

One year after launch, PayPal's stablecoin hasn't gained much ground

Article

The news: PayPal's stablecoin PayPal USD (PYUSD) has been live for a full year, but adoption remains limited, per Axios.

- PYUSD is only the seventh-largest stablecoin by market cap, totaling **\$681 million** on August 8, per CoinGecko.

- By comparison, **Tether's USDT** has a market cap of \$115 billion, and **Circle's USDC's** market cap comes in at \$34 billion.
- PayPal has not released any data on PYUSD use.

But it's making progress: PYUSD started issuing directly on the **Solana** blockchain in May, giving users more ways to buy and send it and making transactions faster and cheaper. This launch helped the stablecoin more than double its market cap in the past two months.

PayPal has also been broadening the stablecoin's payment use cases to boost adoption.

- PYUSD can be used to make transfers for free between the PayPal and Venmo apps. Users can also send PYUSD to compatible external wallets for a fee.
- In March, it began offering fee-free remittances via Xoom using the stablecoin.

Our take: PayPal is betting on the future of stablecoins and wants to be a frontrunner when the asset takes off. But it's well behind its competitors, and stablecoins overall have a long way to go before they become mainstream payment instruments.

While stablecoin payments volume has always been minimal, Visa data suggests it's even smaller than previously thought: Less than 10% of stablecoin transaction volume comes from genuine users, per research from Visa and Allium Labs.