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BlackRock Backs Stablecoin Role After U.S. Law Shift

July 29, 2025
— Categories: Crypto

BlackRock has identified a pivotal shift in digital finance following the recent approval of the GENIUS Act (Guiding and Establishing National Innovation for U.S. Stablecoins) in the United States. The legislation establishes a regulatory framework for payment-based digital currencies known as stablecoins. The asset management firm described the law as a significant milestone in integrating tokenized assets into the broader global financial system.

In its latest market commentary, BlackRock explained that stablecoins, which are digital assets pegged to fiat currencies like the U.S. dollar and backed by reserve assets, are increasingly shaping long-term investment strategies. According to the firm, stablecoins enable fast and efficient transfers typical of cryptocurrencies while offering the price stability of traditional currencies.

“New U.S. legislation, notably this month’s GENIUS Act, is cementing the role of stablecoins as a payment method in the future of finance,” the company stated. Passed by Congress and signed into law in July 2025, the GENIUS Act defines stablecoins primarily as payment instruments rather than speculative investments. It restricts their issuance to regulated financial institutions and requires reserves to be backed by high-quality liquid assets. These include short-term U.S. Treasury bills, repurchase agreements, and government money market funds. The Act also prohibits interest payments or yield-generation mechanisms for payment stablecoins to limit systemic risk.

BlackRock noted that while stablecoins currently represent approximately 10 percent of the total cryptocurrency market, their combined value has grown to around 260 billion dollars as of mid-2025. This marks a significant increase from less than 30 billion dollars in early 2020. The firm suggested that the GENIUS Act could help maintain the U.S. dollar’s global dominance, especially in emerging markets, by promoting dollar-based digital payments.

The legislation’s reserve requirements could also influence demand in short-term government debt markets. BlackRock pointed to a potential uptick in demand for U.S. Treasury bills by stablecoin issuers. However, it emphasized that any resulting changes in yields would likely be minimal due to the market’s depth.

On the subject of Bitcoin, BlackRock reaffirmed its position, stating, “We still see Bitcoin as a distinct return driver,” and noted its 25 percent year-to-date gain. Although the GENIUS Act does not apply to cryptocurrencies like Bitcoin, BlackRock considers such assets part of the broader shift toward digital finance.

The firm concluded that the regulatory clarity provided by the GENIUS Act could position the United States as a global leader in the governance and innovation of digital financial assets. However, critics of the legislation, including financial reform advocates, have warned that the law may not go far enough in protecting consumers or addressing risks related to issuer concentration and reserve transparency.