

**Rt Hon Rachel Reeves MP**  
**1 Horse Guards Road**  
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**London**  
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**12 August 2025**

Dear Chancellor,

In line with the Government's commitment to making the UK a global hub for digital asset technologies, it is important to consider the role all new forms of digital money including central bank-backed instruments, tokenised deposits, and stablecoins will have in driving innovation, expanding financial inclusion, and enhancing the global competitiveness of UK capital markets. All offer distinct yet complementary pathways to modernising the current financial market infrastructure: underpinning their success is a regulatory approach that enables safe experimentation and responsible adoption across all models. This will ensure the UK remains a global leader in financial services, catalyse cross-border investment and settlement, and reinforce the international role of Sterling in the digital age.

### **Seizing the Stablecoin Advantage: A National Strategy for the UK**

The emergence of stablecoins represents not only a technological innovation but a strategic opportunity to enhance the UK's global financial leadership rather than fall behind other jurisdictions. To ensure the UK is at the forefront, we believe a proactive, coordinated national strategy is needed - one that positions stablecoins not as a risk to be contained, but as a financial infrastructure to be responsibly embraced. We welcome your commitment in the Mansion House speech to drive forward developments in blockchain technology, including stablecoins and tokenised securities, as this signals the UK's readiness to embed these innovations into the core of its financial system. This political will paired with technological progress and regulatory clarity can help unlock private investment, support sterling-denominated digital markets, and solidify the UK's leadership in shaping global standards. As at present, the UK risks missing a transformative moment for British financial services and the Pound's international role.

### **Rethinking the Regulatory Lens**

The UK's current approach defines stablecoins primarily as "crypto-assets with reference to fiat currency," a framing that may inadvertently limit broader economic and financial opportunities. This definition focuses on form rather than function. This is akin to defining a cheque as a paper with reference to currency, when both are essentially negotiable instruments backed by regulated issuers. This lack of clarity leads to industry confusion.

The regulatory framework has taken some steps in ensuring consumer protection and systemic oversight, but further refinement is urgently needed to avoid inadvertently discouraging innovation. International comparisons, particularly with the United States where policymakers view stablecoins as tools of national economic interest, highlight how decisive action can support demand for sovereign debt and reinforce a currency's global role.

At the same time, safe and compliant stablecoin usage is already feasible using existing tools from traditional finance.

## **A National Strategy for Stablecoins**

We propose that the UK articulate a clear, strategic national approach to stablecoins. Such a strategy would:

- Strengthen the UK's role as a global financial centre;
- Generate new fee and FX revenue streams for regulated firms; and
- Support diversified demand for gilts through new digital channels.

As global adoption accelerates, every stablecoin transaction represents a potential revenue opportunity - much as traveller's cheques once did for financial institutions globally. The Bank of England (BoE) could anticipate that a meaningful share of the projected trillions of dollars in global stablecoin circulation may flow through London. Rather than constrain this activity, the UK should welcome and regulate it, leveraging our existing strength as the world's leading foreign exchange trading hub.

With just a 10% share of a \$1 trillion global market, the UK could see more than £1.4 billion in new annual revenues. This would require allowing regulated banks and fintech firms to offer hosted wallets, process foreign stablecoins, and convert them into sterling or hold foreign currency balances under UK oversight.

Beyond direct revenue, the benefits could extend to increased efficiency in cross-border trade, enhanced liquidity in UK capital markets, significant fintech investment inflows, and job creation in the financial services sector.

## **Exporting GBP Stablecoins and Tokenised Deposits**

Domestically, a dual approach that supports both pre-funded stablecoins (issued by regulated non-banks) and tokenised deposits (issued by banks) can maximise innovation while maintaining trust, oversight, and systemic resilience.

The UK should prepare sterling stablecoins for export rather than domestic containment. While the BoE is concerned about stablecoins front running tokenised deposits and displacing commercial bank deposits, this need not be a zero-sum dynamic. The government should establish a national target, e.g. £100bn in circulating GBP stablecoins and tokenised deposits, representing meaningful but achievable market share compared to estimated USD stablecoin volumes - particularly if a significant share of this demand originates from abroad rather than drawing on domestic bank funding.

A robust GBP stablecoin market would also reinforce sterling's role in international trade at a time when its share of FX reserves and global transactions has been under pressure. The UK's significant import economy, particularly goods from Asia-Pacific suppliers, creates a natural base of overseas merchants and counterparties willing to accept GBP stablecoin payments in exchange for efficiency and cost savings.

This strategy addresses a pressing economic need. The UK requires diversified demand for government debt. GBP stablecoins would provide international markets with exposure to a major reserve currency alternative, distributed through digital channels on a global basis. The mechanics of international adoption depend on aligned interests. Overseas banks and fintech companies would readily accept GBP stablecoins because they represent fee and foreign exchange opportunities.

## **Incorporating Stablecoins in Trade Policy**

Stablecoin reciprocity would be a valuable addition to future UK trade negotiations. By agreeing to accept regulated foreign stablecoins in exchange for the same treatment of GBP digital instruments abroad, the UK can foster mutually beneficial financial integration while maintaining full regulatory control. This creates positive-sum opportunities while retaining regulatory oversight.

Stablecoins also offer a strategic opportunity to diversify sovereign funding models. When running a bank there is a choice between retail and wholesale funding. Retail funding is preferable as it is more stable and less prone to market gyrations. Countries are currently wholesale funded through the debt markets, but stablecoins represent an opportunity to move to a more diversified funding model because every stablecoin held is backed by government debt. This creates an entirely new international source of funding for cash strapped governments. Furthermore, there is an opportunity for the UK financial sector to use stablecoins on the global stage.

This mechanism could provide the UK government with a more resilient and diversified investor base, reducing dependence on volatile wholesale markets

## **A Strategic Imperative**

The global stablecoin market is currently evolving without UK participation. The choice is whether Britain positions itself as a central hub capturing the associated economic benefits or accept a marginal role.

The UK's financial services sector built its international prominence by embracing new instruments and markets ahead of competitors. Stablecoins represent a similar inflection point. Rather than viewing them as crypto-assets requiring containment, policymakers should recognise them as digital infrastructure supporting the Pound's international role, deepening capital markets, and driving financial inclusion.

We urge HM Treasury and the BoE to prioritise a forward-thinking UK stablecoin strategy aligned with the national interest. This would include:

- Enabling domestic issuance and safekeeping by both banks and regulated non-banks;
- Integrating regulated foreign stablecoins into the UK's financial ecosystem
- Embedding stablecoin considerations into trade and foreign economic policy; and
- Funding research and commercial development of the stablecoins ecosystem.

The global regulatory tide is turning. As the other jurisdictions move decisively, the UK must act now to avoid being a rule-taker rather than a rule-maker in the digital asset era. This is an opportunity to transform regulatory ambiguity into competitive advantage. With leadership and foresight, the UK can position itself as the premier global hub for stablecoin innovation - reaffirming its role at the heart of international finance for decades to come.

Yours sincerely,

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Rupert Poland, Digital Asset Leader, Aon

Alex Heuer, Head of Payments, Aptos Labs

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