. Treasury demand. One exception may be the domestic exchange category given the concentration in USDC, Circle's lower Treasury holdings and the high degree of substitution.

Stablecoin Factor

Stablecoin	Range	Base Case
USDC ²	0.65-0.75	0.70
USDT ³	0.73-0.76	0.75
USDS + DAI ⁴	0.45-0.55	0.54
USDe ⁵	0	0
Other (Including USD1, PYUSD)	0.4-0.8	0.60

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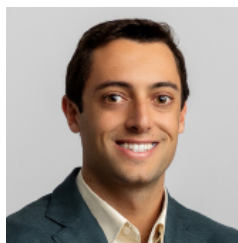
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DISCLOSURES

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