



STABLECOINS & CBDCs REPORT

MARCH 2023

Mission Statement

About CryptoCompare

CryptoCompare is an FCA-authorized 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. There could also be discrepancies in the trading volume data as a result of pricing inefficiencies from the depegs this month.

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Latest News

Topic	Story	Date
USDC	Mastercard To Allow Crypto Payments in Web3 via USDC Settlements	Feb 21
TUSD	TrueUSD Becomes 5th-Largest Stablecoin As Binance Mints \$130M TUSD in a Week	Feb 27
CBDCs	Australia's Central Bank Taps Mastercard and Others To Test CBDC Use Cases	Mar 1
Regulation	Regulation and risk: Factors driving demand for a euro-backed stablecoin	Mar 3
USDT	Tether's USDT Stablecoin Market Share Rises to Highest Level in 15 Months	Mar 6
CBDCs	Nigerians' Rejection of Their CBDC Is a Cautionary Tale for Other Countries	Mar 6
USDC	USDC Stablecoin Depegs, Crypto Market Goes Haywire After Silicon Valley Bank Collapses	Mar 11
USDC	Circle USDC Rebounds From Depegging, but Stablecoin Observers See an Uncertain Future	Mar 15
BUSD	Binance Replaces BUSD in SAFU Fund With TUSD and USDT	Mar 17

Key Insights

Market Cap Continues To Fall As Stablecoins Depeg

In March, the total market capitalisation of stablecoins fell 1.34% to \$133bn (up to 20th March), the lowest stablecoins market cap since September 2021 and the twelfth consecutive month of decline. The fall in market cap follows the depeg of multiple stablecoins after the collapse of USDC's banking partner – Silicon Valley Bank.

TUSD Market Cap Rises As Binance Resumes Trading Pairs

In March, the market capitalisation of TUSD rose 82.6% to \$2.04bn, making it the fifth largest stablecoin. The surge follows Binance's resumption of TUSD trading pairs on the exchange and its conversion of \$1bn worth of its 'SAFU Fund' in BUSD to TUSD and USDT. TUSD is also the only BTC and ETH trading pair with zero fees on the exchange.

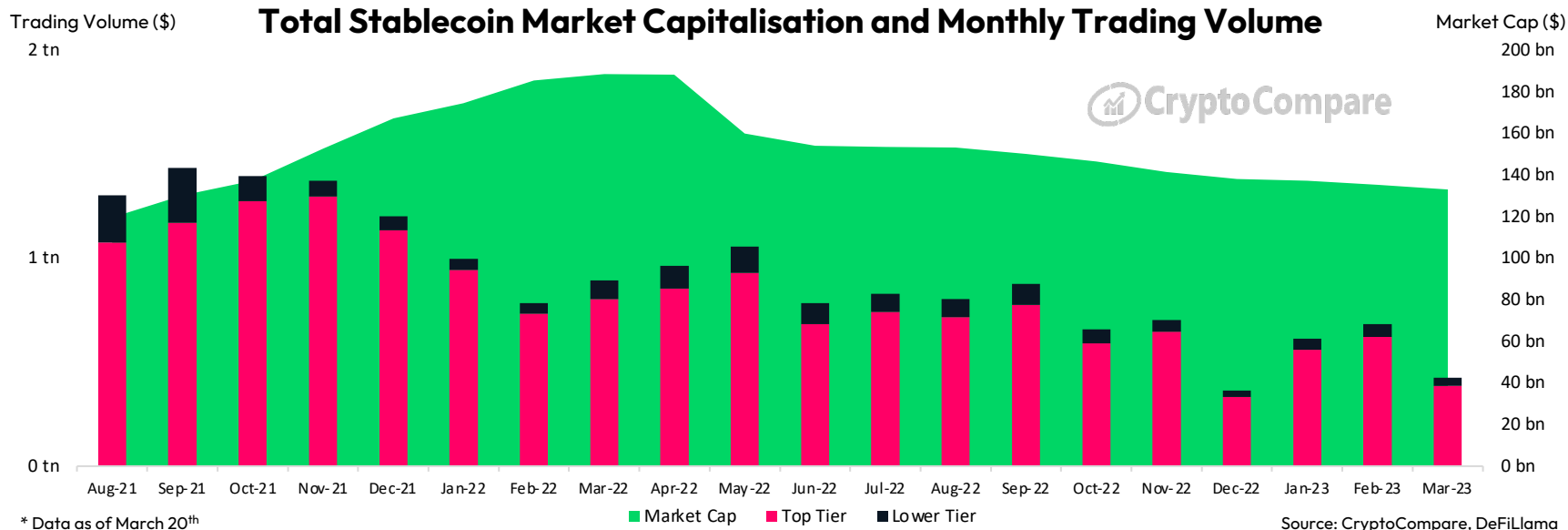
Stablecoins Trading Volume Spikes Amidst Panic

On March 14, stablecoins trading volume reached \$51.9bn as USDC and other stablecoins recovered their peg. This was the highest daily volume recorded since November 10 – during the collapse of FTX. Stablecoins including DAI, MIM and LUSD also recorded their highest volume on CEXs during the turmoil.

USDT Dominance Reaches Highest Level Since June 2021

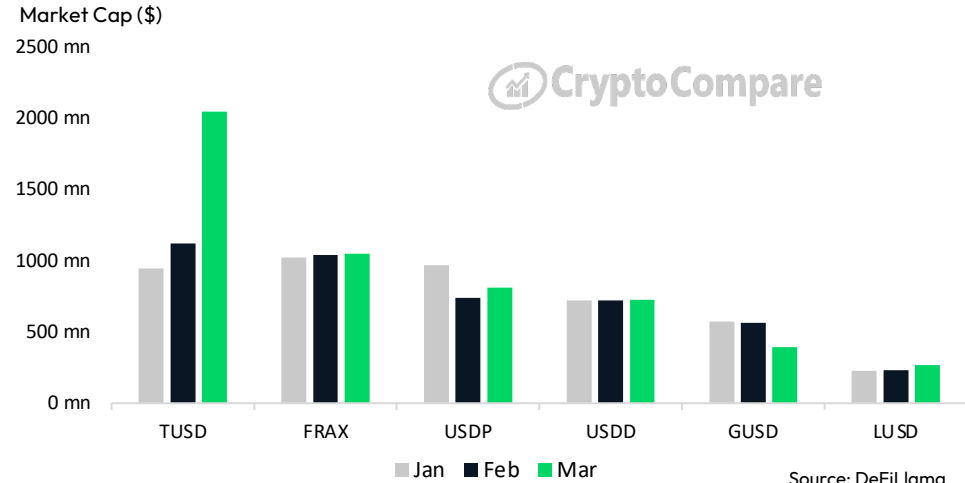
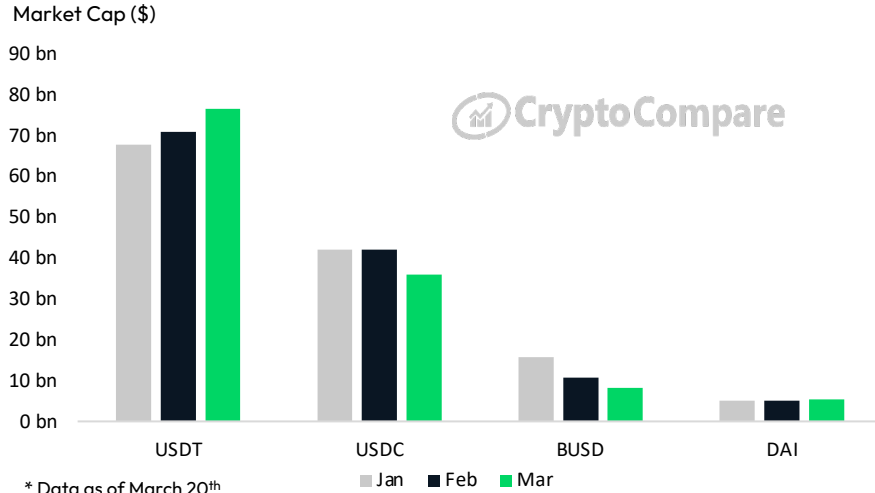
USDT continues to take advantage of the recent turmoil surrounding rival stablecoins – BUSD and USDC, with its market cap rising 8.06% to \$76.6bn. USDT's market dominance has now risen to 57.5%, its highest level since 20th June 2021. This was also the fourth consecutive month USDT has seen its market cap and dominance rise.

Stablecoins Market Cap & Volumes



- In March, the total market capitalisation of stablecoins fell 1.34% to \$133bn, the lowest stablecoins market cap since September 2021. This is the twelfth consecutive month of decline in stablecoins market capitalisation.
- Stablecoins market dominance is currently at 11.4%, falling from 12.6% in February and recording the lowest end-of-month market share since April 2022. The decline in stablecoin dominance highlights the rally in the prices of crypto assets amidst the recent depeg of USDC and other associated stablecoins.
- The trading volume with stablecoins has continued to increase in February, rising 11.4% to \$682bn from January. With the rise in trading activity following the depeg of stablecoins, trading volume is on track to rise in March, having traded a volume of \$564bn (as of March 20th).

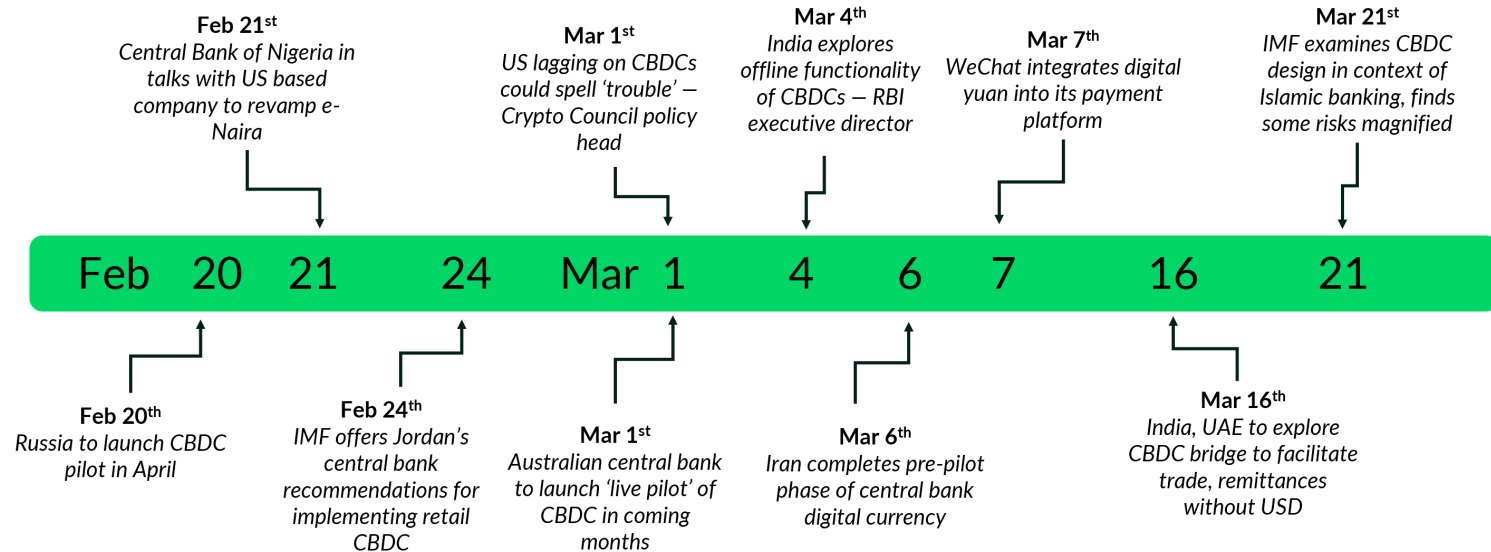
Stablecoins Overview: Top 10 Stablecoins



- There have been changes to the top 10 stablecoins in March, following the depeg of multiple stablecoins earlier in the month. Panic led to the market cap of USD Coin (USDC) declining 14.5% to \$36.0bn, whilst other stablecoins, including DAI, Liquity USD (LUSD) and Paxos Dollar (USDP), benefitted from the turmoil, rising 7.76%, 15.1% and 9.94% to \$5.42bn, \$812mn and \$265mn respectively. Meanwhile TetherUSD (USDT) continued its dominance, rising 8.06% to \$76.6bn in market cap.

- Binance USD (BUSD)'s market capitalisation continued to slide following SEC's action against the stablecoin last month, falling 22.2% to \$8.29bn. TrueUSD (TUSD) was the largest gainer by market cap in March, rising 82.6% to \$2.04bn after Binance resumed the trading of TUSD, USDC, and USDP pairs on the exchange. The stablecoin also benefitted from Binance replacing the BUSD in its 'SAFU Fund' worth \$1bn with TUSD and USDT.

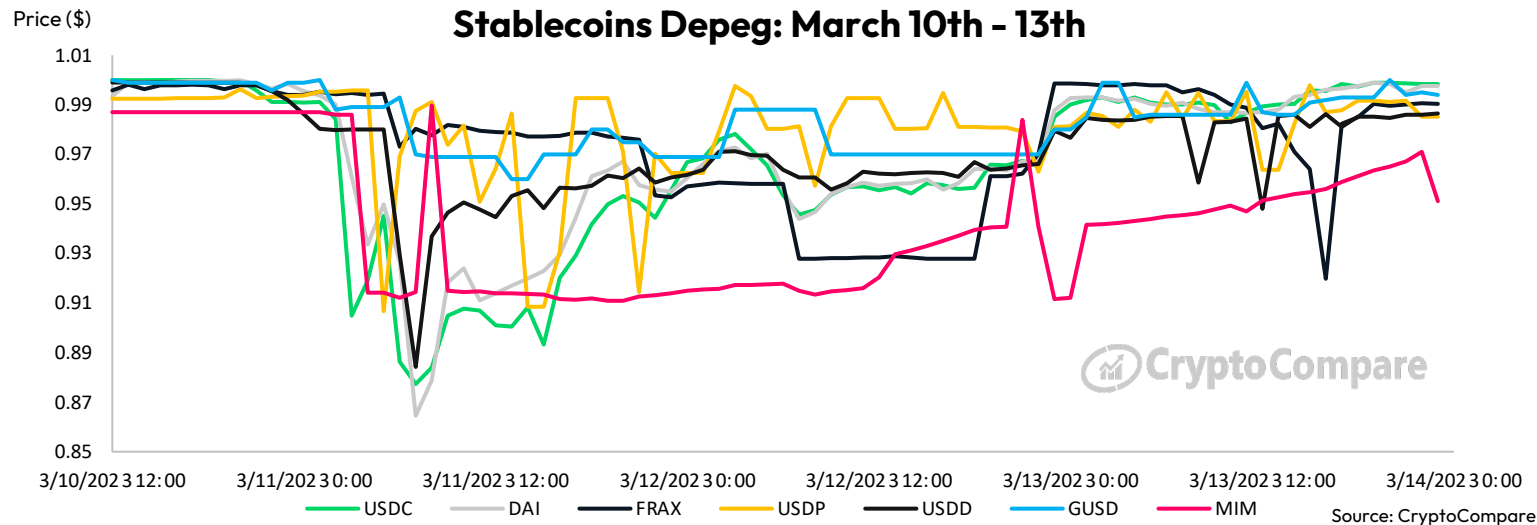
CBDCs Overview: March Events



- Multiple central banks provided updates on their CBDC programs, with Russia and Australia set to announce the launch of their pilot programs in the coming months. Iran has also announced the completion of its Proof-of-Concept phase for their Digital Rial which will soon 'be launched in other ecosystems'.
- Following the successful launch of the pilot program of Digital Rupee in November, India is now exploring offline functionality of its CBDC. The Reserve Bank of India has also announced that they have partnered with Central Bank of UAE to collaborate on a cross-border CBDC bridge.

Stablecoins: Depegs

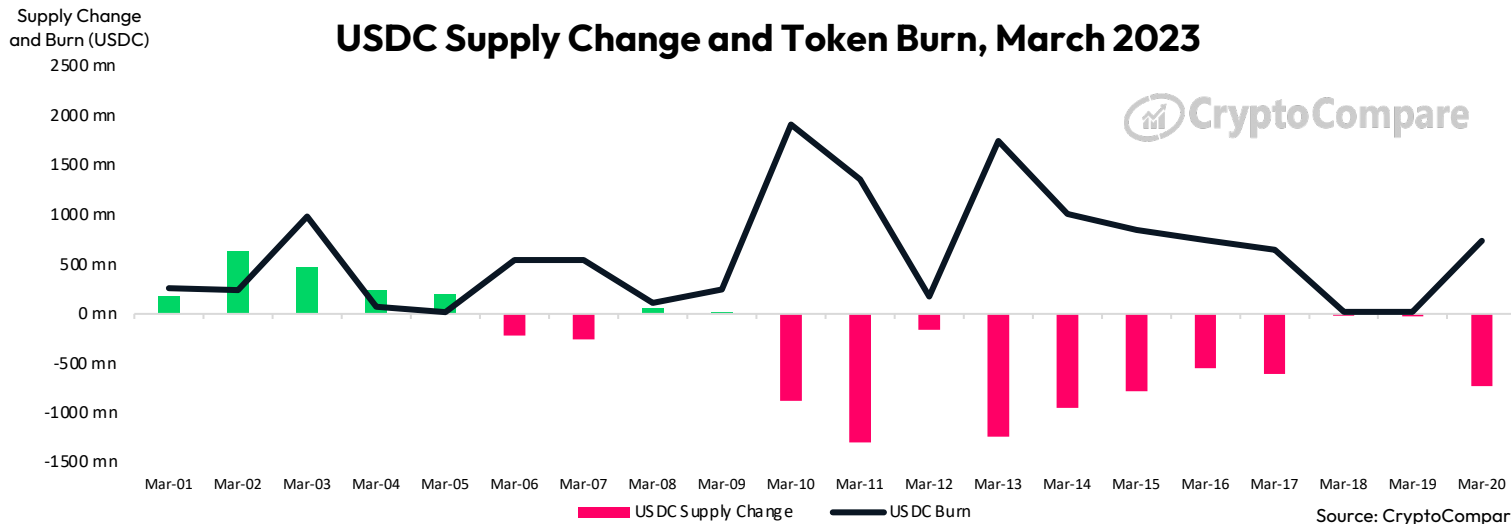
Multiple Stablecoins Depeg As USDC's Partner Bank Collapses



- On March 10, USDC started depegging following the collapse of its partner bank, Silicon Valley Bank, which held \$3.3bn of its stablecoins reserves. The stablecoin fell as low as \$0.877 on the 11th of March. Other stablecoins that held USDC in their reserves as collateral were also affected, with DAI, MIM and FRAX falling as low as \$0.865, \$0.911 and \$0.920 on the 11th of March respectively.
- The stablecoins have since recovered their parity after Circle announced that its reserves were secure, guaranteed by FDIC and their operations will resume as normal with their new banking partner, Cross River Bank. However, concerns remain surrounding stablecoins' reliance on centralised institutions, with FRAX's founder suggesting plans to increase direct fiat collateralisation through a Federal Reserve Master Account.

USDC: Supply Change and Token Burn

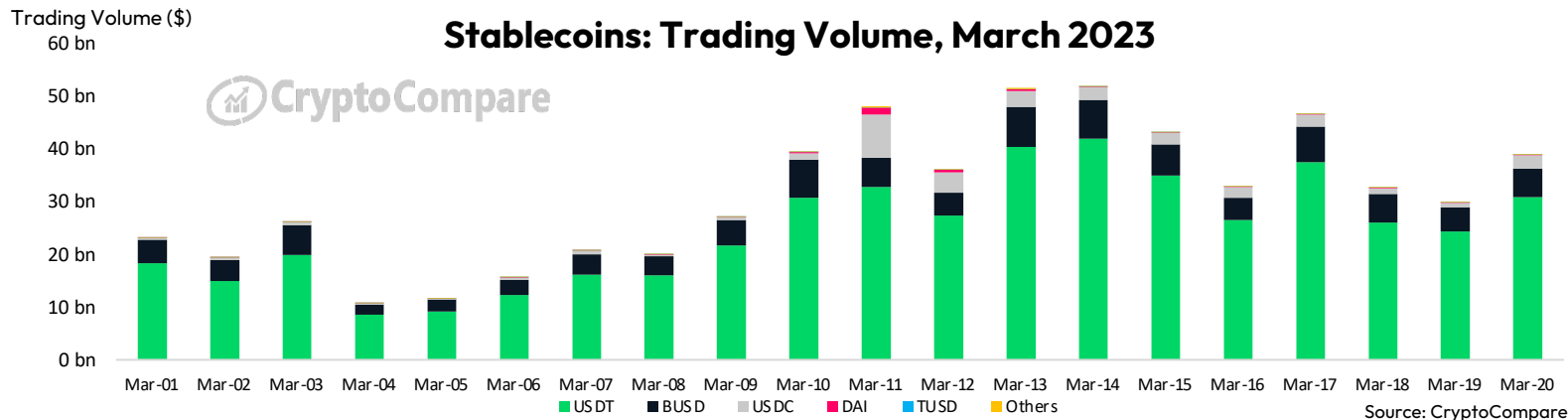
USDC Supply Declines For Eleven Consecutive Days (On Ethereum Blockchain)



- Following USDC's depeg on March 10, the demand for the stablecoin weakened as traders remain concerned about the stablecoins' reserves on traditional banks. This resulted in the stablecoin recording eleven consecutive days of decline in token supply for the first time. (data collected from 30th March 2021)
- The stablecoin also recorded its largest single token burn, amounting to \$779mn on March 15th. The market capitalisation of USDC has declined 14.5% to \$36.0bn in March. (as of the 20th)

Stablecoins: Trading Volume

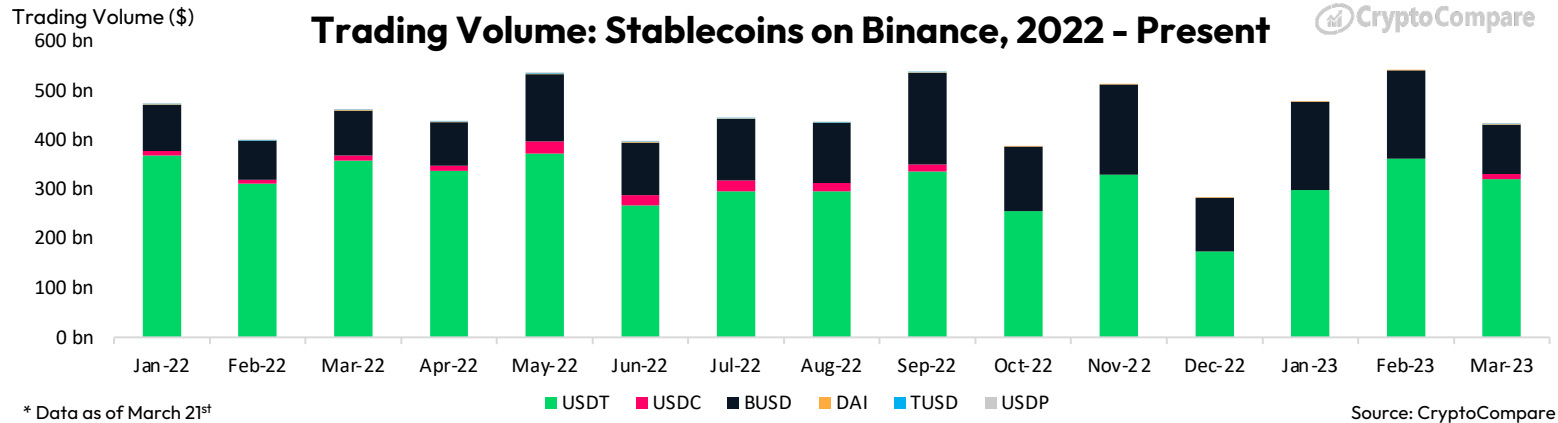
Stablecoin Daily Trading Volume Reaches Highest Level Since FTX Collapse



- Trading volumes with stablecoins reached \$51.9bn on the 14th of March, as crypto assets rallied after stablecoins recovered their peg following FDIC's guarantee for all deposits in Silicon Valley Bank. This was the highest daily stablecoins volume recorded since the 10th of November – amidst the collapse of FTX. During the turmoil, volume traded with USDC reached \$8.12bn on March 11th, the highest daily volume since June 2022, as traders panicked following the depeg of the stablecoins.
- Other stablecoins, including DAI and LUSD, recorded their highest trading volume on centralised exchanges for differing reasons. DAI's reserves are largely (~56.2%) backed by USDC, as a result, its volume reached a record high of \$1.26bn as traders swapped their tokens for more stable pegged assets. On the other hand, LUSD, which is backed solely by ETH, hit a record daily volume of \$56.6mn on March 11. Increased demand pushed the price of the asset as high as \$1.07.

Stablecoins: On Binance Exchange

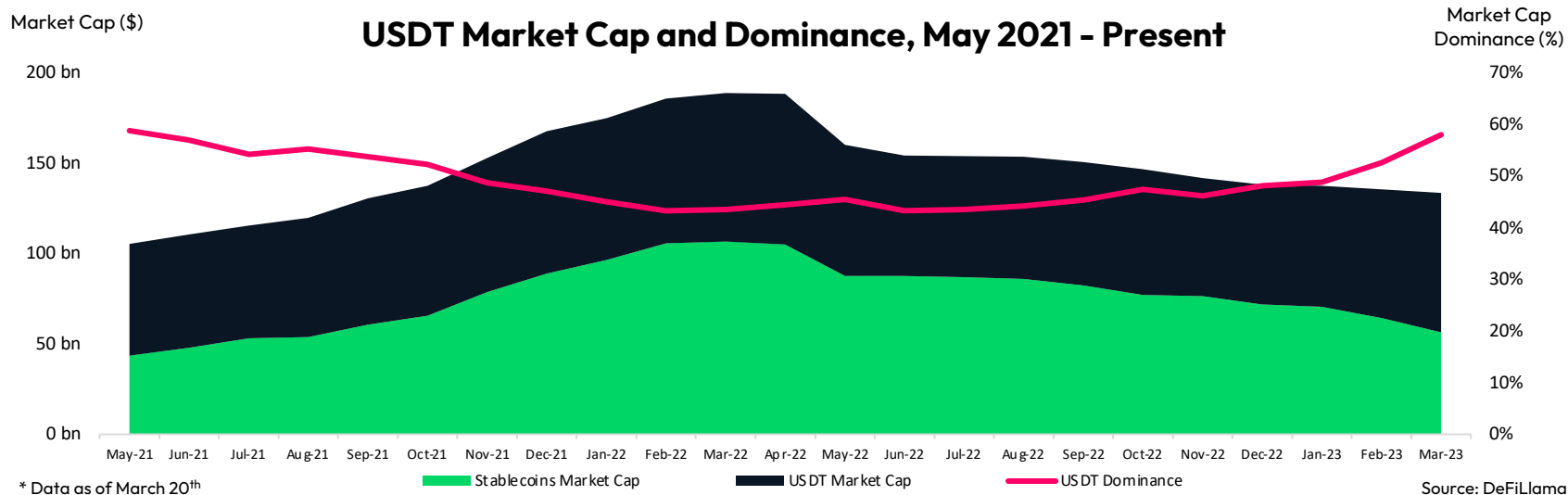
Binance Brings Back USDC, USDP and TUSD Trading Pairs



- Binance has reinstated USDC, TUSD, and USDP trading pairs with Binance USD after halting the minting of new BUSD tokens following the SEC's action against Paxos last month. The exchange had discontinued these trading pairs when it introduced the auto-conversion feature in September, which converted users' USDC, TUSD, and USDP balances to BUSD to enhance liquidity and capital efficiency.
- Following the resumption of the above trading pairs on 11th of March, these pairs traded a volume of \$9.92bn as of March 21st. However, USDT continues to dominate the trading volume on the exchange, accounting for 74.2% of the volume traded on Binance.
- The exchange also seems to be favoring TUSD as a potential replacement for BUSD on the exchange after reintroducing the stablecoin and making it the only pair with zero-trading fees.

USDT: Market Cap and Dominance

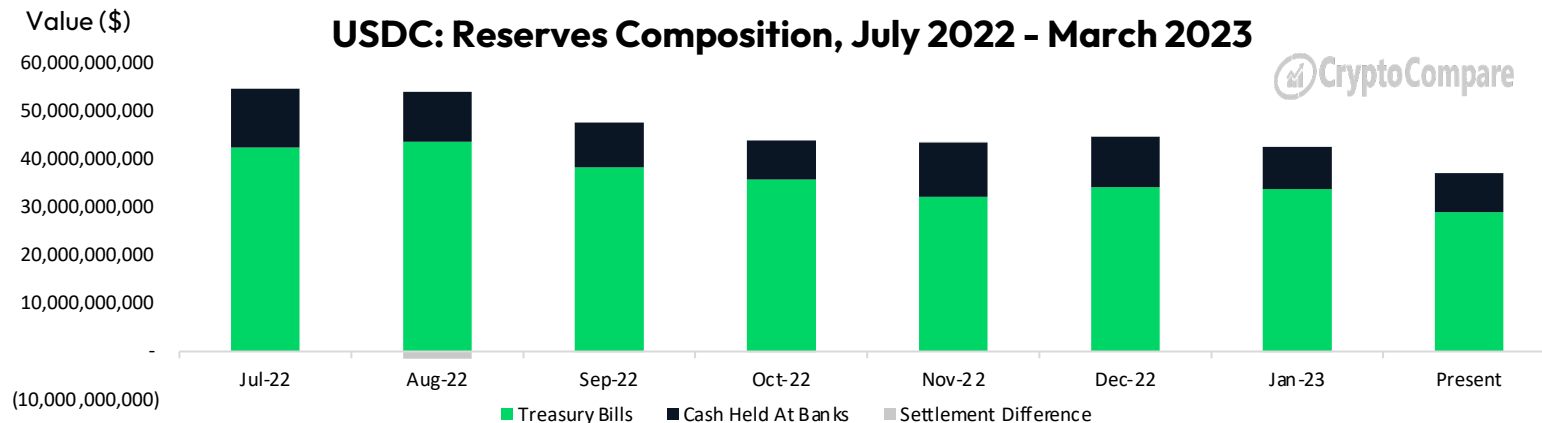
USDT Market Dominance Reaches Highest Level Since June 2021



- With rival stablecoin BUSD halting the minting of new tokens, and USDC facing uncertainty following the collapse of its partner bank, USDT continues to strengthen its stablecoin dominance, with its market capitalisation rising 8.06% in March (as of the 20th) to \$76.6 bn. This is the highest market cap for the stablecoin since April 2022.
- The market dominance of USDT now stands at 57.5%, the highest market share since 20th June 2021. The market cap of USDT has increased by \$5.76bn since the depeg of USDC on March 10th.

USDC: Reserves Composition

USDC's Cash Held at Banks Continues To Decline as Partner Bank Collapses



* Data as of March 16th

- Following USDC's depeg earlier this month, there is an increased focus on the composition of the reserves of stablecoin. The data as of March 16th shows that the stablecoin's reserves are backed by around \$29.0bn in short term US treasury bills and \$8.10bn in cash held at six banks including Silicon Valley Bank. The current cash held in banks represents a 7.49% short fall from January, recording the 4th consecutive decline in cash holdings since November.
- Treasury Bills dominate the stablecoin's reserves, accounting for 78.2% of the collateral. However, the market capitalisation of USDC has been on a downward trend since registering an all-time high of \$54.9bn in June, as a result of waning demand for the stablecoin, and consolidation of market share to TetherUSD.

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

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