



Report by Brava Finance

The Stablecoin Inflection Point — Institutional Adoption in a Regulated Era

Executive Summary

In light of the GENIUS Act, Brava Finance surveyed 200 institutional investors to understand how regulatory clarity reshapes institutional appetite for stablecoin strategies. The research reveals a critical inflection point where universal client demand for digital assets meets institutional hesitation about Bitcoin timing, creating unprecedented opportunity for stablecoin-based alternatives.

The Key Findings

Client pressure is universal: 97% of institutional investors report pressure from advisors, trustees, and clients to engage with digital assets, with 58% viewing adoption as an urgent strategic priority.

Bitcoin timing concerns create stablecoin opportunity: While 89% are nervous about Bitcoin's current valuations, 79% are actively seeking alternatives. This timing anxiety is driving institutional focus toward stablecoins as a more stable entry point into digital assets.

Appetite for yield is clear: Within all asset types, 96% expect to increase yield-focused strategies over the next 24 months, with 68% anticipating dramatically increased risk appetite in the search for yield.




Nearly half (49%) already allocate 25-50% of portfolios to traditional yield-focused strategies (including private credit and traditional bonds), opening a natural opportunity for stablecoin yield investments, especially as institutions diversify their yield portfolios.

Regulatory clarity accelerates adoption: 52% are actively developing stablecoin investment strategies, with 89% of respondents rating their understanding as good-to-excellent. The sector now benefits from full reserve backing, monthly audits, and clear licensing frameworks.



The Strategic Imperative

This convergence creates a narrow window for competitive advantage. Early institutional adopters can capture:

-  **Operational efficiency:** Up to 90%+ transaction cost savings and near-instant settlement¹, while traditional cross-border payments can cost 7-13% of transaction value and take days to settle, stablecoin transfers cost less than \$0.01 and settles in minutes².
-  **Portfolio diversification:** Access to \$50+ billion in established DeFi lending markets without directional crypto exposure — enabling participation in overcollateralized lending protocols that have demonstrated resilience through multiple market cycles.
-  **First-mover positioning:** Market entry before institutional competition intensifies, as regulatory clarity accelerates adoption, early adopters can establish infrastructure and relationships while the competitive landscape remains favorable.



The Fundamental Shift

The research reveals a fundamental shift: stablecoins are transitioning from experimental technology to essential financial infrastructure. Institutions face a choice between leading this transformation or following competitors who act first.

The question is no longer whether institutions will adopt stablecoin strategies, but how quickly they can build the infrastructure to capitalize on this regulated opportunity.

1. Settlement finality on efficient blockchains like Solana can be achieved in approximately 400 milliseconds compared to traditional systems that take hours to several business days ([Helius, 2025](#))
2. Bastion ([March 2025](#)): a16z crypto ([December 2024](#))

Introduction

The US Senate's recent vote to pass the GENIUS Act – Guiding and Establishing National Innovation for US stablecoins – marks a pivotal moment in the digital asset space. It creates a federal framework for US dollar-pegged stablecoins and establishes a regulated pathway for companies to issue digital dollars under clear oversight.



Crucially, the Act prohibits stablecoin issuers from passing through yield directly to retail users, a move designed to prevent these products from functioning like unregulated money market funds.

However, it draws a sharp regulatory distinction: **professional investors remain fully permitted to use stablecoins as a settlement layer in active lending strategies.** Yield earned through risk-based allocation into credit markets is allowed – what's restricted is passive interest paid by the issuer to end users.³

It reinforces the role of stablecoins not as investment products themselves, but as programmable, dollar-denominated infrastructure for building a new class of digital private credit markets. >

3. In practice though, most mainstream stablecoin issuers would likely avoid paying yield to any users, since there's difficulty in distinguishing between retail and professional investors at the token level. This has led to the emergence of specialized, professional-only stablecoins, which can legally distribute yield to a verified investor base.



Circle CEO Jeremy Allaire characterizes this period as an “iPhone moment,” when a technology transitions from optional to essential.

> To understand how institutions are responding to this shift, Brava Finance commissioned independent research with 200 wealth managers across 13 countries. The findings reveal a fundamental reframing of investor sentiment towards stablecoins – the latter are increasingly seen not as speculative tokens, but as the connective tissue of next-generation financial infrastructure. They combine the familiarity of fiat with the programmability of crypto – enabling 24/7 settlement, transparent credit exposure, and composable strategies.

This momentum is reflected in the public markets as well. Shares in Circle – the firm behind USDC, the world’s second-largest stablecoin – have surged over 140% since its IPO. CEO Jeremy Allaire characterizes this period as an “iPhone moment,” when a technology transitions from optional to essential.

The research reveals a clear narrative: **institutional capital is no longer on the sidelines. It’s actively reallocating—and stablecoins are central to the next chapter of credit market innovation.**



Institutional Investors face a Strategic Dilemma on Digital Assets

A clear tension has emerged in institutional corridors: overwhelming stakeholder pressure colliding with cautious execution.

97%

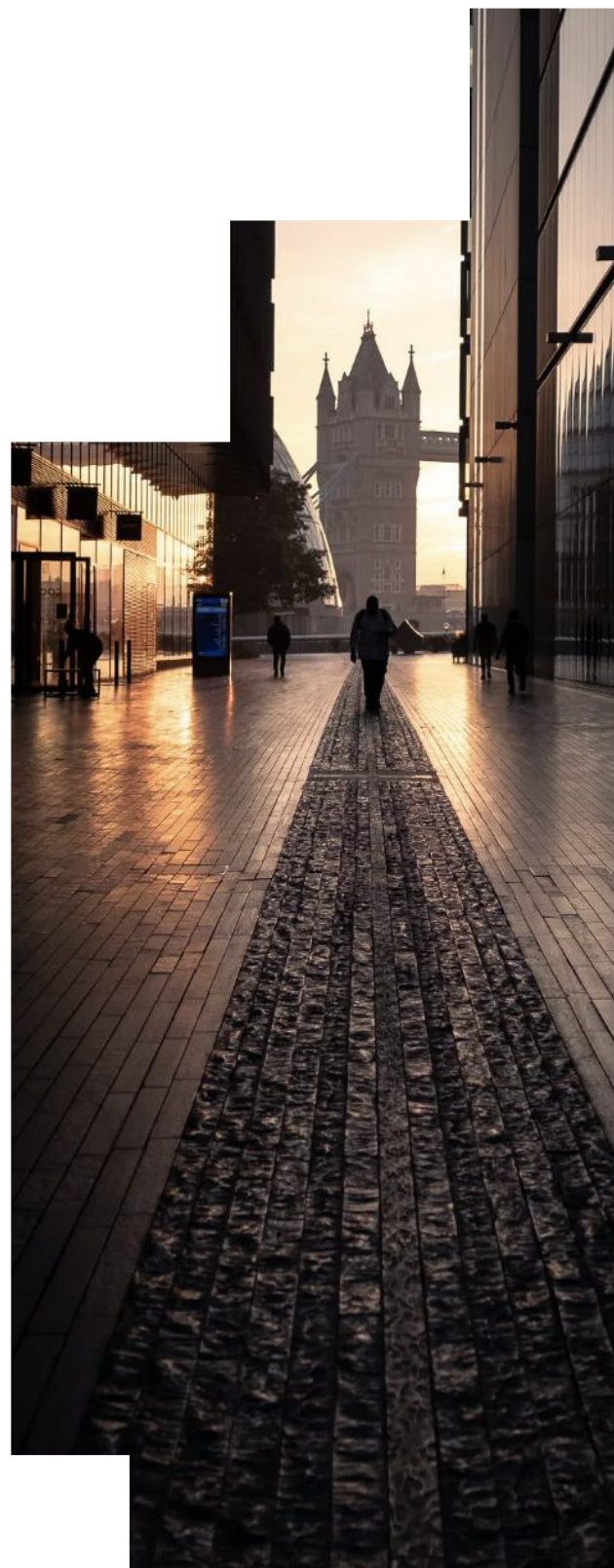
of investors reported pressure to engage with digital assets

Nearly every institutional investor surveyed (97%) reported pressure from trustees and clients to engage with digital assets, yet most remain strategically unprepared for meaningful deployment.

95%

of investors acknowledge digital assets as an effective portfolio diversifier

The data reveals an industry caught between mandate and execution - while 95% acknowledge digital assets as effective portfolio diversifiers, only 29% have developed coherent investment frameworks. The majority remain in planning - 66% are developing strategies, while 5% acknowledge the need to act but haven't begun. >



> Bitcoin's ascent to record highs has only increased this institutional reluctance. For only 27%, record valuations prompted serious discussions - but for the remainder, it has generated internal dialogue without decisive action. This creates a limbo - institutions clearly recognise its importance, but are equally concerned about entry timing.

This dynamic reflects deeper institutional approaches around emerging asset classes. The same performance that validates digital assets as an investment category also raises concerns about valuation.

The result is an industry that universally recognizes the importance of digital asset allocation, while struggling to translate that recognition into concrete investment action.



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Market Volatility and Investor Reticence

Bitcoin's record performance has created a validation paradox for institutions. 9 out of 10 are worried about investing at current high prices, and yet the same price appreciation is the strongest driver of institutional interest. The latter is especially important – crypto performance has outweighed 'the Trump effect' on digital assets as a reason to invest.



9 out of 10 are worried about investing at current high crypto prices

Market timing remains critical though: even as Bitcoin has validated the market, 79% of investors continue to seek alternative entry points such as stablecoins. More than half of surveyed investors are actively developing a stablecoin investment strategy, though knowledge remains a barrier to entry, with just 1 in 8 participants rating their understanding of stablecoins as excellent.



1 in 8 participants rated their understanding of stablecoins as excellent



The Dual Purpose of Stablecoins

The data also reveals more sophisticated institutional thinking. Increasingly, stablecoins aren't just digital dollars – they're two-pronged tools, both as safe harbour during market volatility and as a strategic gateway to new yield opportunities.

Three-quarters of respondents recognised stablecoin investment as the former, while 66% cite portfolio diversification as the key reasoning for stablecoin investment.

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Emerging from this trend is a tactical and strategic duality – both for defensive positioning (62% of respondents see stablecoin as crucial for parking funds in market volatility) and offensive action (66% cite accessing new DeFi markets as a key reason).

This has accelerated adoption beyond basic payment use cases, representing a fundamental shift in how institutional capital approaches digital assets.



The Shift Towards Yield and Risk Appetite

Institutional portfolios are undergoing a fundamental reallocation. Almost all (96%) expect yield-focused strategies to increase over the next two years, driven primarily by concerns about an anticipated stock market correction – with 83% citing this as the key factor behind their increased focus on yield.

This isn't theoretical positioning. Around half (49%) have already locked in recent gains and are switching to yield strategies, while 43% are increasingly concerned about stock market volatility. The foundation is already in place: nearly half (49%) already allocate between 25% and 50% of their portfolios to yield-focused strategies.

More significantly, this shift is changing institutional risk psychology. More than two-thirds (68%) anticipate a dramatic increase in risk appetite as they search for yield. This appetite for risk is translating into concrete action: over half (53%) plan to explore alternative yield strategies within the next six to twelve months, while 89% say they're more open to exploring new asset classes to deliver yield.

68% of investors anticipate a dramatic increase in risk appetite as they search for yield

The research reveals a strong institutional pivot toward yield as interest rates decline, coupled with a willingness to take on more risk in yield strategies—including digital assets.



Institutional Interest Held Back by Risk

While institutions are expanding their yield strategies, they're demanding sophisticated risk frameworks. More than two-thirds (68%) are exploring innovation in the digital asset space while remaining risk-averse, with another 22% wanting innovation but only with strict risk controls. Just 3% prefer traditional credit strategies exclusively, while only 7% remain skeptical about the entire digital asset class.

21% of investors consider insurance or protection against cyber and smart contract risks essential

Risk mitigation is non-negotiable when evaluating blockchain-based lending strategies. More than a fifth (21%) consider insurance or protection against cyber and smart contract risks essential, while 69% classify it as important. Only 10% view such protection as merely “nice to have.”

The data is clear: innovation in yield-focused strategies is not only on the table for institutional investors—it's actively being pursued. However, adoption of digital asset and blockchain-based lending strategies depends entirely on comprehensive risk mitigation frameworks.



Conclusion

Institutional investors sit at the edge of a perfect storm of urgency and opportunity – with strong tailwinds driven by regulatory developments and client pressure, but dilemmas brought on by Bitcoin’s ‘validation-but-timing’ issues.

This convergence demands strategic choices, not tactical delays. Stablecoins are now seen as regulated, treasury-grade assets, rather than speculative crypto.

Three critical decisions will define competitive positioning in this space:



Invest in credit strategies: Early movers in stablecoin credit strategies will establish client relationships and operational advantages before this becomes commoditized.



Scope of engagement: Leading institutions are moving beyond simple stablecoin holdings toward integrated strategies—operational efficiency through instant settlement, treasury optimization through regulated yield structures, and portfolio diversification through institutional-grade DeFi protocols. Narrow approaches risk missing the full value creation potential.



Risk framework evolution: Traditional risk models inadequately address programmable money and automated protocols. Institutions need new frameworks that assess smart contract risk, regulatory evolution, and technological infrastructure—while recognizing that regulatory clarity has fundamentally shifted the risk-reward equation.

The window for competitive advantage is narrowing rapidly. Regulatory frameworks are established, infrastructure is proven, and institutional adoption is accelerating. The question isn’t whether stablecoin will reshape finance, but which institutions will lead in the shift.

At Brava Finance, we’ve built the infrastructure to operationalize this transformation. Our platform enables institutions to access, allocate, and automate stablecoin strategies across regulated markets – turning promising stablecoin headwinds into market-neutral yields.



About the Research

Brava Finance commissioned independent research firm **Pureprofile** to interview 200 institutional investors and wealth managers in June 2025.

Respondents included professionals from pension funds, insurance companies, asset managers, family offices, and hedge funds currently allocating to digital assets. The survey covered participants across the US, UK, UAE, Germany, Switzerland, Italy, Denmark, Netherlands, Singapore, South Korea, Hong Kong, Brazil, and Luxembourg.

The research explores how institutions are approaching stablecoins, onchain yield strategies, and the emergence of programmable infrastructure in the evolving private credit landscape.

About Brava Finance

Brava Finance is building the infrastructure layer for **programmable credit** – enabling capital allocators to access, allocate, and automate strategies across the world's fastest-growing credit markets: stablecoin-based lending.

At the core of the ecosystem is **Brava**, a non-custodial stablecoin management platform that allows allocators to build or delegate rule-based credit strategies using real-time risk data and programmable execution. The platform is underpinned by multi-sig SAFE architecture, BravaIQ (our credit intelligence engine), and optional Nexus Mutual coverage.

Brava offers both self-directed and fully managed solutions.

Managed Solutions: Funds & SMA via CrossLedger Capital

For allocators seeking a fully managed experience, **Brava Finance** offers pooled fund access and **Separately Managed Accounts (SMAs)**, operated by **CrossLedger Capital Ltd (UK)** and managed by licensed BVI entity **Vector Capital Ltd**.

These managed strategies are built and executed on the Brava platform, using programmable mandate logic and BravaIQ risk scoring.

Key Benefits:

- Target Returns: 8-12% annualized
- Liquidity: 50% next-day, 25% 30-day, 25% tail
- Exposure: No directional exposure to BTC or volatile assets
- Diversification: Multi-protocol, multi-strategy
- Custody: Fireblocks or client-retained SAFE wallets

Where the Yield Comes From

Yields are sourced from **onchain collateralized lending markets**, where crypto holders borrow stablecoins against their assets – similar to Lombard lending in TradFi.

These markets:

- Are fully overcollateralized and risk-monitored in real-time
- Operate without systemic defaults, bailouts, or reliance on token incentives
- Have over \$20B+ in active loans and have remained stable through market drawdowns
- Provide battle-tested infrastructure for automated, transparent, and high-liquidity lending

Institutional-Grade Infrastructure

Function	Partner
Investment Manager	Vector Capital Ltd (BVI, licensed)
Distribution & Onboarding	CrossLedger Capital Ltd (UK)
Infrastructure Provider	Brava Finance
Risk Intelligence	BravaIQ
Custody	Fireblocks (client-retained or delegated)
Fund Admin	NAV Fund Services
Banking Partner	Northern Trust





About Brava

Brava is a non-custodial stablecoin management platform designed to help users access decentralized finance (DeFi) yield opportunities through risk-adjusted strategies. Built on SAFE infrastructure and supported by comprehensive Nexus Mutual cover, the platform facilitates users in generating returns through automated portfolio management while incorporating risk management measures.

For more information, go to www.brava.finance

