DeAsset
MANAGEMENT

RESEARCH REPORT

The Yield War

Who Earns on the $300 Billion Float

October 2026

deasset.io

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Inside this report

Stablecoin supply has sat near $300 billion for a year while payment usage grew 45% and monthly turnover doubled. The float earns ~5%; holders earn 0%. This report traces where the interest goes — the issuer economics of stablecoins in a 5% world — from the macro ceiling, through the rails that make turnover possible, to the January 2027 GENIUS framework that will write the rules of the war.

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About DeAsset Management. DeAsset Management is a decentralized asset management firm providing global investors with access to real, diverse and sustainable value across digital and tokenized markets. This report is published for informational purposes. See the disclaimer at the end of this document.

01 · EXECUTIVE SUMMARY

The money sat still. The interest moved.

This was supposed to be a price week: spot crypto ETFs bled $610.7 million net across the five sessions to October 16, and Bitcoin slipped back below $81,000. But the price is the distraction. The structural signal is what did **not** move (on the evidence of this year): the stablecoin float has sat near $300 billion for twelve months, while payment usage on those same rails grew 45% to $482 billion and monthly turnover doubled.

That is the setup for this report's question — a question no one in the series has asked yet: **who earns on the float?** At a 5% risk-free rate, $300 billion of idle dollar balances generates on the order of $15 billion a year in interest [estimate — our calculation]. The holders of the dollars earn none of it. Tether's second-quarter net operating profit was roughly $1.5 billion, and the GENIUS Act — whose implementation framework lands in January 2027 — locks in the rule that payment-stablecoin issuers may not pass that yield to holders. This is issuer economics, and it is the quietest war in crypto.

~$305B

Stablecoin supply, +0.4% YTD (flat 12 months) — while payment usage reached $482B (+45%)

15 → 30

Monthly on-chain velocity, 2025 → 2026 — USDC ~80 vs USDT ~7

$1.5B

Tether Q2 2026 net operating profit — holder yield: 0%

Our view: stop watching the market cap and start watching **velocity × payment share**. The winners of the yield war will not be the issuers with the largest float but the ones that own the turnover — because the rules being written now decide who is allowed to keep the spread, and the rails being built this month decide who can move the money.

Supply/payments: Allium, "State of Stablecoins and Payments, Q3 2026" (base 30 Sep 2026; published 15 Oct 2026; https://www.allium.so/reports/state-of-stablecoins-and-payments-q3-2026). Velocity: Standard Chartered (Geoffrey Kendrick), 14 Oct 2026 — via The Block reporting; figures are as reported, not independently verified. Tether: Q2 2026 attestation via Decrypt, 31 Jul 2026 (coinagereport cross-check); "net operating profit". ETF flows: InteractiveCrypto / CoinOTAG / CryptoDesk (week of 12–16 Oct 2026). Price: market reports, 16 Oct 2026.

02

The 5% Ceiling

Crypto's real opponent this cycle is not another coin. It is the risk-free 5%. The 10-year Treasury closed at **5.10%** on October 15; September CPI printed **3.7%** on October 14, above the 3.6% consensus; and the federal funds target sits at **3.75–4.00%** after September's hike. The FOMC meets October 27–28, and the December decision is priced at roughly 89% for a hike (CME FedWatch, 16 Oct), up from roughly 76% (Polymarket, mid-October) — **a market price, not a forecast** (see source note). In that world, every volatile asset competes against a government-guaranteed 5%.

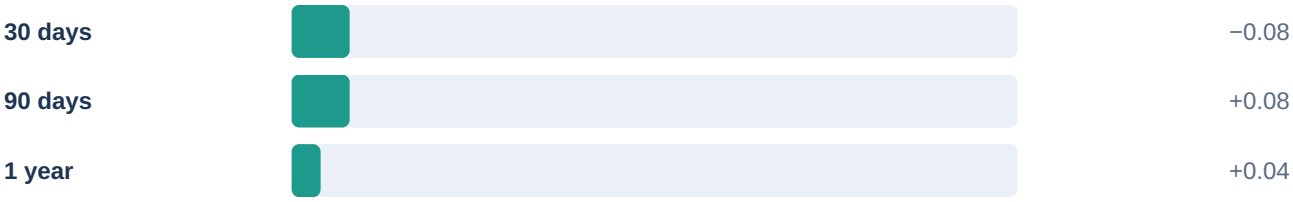
US spot crypto ETF weekly net flows — moderating, not reversing



Net of five sessions, 12–16 Oct 2026. InteractiveCrypto / CoinOTAG / CryptoDesk (week of 12–16 Oct 2026). Total −$610.7M vs −$1.29B the prior week (−52.5%). All figures are five-session net totals (creations net of redemptions); the −$228.4M BTC figure matches the chart above.

The outflow pace eased sharply from the prior week's $1.29 billion, but the direction did not flip — and every tracked category stayed negative. What we do **not** claim: that this is "institutional repositioning." The flow tables show net creations and redemptions; they do not interview every investor, and redemptions can mean rebalancing, arbitrage closure, or issuer rotation. [Fact] Outflows continued and moderated; [opinion] the interpretation stays with the data.

Bitcoin vs the 10-year: daily-return correlation, end 15 Oct 2026



Estimate computed by DeAsset: Pearson correlation of daily log returns, BTC (CoinGecko daily closes) vs 10Y Treasury yield (FRED DGS10), through 15 Oct 2026. Near-zero across all windows.

The correlation chart is the chapter's most honest finding: **there is almost no mechanical price linkage** between Bitcoin and the 10-year. The 5% ceiling works through **allocation**, not correlation — capital chooses the guaranteed 5% over volatile upside, and ETF flows show that choice being made week after week. That is the background hum of the yield war: as long as rates stay high, the spread sitting inside the $300 billion float only widens, and the fight over who keeps it only sharpens.

10Y: FRED DGS10, 5.10% close 15 Oct 2026. CPI: 3.7% YoY (Sep), released 14 Oct 2026, vs 3.6% expected. Fed funds 3.75–4.00% (Sep 2026 hike). December pricing: CME FedWatch ~89% for a hike, 16 Oct 2026; Polymarket ~76%, mid-October 2026 — a market price, not a forecast. FOMC: 27–28 Oct 2026. Discussion-round verification memo, 18 Oct 2026.

03

Dead Float, Live Turnover — Part I: The Float That Refused to Grow

The stablecoin market cap tells a story of paralysis. Twelve months, a full crypto cycle's worth of news, and the total barely moved. Different trackers disagree on the exact level — which is why the table below prints every figure with its base date and source rather than pretending there is one number:

T2 · Stablecoin supply: six readings, one direction — flat

Source	Figure	Base date	Published / checked
Allium, State of Stablecoins and Payments Q3 2026	**$305B** (+0.4% YTD)	30 Sep 2026	15 Oct 2026 (primary source)
DeFiLlama (via ambcrypto)	$302.9B	— live	17 Oct 2026
DeFiLlama	$304B	end-Sep 2026	17 Oct 2026
Standard Chartered	$309B	— ($300–320B range, 12 months)	14 Oct 2026 (via The Block)
CoinDesk Research	$313B	September 2026	8 Oct 2026
DeFiLlama aggregate (computed at build)	$306.2B	18 Oct 2026	DeAsset build-time computation

Superscript "—" = not disclosed by source. The "stagnant" direction is consistent across all six readings; the levels differ by date and aggregation scope. Verification memo, rounds 1–2; DeFiLlama aggregate via stablecoins.llama.fi, 18 Oct 2026.

Our view: the disagreement is the point. Whether the number is $303B or $313B, it has not grown in a year — 2026's annual growth is under 1% (DeFiLlama via ambcrypto, 17 Oct 2026). The float is dead. And a dead float at 5% is a very live profit pool for whoever holds the reserves.

03 · continued

Part II: The Turnover That Doubled

Now the other side of the paradox. Allium's Q3 2026 report (base 30 Sep, published 15 Oct): stablecoin payment usage hit **$482 billion, up 45%** in 2026, with **payment counts up 71%** to 1.04 billion transactions and the average payment shrinking from $544 to $462 — the signature of everyday spending, not whale transfers. Card payments on stablecoin rails grew **10×**, and sub-$50 payments made up 84% of that growth (ambcrypto, 17 Oct 2026). Monthly on-chain transfer value averaged roughly **$10 trillion** in 2026 (vs $4T in 2025), peaking at a record $19T in May (Standard Chartered, 14 Oct 2026).

C2 · Monthly on-chain velocity: the engine doubled (2025 → 2026)



Standard Chartered (Geoffrey Kendrick), 14 Oct 2026 — via The Block reporting; "as reported", not independently verified. 2025 comparables: average 15, USDC ~45.

The split inside the average is the whole story. **USDC turns ~80 times a month — a payment rail. USDT turns ~7 times — a savings account.** Two products that share a ticker format are being used for opposite jobs, and the one behaving like money is growing its turnover, not its balance. [Opinion] The industry has been pricing stablecoins on market cap, the metric of a store of value. The data says price them on turnover, the metric of a payment system.

> **DEASSET TAKE**
>
> Supply is the balance sheet; turnover is the income statement. In a 5% world, the $300 billion that "sits still" is the collateral — the $482 billion that moves is the business.

Payments: Allium Q3 2026 (base 30 Sep; pub 15 Oct 2026). Card/small-payment detail: DeFiLlama via ambcrypto, 17 Oct 2026. Transfer values: Standard Chartered, 14 Oct 2026, via The Block.

04

The Issuer's Cut

Here is the war, in one line: **Tether earned roughly $1.5 billion in net operating profit in Q2 2026 on about $184.6 billion of USDT in circulation** (attestation of 30 Jun 2026; Decrypt, 31 Jul 2026). Holders received **0%**. The reserves backing their dollars earn the prevailing rate; the spread between that rate and zero is the issuer's business model — arguably the largest confirmed cash flow in the crypto industry, and it is built entirely on interest the holders never see.

The gap is visible one layer up the stack. Tokenized U.S. Treasury funds — the same dollars, repackaged — paid an average 7-day APY of **3.60%** across 117 funds on October 16 (RWA.xyz). Stablecoin holders, holding effectively the same underlying collateral, earn nothing. That 360-basis-point gap is the contested territory of the yield war: it is large enough to fund an entire industry of "yield-bearing" challengers, and large enough for regulators to care about.

And regulators have cared — pre-emptively. The GENIUS Act **restricts interest-bearing payment stablecoins**, and the EU bars yield payments on stablecoins including in DeFi (ambcrypto, 17 Oct 2026). The rule is explicit: issuers may keep the float's earnings, but they may not share them. JPMorgan's reading of that ceiling: without yield incentives, the market only reaches **$500–600 billion by 2028** (ambcrypto, 17 Oct 2026). Standard Chartered pushed its **$2 trillion** market forecast out from 2028 to **2030** (14 Oct 2026, via The Block). [Opinion] Read those two forecasts together and the message is blunt: regulation has put a cap on supply growth, which means the only remaining growth vector is turnover — exactly where the data already points.

> **WHY THE STRUCTURAL READ IS FAVORED — AND WHERE IT BREAKS**
>
> The GENIUS implementation framework arrives in **January 2027**. Whatever the FOMC does on October 28, the rule that issuers keep the spread and holders get zero is being written into law on a fixed calendar. The war's outcome is being decided by legislators, not traders. The counter read deserves a line: if the supply stall is cyclical — tied to weak crypto prices, as Standard Chartered itself frames it — renewed price strength would revive supply growth, and the structural call above would be wrong.

Tether: Q2 2026 attestation (30 Jun 2026) via Decrypt, 31 Jul 2026 (coinagereport cross-check); "net operating profit"; ~$184.6B USDT outstanding at attestation. Tokenized Treasury APY: RWA.xyz, 16 Oct 2026 (via stablecoininsider). GENIUS/EU: ambcrypto, 17 Oct 2026. JPMorgan / StanChart forecasts: as cited above. IMF/tokenized-asset scope note: IMF GFSR lead chapter (Seoul, 8 Oct 2026) counts ~$65B of tokenized assets; RWA.xyz (16 Oct 2026) counts ~$39.2B of "distributed" tokenized RWA — different aggregation scopes (verification memo).

05

Settlement Velocity: The Rails Under the Float

Turnover doubling from 15 to 30 needs a mechanism — settlement got faster. The week of October 15 was, in effect, production week for stablecoin rails:

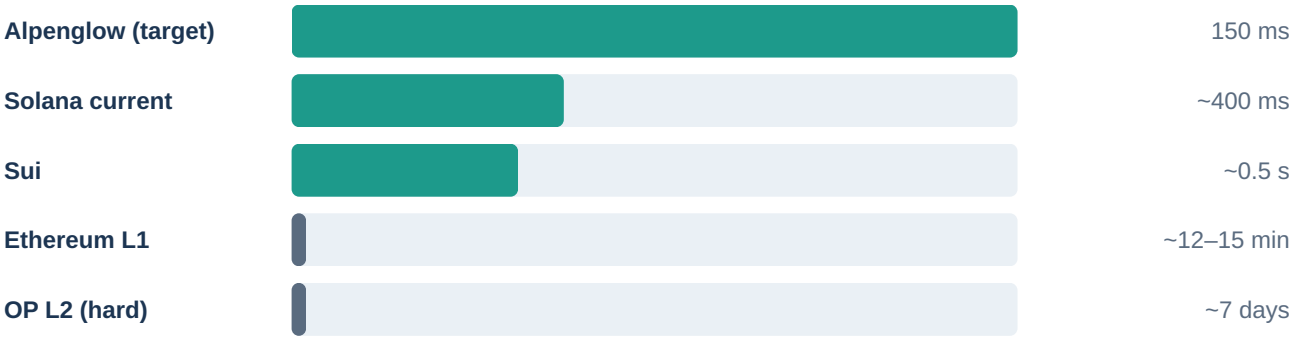
T3 · The production week and the calendar ahead

Date	Event	Why it matters
15 Oct	Visa Direct USDC live; Mastercard × BVNK "Global Money Platform"	Card-network settlement on stablecoin rails
16 Oct	Ripple × Cross River Bank core-banking integration	Bank core meets on-chain settlement
17 Oct	Visa USDC prefunding operational	Prefunded settlement, not a pilot
21 Oct	Solana Alpenglow mainnet — **target** finality 150ms	As announced; target, not confirmed live
27–28 Oct	FOMC meeting	Background: rates decide the spread's size
Jan 2027	GENIUS implementation framework; Mastercard 200-country plan	The rules of the war, in writing

Team-verified 18 Oct 2026: Visa/Mastercard/BVNK 15 Oct; Cross River 16 Oct; Visa prefunding 17 Oct; Alpenglow target 150ms for 21 Oct (as announced — not confirmed live at build); Samsung Wallet USDC rollout late Oct (as announced). FOMC 27–28 Oct 2026.

Under the turnover runs a finality race: the faster a chain settles, the faster stablecoins turn on it. (Full inventory, next page.)

C1 · Relative finality speed (Alpenglow target = 100)



05 · continued

The Battlegrounds

Before the five fronts, the inventory — who actually settles the float, and how fast:

T1 · Finality comparison: who settles the float

Chain / layer	Finality (approx.)	Status
Solana — Alpenglow	**150ms (target)**	21 Oct target
Solana — current	~400ms slots	Live
Sui	~0.5s	Live
Ethereum L1	~12–15 min (2 epochs)	Live
Optimistic L2s (hard finality)	~7 days (challenge window)	Live

Approx., public network docs. Alpenglow 150ms = announced target, not confirmed live at build.

1. USDC vs USDT — the purpose split. The velocity gap (~80 vs ~7) is not a quirk; it is two different products wearing the same format — Circle's coin behaves like a payment instrument, Tether's like dollar savings. [Opinion] Every point of velocity gained is fee and flow revenue for whoever owns the rail.

2. The yield challengers. Ethena's USDe grew **+20.2% in a month to $4.90 billion**, overtaking DAI as the fourth-largest stablecoin (CoinDesk Research, 8 Oct 2026). It is the direct assault on the 0% — and the first product the GENIUS framework will test.

3. The settlement-layer bid. Ripple is not competing on the dollar; it is competing on the plumbing. RLUSD's market cap stood at **$24.2 billion** (CoinGecko, 15 Oct 2026), paired with a core-banking integration (Cross River, 16 Oct) and 24-hour tokenized-RWA swaps across 100+ markets (Ripple Prime, altcoindaily 16–17 Oct 2026). The bet: whoever settles the trades collects the toll.

4. The RWA vaults. Tokenized Treasury funds pay 3.60% — the yield the float's holders are denied (Securitize $4.38B, Ondo $3.96B; RWA.xyz, 16 Oct 2026). [Opinion] The war's next front: vaults that connect idle balances to real-world yield without calling it "stablecoin interest."

5. The referee. The IMF's GFSR lead chapter (Seoul, 8 Oct 2026) warned of contagion and concentration risk in stablecoin settlement, recommending central-bank-money-first settlement, liquidity buffers, and circuit breakers.

USDe: CoinDesk Research, 8 Oct 2026. RLUSD: CoinGecko, 15 Oct 2026. Ripple Prime / Cross River: altcoindaily, 16–17 Oct 2026; team

06

The 2027 Rulebook

The calendar is the edge this report has over a news cycle. Two dates matter, and neither is the FOMC:

January 2027 — the GENIUS framework. When the implementation rules land, the legal definition of "yield" on a payment stablecoin gets fixed. That definition decides whether USDe-style models survive in their current form, whether RWA-vault workarounds stay in the gray zone, and whether any issuer can share the spread without becoming a different regulated product. [Opinion] The January framework is the single highest-leverage event for stablecoin issuer economics in the next twelve months.

The scoreboard: velocity × payment share. Standard Chartered's Kendrick named "TradFi replacement" — plain payments displacing bank rails — as the fiercest competitive ground ahead. The report's prescription follows the data: evaluate stablecoin exposure by **turnover and payment share, not market cap**. A $5 billion coin turning 80 times a month moves more economic value than a $180 billion coin turning 7 times. The $2 trillion question (2030, per StanChart) will be answered by whoever owns the flow, not the float.

"In a 5% world, a zero-yield float is not a product sold to customers — it is a product sold by issuers."

Two conditions, not forecasts. [Opinion, conditional] (1) If rates stay high, the float's spread widens and the pressure to share it intensifies — the yield-bearing challengers become the regulation's first test cases. (2) If the Fed cuts, the spread compresses and the war cools — but the rails built this month do not unbuild; cheaper dollars still move on the fastest rails. Either way, the infrastructure laid in October outlives the rate cycle that funded it.

GENIUS framework: January 2027 (team-verified). StanChart $2T/2030 and "TradFi replacement": 14 Oct 2026, via The Block. Conditions: DeAsset opinion, explicitly conditional — no Fed decision is predicted.

07 · KEY RISKS

What could break this thesis

- **Cyclical vs. structural.** Standard Chartered itself calls the supply stall cyclical — tied to weak crypto prices, with past flat periods followed by renewed growth. If the stall proves structural (regulation capping growth, payments not requiring new supply), the $2 trillion-by-2030 thesis breaks with it.
- **Rulemaking risk.** The GENIUS framework could define "yield" more broadly than expected — or slip past January 2027. A delay extends the gray zone; an expansive definition could outlaw models this report treats as contenders.
- **Enforcement first, rules later.** Regulators need not wait for January. Action against a major yield-bearing stablecoin before the framework lands would reprice the entire challenger cohort overnight.
- **Depeg and contagion.** The IMF's warning is the tail risk made official: stablecoin settlement carries concentration risk, and a single large depeg would hit both the float and the turnover built on top of it.
- **Macro reversal.** Sustained rate cuts compress the float's spread — the economic prize of the war shrinks, and with it the incentive to fight over distribution.
- **Data limits.** Standard Chartered's velocity figures are reported via The Block, not verified against a primary source; stablecoin supply readings differ by date and scope (see T2); the 10Y–BTC correlation is a DeAsset estimate with stated methodology. Treat the direction as firm and the decimals as soft.

Risk framing: DeAsset opinion. IMF warning: GFSR lead chapter, 8 Oct 2026. GENIUS timing: January 2027 framework (as announced).

08 · CONCLUSION

Watch the turnover, not the float

A year ago the stablecoin debate was about size: how fast to a trillion. The data of 2026 retired that debate. The float stopped growing at ~$300 billion and the industry kept growing anyway — through payments up 45%, through velocity doubling to 30, through card networks and bank cores going live on stablecoin rails in a single October week.

The yield war is the fight over what that growth is worth and who keeps it. Today the answer is simple and one-sided: issuers keep it, holders get zero, and the law is about to say so in writing. The interesting part is what happens next — whether the January 2027 framework holds that line, whether the turnover leaders convert flow into durable economics, and whether the dollars that learned to move twice as fast ever demand to be paid for moving.

DeAsset's position: in the 5% era, the investable question in stablecoins was never "how big is the float" but "who earns on it, and through which rails." This report's answer — issuers, for now; the fastest rails, next — is a starting allocation thesis, not a conclusion. We will be watching the January framework, the velocity prints, and the payment share. The float will sit still. We won't.

All figures as cited in preceding sections. Opinion paragraphs are DeAsset's own; facts carry their sources above.

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