



JANUARY 2026

MIDDLE EAST STABLECOIN ASSOCIATION  
BRIEFING PAPER

# THE ROLE OF STABLECOINS IN CORPORATE TREASURY



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The global financial system is being re-wired, and stablecoins are the cables. We are moving from the era of static, siloed banking to "Treasury on Chain"—a paradigm where liquidity is programmable, settlement is atomic, and capital moves 24/7/365. Stablecoins have graduated from speculative experiments to enterprise-grade infrastructure. For corporate treasurers, they offer the only viable solution to the "impossible trinity" of payments: achieving speed, low cost, and transparency simultaneously. With over \$30 trillion in corporate working capital flows ripe for optimization, early adopters stand to unlock millions in efficiency gains and gain a decisive competitive edge. This briefing paper cuts through the noise, offering a risk-calibrated roadmap to leverage the UAE's world-class regulatory environment and transform treasury from a cost center into a strategic engine of value.

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# INTRODUCTION

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The Middle East Stablecoin Association (MESA) has been formed in 2025 to help bring the voice of the industry together to help develop the usage of stablecoins in the middle east, with regulatory engagement, spreading the use of best practice and generally assisting all the stakeholders to improve the ecosystem. This briefing paper has been written by the Corporate Treasury Committee. The use of stablecoins in the wider financial and corporate industry is spreading and the corporate treasury is heavily impacted. **Why is it important now?**

- **Rapid Global Adoption of Stablecoins** - Stablecoins have grown from \$2 billion in 2019 to approximately \$300 billion by Q4 2025, with projections reaching \$1.4 trillion by 2030. This explosive growth is reshaping how corporates manage liquidity, payments, and FX risk.
- **Mainstream Integration by Banks and Corporates** - Nearly half of global financial institutions already use stablecoins, and major banks are integrating them into their infrastructure. Treasury teams must understand this shift to remain competitive and compliant.
- **UAE Regulatory Maturity** - The UAE has introduced clear frameworks for stablecoin use, including licensing, reserve requirements, and AML/CFT compliance. This makes it one of the few jurisdictions where corporate treasuries can confidently explore stablecoin strategies.
- **Strategic Treasury Transformation** - Stablecoins enable real-time global settlements, programmable payments, and yield generation—transforming treasury from a cost center into a strategic function.

**The principles behind the adoption are clear:**

- **Financial Sovereignty and Efficiency** - Stablecoins reduce reliance on traditional banking rails, empowering treasuries to manage liquidity and FX risk independently, especially in high-inflation or capital-controlled markets.
- **Transparency and Auditability** - Blockchain-based transactions offer real-time visibility and immutable audit trails, enhancing compliance and reducing reconciliation burdens.
- **Programmability and Automation** - Smart contracts allow for automated treasury workflows—such as milestone-based payments or dynamic liquidity rebalancing—reducing manual errors and operational overhead.
- **Strategic Fit for UAE Treasury Operations** - The AED-USD peg, low tax regime, and legal certainty in ADGM/DIFC make the UAE an ideal hub for stablecoin-enabled treasury operations.
- **Risk Management Evolution** - The paper outlines a phased roadmap and risk-aware approach, helping organizations adopt stablecoins responsibly while navigating regulatory and operational complexities.

## 1. FOREWORD

The Middle East Stablecoin Association (MESA) was formed in 2025 to unify the industry's voice, drive regulatory engagement, and establish best practices for the ecosystem in the Middle East. This briefing paper, authored by the Corporate Treasury Committee, addresses the growing impact of stablecoins on the wider financial and corporate sectors.

### Why is it Critical Now?

The global financial landscape is undergoing a structural shift toward the concept of **"Treasury on Chain."** This is not merely a technological upgrade but a fundamental change in how value is stored and moved. The cross-border payments market represents a staggering \$150 trillion in annual flows, yet it remains expensive, slow, and opaque. Of this total, Corporate Treasury and working capital flows account for \$30 trillion, representing a massive opportunity for optimization.

In a Treasury on Chain model, static cash deposits are replaced by programmable, digital liquidity that can move instantly, anywhere. This shift allows treasurers to escape the limitations of legacy banking hours and T+2 settlement cycles.

- **Rapid Global Adoption:** Stablecoins have grown from \$2 billion in 2019 to over \$230 billion by Q1 2025, with projections reaching \$1.4 trillion by 2030.
- **Mainstream Integration:** Nearly half of global financial institutions already use stablecoins, and major banks are integrating them into their infrastructure.

**UAE Regulatory Maturity:** The UAE has introduced clear frameworks for stablecoin use, making it one of the few jurisdictions where corporate treasuries can confidently explore stablecoin strategies.

## T2. FUNDAMENTALS OF STABLECOINS

To evaluate stablecoins as a treasury instrument, CFOs must understand the asset class as a piece of financial infrastructure.

### What are Stablecoins?

Stablecoins are digital tokens engineered to maintain a stable value by being pegged to a reserve asset, most commonly a fiat currency such as the US dollar (USD), euro (EUR), or UAE dirham (AED). Unlike volatile cryptocurrencies, they are designed for price stability, making them attractive for business transactions. Popular examples include USDC, USDT, and EURC, each backed by transparent, regularly audited reserves.

### Key Features:

- **Price Stability:** Pegged to fiat, minimizing volatility and ensuring predictable value.
- **Programmability:** Enable automation via smart contracts for complex financial workflows.
- **Transparency:** Public blockchain records provide real-time, immutable audit trails.

**24/7 Availability:** Not limited by banking hours, enabling continuous operations across time zones.

### 3. REGULATORY FRAMEWORK: THE GENIUS ACT

Given the importance of the USD to UAE-based treasuries, the passage of the GENIUS Act (Guiding and Establishing National Innovation for US Stablecoins) in the United States is a pivotal moment.

- **Global Standards:** This bipartisan legislation introduces comprehensive oversight, requiring reserve transparency, redemption guarantees, and consumer protection.
- **Treasury Confidence:** For treasuries dealing with U.S. entities, this enhances trust in U.S.-issued stablecoins (like USDC) and facilitates interoperability with traditional banking systems.
- **UAE Context:** For UAE-based treasuries, the GENIUS Act complements local regulations from the CBUAE, ADGM, and VARA by providing a clearer framework for cross-border usage.

### 4. BUSINESS CASE: WHY USE STABLECOINS IN TREASURY?

Stablecoins transform treasury operations by addressing inefficiencies in legacy systems.

#### A. Faster Settlement

Traditional cross-border payments can take days and are subject to cut-off times. Stablecoins enable near-instant settlement, 24/7/365.

- *Example: A Fortune 500 manufacturer replaced SWIFT transfers with USDC, reducing settlement from three days to two minutes and saving \$45 million annually in fees.*

#### B. Lower Transaction Costs

Stablecoins bypass intermediary banks, reducing costs by up to 70%.

- *Example: A global e-commerce platform eliminated pre-funded accounts, reducing transaction costs by 71% and working capital requirements by \$120 million.*

#### C. Improved Liquidity Management

Treasuries can instantly rebalance cash across subsidiaries and regions, minimizing idle capital.

- *Example: A multinational converted local currency revenues into USD-backed stablecoins immediately, protecting against devaluation and maintaining 24/7 access to digital dollars.*

#### D. Enhanced Transparency and Auditability

Blockchain provides immutable audit trails.

- *Example: A fintech firm reduced audit preparation time by 60% by giving auditors direct access to transaction histories.*

#### E. Yield Generation

Organizations can allocate reserves to regulated platforms to earn low-risk yield.

- *Example: Ramp deployed treasury funds into Circle Yield to generate higher returns than traditional money market funds while maintaining daily liquidity.*

#### F. Programmable Payments

Smart contracts automate workflows like payroll and supplier invoices.

- *Example: Siemens uses JPM Coin to automate internal transfers, releasing funds only when specific conditions are met.*

## CORE USE CASES FOR CORPORATE TREASURY

Practical Applications and Industry Leaders

| Use Case             | Description                                           | Real-World Application                                                                                                  |
|----------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Global Settlements   | 24/7, near-instant cross-border payments.             | Visa/Mastercard integrated stablecoins for settlement. The "stablecoin sandwich" bypasses SWIFT for cheaper remittance. |
| Liquidity Management | Automating cash rebalancing across entities.          | Circle's USDC is used by multinationals to manage real-time liquidity and reduce FX costs.                              |
| FX & Hedging         | Hedging FX risk in high-inflation markets.            | Importers in Argentina convert pesos to USDC immediately to avoid devaluation.                                          |
| Yield Generation     | Earning yield on digital assets.                      | BlackRock's BUIDL fund allows token holders to earn yields on U.S. Treasuries while maintaining liquidity.              |
| B2B Settlements      | Direct, real-time settlements without intermediaries. | Tesla uses stablecoins for liquidity and B2B settlements, bypassing legacy rails.                                       |

Source: Middle East Stablecoin Association (MESA) - September 2025

## 6. RISKS AND CHALLENGES

While the benefits of stablecoins are compelling, corporate treasurers must navigate a "Comprehensive Risk Framework" before integration. These risks are distinct from traditional banking risks and require new mitigation strategies.

### A. Regulatory & Compliance Risk

- Fragmentation: Rules vary significantly by jurisdiction. Treasurers must operate within "regulatory safe harbors."
- Sanctions & KYC: Stablecoins travel on public ledgers. Treasurers must ensure their wallet providers and custodians perform robust Know Your Customer (KYC) checks and screen for OFAC sanctions, including "Travel Rule" compliance.

### B. Counterparty & Reserve Risk

- De-pegging Events: Even fully backed stablecoins can temporarily lose their peg.
- Mitigation: Treasurers should demand transparency regarding the composition of reserves (e.g., preferring short-dated U.S. Treasuries) and the custody of those reserves.

### C. Operational & Technical Risk

- Irreversibility: Blockchain transactions are final. A "fat finger" error results in permanent loss.
- Key Management: Corporate treasuries should never use self-custody but rather Institutional Qualified Custodians to hold private keys.

### D. Liquidity Risk

Market Depth: Converting large amounts of local currency to stablecoins during market stress can incur slippage. Treasurers must assess the depth of the "off-ramps" available to them.

### E. Tax and Accounting Uncertainty

Classification: The treatment of stablecoins as foreign currency, commodity, or intangible asset impacts the recognition of gains/losses and VAT treatment.

## 7. IMPLEMENTATION ROADMAP

### Phase 1: Discovery and Policy Setup

- Secure cross-functional buy-in and board approval.
- Draft governance policies for permissible use and risk management.
- Select secure custody solutions (multi-signature wallets).

### Phase 2: Technical Integration and Proof of Concept

- Choose reputable, audited stablecoins aligned with business needs.
- Integrate wallets with ERP/accounting systems.
- Conduct pilot transactions to test reconciliation.

### Phase 3: Production Rollout and Optimization

- Gradually increase transaction volumes and expand use cases.
- Consider allocating reserves to regulated yield platforms.
- Implement real-time monitoring of KPIs.

### Phase 4: Ongoing Operations and Review

- Conduct regular audits and quarterly strategy reviews.
- Explore new stablecoin products and innovations.

## 8. WORKING WITH YOUR BANKS

The narrative that "banks hate crypto" is outdated. Leading financial institutions are actively building the infrastructure to support stablecoins, viewing them as the evolution of money movement.

### THE "HYBRID" APPROACH

Most corporations will not interact directly with the blockchain (Layer 1) but will use their banks as a bridge.

- **Custody:** Banks are launching digital asset custody services, allowing you to see your stablecoin balances alongside your fiat accounts.
- **On/Off Ramps:** Banks can facilitate the instant conversion of Fiat-to-Stablecoin and vice versa, eliminating the need to use third-party crypto exchanges.

### STRATEGIC DIALOGUE: QUESTIONS FOR YOUR RELATIONSHIP MANAGER

1. **Custody Roadmap:** "When will you offer qualified custody for digital assets?"
2. **Settlement Networks:** "Are you integrating with public chains or building private permissioned networks (like JPM Coin/Onyx)?"
3. **Yield Products:** "Do you offer access to tokenized money market funds?"

## 9. IMPACT ON TREASURY ORGANIZATION

The integration of stablecoins requires a holistic update to the Treasury function, impacting People, Process, and Technology.

### A. People and Skills

- The Skill Gap: The new era requires "Digital Treasury" skills: understanding wallet architecture, gas fees, smart contract logic, and consensus mechanisms.
- New Roles: Roles such as "Digital Asset Controller" (reconciliation focus) and "DeFi Analyst" (yield focus) will emerge.

### B. Technology and Infrastructure

- ERP Integration: Treasuries need "middleware" or "sub-ledgers" that can ingest blockchain data and feed it into the General Ledger.
- Security Architecture: IT security must move beyond firewalls to Multi-Party Computation (MPC) wallets, splitting private keys into shards across different devices.

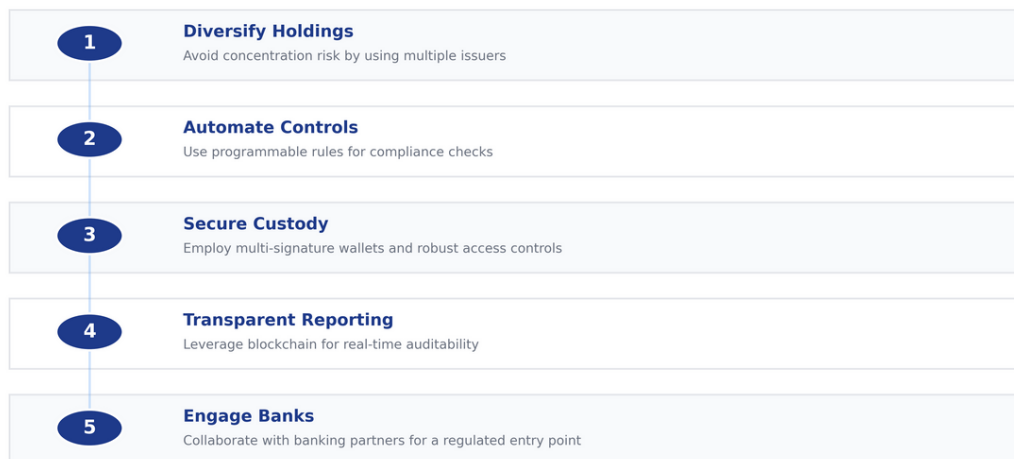
### C. Processes and Controls

- 24/7 Operations: Treasury processes designed for "banking hours" must be updated to handle continuous liquidity flows.

Address Whitelisting: SOPs must include "whitelisting" so only pre-approved wallet addresses can receive funds.

## BEST PRACTICES & RECOMMENDATIONS

Essential Guidelines for Stablecoin Treasury Operations



#### Implementation Benefits



## 11. UAE FOCUS: CORPORATE TREASURY, REGULATION, AND JURISDICTION

The UAE is a global leader for financial innovation, offering a unique environment for stablecoin-enabled treasuries.

### The Structural Advantage

- **AED-USD Peg:** The Dirham has been pegged to the USD (1 USD = 3.6725 AED) since 1978, eliminating FX risk for USD transactions.
- **Tax Efficiency:** Free zones like DIFC and ADGM offer 0% corporate tax on qualifying income and allow unrestricted repatriation of profits.
- **Regulatory Clarity:** The CBUAE regulates stablecoins as "Payment Tokens," requiring full reserve backing. Algorithmic stablecoins are banned.

### Choosing a Jurisdiction: DIFC vs. ADGM

- **ADGM (Abu Dhabi):** Applies English common law directly. Often preferred for digital asset operations.
- **DIFC (Dubai):** Uses its own laws based on English law. Often preferred for traditional finance.

## 12. CFO CORNER

As CFOs, we stand at the intersection of financial stewardship and strategic transformation. The evolution of digital finance is no longer a distant trend—it is a present reality reshaping liquidity, payments, and capital markets.

The Imperative: Treasury must lead this transition. Treasurers are uniquely positioned to evaluate use cases—from real-time cross-border settlements to tokenized liquidity strategies—and embed them into the organization's financial architecture.

The Advantage: Organizations that act now—building governance frameworks and piloting controlled corridors—will gain a decisive advantage in cost efficiency and speed. Those that delay risk becoming price takers in a financial system that is rapidly moving on-chain.



# 13. TRENDS & THEMES

## 2025 IN REVIEW

### 1) Regulation & Policy Clarity Took Centre Stage

2025 was defined by major regulatory developments aimed at bringing stablecoins into a regulated financial infrastructure with transparency, reserve standards, and compliance expectations:

- **The U.S. GENIUS Act** established a comprehensive federal framework, including strict backing, auditing, and transparency for USD-linked stablecoins.
- **Over 70% of jurisdictions** advanced stablecoin regulatory frameworks, creating clearer rules for issuance and institutional use.
- **Regulatory focus** on reserve transparency, redemption rights, AML/KYC, and governance converged into common themes globally.

**Key implication:** Stablecoins transitioned from loosely regulated crypto assets toward regulated payment and settlement instruments, boosting institutional confidence.

### 2) Institutional & Enterprise Adoption Increased

2025 saw stablecoins move beyond crypto trading into real-world financial use cases:

- Corporates and financial institutions began actively piloting and adopting stablecoin settlement, custody, and treasury applications, seeking cost savings and speed.
- High-profile payment firms and banks started stablecoin initiatives, signaling broader market interest (e.g., PayPal, Stripe, and Klarna planning dollar-backed tokens).
- Stablecoins became a core part of enterprise experiments in cross-border payments, liquidity optimization, and 24/7 settlement.

**Key implication:** Stablecoins began bridging traditional finance and digital assets, with corporate adoption accelerating demand for regulated frameworks.

### 3) Use Cases Expanded Beyond Crypto Trading

In 2025, stablecoins broadened their role in financial markets:

- Usage expanded from crypto-to-crypto trading to cross-border payments, remittances, and treasury operations.
- Stablecoins contributed to growing liquidity demand for high-quality assets such as U.S. Treasuries, affecting market dynamics.
- Policy discussions increasingly intertwined stablecoins with core financial stability and systemic risk conversations.

**Key implication:** Stablecoins were no longer niche crypto instruments but emerging payment primitives and liquid assets with real-world financial consequences.

# EXPECTED IN 2026

## 1) Mainstream Market Integration & Infrastructure Scaling

In 2026, stablecoins are set to become fully integrated into global payments and financial infrastructure:

- Regulatory clarity will enable enterprise-grade applications, including widespread 24/7 settlement and cross-rail interoperability.
- Financial institutions, card networks, and banks are expected to embed stablecoins into operational flows (e.g., treasury settlement).
- Larger payment networks are expanding stablecoin settlement offerings (e.g., Visa's USDC settlement pilot scaling in 2026).

**Key expectation:** Stablecoins will evolve from pilot experiments to production settlement tools for banks, corporates, and PSPs.

## 2) Tokenized Liquidity & New Financial Assets

2026 is expected to see stablecoins increasingly linked with tokenized real-world assets, expanding their financial ecosystem role:

- Tokenised liquidity will reduce cross-border friction and unlock new settlement efficiency.
- Stablecoins will interplay with tokenized deposits, money market tokens, and broader token ecosystems.
- Initiatives like multi-bank stablecoins (e.g., Qivalis by major European banks) showcase coordinated issuance tied to MiCA compliance.

**Key expectation:** Stablecoins will move from standalone payment assets to liquidity layers for tokenized financial instruments and programmable finance.

## 3) Banks & Traditional Finance Deepen Engagement

2026 will be marked by traditional financial institutions embedding stablecoins into core services:

- Stablecoins are expected to become key components of banking infrastructure, blending with fiat payments and settlement systems.
- More non-bank and bank issuers will enter the stablecoin market under clearer regulatory regimes.
- Firms like Western Union plan stablecoin launches for remittance and payment flows in 2026, pointing to legacy financial players adapting stablecoin rails.

**Key expectation:** Stablecoins will be institutionally supported bridges between legacy financial systems and decentralized infrastructure.

## 14. CONCLUSION

The era of **"watching and waiting"** is over. Stablecoins have graduated from speculative instruments to essential financial infrastructure. For the corporate treasurer, they offer a tangible path to solving the "impossible trinity" of payments: achieving speed, low cost, and transparency simultaneously.

Ultimately, this is about the realization of "Treasury on Chain." By moving treasury operations onto the blockchain, organizations gain a level of programmability, transparency, and speed that legacy infrastructure simply cannot match. It represents a shift from reactive cash management to proactive, automated liquidity orchestration.

However, this potential comes with a caveat: Governance must precede adoption. The risks—regulatory, operational, and counterparty—are real and require a disciplined approach. The UAE stands uniquely positioned as the global launchpad for this transformation. With its progressive regulation, dollar-pegged economy, and forward-thinking banking sector, it offers the ideal sandbox for the future of treasury.

The cost of inaction is no longer just maintaining the status quo; it is the opportunity cost of trapped capital and inefficient operations. It is time to open the stable door.



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This briefing paper is intended for strategic planning and should be supplemented with legal, tax, and regulatory advice specific to your organization and jurisdictions of operation.

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