

Sector Insights

Visa and Mastercard’s stablecoin strategy

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Summary

Stablecoins are quickly gaining traction in the world of digital payments, offering near-instant settlement and lower fees compared to traditional card networks. With improving regulatory clarity and merchants and payments processors accelerating adoption, Visa and Mastercard are investing in stablecoin capabilities in ways that could reshape the competitive landscape and create new growth opportunities in global payments.

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What are stablecoins?

Stablecoins are a type of digital currency designed to keep their value steady — usually by being tied to something familiar like the U.S. dollar. Think of them as a bridge between traditional money and cryptocurrency. Unlike bitcoin, or other volatile cryptocurrencies, stablecoins are meant to be reliable and spendable, not speculative. Our focus is on payment stablecoins — a regulated category designed specifically for everyday transactions. These coins are backed by high-quality liquid assets — usually cash or short-term U.S. Treasuries — held in reserve to keep their value at \$1 per coin. While stablecoins have historically been used for low-cost, cross-border transfers and trading cryptocurrency, payment stablecoins are now gaining traction for everyday uses like settling bills instantly, paying merchants, and even moving money between banks more efficiently.

Stablecoin regulation signed into law

On July 18, 2025, the president of the United States signed in to law the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act). This legislation created a regulatory framework for stablecoins, recognizing them as a valid part of the financial system. The legislation requires payment stablecoins to be backed by liquid assets such as U.S. dollars and short-term U.S. Treasury bills while ensuring compliance with anti-money laundering laws. Issuers with more than \$50 billion outstanding tokens in circulation would be required to publicly disclose composition of their reserves to the Office of the Comptroller of the Currency (OCC).

Can stablecoins disrupt traditional payment rails?

One of the more disruptive aspects of stablecoins is the potential to bypass traditional card networks entirely. Stablecoin-based payment settlement is one of the most attractive features of using stablecoin and blockchain technology as it would allow for near-instant settlement times versus waiting the 1 – 2 business days it currently takes for payments to settle on legacy rails. A blockchain is a way of sharing data across a network of computers that facilitates the process of recording transactions and tracking assets. In addition, by eliminating the intermediary, there is a cost-saving component where users can expect merchant fees at a fraction of the typical 2% – 3% per transaction today.

Innovation in payments: how Visa and Mastercard are adapting to the stablecoin era

Visa and Mastercard have clear ways to benefit from growth in payment stablecoins including monetizing new flows tied to cryptocurrency wallets, digital commerce, and tokenized assets. We view the initial transition to payment stablecoin usage to be complementary to the card networks, not immediately competitive. In our view, we do not see an immediate impact on earnings from these announcements, it nonetheless demonstrates the speed at which the payments processors are facilitating adoption of stablecoin for use in business-to-business and business-to-consumer payments.

Visa is taking meaningful steps to position itself at the forefront of blockchain-powered payments, having introduced a series of initiatives, beginning in November 2025, that signal a long-term commitment to payment stablecoin adoption. Through their consulting arm — Visa Consulting and Analytics — a dedicated Stablecoin Advisory Practice was announced to assist banks, financial technology companies (fintechs), merchants, and businesses navigating payment stablecoin implementation. This launch comes as the stablecoin market surpasses \$250 billion (according to Visa's press release dated 12/15/25) and Visa's stablecoin settlement volumes reach a \$3.5 billion annualized run rate. Another way Visa is incorporating payment stablecoins into its core operations includes the launch of USD Coin (USDC) settlement that lets

Key takeaways

Payment stablecoins keep value steady by pegging to real-world assets.

Payment stablecoins link traditional finance with blockchain for seamless digital payments.

U.S. banks settle transactions on a blockchain, giving them faster, seven-day-a-week processing without changing how consumers use their cards. USDC is a regulated stablecoin issued by Circle Internet Group (CRCL — \$82.64) that is fully backed by the U.S. dollar and intended to maintain a stable value by always being worth \$1 U.S. dollar. Finally, Visa is piloting a program that would allow businesses to pay freelancers and gig workers in stablecoins like USDC, giving them near-instant access to money — even in locales with weak banking systems.

Mastercard is focused on building out infrastructure that will support payments using stablecoins, including solutions to enable merchants and consumers to pay and get paid in stablecoins. They are partnering with banks and fintechs to allow faster and cheaper cross-border transactions. Lastly, they are working to expand settlement options to financial institutions to enable the use of payment stablecoins instead of traditional bank transfers. All these initiatives should reduce costs, increase speed of payments, and position Mastercard as a leader in blockchain-based financial services.

Looking ahead: the evolving role of stablecoins in payments

We believe traditional networks like Visa and Mastercard will likely remain dominant within the payments landscape due to their scale and trust with consumers. However, firms that adapt early and find ways to integrate stablecoin capabilities into their platforms may capture new growth opportunities as adoption accelerates. We view stablecoins as an adjacent growth area that reinforces our positive long-term investment view on both companies.

Appendix table: Companies discussed

Company	Symbol	Price
Circle Internet Group, Inc. Class A	CRCL	\$82.64
Mastercard Incorporated Class A	MA	\$579.45
Visa Inc. Class A	V	\$355.14

Sources: FactSet, Wells Fargo Investment Institute. Prices and data as of December 24, 2025.

Financials sector equity recommendations

Sector	Ticker	Company name	Price	Market cap (billions)	Dividend	Dividend yield	Estimated NTM EPS / FFO	NTM P/E or P/FFO	Core	DSIP	Growth	Focus	High Yield	SMID	Value
Financials	MA	Mastercard Incorporated Class A	\$579.45	\$513.59	\$3.04	0.5%	\$18.99	30.5x	X	X		X			
Financials	V	Visa Inc. Class A	\$355.14	\$665.13	\$2.36	0.7%	\$13.13	27.1x	X	X	X	X			

Sources: FactSet, Wells Fargo Investment Institute. Prices and data as of December 24, 2025. NTM – next-twelve-months. EPS = earnings per share. FFO = funds from operations. P/E = price-to-earnings. P/FFO = price-to-funds from operations).

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