



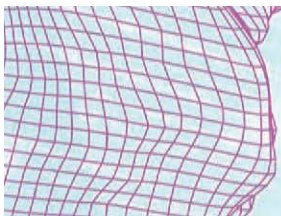
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AFP EXECUTIVE GUIDE

Stablecoins and Treasury: What Financial Leaders Need to Know





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I am pleased to introduce this guide on stablecoins and their growing role in the financial ecosystem. As innovation in payments and liquidity management continues to accelerate, we believe it is important to provide clear, practical insights that help our clients and colleagues understand emerging developments and evaluate their relevance to their businesses.

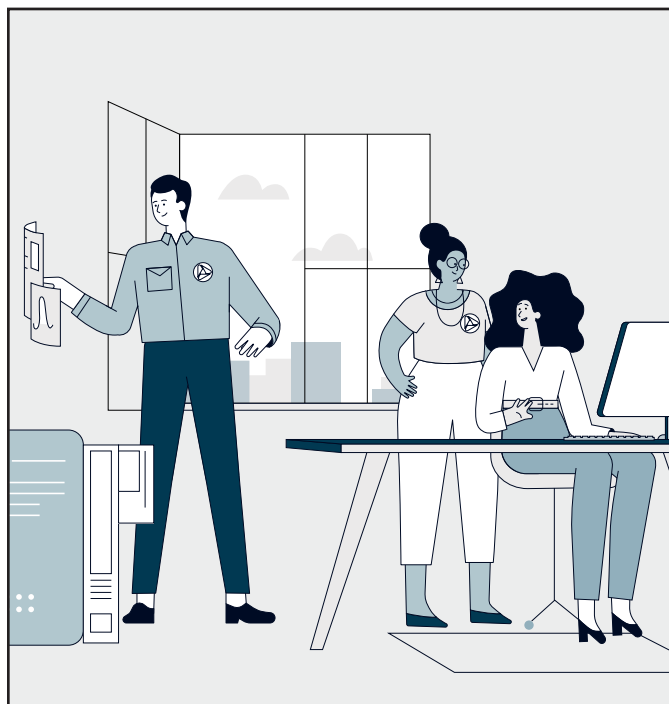
Stablecoins are gaining attention as a potential tool to support faster settlement, improve transparency and enable new approaches to moving and managing funds, particularly across borders. At the same time, they introduce important considerations related to regulatory expectations, risk management and operational readiness. This guide is designed to present a balanced, fact-based view of the topic—grounded in current realities while recognizing that the landscape continues to evolve.

At PNC, our focus is to help clients make informed decisions that align with their strategic and operational goals. We see digital assets as part of a broader shift in how value moves through the financial system. For corporate treasurers and finance leaders, understanding this shift is increasingly important as they evaluate future opportunities and risks.

This guide outlines key concepts, use cases and considerations to support thoughtful evaluation and informed discussion, with the goal to equip you with practical knowledge and a clear perspective so you can engage confidently in this evolving space.

Thank you for your continued partnership.

Tom Lang
Head of Treasury Management Product and Operations



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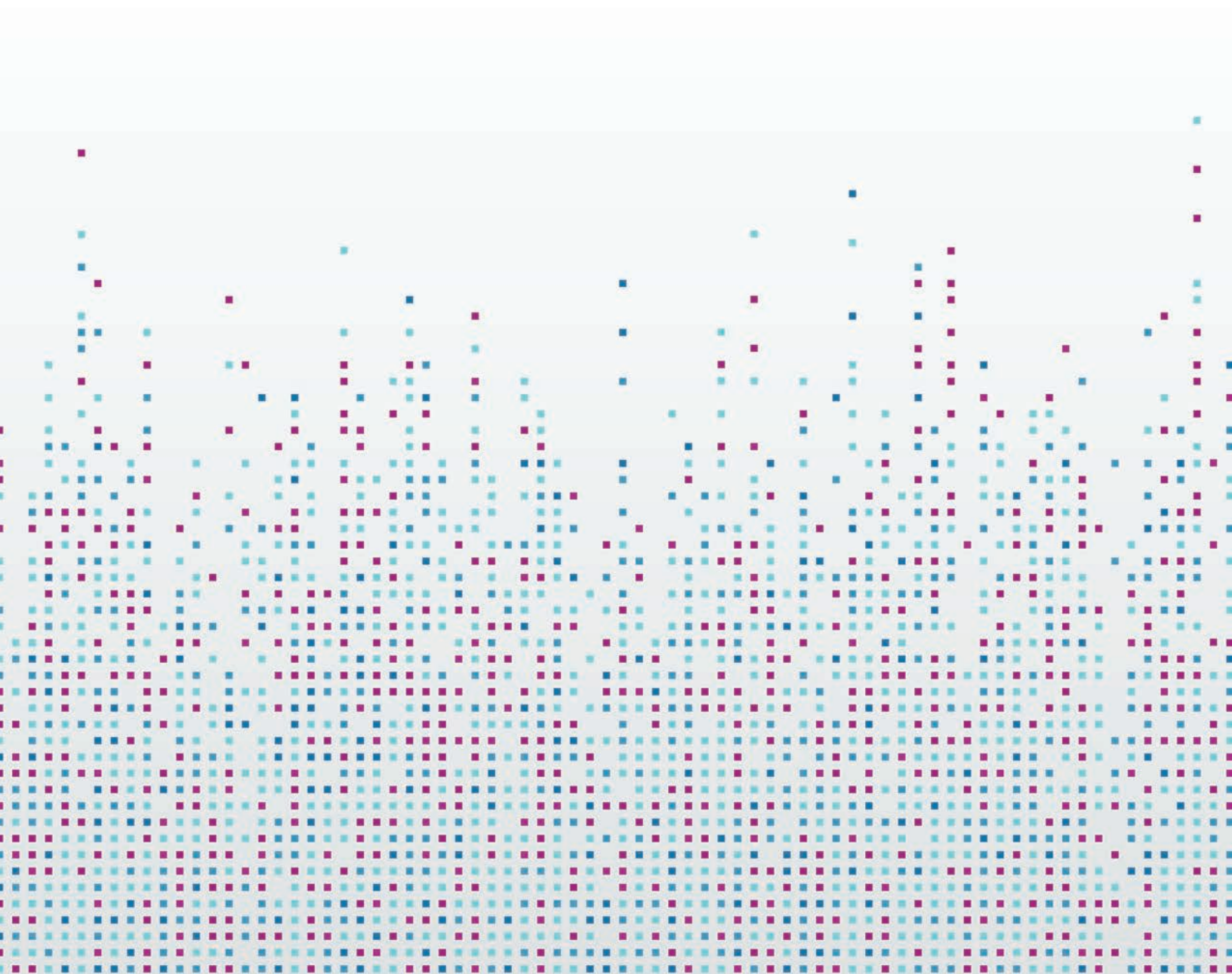
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INTRODUCTION

As cryptocurrency emerges from obscurity into the mainstream, stablecoins are attracting the attention of treasurers and other financial professionals. Major payments players like [Visa](#), [Western Union](#) and PayPal — [which offers its own stablecoin, PYUSD](#) — have stablecoin initiatives underway or have already adopted them. Even companies like [DoorDash](#) are getting into the game by using stablecoins to pay gig workers and merchants.

Treasurers and treasury practitioners are eyeing stablecoins as a potential way to enable faster, more efficient, 24/7 payments and liquidity management at lower cost than some other options, particularly wire transfers. But realizing these advantages will hinge on several factors, including emerging regulations, ecosystem maturity and on/off-ramp costs.



STABLECOINS OVERVIEW

STABLECOINS DEFINED

Stablecoins are digital assets designed to maintain a stable value by being pegged one-to-one to an underlying asset, such as a fiat currency like the U.S. dollar. Reserve assets held by the stablecoin issuer support this peg.

For now, stablecoins are typically issued by non-bank entities and backed by reserves like cash or highly liquid securities, although regulatory developments may enable bank-affiliated entities to issue stablecoins. Two issuers, Tether (USDT) and Circle (USDC), currently dominate the market. The vast majority of stablecoins are denominated in USD.

Every transaction is logged on a blockchain, which is a shared digital ledger. Designed to maintain a stable value, stablecoins stand apart from cryptocurrencies like Bitcoin or Ethereum, which fluctuate widely in price.

REGULATORY LANDSCAPE

Regulations affecting the stablecoin space continue to develop. In the U.S., [the GENIUS Act of 2025](#) created the first federal framework for stablecoins. The act requires issuers to operate under regulated standards — lending legitimacy to stablecoins as a payment method and form of liquidity — and allows permitted payment stablecoin issuers (PPSIs) to issue payment stablecoins, which are stablecoins that can be used for payment or settlement.

Outside the U.S., regulation is advancing quickly. In 2023, the European Union introduced rules for stablecoins through Regulation on Markets in Crypto-Assets (MiCA). MiCA sets legal parameters for stablecoin payments and requires issuers to partner with licensed financial institutions. In the UK, stablecoin regulations are in development and expected to be finalized in 2026. Rules and regulations are already in place in Hong Kong, Japan and Singapore, where about 60% of stablecoin payments activity originates, according to McKinsey & Company.¹

HOW THEY WORK

Stablecoins are “tokenized” representations of real-world assets. When issued, a digital token is created, and corresponding reserves are deposited that match its value.

The process unfolds as follows:

1. **The stablecoin issuer defines** the legal/regulatory setup, reserve structure, smart contract and token design and obtains government/regulatory approval, triggering ongoing regulatory supervision.
2. **Institutional clients and exchanges** (such as Coinbase) **deposit** fiat funds with the issuer.
3. **The issuer allocates** funds into reserve assets.
4. **Tokens are minted** one-to-one against reserves.
5. **Tokens are distributed** to wallets or exchanges.

Throughout the process, regulators and independent auditors perform regulatory and legal checks, including audits, disclosures and compliance monitoring.



STABLECOINS VERSUS OTHER CRYPTO OR DIGITAL CURRENCIES

Stablecoins' predictable value is mainly what sets them apart from other digital and cryptocurrencies, but there are other differences, too, like their low volatility, their fiat backing, and their private issuance. In comparison:

- **Tokenized deposits** are digital versions of traditional bank deposits and thus a liability of the issuing bank. They offer many of the same benefits as stablecoins — such as programmability and 24/7/365 availability — but are not yet widely interoperable across institutions and networks. With the same regulatory oversight as traditional deposits, they have lower structural risk than stablecoins, but they are tied to a specific bank. [Larger global banks are pursuing this model.](#)
- **Cryptocurrencies** like Bitcoin have no issuer and are on a decentralized network. There is no backing asset; value is driven by supply and demand. They are highly volatile and are designed to be a store of value, not a payment mechanism (although some use them as such).
- **Tokenized real-world assets** are real-world assets represented on a blockchain, such as treasuries and money market funds. Tokenized treasuries are government bonds in tokenized form that could potentially be used for payments or as collateral. Tokenized money market funds are blockchain-based digital representations of traditional fund shares.
- **Central bank digital currencies (CBDCs)** are issued directly by a government and fully backed by the state. CBDCs provide sovereign security, but concerns about privacy and competition with banks are slowing their development, especially in the U.S.

Stablecoins and tokenized deposits both represent digital forms of money existing on blockchain, but they differ fundamentally. Stablecoins are more flexible than tokenized deposits under current models, but they require confidence in the issuer and structure. Tokenized deposits are bank liabilities tied to a trusted bank and are subject to existing bank regulation and protections, such as FDIC insurance.

Currently, tokenized deposit use cases are better suited for interbank settlement, while stablecoins work best for payments across parties that are not within the same institution, particularly cross-border payments. Many banks are piloting consortium and network models for tokenized deposits, however, so these conditions could change.

WHY STABLECOINS MATTER TO TREASURY

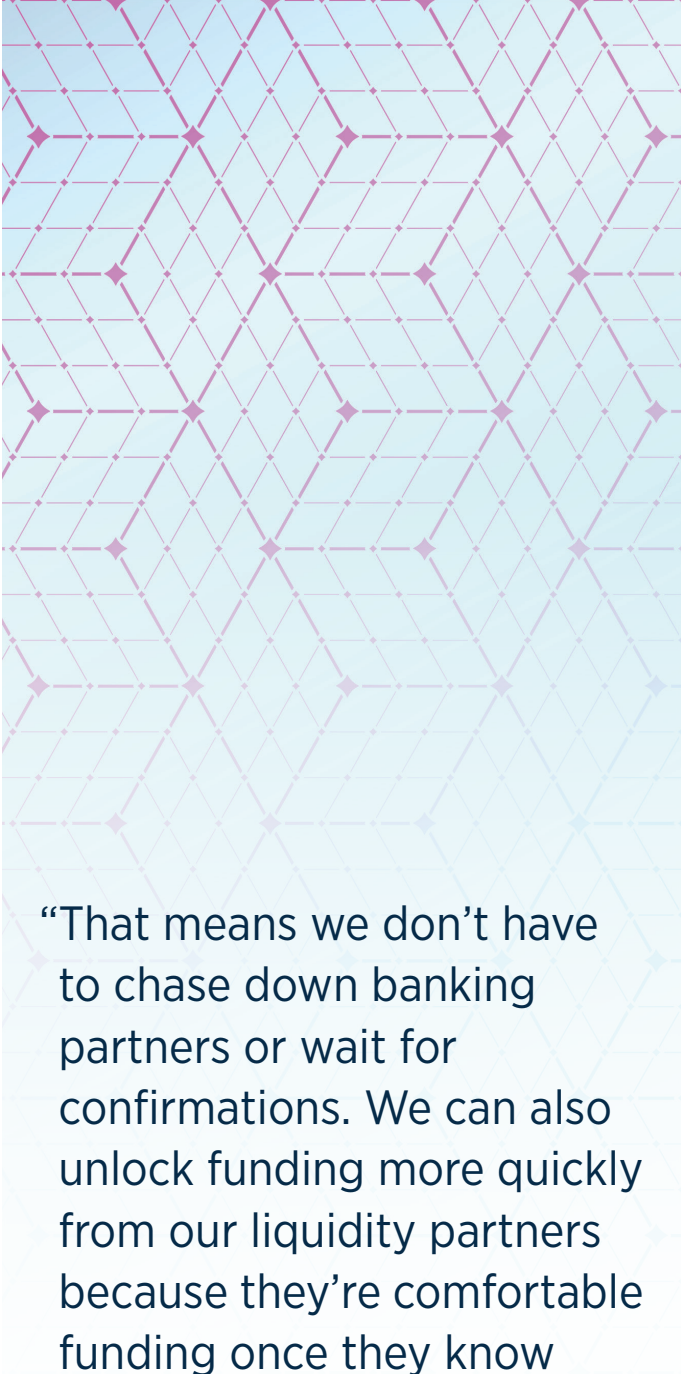
Stablecoins offer advantages that could be useful in a number of treasury use cases. Many of these benefits stem from the blockchain itself, so capturing them fully depends on transactions occurring “on chain” — meaning that the transaction or activity happens directly on a blockchain network and is recorded on its public ledger. Integration into existing systems and processes, as well as on/off-ramping to/from stablecoins using existing payment rails, introduces additional considerations.

Stablecoins’ main features and benefits include:

- **Speed.** Transactions settle nearly instantly.
- **Cost.** Transfers directly from wallet to wallet can be made for less than a dollar, compared to \$10 to \$25 for international wires. While on-chain transfers can be low-cost, total transaction costs depend on the full payment flow, including on/off-ramp fees, transaction and redemption fees from intermediaries such as exchanges or payment providers, and network transaction fees (“gas fees”), which may vary.
- **Availability.** On-chain payments can be transacted 24 hours a day, seven days a week, 365 days a year.
- **Global reach.** As long as both parties have a digital wallet, transactions can cross borders seamlessly.
- **Transparency and traceability.** Since they are held on a blockchain, every stablecoin transaction is recorded and traceable.
- **Programmability.** Stablecoins can be programmed to automate actions like supplier payments or currency conversions.

Arnold Koga is Senior Treasury Operations Analyst at Taptap Send, a mobile app that allows users — mostly immigrants and expatriates — to send money internationally quickly and securely at competitive rates. He extolls the speed, lower costs and continuous availability stablecoins offer for settlement and liquidity management.

“We don’t have intermediary banks involved in these payments, so once we initiate a payment and send the transaction hash to the partner, the transaction can often be completed within five minutes,” he reports.



“That means we don’t have to chase down banking partners or wait for confirmations. We can also unlock funding more quickly from our liquidity partners because they’re comfortable funding once they know settlement will happen almost immediately.”

— Arnold Koga
Senior Treasury Operations Analyst
Taptap Send



POTENTIAL USE CASES

The strongest use case for stablecoins thus far is **cross-border payments and settlement**, including global supplier and vendor payments, payroll and remittances. With stablecoins, users could make and receive near real-time payments in emerging markets where traditional channels involve multiple intermediaries, foreign exchange drag or currency controls. Costs would be lower, and access broader.

“If you’re paying a vendor in an emerging market where the local currency is losing value rapidly, stablecoins can allow transactions to settle quickly in a more stable currency, such as the U.S. dollar. This reduces foreign exchange risk and helps vendors preserve value.”

— Kammy Tsang
Head of Global Cash Management
PayPal

In **commercial payments and liquidity management**, stablecoins could allow corporates to move cash more efficiently, optimize working capital and transact seamlessly into short-term investments. For intraday liquidity and settlement timing, stablecoins could be used to pool cash across borders without waiting for bank cut-off times. Operational cash could also be parked temporarily in stablecoins.

Another use case is **funding subsidiaries or counterparties across jurisdictions**. Stablecoins in this use case would reduce friction in vendor payments or contractor payouts by enabling instant supplier payouts — including milestone, escrow-based smart contracts that release funds automatically when predefined conditions are met.

For **capital markets**, stablecoins’ near-real-time settlement reduces counterparty risk and shortens settlement cycles. Tokenized assets — such as tokenized money market funds and stocks — could be accessed and settled seamlessly using stablecoins. Through tokenized funds, stablecoins could be used to pay dividends to investors automatically or reinvest dividends into the funds without moving money through banks.

And finally, stablecoins could support **agentic AI**, in which agents use stablecoins for instant, global and programmatic payments, such as autonomous payments, micropayments and machine-to-machine transactions.



CHALLENGES IN STABLECOIN ADOPTION

Of course, the adoption of stablecoins does not come without challenges. First, many businesses [lack the internal knowledge](#) needed to effectively deploy stablecoins; boards, CFOs and finance teams often lack a clear understanding of how stablecoins work. Second, integrating stablecoins with enterprise resource planning (ERP) systems and treasury workstations may seem too onerous, since it requires API connectivity to wallets and exchanges. But this challenge can be overcome by working with banks and providers.

Liquidity shortages are another potential obstacle to stablecoin use. But when liquidity is limited, businesses could initially focus on closed environments where less is required. For example, they could work with a trusted partner on a specific use case that does not involve moving across multiple blockchains or conversion to seldom-used currencies.

And finally, uncertainty about compliance and regulations may discourage companies from experimenting with stablecoins. But businesses can start small by running modest pilots in jurisdictions where the rules are clear. In any pilot, legal and accounting teams should be involved from the beginning, and companies should only work with trusted, regulated partners.



KEY RISKS

While stablecoins are often considered to be one of the safest digital currencies, they are not without meaningful risk. Some of the major risks include:

- **Reserve/issuer risk.** This risk hinges on who and what backs the stablecoin, and how transparent the reserve structure is. The stablecoin issuer may not have sufficient, liquid or accessible assets to fully back the tokens in circulation or meet redemption requests during periods of stress. Risks can arise from poor reserve management, bank or custodian failures, lack of transparency, operational breakdowns or regulatory disruptions that undermine confidence in the stablecoin's ability to maintain its value. Emerging regulatory frameworks, such as the GENIUS (Guiding and Establishing National Innovation for U.S. Stablecoins) Act in the U.S., aim to mitigate reserve and issuer risk by requiring that stablecoin issues maintain high-quality reserves and complete regular public reserve attestations.
- **Market risk.** Factors such as market conditions and liquidity issues can cause stablecoins to “de-peg” — to deviate from the value of their underlying fiat currency. Circle's USDC, for example, de-pegged when Silicon Valley Bank collapsed in 2023.
- **Counterparty and platform risk.** Although stablecoins eliminate some traditional intermediaries, new players such as wallets, exchanges, custodians and payment providers reintroduce counterparty and platform risks.
- **Technology risk.** Blockchain congestion, outages and transaction errors could hamper stablecoin transactions, and potential bugs, vulnerabilities or errors could interfere with smart contracts.
- **Regulatory risk.** Legal treatment varies across jurisdictions and could change. Accounting bodies like the Financial Accounting Standards Board (FASB) have not yet fully defined how stablecoins should be treated on balance sheets.
- **Irrevocability.** Transactions cannot be reversed. If the security of custody is compromised, all assets can be lost.
- **Theft.** Like any digital currency, private keys must be protected from theft. While many solutions offer secure digital asset custody, the access point to such custody solutions could be breached.
- **Fraud.** Because stablecoin transactions are fast and anonymous, they may be used to facilitate financial crimes.

It is crucial to have a risk framework in place before adopting stablecoins operationally. Technological evolution will likely mitigate risks; wallets, for example, have evolved to better prevent private-key theft, and blockchains' on-chain analytics can surveil and screen transactions in real time.



STABLECOINS IN TREASURY OPERATIONS

In treasury, stablecoins will likely serve as just one option among payment types, as will tokenized deposits. They will supplement, not replace, current processes.

“Stablecoins should be viewed primarily as a payment and settlement rail, not as a new asset class or entirely new form of money. For treasury use cases, they function as an efficient settlement rail,” Dan Fishman, Treasurer of Circle, advises.

His colleague, Eddie Radcliffe, Director of Market Education and Analyst Relations at Circle, adds, “Stablecoins are just one component of the broader digital asset ecosystem that treasury teams will increasingly encounter. They are a foundational interoperability layer — an interoperable payment and settlement mechanism that connects different digital assets and treasury use cases.”

Before adopting stablecoins, businesses will need to develop appropriate treasury policies, permissions and processes for approval, tracking and reconciliation. Finance, legal, compliance and accounting teams should all be involved in constructing this framework. Some questions to consider include:

1. What problem are we trying to solve?
2. Do we intend to hold stablecoins as an asset, or to use them only as a payment rail?
3. Is this option better than our current process?
4. Who issues the stablecoin?
5. How easy is redemption?
6. What controls do we need?
7. How will stablecoins show up in accounting and reporting?

Choosing the stablecoin itself is less about selecting a single “best” token and more about evaluating the underlying ecosystem, infrastructure and risk profile. Treasury and payments teams can assess factors such as the quality and liquidity of reserves, the trustworthiness of issuers and custodians, regulatory compliance and the blockchain network on which the stablecoin operates. Other factors to consider are interoperability, transaction speed, scalability, integration with treasury systems and ERPs, and the availability of reliable on- and off-ramps into local currencies.

Once a business decides to take the plunge, the best approach is to start small by piloting a low-risk, high-value use case. An example roadmap might include the following steps:

Step 1: Define the use case and business case.

Step 2: Convene internal stakeholders.

Step 3: Conduct legal, accounting, tax and compliance review.

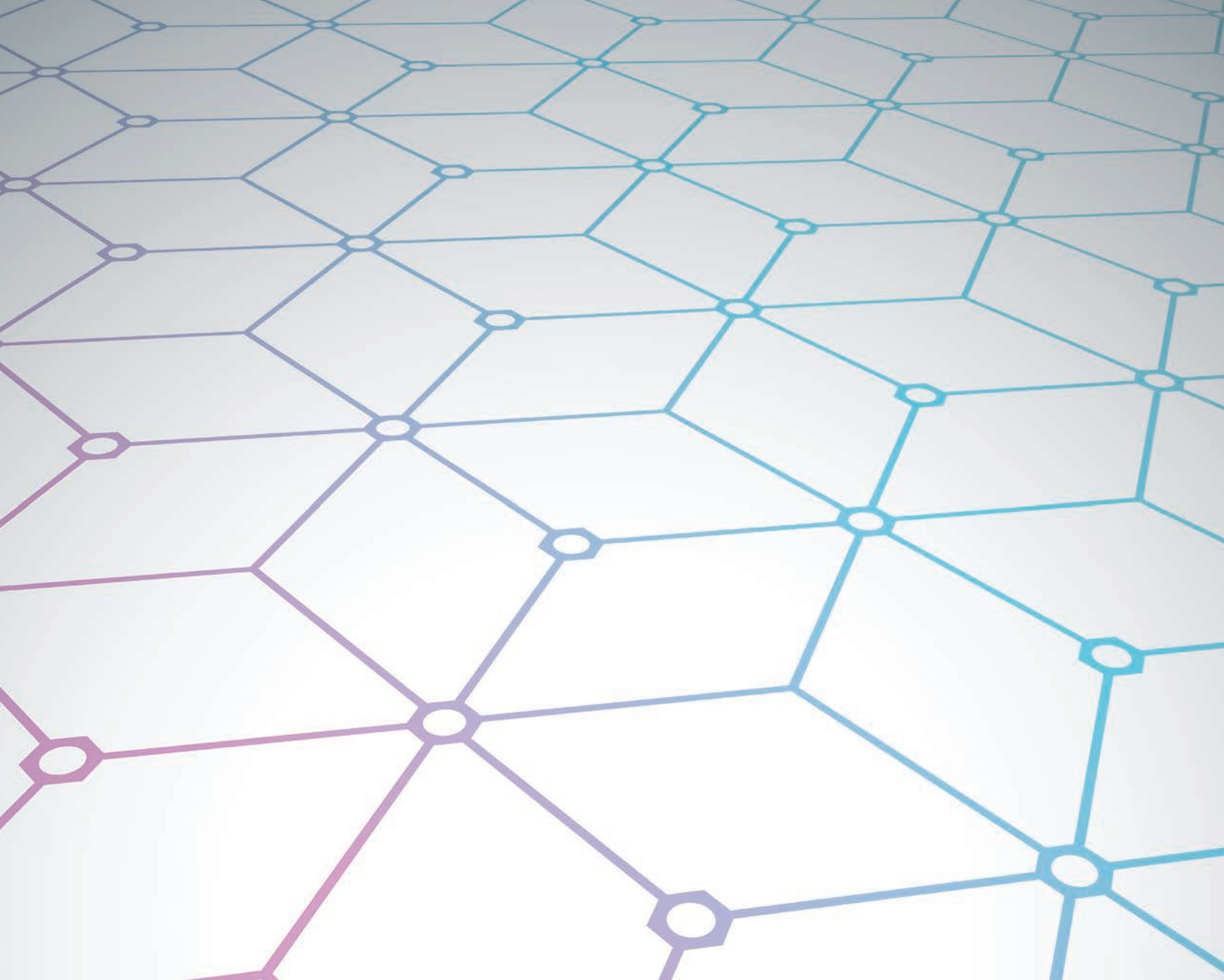
Step 4: Select platform, issuer and custody model.

Step 5: Build controls, approval workflows and reconciliation processes.

Step 6: Run a pilot.

Step 7: Review the results and decide whether to scale.

Governance should be emphasized at each step. Success can be measured using working capital efficiencies like speed, cost, error rates and effectiveness of controls.



THE FUTURE OF STABLECOINS

Stablecoins and other blockchain-based payments could become a transformative force in global payments and treasury management, particularly for cross-border transactions, liquidity management and real-time settlement. Recent regulatory developments like the GENIUS Act have lent legitimacy to the market by establishing standards for reserves, oversight and issuer requirements, giving businesses and financial institutions greater confidence in exploring adoption.

At the same time, stablecoins remain in the early stages of adoption. At \$390 billion — roughly 0.02 percent of global payments volumes, McKinsey reports² — current real-world payment volumes are still small relative to the total payments market, and significant hurdles remain, including liquidity limitations, integration challenges, accounting uncertainty, counterparty risk and regulatory complexity. Even so, forecasts suggest substantial growth over the next several years, driven by rising institutional participation, improving infrastructure and increasing demand for faster, lower-cost global payments.

² “Stablecoins in Payments,” February 18, 2026.



CLOSING THOUGHTS

As technology advances at a lightning pace, stablecoins may soon become an everyday part of payment and treasury systems. “Within the next one to two years,” Fishman predicts, “treasury teams likely won’t need specialized technical expertise to use these tools. Traditional treasury practitioners will be able to use stablecoin infrastructure through familiar systems.”

Stablecoins can offer quantifiable operational advantages, so they are important to understand and track. But for now, companies and their treasury teams should proceed with caution by watching stablecoins’ evolution rather than rushing into adoption. The best approach is to stay informed, evaluate use cases carefully, and talk to bank partners and select vendors about stablecoins. For businesses of all sizes, decisions about stablecoins should always be business-based — about effectively improving cash management, payments and control — not about deploying “cool” technology.

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