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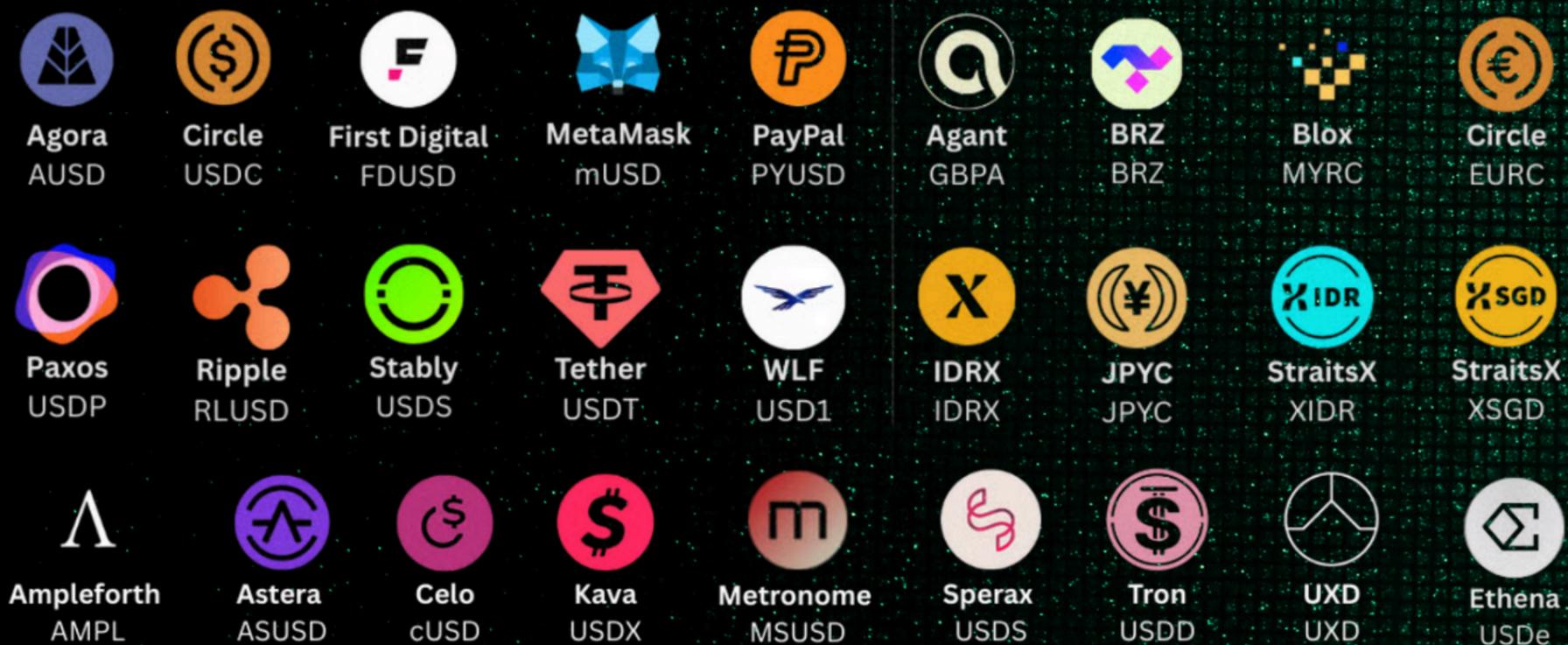
*Behind the Peg*  
*Stablecoin Insider's Series*

# How do Stablecoin Issuers make money?

*Breaking down how they operate  
and generate revenue*



+ USDC-USDT-USDe case studies





With the stablecoin market reaching **\$300B+** of **capitalization**, the business models powering major stablecoins like **USDT** and **USDC** are generating substantial profits for their issuers. This revenue comes from **interest on reserve assets, transaction fees, and institutional partnerships.**

Inside here:

- Who is a stablecoin issuer?
- How they operate
- How they generate revenue
- Case studies: USDC, USDT, USDe

*Enjoy the reading.*

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# Who are Stablecoin Issuers?

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A **stablecoin issuer** is the entity (company, trust, bank, or protocol with an off-chain wrapper) that mints and redeems a fiat-referenced or asset-referenced token and is accountable for:

- **Reserves** (what backs the token)
- **Redemption** (1:1 convertibility terms)
- **Disclosures** (attestations/audits, policies)
- **Controls** (risk, compliance, smart-contract governance)

If you set the reserve policy and control mint/redeem, *you are an issuer.*

If you only list, custody, or on/off-ramp a third-party token, *you are not an issuer.*

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# Who do Stablecoin Issuers serve?

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## Who they serve

Stakeholder	What they want from the issuer	What they give
<b>Retail &amp; prosumers</b>	Cheap, fast transfers, credible \$1, wide acceptance	Adoption & float
<b>Institutions/treasurers/fintechs</b>	Reliable rails, API access, clear SLAs	Volume, sticky balances
<b>Exchanges, wallets, L2s</b>	Liquidity & listings, incentives	Distribution, order flow
<b>Market makers</b>	Predictable rules, fast settlement	Two-sided liquidity
<b>Banks/custodians/MMFs</b>	AUM, fees	Safety, liquidity, yield
<b>Regulators</b>	Safeguards, disclosures, consumer protection	License to operate

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## Responsibilities vs. banks/fintechs

**Like a bank:** Issuers monetize float (interest on reserves) and must run treasury & risk.

**Unlike a bank:** They don't lend. Assets are mostly cash/T-bills, deposits are typically not insured (unless the issuer is a bank).

**Like a fintech processor:** They earn fees (mint/redeem, API, platform), build integrations, and chase distribution.

**Unlike a generic fintech:** They are accountable for a peg and reserve composition, not just payments UX.

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# What are their **business** models?

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Stablecoin issuers monetize **float** (interest on reserves) and **flow** (fees/spreads on mint/redeem, usage, and treasury ops). *The mix depends on what backs the coin and who controls redemption.*

Model	What backs the token	Who controls reserves	Primary revenue	Secondary revenue	Typical margin drivers
<b>Fiat-backed (custodial)</b>	Cash, T-bills, repo, MMFs	Issuer + trust/SPV + banks	Reserve yield (float)	Mint/redeem, platform/API, partner programs	Policy rates, custody/MMF fees, scale
<b>Fiat-backed via MMF wrapper</b>	Government MMF shares + cash	Issuer + MMF sponsor	MMF yield split	Enterprise/treasury fees	MMF fee, sweep cadence, disclosures
<b>Bank deposit token</b>	Bank deposits (on balance sheet)	Regulated bank	Bank NIM (interest spread)	Service fees, FX	Cost of funds, capital, compliance
<b>Crypto-collateralized (over-collateralized)</b>	On-chain collateral; some RWA	Protocol/DAO (smart contracts)	Stability fees on loans	Liquidation fees; RWA yield share	Collateral utilization, oracle quality
<b>Synthetic / delta-neutral</b>	Hedged crypto positions + staking/funding	Corporate + protocol	Strategy fees on funding/staking	Conversion spreads, partnerships	Funding regime, venue risk, leverage caps
<b>Asset-referenced baskets</b>	Basket of fiat/commodities	Corporate + trustee	Reserve yield on components	Index licensing, platform fees	Basket design, transparency, liquidity

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# What are the **Revenue** mechanisms?

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## Reserve yield (float engine)

=The issuer takes incoming cash and invests it (within rules) in:

- T-bills
- Reverse repo
- Government MMFs
- Interest-bearing bank accounts

### How it prints money (step-by-step):

- Client wires fiat → issuer mints tokens.
- Treasury keeps some T+0 cash for redemptions.
- Extra cash is swept into short, safe assets (e.g., 30–90 day T-bills).
- Those assets pay interest → that interest is the float.

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## Redeem & others (flow engine)

= fees from activity

### 1) **Mint/Redeem fees**

Institutions/partners that mint new tokens or redeem back to fiat.

### 2) **Platform/API fees**

Paid access to dashboards, treasury sub-accounts, payouts-as-a-service, webhooks, reporting.

### 3) **Network surcharge**

Fixed small fees to cover on-chain gas/relayers on certain chains.

### 4) **FX & Spread revenue** (IT: cambio e differenziale)

- FX (Foreign Exchange USD↔EUR, etc.)
- Spread tiny gap between **buy/sell prices**.

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# USDT

(Tether)

# USDC

(Circle)

# USDe

(Ethena)

# VS

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## USDT (Tether)

**What they sell:** a \$1 token you can redeem (stablecoin)

**How they earn (main):** Float = interest from reserves (cash, T-bills, MMFs).

**How they earn (extra “flow”):** small fees on mint/redeem and partner programs.

**What can hurt revenue:** falling policy rates, custodian/MMF costs, big redemptions (need more cash right now).

**As of June 30, 2025, the Management of the Company asserts the following:**

- The Company's total assets amount to at least \$162,574,933,798
- The Company's total liabilities amount to \$157,108,009,474, of which \$157,100,255,857 relate to digital tokens issued
- The Company's assets exceed its liabilities
- The Company's proprietary investments through Tether Investments in emerging sectors such as artificial intelligence, renewable energy, and communications infrastructure are not included in the reserves backing issued tokens

**tether.**

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## USDC (Circle)

**What they sell:** a \$1 token like USDT.

**How they earn (main):** Float from reserves, often via a government MMF + cash.

**How they earn (extra “flow”):**

- **Platform/API fees:** enterprise accounts, payouts, dashboards (ARR = Annual Recurring Revenue).
- **Mint/Redeem fees:** bps on big client flows.

**What can hurt revenue:** lower interest rates (smaller float), revenue-share with partners, custodian/MMF fees.

### *Financial Highlights*

- USDC in circulation grew 90% year-over-year to \$61.3 billion at quarter end, and has grown an additional 6.4% to \$65.2 billion as of August 10, 2025
- Total revenue and reserve income grew 53% year-over-year to \$658 million
- Net loss was \$482 million, significantly impacted by IPO-related non-cash charges that totaled \$591 million:
  - \$424 million for stock-based compensation related to vesting conditions met by our IPO
  - \$167 million increase in the fair value of convertible debt caused by the increase in our share price
- Adjusted EBITDA grew 52% year-over-year to \$126 million



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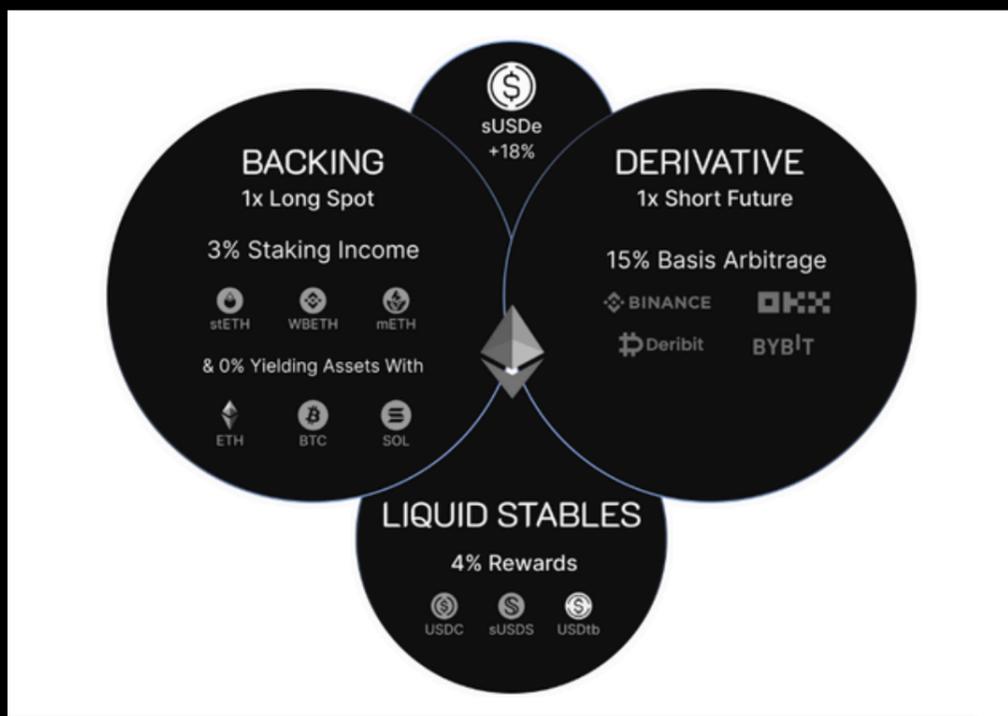
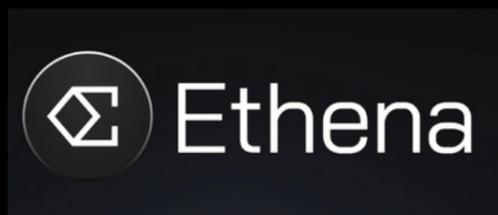
## USDe (Ethena)

**What they sell:** a \$1 token. It's synthetic: they balance positions so price moves cancel (delta-neutral).

**How they earn (main):** a take-rate (issuer cut) on strategy yield, mostly funding rate from perps + staking.

- They run a trading hedge (long spot, short perps). If funding rate is positive, the strategy earns and Ethena takes a slice\* *\*Funding can turn negative; revenue is regime-sensitive*

**How they earn (extra "flow"):** small conversion/OTC spreads, partner incentives.



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# Good knowledge is built together.

Feel free to send me feedback, ideas, topics you would like to read more, or directly collaborate with me on the next post.



**Share if you find this valuable.**

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