

Stablecoin payments pick up, challenging Bitcoin as the dominant payments coin

Article

The news: Consumers are turning toward Bitcoin alternatives, including stablecoins, to make crypto payments, per PYMNTS.

Crypto payments provider **BitPay** found Ether accounted for **15% of all payments** made on its platform in 2021, and **13% were made using stablecoins** like USDT or USDC. Bitcoin's share of payments slid from 92% in 2020 to about 65%.

BitPay helps merchants accept cryptos at the point-of-sale (POS). The company also offers a **Mastercard** debit card that lets consumers spend in crypto. In 2019, BitPay **facilitated \$1 billion worth of crypto transactions** between its card, wallet, and browser extension.

Why this matters: Stablecoins are pegged to the value of an underlying asset, like the US dollar or gold.

That makes their valuations less volatile, which is a major roadblock to using traditional cryptos like Bitcoin for payments. Consumers are also sometimes unwilling to pay in Bitcoin since most owners use the asset as an investment vehicle and want to hold onto the tokens in the hope they will be worth more in the future.

Central bank digital currencies (CBDCs) could also be strong payments contenders, but development is **slow**—the US is years away from launching a digital dollar. In the meantime, stablecoins are the most practical option to encourage crypto payments adoption: Gartner **argued** in February that financial companies should turn their attention away from Bitcoin trading and toward supporting stablecoin transactions on blockchains.

The bigger picture: **Twenty-four percent of small businesses** surveyed across nine countries plan to accept crypto payments, including Bitcoin, according to data from **Visa's Global Back to Business Study** cited by NFCW. And 75% said adding new forms of payment was “fundamental to their business growth.” The rising popularity of stablecoins could further move the crypto payment adoption needle for both consumers and merchants.

Large merchants are already preparing for such a future:

- **Walmart** is looking into creating its own cryptocurrency and a collection of non-fungible tokens (NFTs), according to recent trademark applications found by CNBC. This is part of the retailer's larger plan to venture into the metaverse, but its virtual currency—likely a stablecoin—could also be used in-store and for its digital business.
- **Amazon** is also considering developing its own cryptocurrency, which could be used as a rewards tool and could also be integrated into the retailer's co-branded cards.

Other retailers or payment providers could follow Walmart and Amazon's lead in developing a native stablecoin. This could further dampen Bitcoin's future as a payment method, but based

on **Meta's** progress with [Diem](#), there's likely a long regulatory road ahead before company-backed cryptos achieve mass adoption and implementation.

US Adults' Interest in Using Cryptocurrencies in Select Ways, by Ownership Status, Feb 2021

% of respondents in each group

Make online purchases that are more private or secure



Make online purchases if these payments are automatically available at checkout



Use gains from cryptocurrency investments to make a big purchase rather than cashing out



Obtain a cryptocurrency-backed loan to make a purchase



■ Owners

■ Non-owners

Note: owners n=1,376; non-owners n=3,072; respondents were "very" or "extremely" interested

Source: PYMNTS.com, "Cryptocurrency Payments Playbook: Cryptocurrencies Gain Momentum As A Payment Option" in collaboration with Bitpay, July 22, 2021

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