Why are stablecoins already changing the way we think about money?

Blog post

A question that seems almost naive

Why create a digital dollar... when the dollar already exists? The question seems obvious. After all, we already use bank transfers, payment cards, mobile apps, and electronic payments. All of this is already digital. So why are banks, tech companies, investors, and now governments talking so much about stablecoins?

The answer goes deeper than it might seem. Stablecoins do not seek to replace the dollar; they aim to enable it to circulate in a different way. And it is this distinction that is worth understanding.

Bitcoin opened the door

When Bitcoin emerged in 2009, it demonstrated something many had deemed impossible: the ability to transfer value over the Internet without relying on a central bank or financial intermediary. This was a significant innovation. For the first time, a global community demonstrated that a digital currency could exist through a decentralized infrastructure.

However, a challenge soon arose. Bitcoin is extremely volatile; its value can rise—or fall—sharply. While this volatility attracts investors, it makes using Bitcoin as a genuine everyday currency difficult. It is hard for a business to set prices in a unit of account whose value fluctuates constantly. The digital economy had thus found a new technology... but not yet a stable currency.

Stability is a necessity

There is frequent talk of blockchains, smart contracts, and cryptography. Yet, before any technology comes into play, a currency must fulfill three very simple functions: it must allow for the measurement of prices, preserve value over time, and facilitate exchange.

In other words, an economy functions because participants can trust the monetary unit they use. This trust relies largely on a certain degree of stability. Stablecoins emerged precisely to meet this need. The concept is ultimately quite simple: why create a new currency when one can leverage the stability of an already established one?

A simple idea… with far-reaching consequences

The concept of a stablecoin seems almost self-evident. A digital token represents a dollar. This token circulates on a blockchain, while the corresponding reserves are held by financial institutions. In other words, the currency gains the ability to circulate on entirely digital infrastructure without severing its link to the traditional monetary system.

This combination changes a great deal. Transfers become virtually instantaneous. Cross-border exchanges become much easier. Digital applications can integrate payments directly into their own processes. It is, therefore, not merely a new means of payment; it is a new infrastructure for the circulation of value.

Why are so many players interested in it?

What stands out today is the diversity of users. Crypto platforms view them as a stable unit of account. Investors have access to immediately available liquidity. International companies seek to expedite certain settlements. Decentralized finance developers finally have an asset stable enough to build new services.

In several countries facing high inflation, some individuals also use stablecoins to preserve their purchasing power. Each pursues different goals, yet all seek the same thing: a digital currency capable of maintaining a predictable value. This convergence largely explains the spectacular growth of stablecoins.

More than just a financial product

This is arguably the most important point. Stablecoins are not merely new financial assets; they constitute a new layer of infrastructure. They make money programmable, enable smart contracts to automatically trigger payments, facilitate asset tokenization, and support the digital transformation of exchange.

In reality, they bridge two worlds that have hitherto operated relatively independently: the world of traditional currencies and that of digital networks. It is this hybridization that explains the growing interest they are attracting.

A development that goes beyond the crypto sector

For a long time, stablecoins were viewed as a curiosity reserved for cryptocurrency specialists. That era has now passed. Central banks are studying them. Commercial banks are developing their own projects. Regulators are drafting new legal frameworks. Major technology companies are also taking an interest.

In other words, stablecoins are no longer a fringe phenomenon. They are gradually becoming a matter of monetary, financial, and geopolitical significance. This evolution warrants close attention—not because it necessarily heralds the demise of existing currencies, but because it is gradually altering how those currencies circulate within an increasingly digital economy.

Understand before judging

As is often the case, financial innovations elicit sharply contrasting reactions. For some, stablecoins represent a revolution; for others, they pose potential risks. Our approach is different. Before passing judgment, we must first understand—understanding why they emerged, the problem they seek to solve, and the needs they address.

Stablecoins were not created to replace the dollar. They were conceived to offer it a new way to exist within digital networks. This is a crucial distinction—and likely explains the growing attention they are attracting today.

The real question begins now

Understanding why stablecoins exist is merely the first step. Another question now arises. If these instruments become essential to international payments, digital finance, and asset tokenization, who will guarantee their stability? Who will control their reserves? Who will set the rules?

In other words, behind this technological innovation lies a much older question: that of monetary power. It is precisely this next phase that we will explore in the upcoming article.