

Visa settles transactions in USDC stablecoins, a major breakthrough for crypto players

Article

The card network began [settling](#) transactions in USD Coin (USDC), a cryptocurrency whose value is pegged to the US dollar, after piloting the capability with crypto and payment

platform Crypto.com over the blockchain Ethereum. The card network plans to roll out the capability to additional crypto partners later this year. Previously, crypto wallets and platforms working with Visa needed to convert payments to fiat currency before transactions could be settled by the card network, adding time and costs to the process. The development lets crypto providers bypass the fiat currency conversion process and instead route USDC payments directly to Visa.

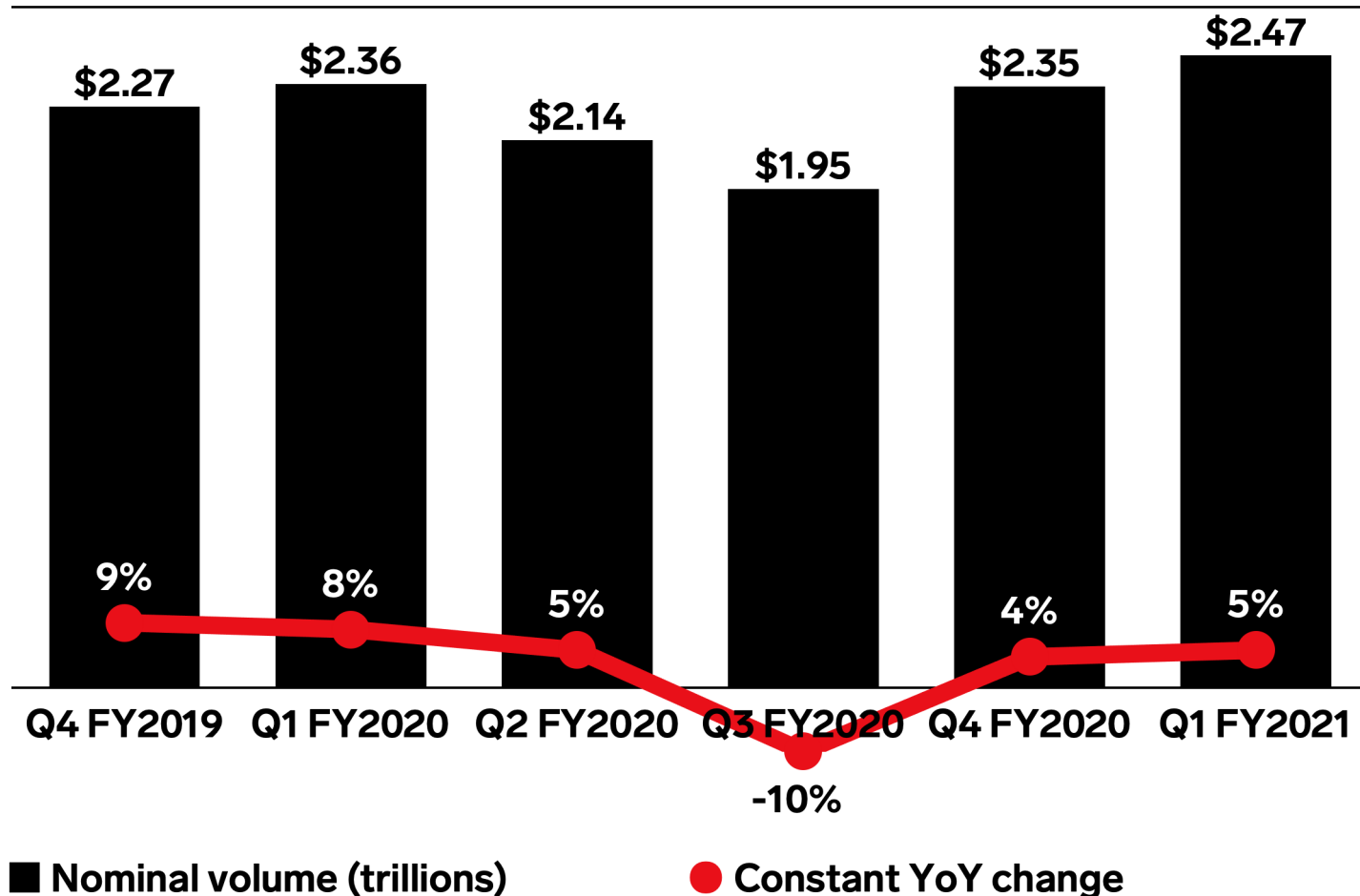
Payment providers are stepping up their crypto game as digital currencies heat up in the consumer market.

- **Other card networks are jostling to establish themselves in the crypto space.** Visa first [hinted](#) at plans to add cryptocurrencies to its network in January 2021, and the following month, Mastercard [announced](#) a similar move after [finding](#) that more customers were buying crypto assets with cards. Mastercard is Visa's biggest rival, so both networks are competing head-to-head for dominance in the nascent space. American Express has also [flirted](#) with cryptos: In December, it invested an undisclosed amount into cryptocurrency trading platform FalconX, perhaps signaling plans to dive into the space later on.
- **Wallet providers like PayPal and Square also made crypto strides over the last year, which could put pressure on networks to keep up.** Square, which [introduced](#) bitcoin trading for Cash App users in 2018, [bought](#) \$170 million worth of bitcoin last quarter, which may indicate plans to expand further into the space. PayPal has followed close behind Square: In November, it [launched](#) its crypto buying and selling business and announced that it would let wallet users use cryptos as a funding source within its global merchant network this year.

Consumer interests in cryptos [surged](#) during the coronavirus pandemic. Thirty-eight percent of consumers say that crypto is the future of money, and 37% believe it will be a widely accepted payment method in the next five years, [according to](#) a CouponFollow survey conducted in January 2021.

Visa's growing support of cryptocurrencies can make it a more attractive network to work with. Visa's move lets crypto providers avoid costly cryptocurrency-to-fiat conversions—making it more convenient for those providers to enable payment offerings for their customers. This might help Visa attract more crypto partners, adding to the 31 crypto-related debit and credit programs it already has under its belt, according to data provided to Insider Intelligence from The Block. Visa's USDC settlement capability also opens the door to supporting other cryptocurrencies and facilitating various forms of crypto transactions down the line.

Visa Payments Volume



Note: Visa's fiscal Q1 2021 ended December 31, 2020

Source: Visa, 2021

Methodology: These figures are from Visa's quarterly earnings presentations released between October 24, 2019 and January 28, 2021.

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