



Stablecoin Surge Meets Fragmentation: The Case for a Unified Infrastructure

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Stablecoins Keep Flooding the Market

The past month saw a flurry of stablecoin initiatives from major fintechs. SoFi launched SoFiUSD, the first stablecoin issued by a nationally chartered U.S. bank, designed for retail and as infrastructure for white-labeled tokens. Coinbase followed with Custom Stablecoins, letting businesses issue branded, USDC-backed tokens with 1:1 convertibility. Klarna introduced KlarnaUSD on the new Tempo blockchain, joining Stripe and PayPal in targeting global payments with always-on, programmable dollars.

PayPal's PYUSD expanded into the creator economy with YouTube payouts and integrated into DeFi savings protocols—blurring lines between payments and yield. Shift4, a leading U.S. processor, unveiled a global settlement platform for merchants to accept and settle stablecoin payments in real time. While these efforts enhance utility, they also add silos, spotlighting the need for interoperable infrastructure.

Visa took another leap forward, extending USDC settlement across blockchains like Solana and enabling 24/7 obligations clearing for U.S. banks. Western Union launched USDPT on Stellar, using tokenized dollars for cross-border remittances, marking a production-ready leap by a global money transfer giant.

Meanwhile, BlackRock's BUIDL fund surpassed \$3B in tokenized securities AUM, reinforcing that tokenization now reshapes not just payments but capital markets. Together, these moves

confirm stablecoins' role in modern financial plumbing, especially when paired with regulated issuers and programmable rails.

The Fragmentation Dilemma

The explosion of stablecoin innovation is creating an unintended consequence: fragmentation. Each new issuer launches tokens on its own preferred blockchain with differing rules, reserves and purposes; sometimes under its own brand, sometimes offering white labeling. From a user's perspective, digital dollars are splintering into silos. SoFiUSD is a claim on SoFi Bank, USDC on Circle, KlarnaUSD on another etc. Unlike traditional cash or deposits, these tokens aren't universally fungible.

This fragmentation leads to friction. Users must juggle multiple tokens, each with different rules and wallet compatibility. Merchants face integration headaches as they try to support a growing number of dollar-like instruments. Technical missteps can be irreversible and confusion increases the possibility for fraud. The result is rising cognitive load and operational risk across the system.

Most critically, fragmentation erodes money's core function: seamless exchange. Stablecoins, as bearer assets, can drift from their \$1 peg under stress, creating pseudo-exchange rates between "dollars." The [Bank for International Settlements \(BIS\)](#) warns this violates the "singleness of money." Ironically, even as issuers like SoFi aim to simplify the experience, each new token adds to the complexity.

Calls for Unity: Orchestrating a Fungible Future

The explosion of stablecoins has sparked calls for more unified, fungible infrastructure. Without it, digital dollars risk devolving into a fragmented system resembling 19th-century banknotes. Projects like Ubyx are stepping in with clearing networks that aim to standardize redemption and stitch together multiple tokens under a common rulebook. Their goal: a single interface for depositing any stablecoin and receiving fiat at par.

While promising, these orchestration layers add complexity. Ubyx becomes a critical counterparty, layering on governance, fees, and new infrastructure. While it solves fragmentation externally, it adds its own complexity; unlike infrastructure that is interoperable by design. It's reminiscent of early credit card networks: effective, but complicated. The need for such bridges and orchestration is a lack of design compared to a true currency: the various stablecoins are being patched together step by step instead of designed interoperability from the outset.

Some issuers are addressing this directly. Coinbase's Custom Stablecoins are USDC-compatible and instantly swappable 1:1, creating a unified liquidity layer behind branded tokens. SoFi takes a similar approach by making partner tokens interchangeable with SoFiUSD. These designs hint at a future where stablecoins share back-end infrastructure and reserve systems, even if front-end branding varies.

Regulators are moving from theory to implementation. The U.S. GENIUS Act and EU's MiCA aim to standardize stablecoin reserves and redemption rights. In December, the FDIC and OCC clarified rules for banks issuing or brokering stablecoins, while the SEC and DTCC launched a pilot for tokenized securities settlement. Asset managers like Grayscale and Pantera echoed the momentum, calling tokenization “the future of finance infrastructure.” These moves signal growing institutional alignment around regulated digital asset rails.

However, none of these efforts can overcome the core limitation: each stablecoin remains an IOU from a private issuer, with its own risk profile. And that counterparty (risk) results in what the BIS continues to stress: that monetary singleness must be preserved. Tokenization can modernize money but only if each digital dollar truly equals one real dollar, across issuers and platforms. That vision demands more than coordination. It requires infrastructure purpose-built for unity.

Reaffirming the “Singleness of Money”: Stablecoins vs Tokenized Deposits

Traditional finance relies on the principle that one dollar is always worth one dollar, regardless of which bank holds it. This “singleness of money” ensures every dollar is fungible and interchangeable, a core function preserved through regulation, central bank settlement, and deposit insurance. With the rise of private digital currencies, that cohesion is under threat.

Stablecoins can trade below \$1 under stress, and each transaction exposes the recipient to an issuer's credit risk. Unlike traditional bank payments, where funds always land as a deposit in the receiver's bank which in turn is insured by the government, stablecoin transactions saddle recipients with unfamiliar counterparties. The BIS likens this to the free banking era, when privately issued banknotes traded at discounts and required intermediaries to clear and restore par value; an inefficiency the modern banking system solved long ago.

In contrast, tokenized deposits maintain singleness because they are not bearer assets. Instead, they are built on familiar interbank infrastructure, either directly or through central bank reserves. This means every token represents a real, FDIC-insured deposit settled in central bank money. Tokenized deposits allow for programmability and 24/7 transfer on blockchain rails, without sacrificing regulatory clarity or the one-dollar-equals-one-dollar standard.

The SoFiUSD vs. KlarnaUSD comparison highlights the split: SoFiUSD is functionally a tokenized deposit backed by a U.S. bank; KlarnaUSD is a traditional stablecoin backed by off-bank reserves. The regulatory language hasn't caught up yet, but the market is converging on a key realization that only tokenized deposits can scale programmable money while preserving financial stability. And they don't require a central bank digital currency to work. With shared standards and interbank coordination, tokenized deposits could fulfill the BIS's vision of a unified ledger: one where all digital dollars remain seamlessly interoperable, fully backed, and fundamentally trusted.

Deposit Coin Inc: A Unified Rail for Tokenized Deposits

Deposit Coin Inc. paves the way towards a true digital dollar. It delivers foundational infrastructure for tokenized deposits without ever touching the money itself. It does not issue tokens, hold reserves, or perform orchestration. Instead, it provides secure, regulator-accessible software that enables banks and authorized issuers to mint digital dollars fully backed by FDIC-insured deposits held at participating banks. There is no counterparty risk from Deposit Coin; only a neutral platform through which existing institutions operate.

For consumers, SMBs, and enterprises, the result is familiar and trusted: a digital dollar that allows for the full backing of FDIC insurance. This is managed through the same programs banks already use today, extended onto public blockchains. Tokenized deposits created with Deposit Coin maintain the legal clarity and safety of traditional deposits, while offering the programmability and 24/7 utility of Web3.

On the back end, Deposit Coin's infrastructure enables banks to manage and eliminate intra-bank exposures more efficiently. Transfers between institutions occur seamlessly within the network, preserving the two-tier banking model and supporting real-time interbank settlement. This ensures that the system scales without creating friction, fragmentation, or systemic concentration.

The result is a digital dollar that is fully fungible, programmable, and interoperable across platforms. Deposit Coin bridges traditional finance with Web3, delivering a digital dollar that actually is a dollar. It is safe, trusted, and universally usable, on-chain and off. It offers a way for banks and fintechs to play in the digital asset arena with less counterparty risk, less confusion for users, and more adherence to the spirit of how money currently works.

2026: The Year of Convergence

As we close the year, the contrast in approaches is stark. On one side, we have an explosion of branded stablecoins. Innovative, yet potentially balkanizing the concept of a dollar. On the other, a budding movement toward collaboration and standardization, leveraging blockchain technology without discarding the safeguards of traditional money. And that, as the BIS would affirm, is a prerequisite for any sustainable digital currency future.

Looking ahead, 2026 will bring tokenization into the financial mainstream. Securities, treasuries, and real-world assets are increasingly being represented as tokens improving efficiency, liquidity, and programmability across capital markets. Agentic commerce and autonomous systems will rely on programmable money for seamless machine-to-machine settlement. Payments are being rebuilt from the ground up, combining real-time infrastructure with composable financial logic.

With top institutions like Fidelity, Bitwise, and a16z highlighting the role of tokenized finance and DeFi in shaping next-gen capital markets, investor alignment around this convergence has never been stronger. In this evolving digital stack, programmable, fully fungible tokenized deposits will

emerge as the critical bridge anchoring trust while enabling innovation. If 2025 was the year of stablecoins, **2026 may very well become the year of tokenized deposits.**