BOX 5: STABLECOIN ACTIVITY AMONG LICENSED CRYPTO-ASSET SERVICE PROVIDERS[1]

The Markets in Crypto-Assets Regulation (MiCA) provides a harmonised European Union (EU) framework for issuers of asset-referenced tokens and e-money tokens, the two categories generally associated with stablecoins, as well as for CASPs. The provisions relating to asset-referenced and e-money tokens have applied since 30 June 2024, while the broader MiCA framework, including the provisions governing CASPs, has applied since 30 December 2024.[2] Stablecoins are crypto-assets designed to maintain a stable value by referencing one or more official currencies or other assets. At end-June 2026, stablecoins in circulation worldwide were valued at around USD 311 billion.[3] Tokens referenced to the US dollar accounted for 99.5% of the total, while euro-referenced tokens accounted for only 0.2%. The two largest tokens, Tether (USDT) and USD Coin (USDC), together accounted for around 83% of the global market. This high degree of concentration means that the de-pegging of a major token or disruption affecting one of the leading issuers could have broader effects across the stablecoin market. Within crypto-asset markets, stablecoins serve mainly as a bridge between trades and a temporary store of value, and they provide a significant share of the liquidity in decentralised finance applications.[4] As issuers back their tokens with reserve assets such as bank deposits and government bonds, large redemptions may give rise to asset sales and could transmit stress to parts of the banking system and sovereign bond markets.[5]

This box draws from the regulatory returns submitted by CASPs licensed by the MFSA to assess the materiality, currency composition and concentration of reported stablecoin activity within Malta's licensed CASP population, using end June 2026 as the reference date. After providing context on the size, business models and overall client base of the sector, the box examines the importance of stablecoins within crypto-assets reported as held for sale, their currency composition, their concentration across reporting entities and how stablecoins held in custody for clients are stored. It does not assess stablecoin issuance in Malta, the overall crypto-asset holdings of Malta residents, part of which may be held with CASPs authorised in other Member States, or the potential transmission of risks from Malta-licensed CASPs to other European jurisdictions, as the returns submitted by CASPs do not cover stablecoin issuance or provide a breakdown of stablecoin positions by the client's residence.

The licensed CASP population

Ten CASPs submitted returns for end June 2026, with combined total assets of €5.2 billion.[6] This sector is highly concentrated in terms of total assets, as reflected in a Herfindahl-Hirschman Index (HHI) well above 1,800, a threshold commonly associated with a highly concentrated market.[7] Crypto-assets dominate the aggregate balance sheet, with those reported as held for sale accounting for 81.0% of total assets. As discussed below, however, this category also includes crypto-assets held on

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[1] Written by Mr Mohamed Yagob, Senior Analyst within the Financial Stability Surveillance and Risk Assessment Department. The author would like to thank Mr Andrew Spiteri, Deputy Head, and Ms Wendy Zammit, Head, within the same Department and Mr Alan Cassar, Chief Officer Financial Stability and Statistics Division, for their valuable suggestions.

[2] Article 149 of Regulation (EU) 2023/1114.

[3] Source: DefiLlama, Stablecoins dashboard, data downloaded on 8 October 2026.

[4] Adachi, M. et al. (2022), Stablecoins' role in crypto and beyond: functions, risks and policy, *Macroprudential Bulletin*, Issue 18, Frankfurt: European Central Bank.

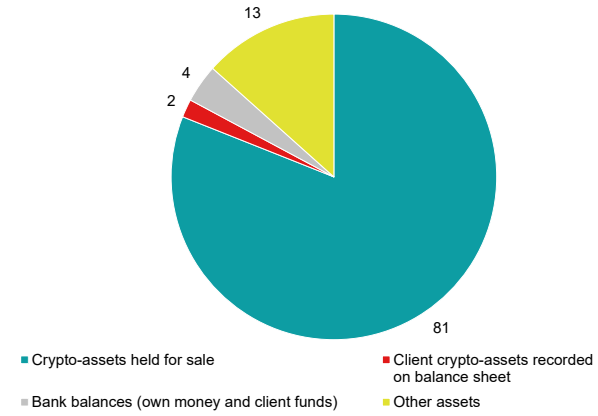
[5] Born, A. et al. (2026), Euro stablecoins and their potential effect on sovereign bond markets, *Macroprudential Bulletin*, Issue 33, Frankfurt: European Central Bank.

[6] Of the 22 CASPs authorised by the MFSA at end-June 2026, 10 submitted returns for the reference period and are included in the analysis. The remainder mainly comprised CASPs authorised towards the end of June, for which a return was not yet available. Entities operating solely under a Virtual Financial Assets Act licence were also excluded, as the transitional period expired on 30 June 2026.

[7] The HHI is the sum of the squared market shares of all firms, where market shares are expressed as percentages. It ranges from close to 0, in a market with many small firms, to 10,000 in a pure monopoly. The threshold of 1,800 follows the 2023 Merger Guidelines issued by the US Department of Justice and Federal Trade Commission.

behalf of clients (see Chart 5a). Client crypto-assets recorded separately on the balance sheet accounted for a further 1.8%. Bank balances held for the CASPs' own purposes or on behalf of clients represented 3.8%, while other assets, mainly 'amounts receivable from' and 'loans to group entities', accounted for the remaining 13.4%.

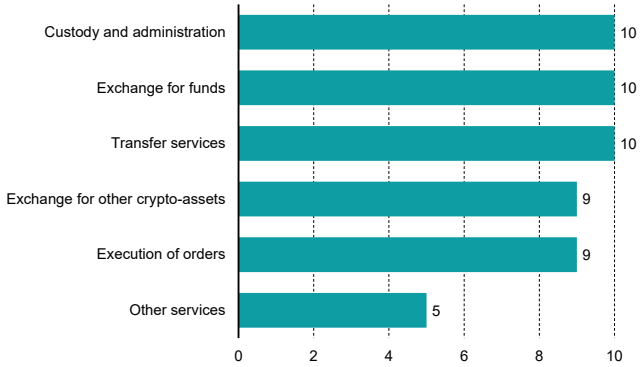
Chart 5a
BALANCE-SHEET COMPOSITION OF REPORTING CASPs
(per cent of total assets; end-June 2026)



Source: Central Bank of Malta.

In terms of business models, all ten CASPs reported providing the exchange of crypto-assets for funds, as well as custody and transfer services. Most also reported exchanging crypto-assets for other crypto-assets and executing client orders, while fewer reported providing other services, such as operating a trading platform or placing crypto-assets (see Chart 5b). At end June 2026, CASPs held €3.9 billion of client crypto-assets in custody and reported 9.7 million client relationships, of which 1.3 million were classified as active, having undertaken at least one trade during the preceding 12 months.[8] Retail clients accounted for almost all active client relationships at sector level, with fewer than 1,000 active corporate clients reported. However, four of the ten CASPs primarily served corporate clients, highlighting differences in business models across the sector.[9] Almost all client crypto-assets held in custody were recorded on the CASPs' balance sheets, mainly within crypto-assets held for sale. This category therefore includes assets held on behalf of clients and should not be interpreted as representing crypto-assets owned by the CASPs.

Chart 5b
SERVICES PROVIDED BY REPORTING CASPs
(number of CASPs; end-June 2026)



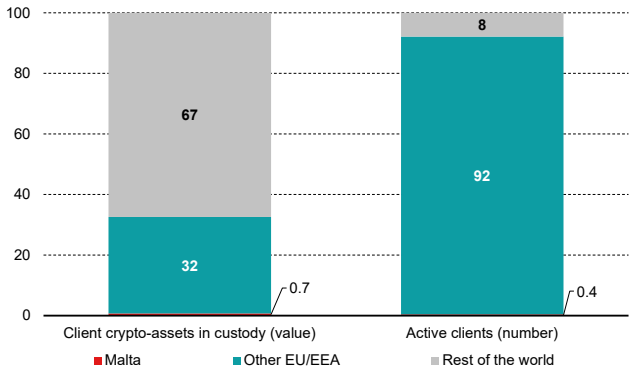
Source: Central Bank of Malta.
Note: Services reported as being provided by each CASP in the June 2026 return. Other services comprise operating a trading platform, placing of crypto-assets, and receiving and transmitting orders. A CASP providing more than one of these services is counted only once in this category.

The sector's business is largely cross-border. Across the ten reporting CASPs, the median number of jurisdictions served was more than 40. Residents of Malta accounted for 0.7% of the value

[8] Client numbers are reported by each CASP and may count the same person more than once where a client uses more than one CASP.
[9] Active clients by client type. Business-to-business clients are corporate clients and business-to-consumer clients are non-corporate clients. See MFSA, *Guidance Notes on the Compilation of Crypto-Asset Service Providers' Return*, version 2.0, August 2025.

of client crypto-assets held in custody by the reporting CASPs, or around €27.5 million, and for 0.4% of their active clients (see Chart 5c).[10] Most active clients were resident in EU/EEA countries, while around 8% were resident in the rest of the world. The geographical distribution differed when measured by the value of crypto-assets held in custody, with around two-thirds of that value belonging to clients resident in the rest of the world. However, the two measures are not directly comparable. The client count covers only active clients, whereas the custody measure covers crypto-assets held for all clients, irrespective of their activity status. Identifiable links with the domestic banking system are also limited. CASPs' own balances with domestic banks amounted to €6.2 million, or less than 5% of their own bank balances.[11] These indicators describe the general business profile of the CASP sector and are not specific to stablecoin activity.

Chart 5c
CLIENTS AND CUSTODY ASSETS BY RESIDENCY
(per cent of total; end-June 2026)

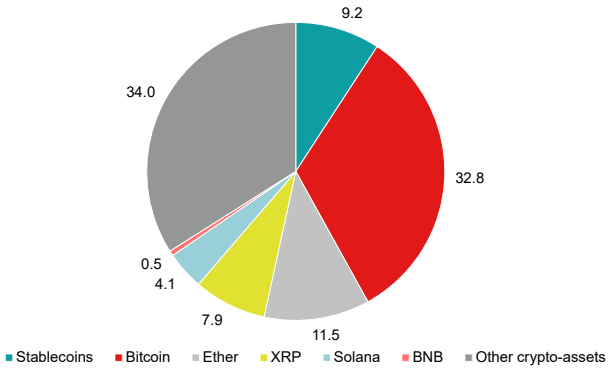


Source: Central Bank of Malta.
Note: Custody covers the value of crypto-assets held for all clients, whatever their activity status. Residency by number is reported only for active clients, who made at least one trade in the preceding 12 months and accounted for 13% of all clients. Malta-resident shares are below 1% in both cases.

Size and currency composition of reported stablecoins

A breakdown by crypto-asset category is only available for assets reported as held for sale. The return distinguishes between Bitcoin, Ether, USD and EUR-denominated stablecoins, BNB, Solana, XRP and a residual category of other crypto-assets.[12] Stablecoins reported within the held-for-sale category amounted to around €385 million as at end-June 2026, equivalent to 9.2% of that category (see Chart 5d). This was equivalent to 7.4% of the sector's total assets, although the ratio should not

Chart 5d
COMPOSITION OF CRYPTO-ASSETS HELD FOR SALE
(per cent; end-June 2026)



Source: Central Bank of Malta.
Note: Crypto-assets reported as held for sale, converted to euro at end-June 2026 exchange rates. The category includes crypto-assets held on behalf of clients and should not be interpreted as comprising only CASPs' own-account holdings. Stablecoins comprise the dedicated USD and EUR-denominated stablecoin lines and exclude any stablecoins within the residual category.

[10] These figures cover only Malta residents who are clients of the ten reporting CASPs. They do not include holdings with CASPs providing services in Malta on a cross-border basis under Article 65 of Regulation (EU) 2023/1114, providers established outside the EU, or in self-hosted wallets. Accordingly, they do not provide a comprehensive measure of total crypto-asset holdings or users among Malta residents.

[11] Residency refers to the institution with which the account is held and follows the centre of economic interest, not the licence of the institution. CASPs report balances as resident in Malta where a split is not possible. See footnote 9.

[12] Source: MFSA, *Crypto-Asset Service Providers' Return*, template version 25-03.

be interpreted as a measure of CASPs' own stablecoin exposure. Among the identified categories, stablecoins were the third largest, after Bitcoin and Ether, and exceeded the reported amounts of XRP, Solana and BNB. The residual category of other crypto-assets, which groups a wide range of tokens, was the largest single item. As the held-for-sale category includes crypto-assets held on behalf of clients, the returns do not permit reported stablecoins to be reliably separated into CASPs' own-account positions and assets associated with client balances.

Reported stablecoins were almost entirely denominated in US dollars, accounting for 99.9% of the total. EUR-denominated stablecoins were reported by four CASPs, amounting to only €0.2 million.[13] Stablecoins denominated in other currencies, such as the pound sterling or the Brazilian real, are not reflected separately in dedicated return lines and instead are included within the residual category.

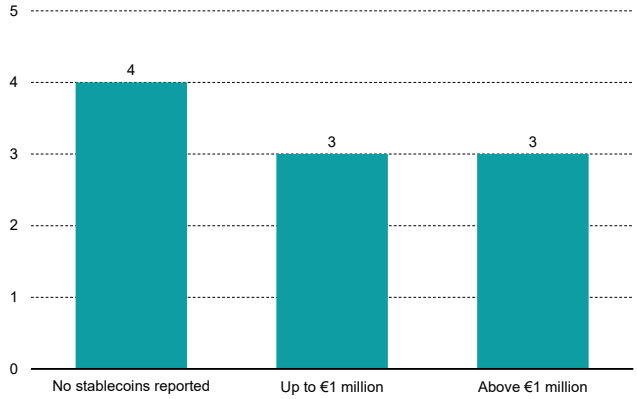
Concentration of reported stablecoins

As holdings are not valued by individual token, the return does not permit an assessment of token- or issuer-level concentration. However, reported stablecoins are almost entirely denominated in USD, broadly mirroring the global currency composition of the stablecoin market. The return does not reveal, however, whether the reported positions are similarly concentrated in the two largest global tokens. The custody data discussed below provide a partial indication.

Reported stablecoins were also highly concentrated across entities. Six of the ten CASPs reported stablecoins, although only three reported amounts exceeding €1 million (see Chart 5e). The findings therefore point to concentration both in terms of currency denomination and across reporting entities (see Table 5a).

Qualitative information on the five largest crypto-assets held in custody for clients provides some indication of the tokens used by the sector.[14] Seven of the ten CASPs listed a USD-denominated stablecoin among these assets, all of them naming USDC, while none listed a EUR-denominated stablecoin.[15] As values by token are not available, this information cannot be used to measure token-level concentration. It nevertheless supports the broader finding that the stablecoin activity reported by these CASPs is predominantly linked to USD-referenced tokens.

Chart 5e
CASPs BY SIZE OF REPORTED STABLECOINS
(number of CASPs; end-June 2026)



Source: Central Bank of Malta.
Note: Stablecoins reported within crypto-assets held for sale, converted to euro at end-June 2026 exchange rates.

[13] The denomination of a stablecoin is distinct from the currency in which a CASP compiles its return. Both USD and EUR-denominated stablecoins are expressed in euro before they are added together. Figures were converted to euro at the ECB euro foreign exchange reference rate for 30 June 2026, which was USD 1.1394 per euro (EUR 0.878 per US dollar).
[14] The return reports the overall top five crypto-assets held in custody and the share of each held in hot, warm and cold wallets. The box uses the split reported for the stablecoins among these assets.
[15] The custody information covers crypto-assets held for clients, including those not recorded on CASPs' balance sheets, whereas the number of CASPs reporting stablecoins refers only to the dedicated USD and EUR-denominated lines within crypto-assets held for sale. The two counts are therefore not directly comparable, and stablecoins reported within the residual category of other crypto-assets are not included in the latter.

Table 5a
STABLECOIN MONITORING INDICATORS, JUNE 2026

(per cent; unless otherwise stated)

	June 2026
Stablecoins reported within crypto-assets held for sale (EUR millions)	384.6
Stablecoins as a share of crypto-assets held for sale	9.2
Stablecoins as a share of total assets	7.4
USD-denominated share of stablecoins	99.9
CASPs reporting stablecoins (number)	6
CASPs reporting stablecoins above €1 million (number)	3

Source: Central Bank of Malta.

Note: Stablecoins comprise USD and EUR-denominated tokens reported within crypto-assets held for sale, converted into euro using the ECB euro foreign exchange reference rates applicable on 30 June 2026. As crypto-assets held for sale also include assets held on behalf of clients, the ratio of reported stablecoins to the sector's total assets is a scale comparison and should not be interpreted as a measure of CASPs' own stablecoin exposure. Stablecoins included within the residual crypto-asset category are excluded. The €1 million cut-off is an indicative analytical threshold used to distinguish small residual positions from larger holdings and has no regulatory meaning.

The custody information also indicates how these stablecoins are stored, as the split between hot, warm and cold wallets is available for each listed stablecoin. Hot wallets are connected to the internet and allow more immediate access and transfer but are generally more exposed to cyber and operational risks. Cold wallets are kept offline, providing greater protection from online threats, while warm wallets combine features of both arrangements.[16] All seven CASPs that listed a stablecoin held at least part of it in hot or warm wallets. Three held the majority in cold storage, while the remaining four held their listed stablecoins entirely in hot or warm wallets.

Financial stability considerations

The available data do not provide evidence of significant direct links between reported stablecoin activity and the wider domestic financial system. At end-June 2026, stablecoins accounted for 9.2% of crypto-assets reported as held for sale and were concentrated in a small number of CASPs. The entities' overall business is predominantly cross-border and retail: almost all of their active clients are retail clients, and only a small share are resident in Malta. This reflects the client base of Malta-licensed CASPs and does not capture crypto-asset activity by Malta residents through providers authorised in other jurisdictions. The observable links with domestic banks are also limited. These indicators relate to CASPs' broader activities, however, and are not specific to stablecoins.

The predominance of USD-referenced stablecoins is the main common feature across reporting entities. All six CASPs reporting stablecoins held USD-denominated positions, indicating common sensitivity to developments in this segment of the global market. However, the regulatory reporting does not identify the individual tokens held and therefore cannot establish whether the entities share material exposure to the same issuers. The custody data nevertheless suggest that USDC is the most commonly held stablecoin in client custody.

The information currently available does not allow stablecoins held on CASPs' own account to be distinguished from those held on behalf of clients. It is therefore not possible to gauge whether the effects of a de-pegging or an issuer disruption would fall mainly on the CASPs or on their clients. Similarly, the purpose for which stablecoins are held and their distribution by client type and residence cannot yet be determined from the available returns. Even where the economic risk rests with clients, safeguarding client assets may expose CASPs to operational, conduct and reputational risks,

[16] US Securities and Exchange Commission (2025), Crypto Asset Custody Basics for Retail Investors, *Investor Bulletin*, Investor.gov.

particularly as all CASPs that listed a stablecoin among their largest custody assets held at least part of it in hot or warm wallets.

Notwithstanding improvements in regulatory reporting under MiCA, data limitations remain an important challenge for crypto-asset monitoring, particularly when assessing exposures and potential channels of transmission to the wider financial system.[17] Continued monitoring, especially of the concentration of reported stablecoins within a small number of entities and the overwhelmingly USD-denominated composition, together with greater reporting granularity where feasible, could support a more comprehensive assessment of potential financial stability implications. More granular data could also support scenario analysis of the possible impact of an issuer's failure on the system as well as modelling market-wide stress. Greater consistency in stablecoin-related reporting across EU jurisdictions would also improve comparability and facilitate the assessment of cross-border activity and common exposures.

[17] Kochanska, U. (coord.) (2026), Crypto-Asset Monitoring Expert Group (CAMEG) 2025 Conference – Book of abstracts, ECB *Occasional Paper Series* No. 382, Sections 2.1.1 and 2.5, Frankfurt: European Central Bank.