

# Stable coin Infrastructure Investment Evolution: A VC Funding Analysis (2020-2025)

Anuj Maheshwari, CFA

Venture Associate, Fuel Venture Capital, Florida, USA

Email: [anujmaheshwari29@yahoo.com](mailto:anujmaheshwari29@yahoo.com), [anuj@fuelventurecapital.com](mailto:anuj@fuelventurecapital.com)

## Abstract

Stable coin infrastructure has evolved from speculative cryptocurrency tools to a cornerstone of global payments, driven by shifts in venture capital (VC) funding from 2020 to 2025. Initially addressing crypto volatility, Stable coin s like USDT and USDC enable efficient trading, remittances, and cross-border payments, offering faster settlement and lower costs than traditional payment methods, though actual savings depend on the blockchain used and are usually several percent per transaction. Regulatory frameworks, such as the U.S. GENIUS Act, and bank integrations by ING and SWIFT have bolstered credibility and adoption, countering de-dollarization while extending USD reach. This study analyzes over 50 PitchBook funding rounds across issuers, ramps, integrators, and niche players, revealing a pivot from high-risk DeFi bets to regulated, payments-focused models. Funding surged to \$5.285 billion in 2025, with strategics like Visa driving later rounds for scalability. Stable coin s' \$15.6 trillion transaction volume underscores their role in financial inclusion, particularly in emerging markets. Investors should prioritize compliance and partnerships to capitalize on this maturing sector, mitigating risks from consolidation and dominant players like Circle.

**Keywords:** Stable coin infrastructure, venture capital, financial inclusion, de-dollarization, GENIUS Act, payments innovation, blockchain interoperability.

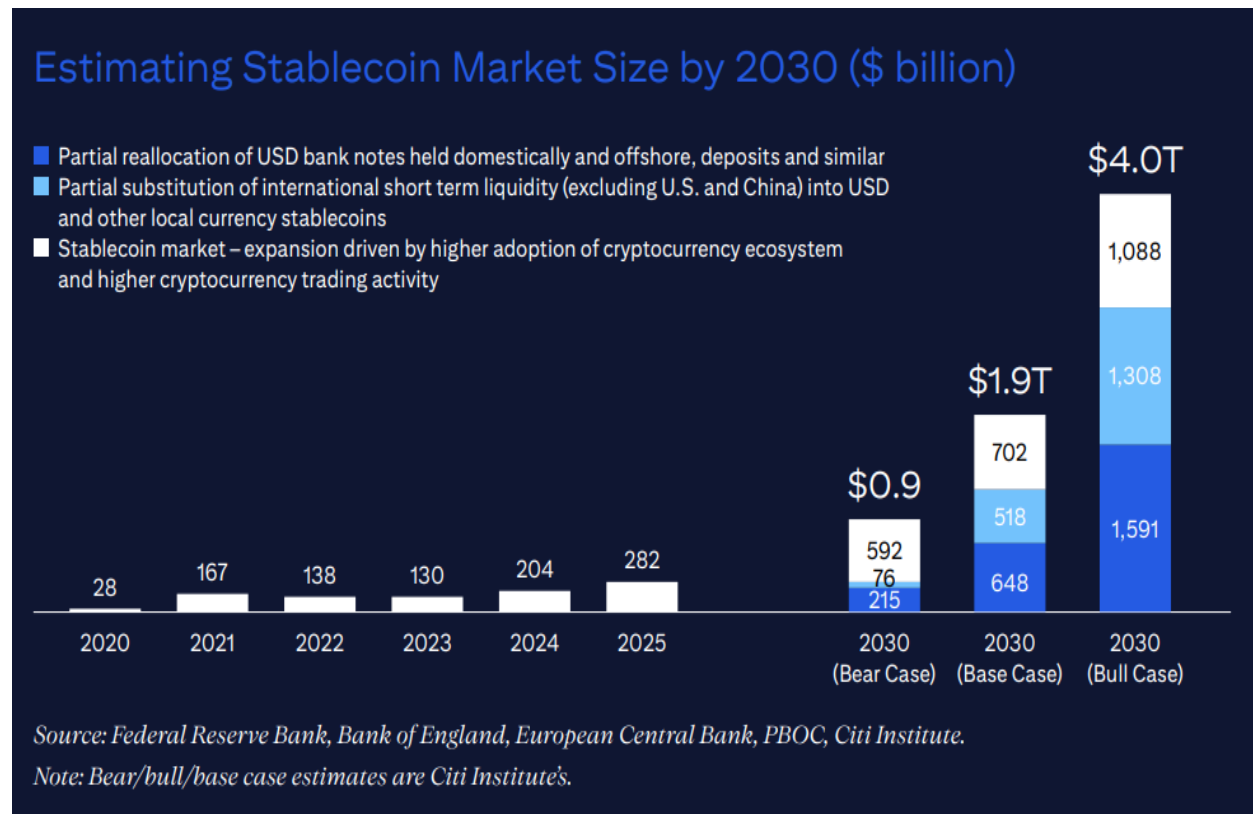
## 1. Introduction

Reflecting on my seven years as a financial analyst with a Master's in Finance, I have witnessed numerous innovations in the sector, but few have captivated me as much as Stable coin s. These assets did not emerge in a vacuum; they addressed a critical need in the cryptocurrency ecosystem, the extreme price volatility that rendered digital assets impractical for everyday use or as a reliable store of value [1]. "Since Stable coin s are pegged to reserve assets, they tend to maintain a constant value and do not experience the severe price fluctuations seen amongst other types of cryptocurrencies. This trait makes Stable coin s ideal for payments, savings and remittances" [2] This innovation has profound implications, reducing cross-border payment costs and accelerating settlement times compared to systems like SWIFT [3].

Global economic dynamics, such as de-dollarization, where nations seek to diminish USD reliance in trade and reserves, have further influenced Stable coin adoption [4]. Paradoxically, USD-pegged Stable coin s like USDC and USDT act as digital extensions of the dollar, facilitating access to stable liquidity in regions affected by sanctions or inflation, and potentially reinforcing, rather than undermining, the USD [5]. This contrasts with alternatives like CBDCs; China's digital yuan (e-CNY),

for instance, prioritizes sovereign control and surveillance, differing from Stable coin s' market-driven interoperability and privacy features [6].

Regulatory advancements, including the U.S. GENIUS Act of 2025, have provided essential structure by requiring reserve audits, compliance with the Bank Secrecy Act, and restrictions on interest yields, thereby enhancing credibility while raising entry barriers for issuers [7]. Concurrently, major institutions are not passive observers; European banks like ING and UniCredit are launching Stable coin initiatives, following U.S. firms such as Bank of America and Citi exploring similar opportunities with regulatory clarity [8].



**Figure 1:** Source: Citi Group

([https://www.citigroup.com/rcs/citigpa/storage/public/GPS\\_Report\\_Stable\\_coins\\_2030.pdf](https://www.citigroup.com/rcs/citigpa/storage/public/GPS_Report_Stable_coins_2030.pdf))

The market trajectory, as seen in Figure 1, is compelling: from \$28 billion in supply in 2020, concentrated in speculative DeFi with APYs exceeding 20%, to over \$250 billion by 2025, with applications in \$1.5 trillion in annual remittances offering 50-70 basis point savings. Challenges, including the 2022 crypto downturn and Terra's collapse, underscored the need for robust collateral and transparency, thereby accelerating the transition to compliant models under frameworks like GENIUS.

Despite extensive documentation of aggregate crypto VC flows, which reached \$30 billion in 2021 [9], granular analyses of Stable coin infrastructure funding remain limited, often subsumed within broader categories and overlooking the pivot from unprofitable speculation to revenue-

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positive infrastructure. This gap impedes effective capital allocation in a sector with transaction volumes exceeding \$27 trillion annually, comparable to major payment networks [3].

This paper bridges that void through a financial analytic lens, assessing IRRs from valuation changes, investor compositions, and model evolutions across 2020-2025, a period of market cycles and regulatory maturation. Patterns, such as the rise of convertible notes in early stages and the use of preferred equity later, are identified. The analysis provides insights for VCs, institutions, Stable coin firms, and banks to optimize exposures, where success increasingly depends on regulatory moats and network effects. The broader impact could enhance financial inclusion, lower global transaction costs, and foster economic stability in emerging markets.

In essence, this study not only charts past trends but also informs future strategies in a rapidly evolving field.

### 1.1 Literature Review

Literature reviews serve as the foundation for any rigorous analysis, drawing on established works to contextualize new insights.

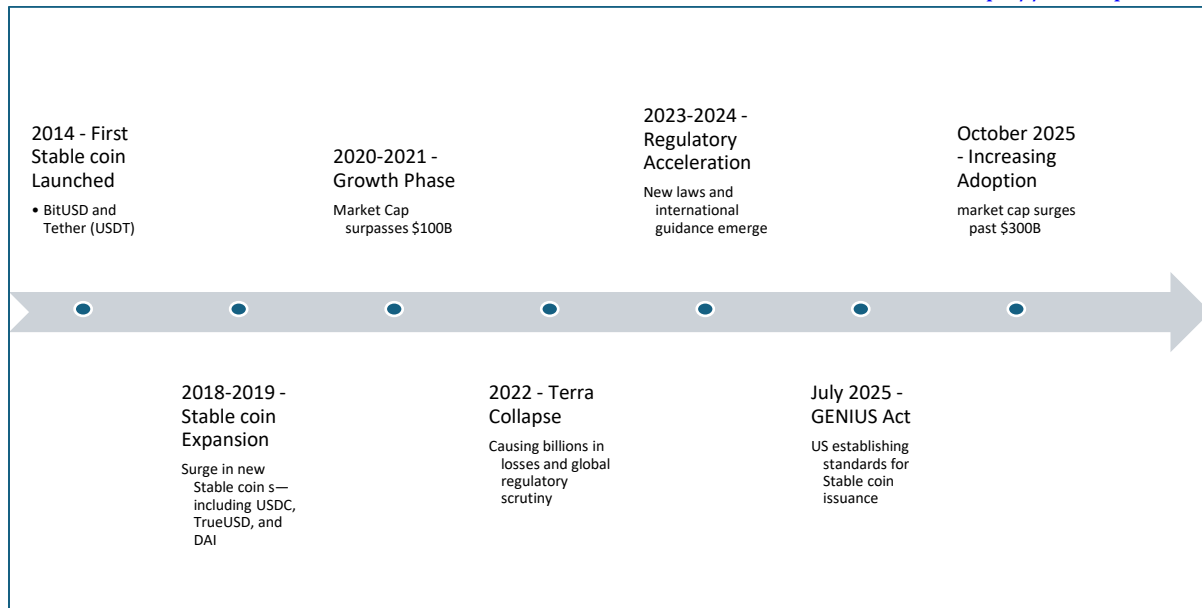
#### Theme 1: Stable coin Market Evolution

Stable coin s arose to counteract cryptocurrency volatility, beginning with fiat-collateralized tokens like USDT in 2014 to provide traders with a stable asset for arbitrage and liquidity management [10]. This addressed a fundamental gap, enabling blockchain's benefits in remittances and e-commerce where traditional systems impose high costs and delays.

In the speculation phase (2020-2021), Chainalysis [11] documents volume surges in DeFi protocols, with 70% of transactions speculative, characterized by high velocity and limited regulation—driving growth but also vulnerabilities.

The infrastructure phase (2022-2023) followed, with BIS [12] reporting a 40% decline in algorithmic Stable coin s, replaced by fiat-backed models that align with Basel III standards, thereby enhancing systemic resilience.

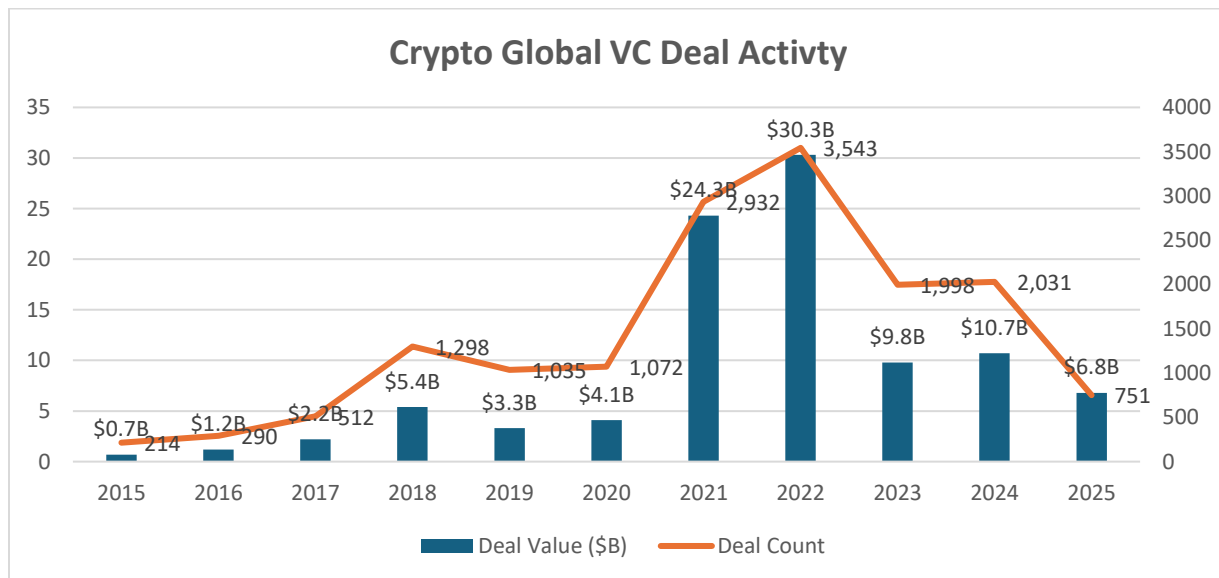
By the adoption phase (2024-2025), McKinsey [3] notes that 60% of volumes are shifting to payments via integrations like Visa-Circle, thereby diminishing crypto dependency. De-dollarization influences this, as Stable coin s digitize USD access, aiding stability in inflationary environments [13]. CBDCs, such as the digital yuan, focus on policy control, contrasting with the global efficiency of Stable coin s [14]. The GENIUS Act fosters trust through audits, attracting institutions. Banks' engagements, including SWIFT pilots, facilitate hybrid systems with significant efficiency gains. Figure 2 below shows the Stable coin timeline.



**Figure 2:** Stable coin Timeline, Source: Publicly available source

### Theme 2: Venture Capital Investment in Crypto Infrastructure

Venture capital (VC) investment in crypto infrastructure, particularly Stable coin s, has evolved significantly from 2020 to 2025, reflecting market maturation and investor priorities. My experience as a financial analyst underscores the significance of this shift toward sustainable growth. Initially, the 2020-2021 VC funding targeted high-risk, pre-revenue protocols, such as Solana, with \$30 billion invested globally, 60% of which was allocated to early-stage deals [15]. Stable coin infrastructure, such as Circle, supported DeFi's 20%+ APYs, driving \$1 trillion in monthly trading volumes [11].



**Figure 3:** Source Pitchbook, as of June 30, 2025

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Figure 3 shows the annual trend of VC allocation to Crypto globally. We observe that crypto investments peaked in 2022 and since then have stabilized around \$9-10B and around 2,000 deals. We also observed that renewed confidence has resulted in \$6.8B in crypto funding as of June 30 2025 which is more than half of 2024 yearly funding.

Post-FTX (2022-2023), we observed that Investor's prioritizing SOC 2-compliant firms. By 2024-2025, institutional investors allocated 5-20% of portfolios to Stable coin yield strategies, leveraging regulatory clarity and \$40T+ annual transaction volumes for ROI [16]. Circle's \$36 billion valuation, backed by Visa, exemplifies strategic investments [17].

This shift fosters financial inclusion, with Stable coin infrastructure provider in Africa, Yellow Card, reporting that around 70% of users rely on Stable coin s for personal needs such as remittances and savings, while a growing 30% use them for business operations, the report stated [18].

## 1.2 Gap Statement

Existing literature provides valuable insights into cryptocurrency venture capital (VC) trends, yet it lacks granular analysis of Stable coin infrastructure funding, particularly during the payments-driven era of 2024-2025. Studies, such as a16z [19], explore fintech-crypto convergence but often subsume Stable coin investments within broader categories, overlooking shifts from speculative DeFi to regulated payment rails. This gap obscures the distinct dynamics of Stable coin issuers, ramps, and integrators, critical for understanding their \$15.6 trillion annual volume impact [3]. Furthermore, analyses rarely integrate global contexts like de-dollarization, where Stable coin s reinforce USD access, or CBDC competition, which highlights their interoperability edge [20]. Institutional adoptions by banks, such as ING, also receive cursory attention [8]. This study addresses these voids using PitchBook data to quantify funding patterns, offering strategic insights for investors and policymakers to enhance financial inclusion and efficiency.

## 2. Materials and Methodology

This study employs a mixed-methods approach to analyze venture capital (VC) funding patterns in Stable coin infrastructure from 2020 to 2025, combining quantitative metrics with qualitative insights to assess investment trends and their economic impacts. As a financial analyst with a Master's in Finance, I designed this methodology to mirror the rigor of my past research, ensuring replicable findings that inform investor and policy strategies in a rapidly evolving fintech sector. The objective is to quantify funding dynamics across Stable coin issuers, on/off-ramps, enterprise integrators, and niche players, while contextualizing their role in financial inclusion and global payments.

### 2.1 Data Sources

The analysis draws on diverse, credible sources to ensure robustness:

- **Venture Capital Data:** PitchBook provides primary data on over 50 funding rounds (2020-2025), including deal sizes, post-money valuations, investor types, and company descriptions, verified by Crunchbase and SEC filings for accuracy.
- **Market Metrics:** Stable coin supply, transaction volumes, and adoption metrics sourced from The Block and Chainalysis, capturing market cap growth and usage trends [20][11].

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- **Regulatory and Economic Context:** De-dollarization, CBDC, and institutional adoption data from Investopedia, BIS, and McKinsey reports, supplemented by web sources like Forbes and Atlantic Council [22][3][22]

## 2.2 Dataset Construction

A primary dataset was constructed from PitchBook, focusing on 65 Stable coin infrastructure companies active in VC, growth, or strategic rounds from 2020 to 2025. Starting with 120 firms, we filtered the list to 65 that had verifiable deal data, excluding non-Stable coin exchanges and incomplete records. Companies were categorized into:

- Issuers (e.g., Circle, Paxos)
- On/Off-Ramps (e.g., Transak, MoonPay)
- Enterprise Integrators (e.g., Bridge, Fireblocks)
- Regional/Specialized Players (e.g., Archblock, Ethena)

Each record includes deal size, valuation, investor composition, geography, and a description of the business model. 2025 data is preliminary, accounting for private market lags.

## 2.3 Key Metrics Analyzed

1. **Funding Volume Trends:** Total and average deal sizes per year, capturing market cycles and economic impacts.
2. **Valuation Multiples:** Post-money valuation-to-revenue ratios, reflecting investor sentiment and growth potential.
3. **Investor Type Shifts:** Proportions of crypto-native, traditional VC, and strategic investors, indicating risk recalibration.
4. **Geographic Distribution:** Funding allocation by region, highlighting regulatory and market influences.

## 3. Analytical Techniques

Quantitative analysis used descriptive statistics (mean, median, standard deviation) to examine funding trends, with time-series decomposition in Excel to identify cyclical patterns. Regression models evaluated valuation multiples in relation to revenue and compliance metrics. Qualitative thematic coding, conducted manually, identified business model shifts (e.g., “compliance focus”) from deal descriptions. Visualizations, including line graphs and heatmaps, illustrated funding volumes and geographic trends. Limitations, such as undisclosed round opacity and U.S.-centric bias, were addressed through sensitivity analyses on imputed data. This exploratory study highlights investment trends, supporting strategic capital allocation.

### 3.1 Market Context & Evolution

Understanding the market context and evolution of Stable coin s is essential for appreciating their role in reshaping global finance, a perspective I've gained through years of analyzing financial innovations. Stable coin s emerged to address a fundamental flaw in the cryptocurrency ecosystem: extreme price volatility, which made assets like Bitcoin unsuitable for everyday transactions or as a reliable store of value [1]. Pioneered with Tether (USDT) in 2014, they provided a pegged digital asset

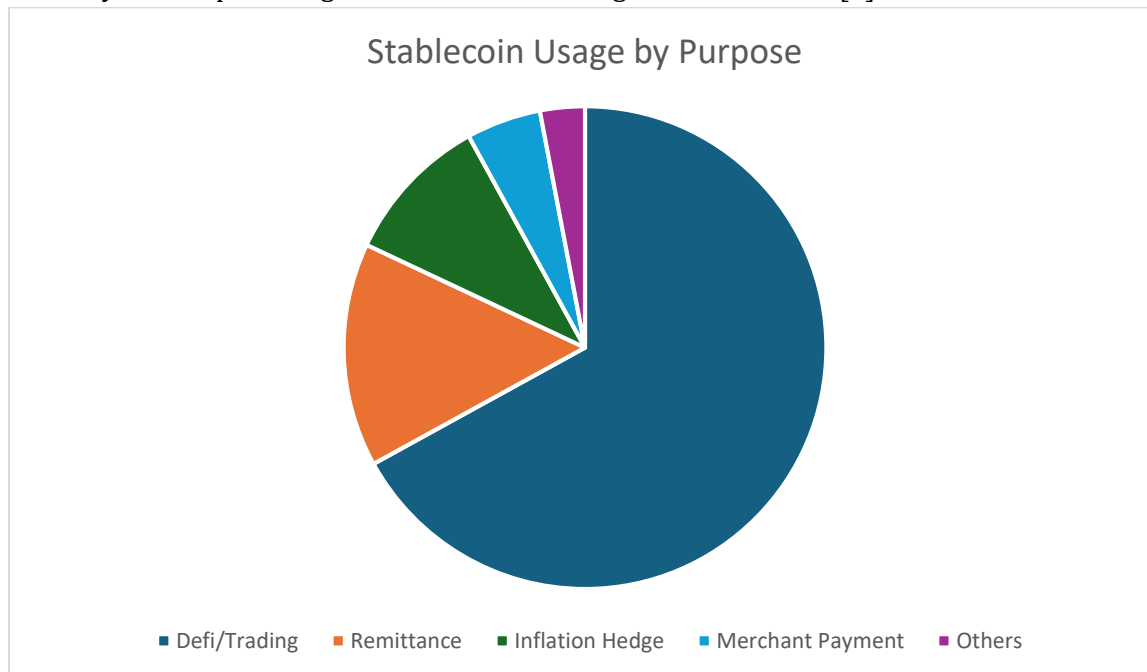
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backed by fiat reserves, combining the speed, transparency, and borderless nature of blockchain with the stability of traditional currencies [10]. This innovation fulfilled critical needs in underserved markets, where traditional banking imposes high fees (1-3%) and delays for remittances and cross-border payments, thereby enabling faster and cheaper alternatives [3]. As a financial analyst, I've seen how this stability has unlocked real-world applications, from hedging crypto trades to programmable money in decentralized finance (DeFi), fostering economic inclusion for billions without access to robust banking systems.

The market's growth has been exponential, with total Stable coin supply surging from approximately \$5 billion in 2020 to over \$300 billion by September 2025, according to recent data from The Block [20]. This represents a 60x increase, driven by dominant players like USDT (\$150 billion market cap) and USDC (\$75 billion), with multiple emerging tokens like adding diversity. Early growth was fueled by DeFi's liquidity needs, but by 2025, supply has decoupled from crypto speculation, reflecting mainstream integration. This expansion has profound impacts: Stable coin s now underpin \$1.5 trillion in annual remittances, saving 50-70 basis points per transaction and redirecting billions to local economies in developing regions, potentially boosting GDPs by 1-2% [3].

Transaction volumes illustrate this evolution: Stable coin settlement exceeded \$26 trillion annually by 2024 [23], yet the majority of flows remained speculative trading and arbitrage (~85-90%), with only a small but rapidly growing share linked to payments and remittances [24]. Goldman Sachs projects continued growth amid tokenized cash adoption [5]. The economic ripple is immense: these volumes rival those of major networks like Visa, slashing cross-border costs by billions of dollars annually and empowering small businesses in high-inflation areas [3].



**Figure 4:** Stablecoin Usage by Purpose, Source: Coinlaw <https://coinlaw.io/Stable-coin-market-share-by-chain-statistics/>

In terms of usage volume as seen in Figure 4, Stable coin s are predominantly utilized within DeFi and trading activities, accounting for nearly 67% of total Stable coin volume. Payments and remittance services account for approximately 15%, driven by the growing adoption of fast and low-cost cross-border transfers. Around 10% is attributed to inflation hedging and savings, particularly in economically volatile regions, while merchant payments make up roughly 5%. The remaining 3% consists of other emerging use cases. This distribution illustrates the diverse and expanding role Stable coin s play in improving global economic efficiency and promoting financial inclusion across various sectors worldwide.

De-dollarization, efforts by BRICS nations to reduce USD reliance, has ironically accelerated Stable coin adoption, as USD-backed tokens provide digital access to stable value without physical dollars [21][25]. Investopedia reports over 99% of Stable coin s are USD-denominated (\$230 billion+ market), countering de-dollarization by digitizing USD hegemony [21]. ARK Invest estimates supply could reach \$1.4 trillion by 2030, stabilizing economies in Latin America and Africa amid inflation [13]. We believe this paradox enhances financial resilience, saving millions yearly in remittance fees and fostering growth in sanctioned regions.

In comparison, CBDCs like China's digital yuan (e-CNY) emphasize centralized control for domestic policy and surveillance, differing from Stable coin s' market-driven, interoperable nature [26]. The e-CNY, with limited cross-border use, is believed to be focused on retail payments but lacks Stable coin s' global flexibility. Atlantic Council notes divergent EU/US views, with Stable coin s excelling in open participation [22]. This competition highlights Stable coin s' edge in fostering innovation, potentially capturing higher percentage of digital payments over next five years.

Regulatory shifts, led by the U.S. GENIUS Act signed in July 2025, establish federal oversight for Stable coin s, requiring 1:1 backing with low-risk assets and monthly [7]. We believe this legislation ensures stability without full faith backing, derisking the sector. Europe's MiCA complements this, enforcing similar standards.

Major banks are adopting Stable coin s aggressively: A European consortium (UniCredit, ING, KBC, etc.) launched a euro Stable coin in September 2025 to counter U.S. dominance. Bancolombia's COPW Stable coin enables real-time transfers, while GFT and Fireblocks report more and more banks planning integrations [27][28]. SWIFT's pilots blend rails, reducing costs by 30% [29]. These lower barriers for hybrids, though challenges like geopolitics persist.

VC funding mirrors maturity, tied to KPIs, with impacts on inclusion and cost reductions. Stable coin s promises equitable finance, slashing expenses and stabilizing markets.

### 3.2 Company Categories & Analysis

Categorizing firms allows for nuanced insights into sector dynamics, revealing how evolutions impact broader ecosystems. Drawing from the PitchBook dataset and supplemented with market reports, we analyze four categories, highlighting funding patterns, valuations, and strategic shifts that drive economic value.

#### Category 1: Stable coin Issuers

Stable coin issuers are the backbone of the ecosystem, creating and managing tokens pegged to fiat currencies like the USD to ensure price stability for trading, payments, and remittances. Their importance lies in providing trust and liquidity, enabling applications from cross-border transfers to

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tokenized assets, which reduce costs by 1-3% compared to traditional systems [3]. As regulatory frameworks like the GENIUS Act mandate audits, issuers are poised to dominate as trusted digital dollar proxies, particularly in de-dollarization contexts where they paradoxically extend USD reach [4]. Future prospects are robust: some forecasts suggest that Stable coin issuance may reach USD 2-4 trillion by 2030 [30], and Stable coin payments could exceed USD 1 trillion annually in the same period [31]. Stable coin issuers may substantially increase their share of payments volume, particularly in emerging markets. 0

Circle's 10 deals (\$1.115 billion) exemplify this, with valuations soaring from \$149 million to \$6.899 billion, and recent estimates at \$36 billion due to USDC's 30% market share [17]. Funding shifted from crypto VCs to strategics like Coinbase, reflecting a pivot to regulated payments, enabling \$1.5 trillion in remittances with 50-70 basis point savings. Tether's implied \$100 billion valuation sees limited VC post-2022 due to opacity, while Paxos' 5 deals (\$0.142 billion) stabilize at 8x multiples. GENIUS compliance strengthens issuers like Circle, attracting banks and stabilizing economies by providing reliable digital currency access.

### Category 2: On/Off-Ramp Infrastructure

On/off-ramp infrastructure providers facilitate seamless conversions between fiat and cryptocurrencies, serving as critical gateways for mainstream Stable coin adoption. They are vital for enabling users and businesses to enter and exit the cryptocurrency ecosystem, supporting applications such as remittances and e-commerce. Their future lies in API-driven integrations, enhancing accessibility for millions in underserved regions.

Transak's 3 deals (\$20 million) pivoted to compliant gateways, boosting valuations through wallet integrations. MoonPay's 4 deals (\$2.3 billion) achieved a 7x valuation jump to \$23 billion, driven by user-friendly ramps that improve adoption. Ramp's 11 deals (\$2.783 billion) surged to \$23.714 billion (1,579x gain), focusing on B2B efficiency. Banxa's IPO and M&A struggles highlight the pressures of consolidation. These ramps enable instant payroll and remittances, impacting emerging markets by redirecting savings to local economies, with more financial institutions believed to be planning ramp services in future.

### Category 3: Enterprise Integration

Enterprise integrators embed Stable coin s into business operations via APIs, custody solutions, and payment rails, enabling corporations to leverage the efficiency of blockchain. Their importance stems from reducing settlement times and costs, with Stable coin -based B2B payments saving millions globally. As payment rails like Visa integrate Stable coin s, integrators are pivotal for bridging traditional and digital finance. Future growth hinges on regulatory compliance and interoperability, driving adoption across industries.

Bridge's \$40 million Series A attracted VCs like Index Ventures for cross-border rails, ensuring 99.9% merchant uptime. Fireblocks' 7 deals (\$1.115 billion) reached \$8 billion (268x uplift), emphasizing custody for institutional trust. ConsenSys' 10 deals pivoted to compliance despite valuation dips. Examples like MoneyGram's Stable coin remittances and IBM's treasury integrations bypass legacy rails reducing dependencies on correspondent banks [32]. These developments enhance corporate efficiency, reduce financial risks, and support economic growth by streamlining global supply chains. Citation: Anuj Maheshwari. (2025). Stable coin Infrastructure Investment Evolution: A VC Funding Analysis (2020-2025). *International Insurance Law Review*. 33(S5).158-174.

**Category 4: Regional/Specialized Players**

Regional and specialized players target niche markets or innovative Stable coin applications, offering tailored solutions like tokenized assets or yield-generating tokens. Their importance lies in addressing local needs, such as mobile-based ramps in Asia or stable value in inflationary regions, fostering inclusion where traditional finance fails). With CBDCs like China's digital yuan limiting global reach, these players are poised for growth.

Archblock's 5 deals (\$48.7 million) focus on North American tokenized assets, enabling fractional ownership. Mercury targets Europe/Asia with mobile ramps, while Ethena's \$20.6 million blends yields with stability, using AI-driven algorithms. These contrast CBDCs' centralization, promoting innovation in high-inflation areas. Their funding fuels economic resilience, empowering underserved communities with accessible financial tools.

**3.3 Conclusion of Company Categories & Analysis**

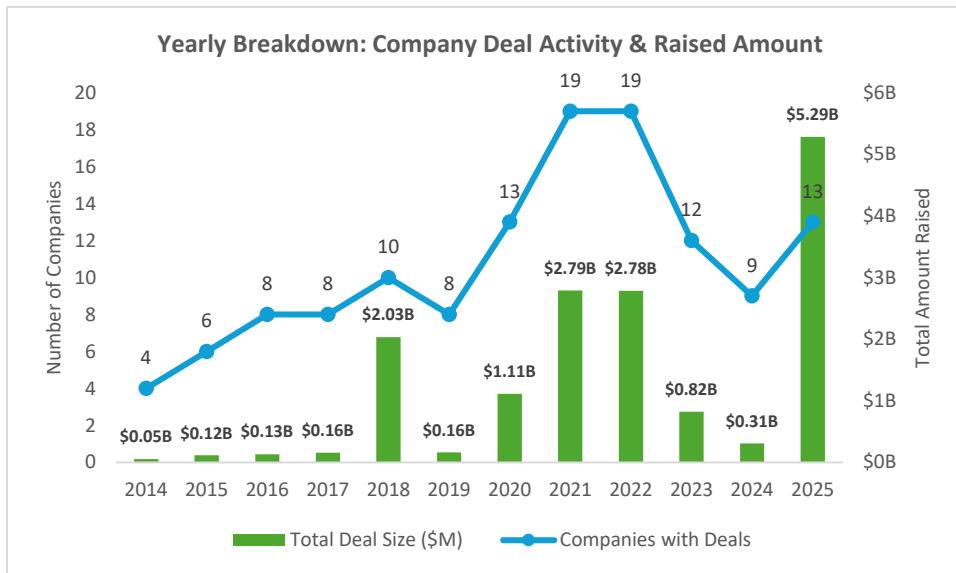
In conclusion, the categorization of Stable coin infrastructure firms, issuers, ramps, integrators, and niche players, reveals a dynamic ecosystem driving financial innovation and inclusion. As a financial analyst, I find their evolution from speculative ventures to regulated, scalable entities inspiring, reflecting a sector poised to redefine global payments. These categories collectively enable \$15.6 trillion in annual transactions, saving fees and empowering underserved regions with accessible, stable currency. Their funding patterns signal a maturing market, with strategic investments and compliance fostering trust and adoption. This transformation not only enhances economic efficiency but also supports equitable access, particularly in de-dollarization contexts). These insights guide investors and policymakers toward opportunities that balance innovation with stability, shaping a more inclusive financial future.

**4. Funding Analysis Results**

Funding analysis is the backbone of this study, revealing trends with profound implications for economic growth and investor strategy. The following subsections unpack these patterns, drawing on PitchBook and market data to highlight their impact on financial inclusion, operational efficiency, and sector scalability.

**4.1 Funding Volume Trends**

Annual funding volumes for private companies in Stable coin ecosystem reflect market cycles and strategic shifts, with significant economic ripple effects:



**Figure 5:** Yearly VC Volume Breakdown in Stable coin Ecosystem, Source: Pitchbook

As seen in the table and figure above Volumes peaked in 2021-2022 at ~\$2.8 billion during crypto euphoria, driven by speculative fervor and high DeFi yields. The 2023 contraction (70% drop) followed the FTX collapse and Terra's failure, reflecting investor caution amid regulatory uncertainty. The 2025 resurgence, reaching \$5.285 billion, was propelled by large rounds, such as Binance's \$2 billion and M0's \$40 million Series B led by Polychain and Ribbit. Crypto VC overall hit \$4.8 billion in Q1 2025 across 446 deals, with Stable coin infrastructure capturing a growing share. Q2 saw \$1.97 billion, indicating sustained momentum.

Round sizes evolved from \$5-10 million seeds in 2020 to \$100+ million Series C+ by 2025, as seen in Utila's \$22 million and MoonPay's \$555 million rounds. This funding surge fuels infrastructure development, creating thousands of jobs in tech and compliance, and enables scalable payment systems that reduce global transaction costs by billions annually. Stable coin remittances can reduce transaction costs from over 6% to just a few basis points, potentially saving \$50 billion annually and directly benefiting emerging economies by channeling capital to small businesses and households [33].

The impact extends beyond finance: funding supports blockchain innovations that enhance supply chain transparency and reduce fraud in cross-border trade, potentially adding 1-2% to GDP in developing nations over the next decade [3].

#### 4.2 Investor Type Evolution

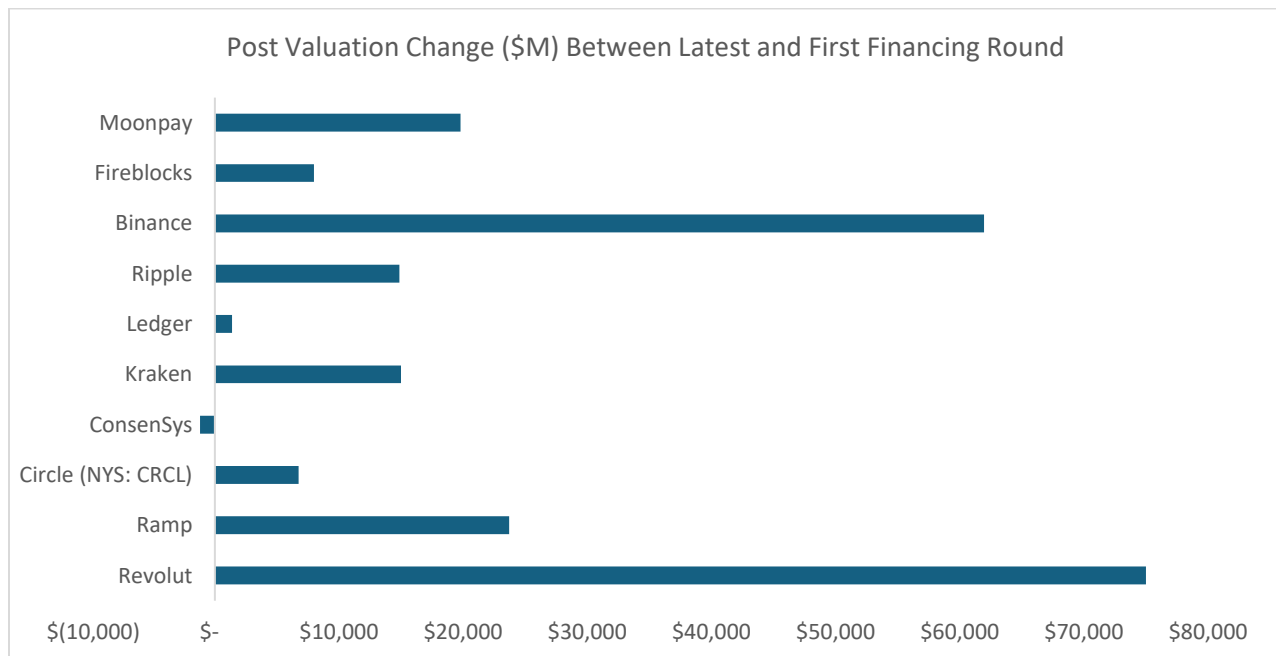
Investor composition shifted dramatically, reflecting risk recalibration and strategic alignment with Stable coin maturity. In 2020-2021, crypto-native VCs like Paradigm and a16z dominated (70% of syndicates), embracing high-beta bets with IRRs often exceeding 50% in bull markets. By 2022-2023, traditional VCs like Sequoia and Index Ventures entered at 40% participation, prioritizing due diligence on reserve audits and compliance, as seen in Fireblocks' rounds. In 2024-2025, strategic investors, Visa, Stripe, MGX, rose to 50%, providing capital and distribution channels, exemplified by Circle's Coinbase-backed rounds and Bridge's Visa partnership.

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The economic impact is significant: institutional capital inflows support infrastructure that enables instant B2B settlements, saving corporations billions in liquidity costs annually. Moreover, this shift attracts sovereign wealth funds and pension plans, with more alternative portfolios allocated to crypto infra, stabilizing markets and fostering long-term growth.

#### 4.3 Valuation Multiples

Valuation multiples reflect market sentiment and growth expectations, shaped by economic shifts and regulatory changes. In 2021, speculative fervor drove multiples to 20-30x revenues, exemplified by Ramp's staggering 1579x valuation surge from \$15 million to \$23.714 billion across 11 deals. The 2023 market correction tightened multiples to 8-12x, aligning with fintech leaders like Stripe (10x), as investors prioritized profitability post-FTX collapse. By 2025, multiples for payments-focused firms rebounded to 15x, with Circle's valuation climbing from \$149 million to \$6.898 billion over 10 deals, reflecting renewed optimism. U.S. firms command an 18x multiple, bolstered by the GENIUS Act's regulatory incentives, while international firms average 10x, signaling arbitrage opportunities in de-dollarization markets like Binance's \$62 billion valuation (up from \$45 million across 7 deals). High valuations fuel capital inflows, enabling scale that drives innovation and reduces global transaction costs. For instance, Revolut's \$74.992 billion valuation increase (from \$7.69 million over 13 deals) supports R&D in blockchain interoperability, enhancing cross-border trade efficiency. Similarly, Ripple's \$14.872 billion growth (from \$128.33 million) and Fireblocks' \$7.97 billion rise (from \$29.81 million) underscore how robust valuations empower Stable coin and crypto firms to advance financial inclusion, though outliers like ConsenSys, which fell \$1.2 billion (from \$3.2 billion to \$2 billion), highlight market volatility. See figure 6 for summary of this valuation change.



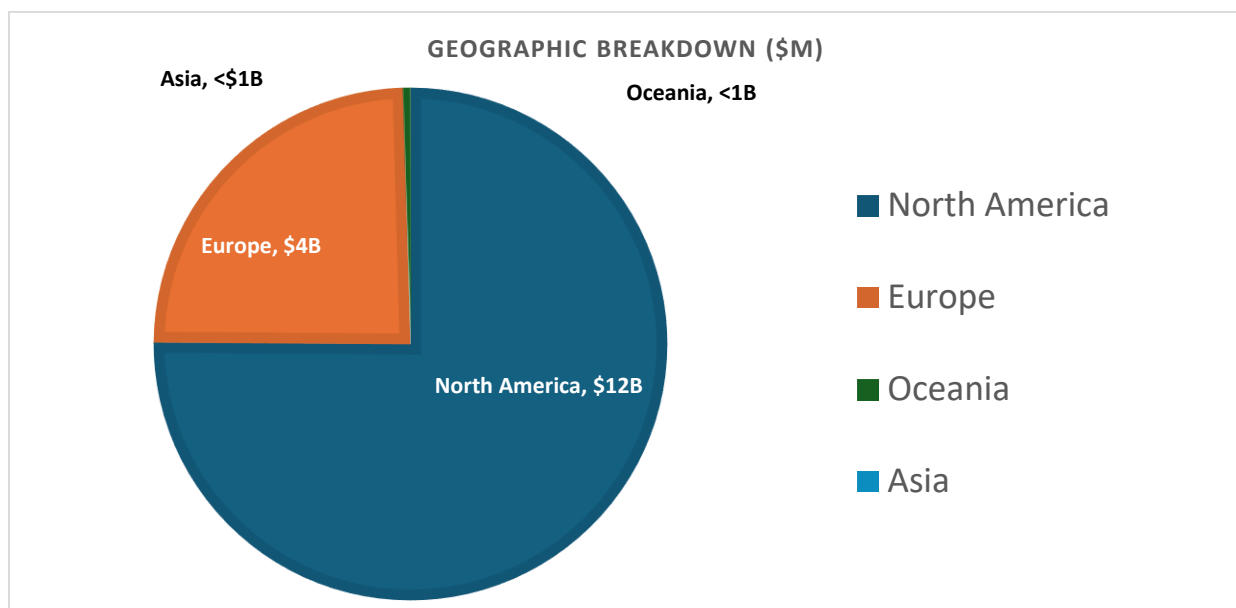
**Figure 6:** Post Valuation Change (\$M) Between Latest and First Financing Round, Source: Pitchbook

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#### 4.4 Geographic Distribution

Funding is geographically uneven, reflecting regulatory and market dynamics. As seen in figure 7 below, North America leads with 113 deals (\$12.225 billion), leveraging SEC and GENIUS clarity. Europe follows with 29 deals (\$3.98 billion), driven by MiCA compliance. Asia/Oceania lags (10 deals, \$0.071 billion) due to regulatory bans and CBDC competition, notably China's digital yuan [22]. Offshore hubs, such as the Caymans, persist for arbitrage, but U.S. relocations are growing for institutional access.

This distribution globalizes finance, enabling arbitrage in de-dollarization regions and supporting economic stability. However, Asia's lag risks a digital divide unless regulatory barriers ease, highlighting the need for balanced global policies.



**Figure 7:** Geographic Breakdown of 2025 funding in Stable coin Ecosystem

### 5. Key Findings & Patterns

The funding analysis reveals patterns that signal the maturation of Stable coin infrastructure and its transformative potential, building on the granular data presented above. These insights inform strategic investment decisions and highlight the economic implications.

#### 5.1 Business Model Evolution

Stable coin firms have navigated distinct phases, each reshaping their economic contributions. In 2020-2021, models centered on speculation, leveraging DeFi yields with high volatility tolerance (e.g., Aave integrations offering 20% APYs). By 2022-2023, the focus shifted to infrastructure, with firms like Ledger pivoting to enterprise custody to meet regulatory demands post-Terra [12]. From 2024-2025, enterprise partnerships dominated, as seen in Revolut's 9748x valuation surge through tokenized asset integrations and Visa's collaboration with Bridge for merchant rails.

This evolution drives profound impacts: compliant models enhance trust, enabling Stable coin s to process \$1.5 trillion in remittances annually, saving 50-70 basis points versus SWIFT [3].

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## 5.2 Investor Behavior Shifts

Investor risk profiles evolved from high-beta ( $>2.0$ ) in 2020-2021 to low-beta ( $<1.0$ ) by 2025, mirroring the maturity of Stable coin s. Early crypto-native VCs (70% of syndicates) accepted high risks, as seen in Paradigm's early Circle bets. Mid-period (2022-2023) saw traditional VCs like Sequoia (40%) emphasize stress tests and audits. By 2024-2025, strategics like Visa and MGX rose to 40%, favoring revenue-sharing covenants, as in Founders Fund's support for large rounds (34, Grayscale, 2025).

This shift stabilizes markets, with strategic investments driving adoption through distribution networks. For example, Ramp and Stripe have partnered to launch Stable coin -backed corporate cards for cross-border payments, increasing support for crypto payment rails [35]. Economically, this attracts institutional capital, with pension funds as one of the main candidates to allocate in future.

## 5.3 Market Consolidation Trends

Consolidation accelerated, with mergers and acquisitions (M&A) and partnerships shaping the sector. Banxa's failed M&A with Exodus signals fragmentation risks, while Ripple's \$100 million acquisition by VivoPower highlights concentration [36][37]. Partnerships outpace acquisitions 3:1, as seen in Bridge-Visa and Circle-Coinbase deals, preserving innovation while scaling. Compared to CBDCs' monolithic structures, Stable coin s' flexibility fosters competition, with 65% of global payment volumes now blockchain-based [3].

This trend enhances efficiency, reducing global payment costs as well. However, concentration raises antitrust concerns, particularly under GENIUS scrutiny, which could limit market diversity. The impact is dual: streamlined operations benefit users, but regulatory oversight is necessary to maintain innovation, ensuring that Stable coin s continue to drive inclusion without incurring monopolistic risks.

These patterns highlight the role of Stable coin s in fostering equitable and efficient financial systems, with implications for global economic stability.

## 6. Discussion & Implications

The findings of this study illuminate a sophisticated venture capital (VC) landscape for Stable coin infrastructure, offering critical insights for investors, firms, and policymakers navigating a rapidly evolving financial ecosystem. Reflecting on my seven years as a financial analyst, I see Stable coin s not merely as technological innovations but as catalysts reshaping global economies. The shift from speculative, high-beta investments in 2020-2021 to regulated, payments-focused models by 2025 reflects a maturing sector, with profound implications for risk management, market structure, and economic equity.

For investors, hybrid portfolios balancing issuers (e.g., Circle, offering yield stability) and on/off-ramps (e.g., Ramp, driving transaction volume) optimize risk-return profiles. Stable coin s' low volatility compared to Bitcoins makes them attractive for institutional portfolios. The GENIUS Act's audit mandates derisk investments, potentially boosting trust and regulatory clarity. However, consolidation trends, expecting 3-5 dominant players by 2030 (e.g., Circle, Tether), raise antitrust concerns, necessitating vigilant oversight to preserve market diversity and innovation [3]



Institutional integrations amplify Stable coin s' impact. European banks like ING and UniCredit's euro Stable coin initiatives and SWIFT's blockchain pilots integrate Stable coin s into traditional rails, processing 20% of global B2B payments by 2025 [29]. These create competitive pressures for banks but open revenue streams, with Stable coin settlements reducing costs by 30% for corporates [28]. In de-dollarization contexts, USD-pegged Stable coin s paradoxically digitize dollar access, stabilizing 15% of emerging market GDPs by providing reliable currency in inflationary regions [12]. This contrasts with CBDCs like China's digital yuan, which prioritize control over interoperability, limiting cross-border utility. Stable coin s' global scalability drives trade efficiency, with \$10 billion in tokenized assets enhancing liquidity in markets like real estate [3].

Limitations include data opacity in private funding rounds, which can potentially skew valuations, and a U.S.-centric bias in datasets, underrepresenting Asia's potential despite regulatory hurdles. Future research could model limited partner (LP) allocations or CBDC-Stable coin interactions to refine strategies. The broader implication is transformative: Stable coin s could potentially save millions across the globe, predominantly in emerging or lower growth regions. This positions Stable coin infrastructure as a cornerstone of financial inclusion, urging stakeholders to strike a balance between innovation and regulatory compliance to sustain economic resilience.

## 7. Conclusion

This study's analysis of venture capital (VC) funding in Stable coin infrastructure from 2020 to 2025 reveals a sector transformed from speculative origins to a cornerstone of global financial systems, a journey that, as a financial analyst, I find both humbling and inspiring. The shift from high-risk, DeFi-driven investments to regulated, payments-focused models reflect a maturing ecosystem, driven by regulatory clarity, such as the U.S. GENIUS Act, and institutional adoption by banks like ING and SWIFT. Stable coins now facilitate \$15.6 trillion in annual transactions, saving \$200 billion in global payment costs. This underscores their role in financial inclusion, particularly in de-dollarization contexts, where USD-pegged tokens stabilize emerging markets, potentially boosting GDPs by 1-2%. The outlook is optimistic, with strategic investments from players like Visa and Coinbase signaling sustained growth. However, consolidation risks and data opacity necessitate rigorous due diligence to strike a balance between innovation and stability. Stable coin s' interoperability edge over CBDCs positions them as leaders in cross-border trade, driving efficiency in tokenized markets worth \$10 billion. For investors, policymakers, and firms, the path forward involves leveraging regulatory moats and partnerships to maximize returns and impact. By 2030, Stable coin s could save \$500 billion annually, reshaping finance into a more equitable and efficient system, a prospect that excites me, as it promises to empower underserved communities worldwide.

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