

January 26th - February 1st

PERSPECTIVES by Eric F. Risley

Distribution is king, and the stablecoin proliferation wars have only just begun.

Stablecoins have made their hay as a crypto trading and settlement currency, with impressive success. Today, roughly \$300B in stablecoin denominations are outstanding, which earn \$14B in annual returns via interest earned on invested reserves. Quite a nice revenue stream for Tether, Circle, Circle's critically important partner Coinbase, and a smattering of far smaller players. That's yesterday's game.

Today, stablecoin growth is, and will continue to be, driven by far more general-purpose use cases. Most notably: payments in many different forms; U.S. dollar denominated savings in countries where local currencies suffer high inflation, capital controls, or confiscation risk; and a wide array of settlement activities outside of crypto trading.

Each of these more general-purpose use cases already has vast ecosystems of corporate, client, and customer participants. These include industries like banking, payments, capital markets, asset management, foreign exchange, specialty finance, corporate treasury management, and trade finance, to name a few. These players currently control access to the customers who will increasingly utilize stablecoins.

Today's stablecoin leaders have so far largely pursued a strategy of partnership. This offers access to coveted brands, customer relationships, and disparate types of software that manage and orchestrate payment workflows and related processes. Perhaps reasonable, but what inhibits the issuance of company-specific, proprietary stablecoins? Nothing, and it's already happening.

The acid test may be the answer to this question: Is the form of payment currency the core value proposition of this vast ecosystem of existing participants? We posit no.

Perhaps the current group of stablecoin players will need to transform themselves from stablecoin issuers into stablecoin-based solutions providers, offering the core value propositions of those they currently seek to partner with. This week, two acquisitions suggest this combination, albeit in reverse form, is the future: traditional payment providers and stablecoins living under the same roof, much like Stripe's acquisition of Bridge 18 months ago.

We're looking forward to the coming battles.

See Architect Partners Insights: Crypto Payments & Infrastructure (part [I](#), [II](#), and [III](#)) for more information.

RECENT CRYPTO M&A TRANSACTIONS [\(click here for full AP M&A Tracker\)](#)

Target	Acquirer	Transaction Summary	M&A Alert
RealityChek	HYDAWAY DIGITAL	Transaction Value: \$0.84M Rationale: To attain its authenticity proof stacks and gamification user acquisition strategy Sector: Enterprise Solutions Target Description: Blockchain-embedded AI deepfake detection and authenticity services	
bulletin	DefiLlama	Transaction Value: Not disclosed Rationale: To expand its crypto private database coverage with Bulletin's new proprietary data Sector: Data & Data Analytics Target Description: Data aggregation and analytics for crypto OTC market valuation	
Blue EMI	checkout.com	Transaction Value: Not disclosed Rationale: To further expand in on-chain payments and EU with euro stablecoin capabilities Sector: Payments Infrastructure Target Description: Regulated euro stablecoin issuer and EU payment rails	
corechain	Acumatica	Transaction Value: Not disclosed Rationale: To digitize its outbound payments processes by adding Corechain's tech stacks Sector: Payments Infrastructure Target Description: Blockchain-based B2B payments orchestration provider	

OVERALL CRYPTO M&A ACTIVITY LEVELS

