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TOO BIG TO (STABLE)COIN:

How Big Tech Stablecoins Threaten European Monetary Sovereignty

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TOO BIG TO (STABLE)COIN: HOW BIG TECH STABLECOINS THREATEN EUROPEAN MONETARY SOVEREIGNTY

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ABSTRACT

Stablecoins have evolved into a high-profile, albeit controversial financial innovation. The issuance of proprietary stablecoins by big tech companies like Amazon and Meta represents a strategic instrument with enormous potential. With their own stablecoin payment systems, these companies could further consolidate their ecosystems and reinforce customer lock-in. Thanks to the powerful network effects of both stablecoins and big tech ecosystems, a big tech stablecoin could very quickly become systemically relevant – also in the EU.

Nearly ten years ago, the risks posed by large-scale big tech stablecoins were viewed as reason enough to stop Libra, the first stablecoin project initiated by a big tech firm. The EU's MiCA regulation on crypto-assets does not consider the factors contributing to the excessive growth potential of big tech stablecoins sufficiently. Big tech's ecosystems and their network effects are barely addressed. However, it is precisely these factors that would allow big tech stablecoins to scale so rapidly and significantly that they could not only undermine fair competition in the EU market but also threaten Europe's financial stability and monetary sovereignty.

Under Trump, the US recently passed legislation that essentially paves the way for big tech stablecoins. It is imperative that the EU delivers a clear response and quickly closes the regulatory gap. To this end, the following policy options should be considered:

- In principle, a **case-by-case ban** on any stablecoins with a potential to destabilise the financial sector would already be possible by means of an ECB decision. However, a decision of this kind could fail in the case of big tech stablecoins owing to unrealistic time constraints and geopolitical pressures. Nevertheless, this flexible ban option could be implemented to protect against other dangerously large stablecoins and big tech stablecoin partnerships.
- To protect its monetary sovereignty, the EU should consider a **categorical (ex ante) ban** in the form of a sovereignty clause embedded in the digital euro regulation. The draft version of this regulation already makes reference to the risk that large, private stablecoins could undermine the euro's role.
- In order to avoid regulatory loopholes for big tech stablecoins in the EU, it is important that the differences in the licencing of big tech companies be accounted for and addressed in the **creation of equivalence regimes** between various jurisdictions.
- The **digital euro** could serve as a partial counterweight to big tech stablecoins. Owing to its status as legal tender, the mandatory distribution and acceptance would ensure the availability of a public payment alternative and keep the ecosystems with respect to e-commerce and P2P payments open. The risks that large stablecoin ecosystems pose to the EU's financial stability and monetary sovereignty would only be addressed in an indirect manner.

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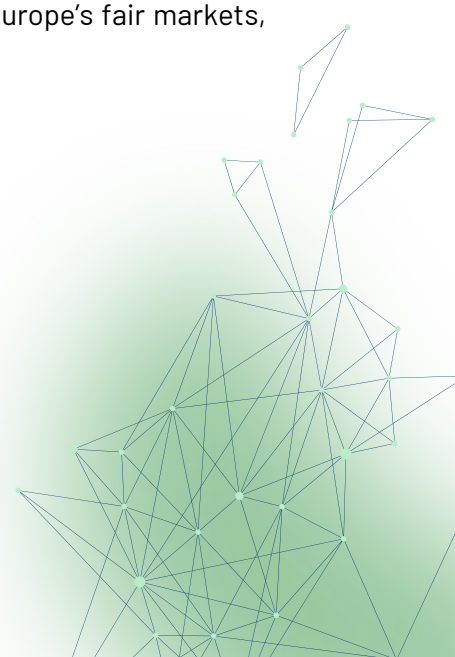
1. INTRODUCTION

The world's largest technology companies, commonly referred to as "big tech", are expanding into the financial services sector worldwide. These firms are also continuously growing their financial services offerings in the European Union. This ongoing integration of financial services into their digital ecosystems represents a key lever for the growth of their entire ecosystem.

With its GENIUS Act, the US has given big tech companies access to a highly controversial financial instrument: big tech stablecoins.[1] Stablecoins are crypto assets designed to maintain a stable value relative to a fiat currency like the euro or dollar. As early as 2019, the stablecoin *Libra* from the big tech Meta failed in the face of massive regulatory and political resistance.[2] The risk that a private currency issued by a big tech firm could lead to an excessive concentration of power was simply too great. Now, according to media reports, several big tech firms, including Amazon and Meta, are once again exploring options for developing their own stablecoins.[3] In the future, these cryptocurrencies could also find their way into the EU.

Although less than ten years have passed since *Libra*, the risks posed by big tech stablecoins remain huge. In principle, any stablecoin that exceeds a certain size can carry risks, e.g. to financial stability. However, it would be relatively easy for big tech firms to establish digital currencies with systemic relevance by leveraging their massive installed customer bases and large platforms from the outset. These currencies could threaten not only fair competition, but also Europe's financial stability and monetary sovereignty.

Although the EU's Markets in Crypto-Assets Regulation (MiCA) was drafted in response to the Libra project, it fails to adequately address the risks posed by big tech stablecoins. Above all, it ignores big tech's ecosystems as the reason for anti-competitive growth and the potential scale of their products. Under the existing regulations, the EU would be unable to effectively prevent the establishment of systemically important big tech stablecoins in its markets. In light of the current geopolitical tensions and the increasing challenge of controlling the growth of big tech companies in numerous other sectors, the EU must proactively adapt its stablecoin regulation in light of big tech's activities. This is the only way to protect Europe's fair markets, financial stability and monetary sovereignty in the long term.



2. STABLECOINS AS A FINANCIAL INNOVATION

In recent years, stablecoins have evolved into a high-profile, albeit controversial financial innovation. Their influence far surpasses their comparatively small market size.[4] Although they only account for roughly 13 per cent of the crypto sector in terms of market capitalisation, their transaction volumes in 2025 exceeded that of Visa and Mastercard combined.[5] Most of these transactions were automated transfers in the crypto sector, e.g. through self-executing pieces of code (smart contracts), which are not payments but rather asset transfers and similar transactions. Nevertheless, the percentage of actual payments made in stablecoins by end users continues to grow.[6] Experts predict that, by the end of 2030, the market capitalisation of the stablecoin sector could increase manifold to USD 4 trillion, which is nearly twice the current market capitalisation of the entire crypto sector.[7] This growth is also being fuelled by the US's shift in political attitude towards the crypto sector. Shortly after taking office for the second time, the Trump government made dollar-denominated stablecoins a strategic priority for the country's financial system.[8]

Stablecoins are crypto assets that promise a stable value by backing each digital token with a reference asset. Most stablecoins are pegged at a ratio of 1:1 to a national currency like the US dollar or the euro. A euro-backed stablecoin is designed to maintain a stable value equivalent to one euro. Accordingly, it should always be possible for users to convert their stablecoins back to the equivalent value in national currency.[9] Issuers must ensure this liquidity by maintaining 100% reserve backing with liquid assets. Normally, the reserve consists of highly liquid assets such as cash deposits or short-term government bonds. These assets can be quickly sold to ensure immediate redemption availability. This system of reserves is what differentiates stablecoins from other crypto assets like Bitcoin, whose value can fluctuate dramatically and is not backed by collateral.

Stablecoins are liquid means of payment in the digital space that are designed to be as cash-like as possible. In order to fulfil this function, they normally pay no interest. Owing to their properties – including on-demand redeemability at the par value e.g. of one euro or one dollar, the fact that they pay no interest and the intended value stability through full collateralisation – stablecoins are effectively private digital currency.[10] However, unlike other forms of currency, they are not backed by government guarantees and are only subject to limited regulation. By contrast, public money – for example, central bank currency like bank notes and central bank deposits – and public-private money, i.e. commercial bank currency, are subject to strict supervision and linked to a central bank.[11]

Owing to the cash-like features of stablecoins, their market is prone to monopolisation and already exhibits extreme concentration. Payment systems have the classic properties of natural monopolies, as the advantages of universal usability automatically drive users to the

most widely accepted providers and payment methods.[12] Given these tendencies, it is unsurprising that the two largest stablecoin issuers, Tether (USDT) and Circle (USDC), now account for over 80 per cent of the entire market capitalisation of the stablecoin sector.[13] Both companies hold significant reserves consisting of cash equivalents, government securities and other financial instruments.[14] This high market concentration is indicative of the fact that success in the stablecoin sector is inextricably linked to scalability and size.

Due to their cash-like qualities, stablecoins are now primarily being used in the following areas (see Fig. 1):

- **Liquidity in the crypto sector:** In the crypto sector, stablecoins facilitate trading between speculative crypto assets, secured crypto loans and automatic transactions on crypto exchanges. Nine out of ten stablecoin transactions are used for crypto trading.[15]
- **Cross-border payments/remittances:** Approx. two per cent of the transactions are for remittances by migrants. With fees of only 0.5 to three per cent, they offer a significantly less expensive alternative to the global average cost of almost seven per cent.[16] In countries with volatile currencies such as Turkey or Argentina, they also provide stable access to digital dollars.[17]
- **Other:** The use of stablecoins for retail payments and cross-border payments between businesses is still very low but increasing.[18]

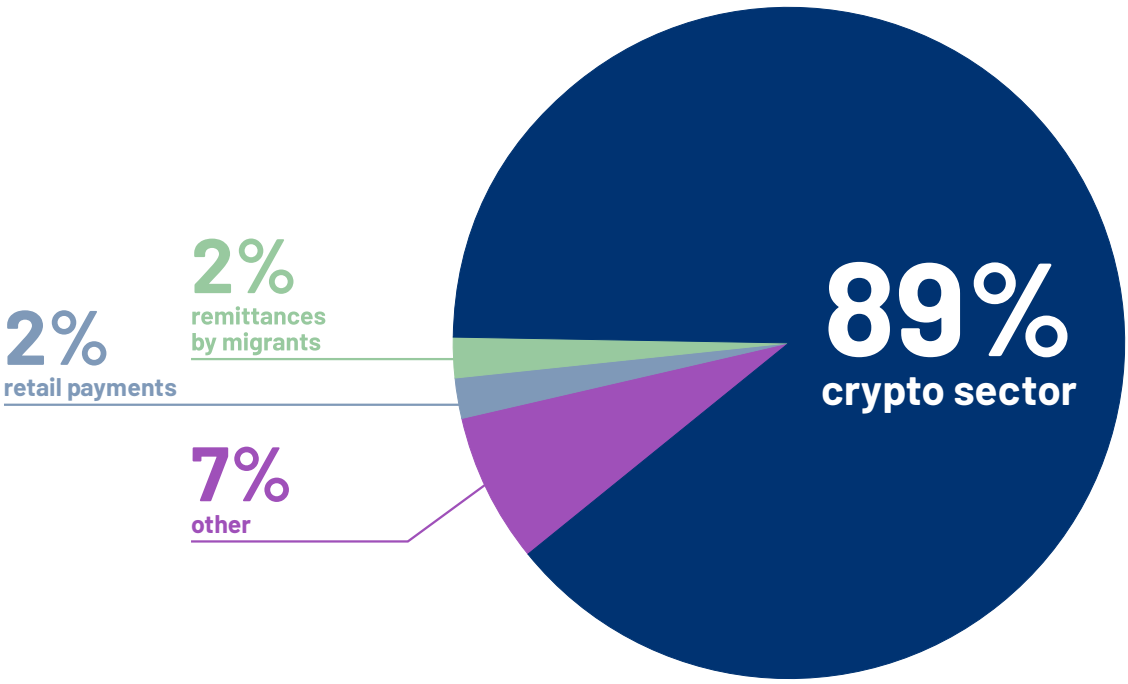


Figure 1: *Statistics on the use of stablecoins are mostly approximations and can vary depending on the source. Source: M. Laboure and C. Siazon, 2025, STABLECOINS: How the GENIUS Act Strengthens US Geopolitical Dominance, Deutsche Bank Research Institute, last accessed on 9 April 2026*

The cash-like properties of stablecoins also make them the most important instrument for illegal transactions in the crypto ecosystem today. In 2025, they accounted for 84% of all illicit crypto transactions.[19] Criminals profit from the same advantages as other users: stablecoins are easily transferable across borders, maintain a stable value and boast a broad utility. Thanks to the pseudo-anonymity of blockchain technology, it is also easy for criminals to conceal their identity. Although all transactions on a blockchain are visible, they do not require real names.[20] Stablecoins are being used for numerous crimes, such as the financing of terrorism, the circumvention of government-imposed sanctions and the laundering of money earned through criminal activities.[21]

Stablecoin issuance is a comparatively low-risk and highly profitable business model. The model is based on the issuance of non-interest-bearing stablecoins in exchange for fiat currency. The issuers invest this capital in highly liquid assets such as bank deposits or safe government bonds. In the case of Circle, the second-largest stablecoin issuer, up to 99 per cent of the company's total revenue between 2022 and 2024 was from interest income on these reserve assets.[22] This interest income, compared with income from other financial assets, is practically risk free.

3. THE ECOSYSTEM ADVANTAGES OF BIG TECH

The big tech firms Apple, Amazon, Meta (formerly Facebook), Alphabet (Google), Microsoft, Tencent (WeChat) and Alipay from the US and China rank among the most powerful private entities in the world.[23] Meta alone has more than 3.5 billion users worldwide, which is roughly eight times the population of the European Union.[24]

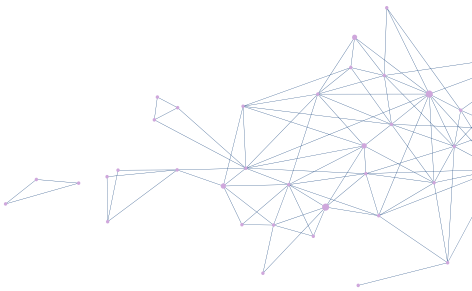
The continuous growth of these companies is driven primarily by the *ecosystem advantages* of their business model. Their digital platforms enable direct interaction between various user groups, such as in social media or in e-commerce between businesses and customers.[25] These multilateral markets exhibit strong network effects: the more users a platform has, the more attractive it is for new users. This growth generates new data with which the platform can be further developed and optimised. In this context, the self-reinforcing cycle of data analysis, network effects and expansion serves as an engine for growth.[26]

Once the tech companies have reached a certain scale with a critical mass of users, they profit from significant competitive advantages over other players in the market. In the development of new services, they can leverage their vast capital reserves, databases (big data) and established customer bases from other business segments.[27] The annual profits of these companies now exceed the GDPs of medium-sized EU member states. In 2024, individual tech companies like Google achieved revenues that were nearly equivalent to the total government

revenue of Greece.[28] This constant growth often leads to a monopolisation of digital markets. In their core business areas like social media or search engines, big tech companies have already achieved market shares of over 80 per cent.[29] When this growth continues unchecked, the markets can eventually tip in favour of the platforms.[30] In this "winner-takes-all" dynamic, the platform itself becomes the market. Once this has occurred, it is practically impossible for competitors to gain a foothold.

Big techs are using tools and applications known as "ecosystem binders" to further strengthen customer retention and ecosystem integration. Financial services are particularly useful in this context. Loyalty programmes, premium memberships and credit cards with co-branding are useable across all services.[31] Proprietary payment services can also support stronger ecosystem consolidation. Once established, they can be implemented uniformly across all platform services, such as social media, e-commerce and streaming, making the user experience even more streamlined.[32] Systems like these help create stronger connections between the different components of the ecosystem while optimising the system as a whole.

In the form of proprietary payment systems, stablecoins can also serve as ecosystem binders for big tech platforms. The opposition to the Libra project demonstrated the potential of big tech stablecoins. Since the passage of the United States' GENIUS Act, legitimate concern has been growing among supervisory authorities, at central banks and in certain areas of politics that the issue of big tech stablecoins could soon be back on the table.[33]



4. BIG TECH AND STABLECOINS: AN EXPLOSIVE MIX

For big tech companies, proprietary stablecoins represent a strategic instrument for further consolidating their platforms and reinforcing customer lock-in. Stablecoin payment systems and big tech's digital platforms both exhibit strong network effects; in combination, they would function as mutually reinforcing engines of growth.[34] There are many ways in which these companies profit from the launch of their own stablecoins:

- **Stablecoins would enable big tech firms to cut costs and reduce fees for merchants.** By circumventing traditional intermediaries and credit card networks, it would be possible for companies to reduce their typical transaction costs by two to three per cent.[35] The settlement process for card payments often takes one or two business days. Stablecoins, on the other hand, allow for immediate liquidity through instant blockchain settlement ("24/7 settlement").[36] As a result, the respective e-commerce services would become even more attractive for both merchants and customers, which in turn would help the company grow its user base as a whole.

- **Big tech companies can use stablecoins to lock in customers for longer periods of time.** Ecosystem binders like discount campaigns and loyalty schemes can be embedded directly into the stablecoins through their programmability, allowing for convenient redemption.[37] Offers like these can ensure that more users shop and pay within the same platform without having to leave the ecosystem.[38]
- **Stablecoin transactions generate valuable data on user behaviour.** The collection and analysis of this transaction data in combination with existing data can strengthen the data power of the entire company.[39] Owing to the fact that information on users' spending habits provides particularly deep insights into their private lives, the strategic value of this data can go beyond direct income from any financial services, like payments, loans or investments.[40] These datasets can be used for the analysis of preferences, enabling companies to tailor their marketing and services accordingly. In the financial sector, transaction data has also allowed for the development of highly advanced credit scoring models.[41]
- **Big tech stablecoins would facilitate the formation of closed ecosystems and even "super apps".** Super apps, which can be found in China and other countries, integrate multiple services into a single platform with the aim of serving as a one-stop shop for internet users.[42] Proprietary payment solutions are particularly easy to integrate into nearly any platform service,[43] making it possible for big tech firms to turn their platforms into closed systems, minimise external interfaces and take complete control over payment processing.[44]
- **Stablecoins generate comparatively risk-free revenue through reserve yield.** Depending on the composition of their reserves, stablecoin issuers make profit primarily from the interest earned on government bonds or the value appreciation of other assets in the reserve.[45] Even for issuers like Circle, which manages its stablecoin reserves conservatively and in compliance with the applicable regulations, government bonds and repo transactions offer significantly higher yields than traditional bank deposits. The reserves held by Tether, the largest stablecoin issuer, additionally include higher-risk and non-compliant assets like gold, real estate and Bitcoin.[46] Unsurprisingly, Tether maintains a 99% profit margin according to its own reports.[47] Similarly, Circle's main source of income is the interest generated by its reserves.[48] Both with compliant and non-compliant reserve compositions, interest rate differentials enable issuers to achieve profit margins that, in some cases, are extremely high.[49]

As an alternative to issuing their own stablecoins, big tech firms could choose to collaborate with stablecoin issuers. One option would be for them to offer discounts to customers who pay in the respective stablecoins on their platforms. In the development of their financial services, big tech companies often rely on partnerships with licenced financial institutions (see Box 1). The primary advantage for the big tech is the reduced regulatory burden, while the partner institution profits from access to the ecosystem. A similar type of collaboration would also be conceivable

with stablecoins. Stablecoin issuers would enjoy preferential access to a large-scale customer base, while the big tech firms could negotiate favourable terms and conditions for fees and data sharing, enabling them to profit in multiple areas.

On the whole, proprietary stablecoins would represent a highly attractive expansion of big tech ecosystems. Since the adoption of the new US legislation, numerous big tech companies have announced that they are looking into the possibility of launching their own stablecoins.[50] In light of the current challenges in the effective supervision of tech companies, it is imperative that the existing regulations be evaluated for effectiveness and updated as necessary.

Box 1: Big tech's financial services strategy

Around the world, big tech companies are expanding further into the financial services sector. They are gaining access to this sector through two main points of entry (see Fig. 2): At the back end of the financial services sector, they serve as technology providers. Their cloud architecture, data management, AI-driven analytics and risk management systems, e.g. through Amazon Web Services (AWS) or Microsoft Azure, make up the operational backbone of an increasing number of financial institutions.[51] At the front end, big tech companies occupy the customer interface with their own financial services. Their ecosystems are being expanded to include digital wallets like Apple Pay and Google Pay, along with payment, lending and investment products.

However, the regulated added value of these products often remains with the licenced banks and financial services providers. For example, the credit card Amazon Visa is administered in Germany by a subsidiary of Santander Bank.[52] Apple's high-interest savings account in the US is provided by the banking giant Goldman Sachs.[53] Nevertheless, there are certain areas, particularly outside of the EU, in which big tech companies also operate as licenced financial services providers.[54]

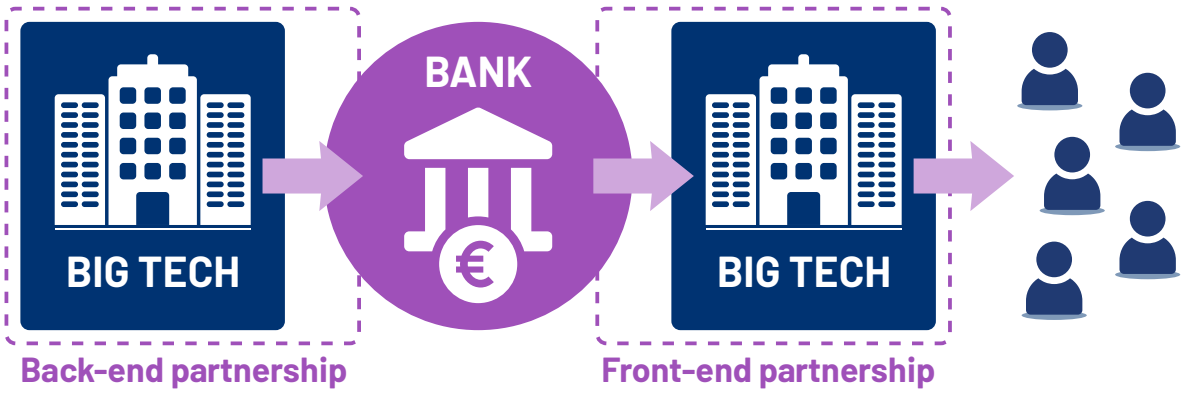


Figure 2: *Big tech companies' entrance into the financial services sector.*
Source: Bank for International Settlements, FSI Insights No. 60, last accessed on 16 April 2026

Big tech firms' presence in the EU's financial services sector is currently smaller than in the US or China. Above all, back-end technology services are heavily used by the European financial services sector. Germany's Federal Financial Supervisory Authority (Bafin) has already identified the concentrated outsourcing of these services as a risk.[55] Big tech financial services are especially widespread in non-European markets, particularly in China.[56]

Table 1: *Big tech service offerings in the EU's financial sector*

	Core Services		Financial Services					IT Services	
	E-Commerce	Digital Services[1]	Payments	Deposits	Lending[2]	Insurance	Investment	Cloud Services[3]	AI Services[4]
Alibaba	■	■	■					■	■
Tencent		■	■					■	■
Apple	■	■	■		■	■			
Amazon	■	■	■		■	■		■	■
Alphabet	■	■	■		■			■	■
Meta	■	■	■						
Microsoft		■						■	■

1 Digital services include social networks, mobility and transport services, deliveries and streaming services.

2 Including forms of credit like buy-now-pay-later services or financing for their own products (e.g. Apple for MacBooks or iPhones, etc.).

3 Cloud services for the financial sector include relevant cloud storage and cloud computing solutions.

4 AI services for the financial sector include relevant AI applications.

Side note: Libra, the big tech stablecoin project that failed

In 2019, Meta (then Facebook) announced its plans to develop a global digital currency called "Libra" in collaboration with 28 other companies.[57] The motivation for the Libra coin was to enable "a simple global currency and financial infrastructure that empowers billions of people".[58] It was to be backed by a basket of reserves including US dollars, euros, yens and British pounds.[59] At the time, Facebook had 2.7 billion users globally.[60] This potential reach and the associated consequences for the global financial system put policymakers and supervisory authorities worldwide on the alert.

The Libra project triggered a global wave of public reports, parliamentary hearings and statements from policymakers and supervisory authorities.[61] Over the next two years, the company tried unsuccessfully to gain approval from US regulators by making numerous changes to the product's structure and design.[62] In the end, the concerns regarding global financial stability and the displacement of national currencies by a private big tech digital currency were too great. In face of the strong opposition, Meta dropped the project in 2022.

A decisive factor for the resistance to the project was the fact that the Libra stablecoin issuer would have been a big tech company.[63] In addition to financial risks, including exchange rate and redemption risks and the risks that emerge when single companies manage massive reserves (too big to fail), the big tech firm as the issuer of a private currency was seen as a risk in itself.[64] Before the end of 2019, a group of US House Representatives introduced a draft bill called the "Keep Big Tech Out of Finance Act".[65] Its purpose was to prevent big tech firms from issuing their own digital money. The arguments for the bill included big tech-specific risks to data privacy associated with the misuse of transaction data, as well as the risks to financial stability posed by the size of these companies and the unfair competitive advantages secured through their access to consumers, technological know-how and financial resources.[66] The bill was never enacted.

After the Libra project was announced, several public authorities, including central banks, began to take an active interest in crypto assets and digital money. Prior to the announcement, no major jurisdiction had enacted a legal framework on crypto assets. Suddenly, government authorities were compelled to take a closer look at blockchain technology and its applications in the financial sector. Thus, it was this big tech stablecoin project and the concerns regarding future projects of this size that provided impetus for the implementation of comprehensive regulatory regimes, particularly in the EU.

5. THE ECOSYSTEM GAP IN THE EU'S STABLECOIN REGULATION

In 2019, the possibility that a Facebook stablecoin could be offered to what was at the time more than 2.7 billion monthly users created momentum for the comprehensive regulation of crypto assets in the EU.[67] With its Markets in Crypto-Assets (MiCA) regulation,[68] which entered into force in 2023, the EU established a comprehensive set of rules prioritising consumer protection and the safeguarding of financial stability.[69]

In spite of the MiCA regulation, it would already be possible for big tech firms to begin issuing stablecoins in the EU through indirect means. Market entry can be achieved via subsidiaries licenced as credit or e-money institutions.[70] Owing to the enormous reach of big tech companies, their stablecoins would in all likelihood be classified as "significant" and subject to more stringent requirements. The criteria used for deeming stablecoins significant include a large customer base, the designation as a gatekeeper in accordance with the Digital Markets Act (DMA)[71] and the international significance of the issuer's activities.[72] If a stablecoin is classified as significant, supervision is carried out by the European Banking Authority (EBA), and stricter rules apply with regard to capital, liquidity management and reserves.[73] In order to prevent a dollarisation of the market, stablecoins pegged to foreign currencies like the US dollar are capped.[74] They are not permitted to exceed one million transactions or €200 million in value per day. These limits would make it extremely unattractive for big tech firms to issue non-EU currency-denominated stablecoins. The same volume limits do not apply to euro-denominated stablecoins.

Several big tech firms already meet the legal requirements for stablecoin licencing in Europe (see Table 1). Alipay, Amazon and Alphabet have all been granted electronic money licences in the EU.[75] Meta gave up its e-money licence in Ireland in 2025.[76] The Chinese big tech firm Alipay has played a pioneering role in this area. In late 2025, it was granted an e-money tokens (EMT) licence by Luxembourg's financial supervisory authority CSSF, becoming the first tech giant to receive authorisation to issue stablecoins under the MiCA regulation.[77] The stablecoin has yet to be launched. However, by gaining authorisation, Alipay has set a regulatory precedent for the licencing of big tech stablecoins in the EU.

Company	Banking Licence / E-money Licence
Alipay (Europe)	E-money licence (Luxembourg)
Tencent	None
Apple	None
Amazon	E-money licence (Luxembourg)
Alphabet	E-money licence (Lithuania)
Meta	None *(e-money institution in Ireland until December 2025)*
Microsoft	None

Table 2: *Licences held by big tech firms in the EU*

In spite of its strict financial oversight requirements, the MiCA regulation hardly addresses the actual causes for the dangerous growth of digital platforms. The competition-relevant aspects of the ecosystems and network effects are neither addressed nor adequately minimised. Instead, the MiCA regulation is largely limited to the traditional issues of financial supervision such as capital, liquidity management, reserves and stress tests.[78] In essence, big tech firms are regulated in the same manner as other large companies.

Under the MiCA regulation, it is possible for big tech firms to keep their core growth engines largely intact. The data-based synergies of big tech stablecoins are only indirectly addressed by the Digital Markets Act (DMA) and the gatekeeper status.[79] The leveraging of large, existing user bases for the distribution of stablecoins, e.g. through their integration into existing platform services by default, is not directly regulated by the MiCA framework. The possibilities for cross-subsidisation and the use of existing technological infrastructures also remain largely unaffected. This means that big tech firms can use the revenues from one business segment to finance the development of others. As a result, the speed with which these companies could scale the reach of their stablecoins is likely to be underestimated. The aforementioned factors pose risks to the EU at multiple levels.

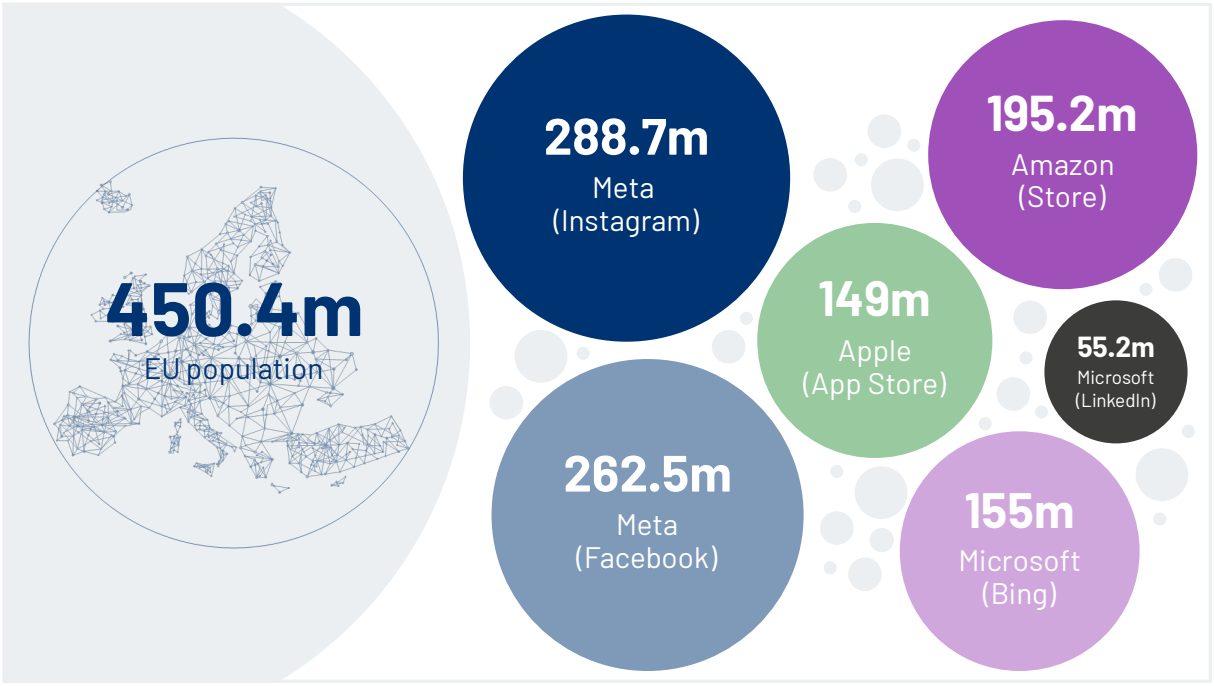
6. RISKS TO THE EU

The current EU rules for big tech stablecoins fail to adequately address the ecosystem advantages of these companies. Big tech stablecoins would not only pose considerable risks to consumer and data protection but also undermine fair competition within the European internal market and jeopardise the financial stability and monetary sovereignty of the EU.[80]

6.1. Competition: closed platforms and lock-in effects

Upon their market introduction, big tech stablecoins would be able to leverage significant existing scale and infrastructure advantages, which could have a noticeable impact on fair competition.[81] Owing to their overwhelming market presence, individual big tech services have already driven massive financial gains and are being used by more than half of the EU's population (see Fig. 3).[82] These scaling advantages could create practically insurmountable market entry barriers for the payment services of potential competitors.

Figure 3: *EU population vs. monthly active users of popular platform services in the EU*



The transparency obligations imposed by the EU's Digital Services Act require very large online platforms to publish the number of their monthly active users (MAU) in the EU every six months. For the period of July to December 2025, Meta reported 262.5 million MAU for Facebook and 288.7 million MAU for Instagram. During the same period of time, the Amazon Store reported 195.2 million MAU, and the Apple App Store 149 million MAU. Microsoft reported 155 million MAU for the search engine Bing and 55.2 million MAU for LinkedIn. A total of 450.4 million people live in the EU.

By issuing their own money, big tech firms could further restrict competition by closing off their ecosystems. Serving as self-contained payment and monetary systems on closed platforms, in-house stablecoins could create high market-entry barriers for competitors.[83] Reduced interoperability with alternative payment methods, in combination with loyalty programmes that incentivise the use of the platform's own stablecoins, would strengthen user retention and artificially raise the cost of switching to external providers.[84] Virtually closed-off ecosystems with high switching costs, so-called walled gardens, create a "lock-in effect" for users,[85] further concentrating market power among the established platforms.[86]

6.2. Financial stability: systemic entities and bailout scenarios

With their own stablecoins, big tech firms could rapidly become systemically important in the financial system. With its 534.5 million users worldwide, the stablecoin issuer Tether has a user base that is only about one-seventh the size of Meta's 3.5 billion. Nevertheless, Tether is already one of the 20 largest foreign holders of US Treasury securities, making the company a potentially important player with measurable effects on money markets.[87] This example shows how financial stability risks can arise from any stablecoin that reaches a critical scale. Owing to the special dynamics and advantages of big tech ecosystems, it would be possible not only for big tech stablecoins to very rapidly achieve a scale of use that could jeopardise financial stability but also for the firms to become significant holders of treasury bills and systemically important financial market players.[88]

While stablecoins promise to maintain a stable value, they can nevertheless be susceptible to runs and de-pegging from their par value in periods of crisis. When a sudden loss in confidence leads to large-scale redemptions or sell-offs, the stablecoin can fall below its par value of one euro or one dollar.[89] A so-called de-pegging event occurs when large numbers of people attempt to redeem their stablecoins at the same time, and the secondary market price falls below the target value.[90] Owing to the fact that, in spite of the applicable regulatory requirements, it is normally impossible to redeem stablecoins directly with the issuer in the primary market, most people can only trade them on secondary markets such as crypto exchanges. An example of such an event was Circle's USDC de-pegging after the collapse of the Silicon Valley Bank (SVB). In response to the blocking of reserves at the SVB and the pausing of redemptions by Circle, the USDC price fell to below USD 0.90.[91] In times of crisis, the reserve model upon which stablecoins rely for ensuring price stability is apparently unable to compensate for the absence of a central bank.

If a run occurs, central banks may have to come to the rescue. This risk arises from possible liquidity and maturity mismatches between the reference assets and the stablecoins, which are

redeemable at any time.[92] When a significant number of holders attempt to redeem their stablecoins simultaneously, the issuer can be forced to quickly sell its reserve assets or withdraw them from bank accounts. If the assets have since fallen in value, then the issuer may incur losses and be unable to honour its commitment to redeem the stablecoins at the pegged price. Depending on how systemically important the respective issuers have become, central banks could come under pressure to purchase the assets at par in order to prevent price collapses and a destabilisation of the financial system, including the banking sector.[93]

The banking sector could also be negatively impacted. So-called fire sales would particularly affect key financial markets like the US Treasury bond market and repo market. European banks are also strongly invested in these markets for providing financing in dollars.[94] In addition, the MiCA regulation requires issuers to hold up to 60 per cent of their reserves as deposits in European banks, meaning that an abrupt withdrawal of these bank deposits could also create liquidity problems for European banks.[95] The risk of a public bailout scenario for private stablecoin structures would continue to grow with the increasing size of the issuers.

6.3. Monetary sovereignty

Big tech stablecoins in the EU could reduce the effectiveness of European monetary policy and the ability of the ECB to influence the Eurozone economy. If larger sums of money are held in non-interest-bearing stablecoins instead of bank deposits, then interest rate adjustments have a smaller impact on the economy.[96] Furthermore, bank lending channels, which are key for the transmission of monetary policy, could also be affected by the outflow of bank deposits, although the impacts in this area are less clear-cut.[97]

Furthermore, large stablecoin reserves could affect the functioning of financial markets, which, in turn, would influence both monetary policy and its transmission. The inflows of money from the largest stablecoin reserves into short-term U.S. Treasury bonds are already having measurable effects on their yields.[98] This effect has reached dimensions comparable to that of the small-scale bond-purchasing programmes deployed by central banks.[99] If a crisis situation were to trigger a sudden, large-scale liquidation of these reserves, the effects could be much greater or even trigger widespread turmoil in the financial markets. Considering the fact that the user base of the current market leader, Tether, is only one-seventh the size of Meta's, it is impossible to ignore the escalation potential of a big tech stablecoin reserve.[100] These potential effects could constrain central banks in their scope for decision-making on monetary policy and ultimately influence monetary policy transmission.

The risk to the effectiveness of European monetary policy would be exacerbated if big tech stablecoins were dollar referenced. In this scenario, EU citizens could shift their money largely to dollar-backed stablecoins. With fewer euros in circulation, the effectiveness of European

monetary policy would be reduced. In addition, the ECB could be pressured to align its monetary policy more closely with US (monetary) policy and to take potential exchange rate effects into account.[101] To reduce the risk of dollarisation, the MiCA regulation sets strict limits for non-EU currency-denominated stablecoins.[102] However, these rules would be ineffective if large numbers of EU citizens evaded them by using unregulated services outside of the European judicial area. It would theoretically be possible for global dollar-backed stablecoins to circumvent the volume and transaction limits in this manner, even if this scenario is unrealistic in the case of big tech stablecoins.

Lastly, big tech stablecoins could also challenge the central role of the ECB and the national central banks as the sole issuers of legal tender. The EU treaties give the Eurosystem a monopoly over the creation of the sole legal tender within the Union.[103] This role of the central bank could be effectively contested by big tech firms with their cross-market power. The big tech firms would take over central-bank-like functions if lock-in effects, walled gardens and other aspects of their ecosystems led to a de-facto economic compulsion to accept and use their own stablecoins.[104] Such a scenario could essentially limit the monetary sovereignty and constitutional role of the ECB and concentrate power among big tech companies in the monetary system.

6.4. Risks associated with regulatory fragmentation

Incompatible stablecoin rules from different jurisdictions create risks for the EU.[105] The cross-border nature of stablecoins carries the risk that jurisdictions could find themselves forced to recognise incompatible rules as equivalent. So-called equivalence regimes make it possible for third-country providers of financial services to gain market access. The failure to sufficiently harmonise rules among different jurisdictions increases the risk of regulatory arbitrage. An effective equivalence regime between the EU and the US would have to ensure that US issuers, including big tech firms, would not be able to offer their stablecoins directly in the EU internal market under the US's less stringent rules. One problem is that the US regulations do not impose stricter rules on large stablecoins on the basis of "significance". The recognition of such rules as equivalent could effectively undermine the level of protection established under EU law. It is absolutely essential that the EU legislators and authorities take this risk into consideration in the creation of a regime of this kind. The risks associated with a scenario like this are further exacerbated by geopolitical interests and the lack of intensive international cooperation in the harmonisation of regulatory systems.[106]

Big tech could also take advantage of existing loopholes for non-EU stablecoins in the EU. Under a multi-issuance model, EU-licenced and third-country entities could jointly issue a stablecoin. In this case, a differentiation between "locally issued" and "foreign issued" stablecoins

would not be possible. If large numbers of holders were to redeem these stablecoins at once, the European reserves would be rapidly overwhelmed,[107] as the EU rules are more consumer-friendly than those of the US and require free and immediate redemption.[108] These uneven regulations also create an incentive for holders to redeem their stablecoins in the EU, which could lead to the sudden, large-scale liquidation of the EU reserves. As EU regulations mandate that issuers hold the majority of their reserves in European bank accounts, European banks could face liquidity problems. The ECB and the European Systemic Risk Board (ESRB) have already warned of such risks on numerous occasions.[109]

Regardless of their issuer, stablecoins that reach a critical scale could pose a threat to financial stability and monetary sovereignty.[110] However, it is the combination of existing ecosystem advantages with the stablecoin that make big tech stablecoins particularly dangerous in this context.

7. POSSIBLE REGULATORY RESPONSES

Big techs already pose a challenge to democratic governance in the EU. It is difficult to effectively enforce the EU's digital laws against dominant market players owing to their size and complex business models. The enforcement of European laws against US corporations has become even more politicised and complicated thanks to big tech's close political relationship with the US government under Donald Trump. As the development of big tech stablecoins in the US and EU is currently at an early stage, the EU should respond rapidly and proactively. This response could consist of the components outlined below (see Fig. 4).

7.1. Existing safeguards under EU regulation: case-by-case ban by the ECB

On the basis of a case-by-case assessment, the ECB already has the authority to ban any big tech stablecoin that could jeopardise financial stability. The MiCA regulation allows the ECB to deliver an opinion on the authorisation of certain stablecoins for the protection of the ECB mandate. In this context, the ECB can give a negative opinion on the grounds of risks posed to financial stability, the smooth operation of payment systems, monetary policy transmission or monetary sovereignty.[111] In the case of a negative opinion from the ECB, the national authorities are required to refuse or withdraw authorisation.[112] The ECB also has the power to withdraw the authorisation of an issuer at any point in time in order to fulfil its role as the final authority on maintaining the stability of the Eurozone.[113]

In practice, however, unrealistic time constraints and geopolitical tensions prevent the issuing of case-by-case bans of this kind. When a company files a request for authorisation, the MiCA regulation gives the ECB a mere 20 days from the date of notification for preparing a comprehensive and legally sound opinion.[114] This short time period is barely enough to comply with its obligation to examine the facts of its own motion[115] and complete a well-substantiated risk analysis of the complex systems. This situation is exacerbated by the massive political pressure exerted by the US on the European regulation of US American big tech companies. Donald Trump has already threatened to retaliate with tariffs if the EU strictly enforces its Digital Services Act against US big tech firms.[116] A similar situation would also be conceivable with big tech stablecoins. It is doubtful whether an individual ban on a large big tech stablecoin would be enforceable in today's geopolitical context.

The possibility for a case-by-case ban remains relevant for stablecoins from other issuers, including those who issue stablecoins in collaboration with big tech companies. In principle, any stablecoin that becomes too widely used could necessitate political intervention for the protection of financial stability or monetary sovereignty. This is particularly important in cases

where stablecoins from other issuers have gained access to big tech ecosystems through partnerships, enabling them to leverage the associated advantages. It is therefore reasonable that regulatory authorities have the ability to react flexibly to developments in the stablecoin sector through an ex post ban and to address both other issuers and their big tech partners.

7.2. Categorical ban on big tech stablecoins

To protect the EU's monetary sovereignty, policymakers should consider a categorical or ex ante ban on big tech stablecoins. A purely operational separation of the stablecoin entity from the rest of the firm, as is being called for in the case of other big tech financial services, would be insufficient in this context.[117] Although a separation of this kind can weaken the competitive advantages derived from cross-subsidisation, data pooling and shared technology use, it would not neutralise the risks posed to the financial stability and, above all, the monetary sovereignty of the EU. The scalability potential associated with customer-base access and existing platforms remains massive. The protection of monetary policy transmission and monetary sovereignty is among the state's core duties. Considering the already large market concentration of big tech firms, their geopolitical backing and the threat they pose to democracy, it would be unwise to risk allowing such companies to encroach upon core governmental functions in this way.

A categorical ban could be embedded in the legislation for the issuance of a digital euro,[118] e.g. in the form of a sovereignty clause. The legal basis would be the safeguarding of the euro as the single currency in the digital age (Art. 133 TFEU).[119] The European Central Bank would like to introduce the digital euro as a publicly issued digital currency with Europe-wide usability. The draft regulation explicitly warns that large, private stablecoins could eventually challenge the role of the euro.[120] In order to preserve the integrity of the euro in all its forms and protect monetary policy transmission, big tech stablecoins should not be authorised in the EU. Accordingly, an ex ante ban on big tech stablecoins could be introduced in order to protect not only the monetary sovereignty of the EU but also the ECB's ability to fulfil its mandate as laid down in the EU Treaties.[121]

The categorisation of big tech companies should be based not on the size of certain platform services but on the scale of their entire ecosystem. To achieve this, EU legislators would have to ensure that the regulation explicitly recognises that these companies, irrespective of the size of their financial services businesses, have ecosystems with the potential to control millions of transactions of EU citizens on a daily basis. The introduction of private currencies within these networks poses a direct risk of eurozone fragmentation. In order to specifically address the risks associated with big tech, companies with gatekeeper status under the DMA could be designated as monetary risk entities.[122] Although the DMA is primarily aimed at preventing anti-competitive behaviour (Art. 114 TFEU), it targets the same big tech firms whose stablecoins could rapidly

achieve a critical mass that would threaten monetary sovereignty. In this respect, a preventive ban on big tech stablecoins would be a legal response aimed at safeguarding the public monetary system and protecting the monetary sovereignty of the EU. This response would additionally address the risks to financial stability and fair competition.

The introduction of big tech stablecoins would still be possible outside of the EU. This fact should be taken into consideration by EU legislators, in particular in the creation of equivalence regimes. It must be ensured that a formal recognition of the US GENIUS Act as equivalent to the EU regulations will not undermine a ban on big tech stablecoins at European level. To this end, the loopholes for cross-border stablecoins via the multi-issuance model must be closed.[123]

7.3. The digital euro as a means of payment

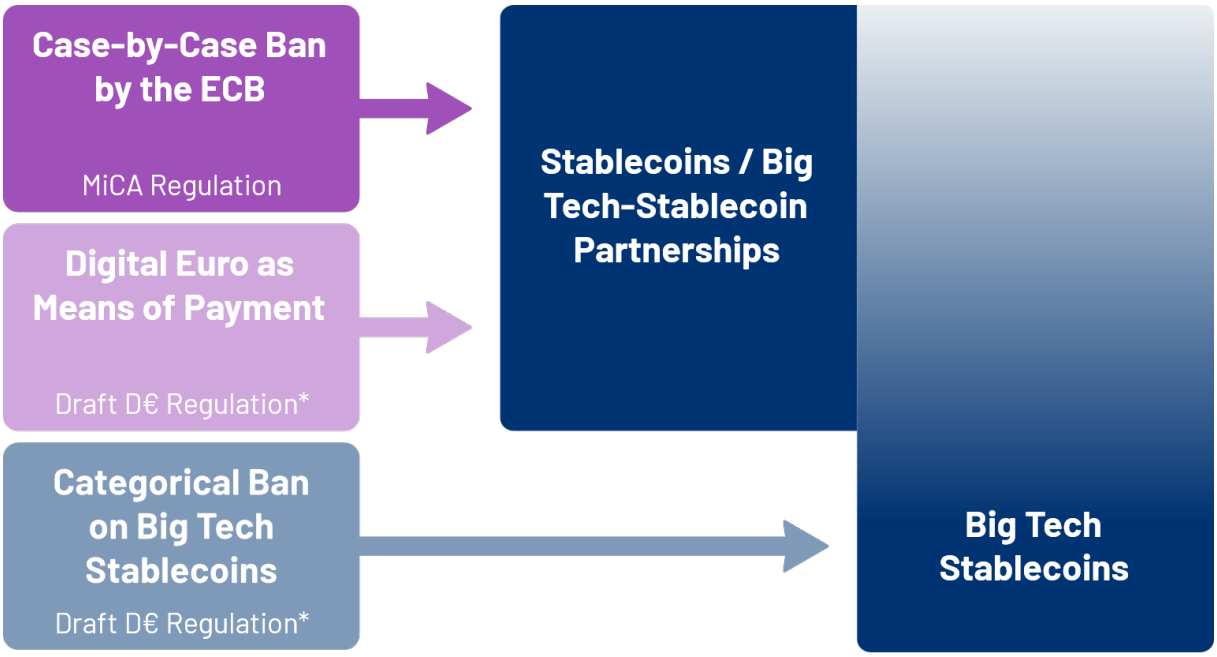
As a means of payment, the digital euro could also help address some of the risks associated with big tech stablecoins. In the context of its digital euro project, the ECB is planning to establish an electronic form of the euro for use by the general public.[124] Currently, central bank money – the most secure form of money – is only available to the public in the form of cash. Digital payments, e.g. in physical or online shops and directly between individuals, could be initiated and received in digital currency. In the short term, it is hoped that the digital euro will reduce dependence on US-based payment service providers, such as Visa and Mastercard, in European payment transactions and promote fair competition. The project's long-term aim is to strengthen the role of the euro in the digital age.

Critics rightly note that, owing to its design and scope of application, the digital euro is not the answer to stablecoins.[125] As it is neither blockchain-based nor intended for use in international payments, the digital euro serves different fields of application than stablecoins, which are used as a means of exchange in crypto trading and cross-border remittances. However, the same argument does not apply to big tech stablecoins, where the applications in e-commerce and P2P transactions would be practically identical. If big tech stablecoins are introduced as payment options in the P2P payments sphere or in-house e-commerce, the digital euro could serve as a counterweight. The digital euro will most likely enjoy legal tender status with mandatory distribution and acceptance, providing a safe public alternative to big tech stablecoins and ensuring that digital markets remain open and competitive.[126]

The introduction of the digital euro is currently being planned for 2029, which would give it a decisive edge against any big tech stablecoins launched at a later point in time. If a big tech firm were to develop its own stablecoin prior to 2029, the potential reach could only be countered by the mandatory distribution and acceptance of digital currency with legal tender status. This is why the appropriate legal structure, including mandatory distribution and acceptance, will be a decisive factor in strengthening competition in payment services and keeping big tech platform

markets open. As a payment alternative to large stablecoins, the digital euro can, at most, mitigate the risks to monetary sovereignty. However, it does not directly address the risks that large-scale big tech stablecoins pose to financial stability. In this respect, the digital euro may be helpful in dealing with and reducing the risks associated with big tech stablecoins but would only partially address these risks.

Figure 4: *Possible European regulatory response to big tech stablecoins*



*Refers to the draft regulation on the establishment of the digital euro (D€)(as of April 2026)

8. CONCLUSION

The crypto-friendly policy shift in the US has put big tech stablecoins back on the agenda. The first big tech firms have already announced plans to explore the issuance of their own stablecoins. There is a real possibility that such stablecoins could also be introduced in the EU, as legal avenues for their introduction already exist.

Big tech stablecoins would create massive risks to balanced competition, financial stability and monetary sovereignty in the EU. These same risks could also be posed by other companies' stablecoins once they reach a critical scale. Thanks to the enormous platforms operated by big tech firms, it is very likely that any stablecoin issued by these companies would scale rapidly, enabling them to build up large stablecoin holdings and reserves. In light of big tech's excessive concentration of power in other sectors, the EU must address the push for big tech stablecoins as quickly as possible.

Considering the geopolitical tensions and administrative obstacles, it would be difficult to implement the existing options for banning such stablecoins under the MiCA regulation. An early categorical ban could eliminate all risks posed by big tech stablecoins. Such a ban could be embedded in the legislation for the issuance of a digital euro, whose recital already makes reference to the risks that large stablecoins pose to the role of the euro. In addition, the digital euro must be introduced with a rigorously enforced mandatory distribution and acceptance policy. With these protections, it could keep the digital platform markets open by serving as an alternative payment method in areas like e-commerce and P2P payments, where big tech stablecoins could be offered.

Big tech firms are already too large and too powerful. The introduction of a private digital currency on their platforms would drive the further expansion and strengthening of their ecosystems, making it even more difficult to ensure fair competition, protect financial stability and monetary sovereignty and exert democratic control over these private entities in the EU. To prevent this from happening, the EU must respond in a proactive and decisive manner.

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[102] In order to prevent a dollarisation of the market, stablecoins pegged to foreign currencies like the US dollar are capped at one million transactions or €200 million in value per day in accordance with Art 58(3) in conjunction with Art 23 of the MiCA regulation.

[103] Treaty on the Functioning of the European Union (TFEU), Art 128(1): "The European Central Bank shall have the exclusive right to authorise the issue of euro banknotes within the Union. The European Central Bank and the national central banks may issue such notes. The banknotes issued by the European Central Bank and the national central banks shall be the only such notes to have the status of legal tender within the Union."

[104] In this context, "central-bank-like functions" refers to the issuance of a currency that, in practice, is so widely distributed and accepted in the ecosystem that it is nearly impossible to refuse it, much like legal tender, which implies mandatory acceptance.

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[110] H. de Cos, 2026, *Stablecoins: framing the debate 2026,* last accessed on 4 May 2026

[111] MiCA regulation, Art. 20(5)

[112] MiCA regulation, Art. 21(4)

[113] MiCA regulation, Art. 24, Art. 25, Art. 117

[114] MiCA regulation, Art. 20(5)

[115] In the context of their obligation to establish the facts of a case (*Amtsermittlungspflicht*), authorities and courts must proactively examine all facts themselves before making a decision.

[116] A. Eydlin, 26 August 2025, *Trump will Regulierung von Digitalkonzernen mit Zöllen bestrafen*, Die Zeit, last accessed on 13 April 2026.

[117] The operational separation of the financial services business from the rest of the big tech firm as a regulatory approach for the supervision of big tech financial services is discussed in the following publication:

C. Melches and M. Peters, 2025, *The Financial Services of Apple, Google and other Big Tech: A Dangerously Good Deal*, Finanzwende Recherche, last accessed on 13 April 2026.

[118] European Commission, 2023, *Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro*, COM(2023) 369 final, 2023/0212(COD), last accessed on 13 April 2026.

[119] Art. 114, Treaty on the Functioning of the European Union (TFEU)

[120] European Commission, 2023, Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro, COM(2023) 369 final, 2023/0212(COD), last accessed on 13 April 2026. "This trend could even be reinforced in the future, with the emergence of third country central bank digital currencies (CBDC) and stablecoins issued by private firms, which could challenge the role of the euro in payments, in the EU and outside."

[121] Art. 128, 133 and 282 TFEU

[122] The Digital Markets Act (DMA) (2022/1925) already recognises the fact that the competitive advantages provided by big tech's platform ecosystem business models could lead to excessive market concentration (https://eur-lex.europa.eu/eli/reg/2022/1925/oj/eng). The "gatekeeper" status can be used for introducing rules that specifically target big tech firms and subject them to more stringent obligations. This classification would offer a decisive regulatory lever for establishing a specific ban on big tech stablecoins justified by the risk of private monopolies being formed in the payment services market.

[123] C. Melches, 3 September 2025, *Stablecoins könnten die Finanzstabilität Europas bedrohen,* Surplus – Das Wirtschaftsmagazin, last accessed on 13 April 2026.

[124] European Central Bank, *Digital euro*, last accessed on 13 April 2026;

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[125] T. Tenner and R. Bednarek, 19 December 2025, *Der digitale Euro ist keine Antwort auf US-Stablecoins*, Bundesverband deutscher Banken e.V., last accessed on 13 April 2026.

[126] The issue of mandatory distribution and acceptance is still being discussed in the negotiations surrounding the proposal for a regulation on the establishment of the digital euro.