



# Stablecoins Explained: The What, Why, How & Their Accounting Implications



# With you today

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# **The What, Why & How of Stablecoins**

01

# Blockchain – an overview



**Distributed ledger**



**Smart contracts**



**Digital assets / tokens**



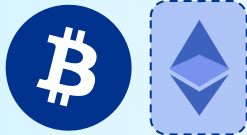
# Proof of work versus proof of stake



**Proof of work**



**Proof of stake**



**PoW Token Rewards**



**PoS Token Rewards**



**Resource intensive**



**Less resource intensive**

# Types of tokens

## Fungible Tokens



Currency



Utility



Governance



Security /  
Asset



Stablecoins



Reward /  
Incentive



## Non-Fungible Tokens (NFTs)



Digital art



Gaming



Music & Media Rights

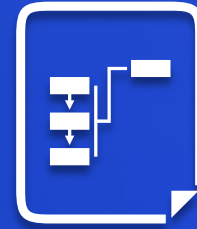
# What is a stablecoin?



**Fiat-backed**



**Crypto-backed**

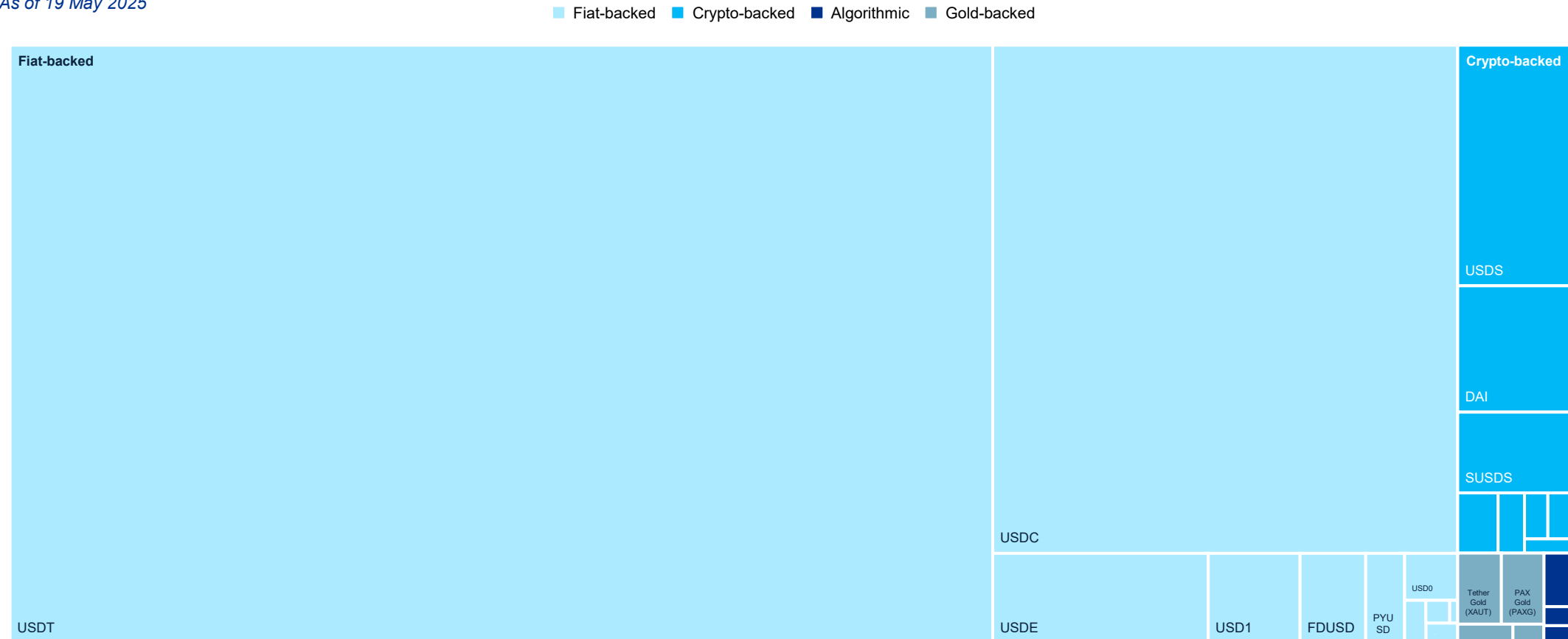


**Algorithmic**



# Types of stablecoins

Stablecoins market cap by type of stablecoin  
As of 19 May 2025

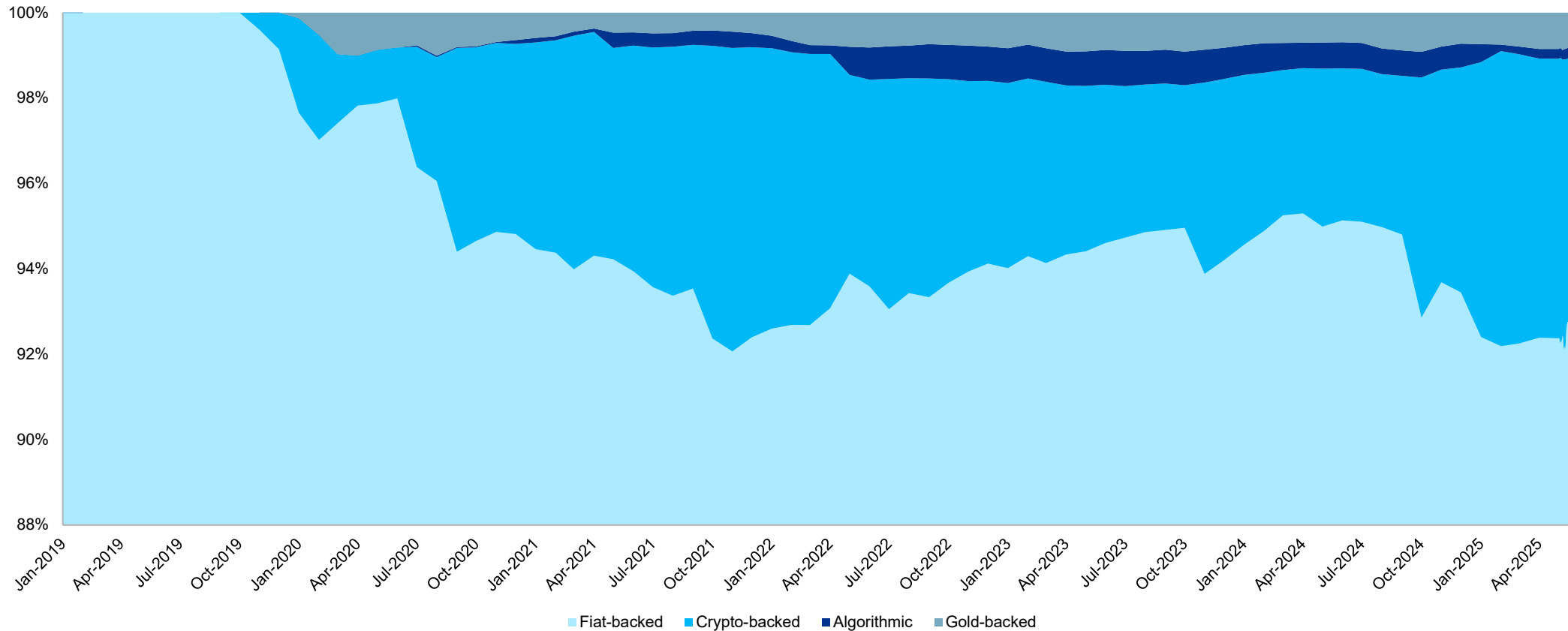


Source: CoinGecko; CoinMarketCap; The Block Crypto



# Stablecoin market cap development

Stablecoins market cap by type of stablecoins  
in %

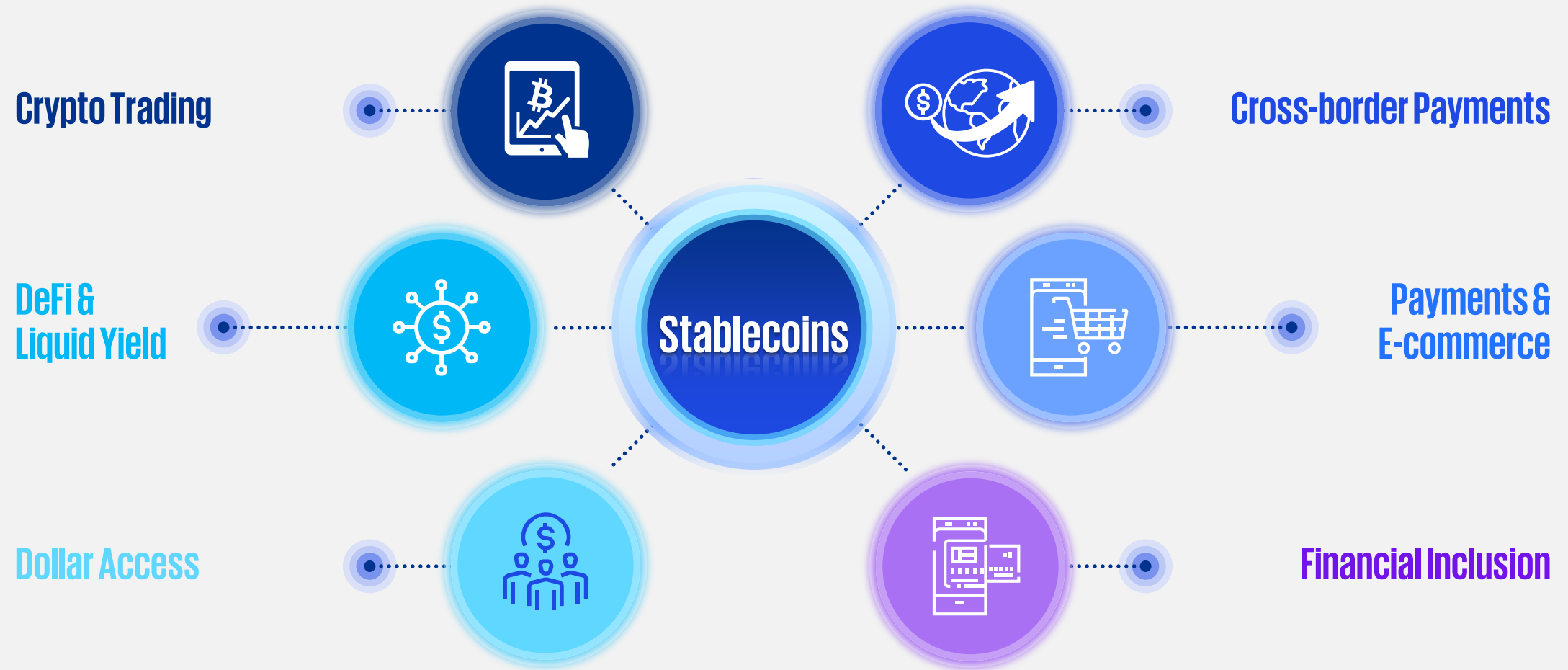


Source: CoinGecko; CoinMarketCap; The Block Crypto

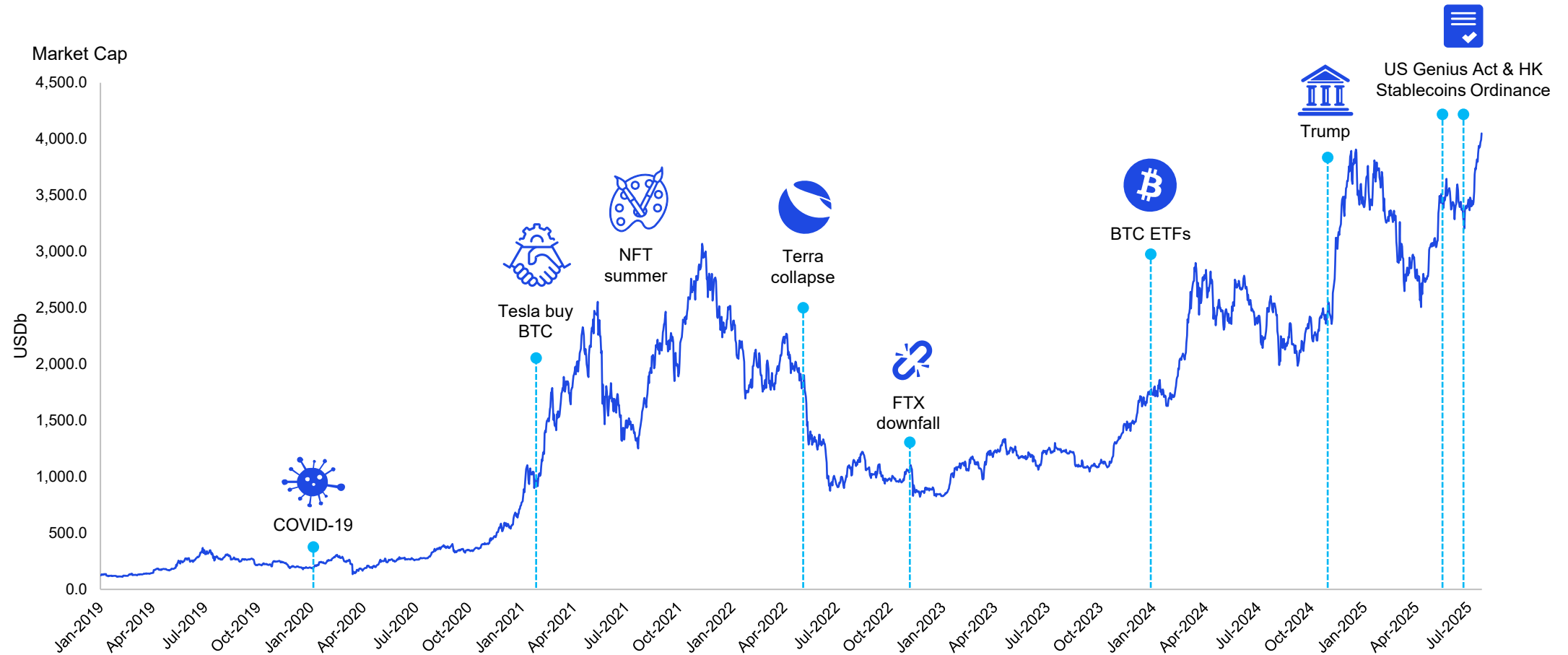
# Stablecoins and central bank digital currencies (CBDCs)



# Stablecoin use-cases



# Crypto market development

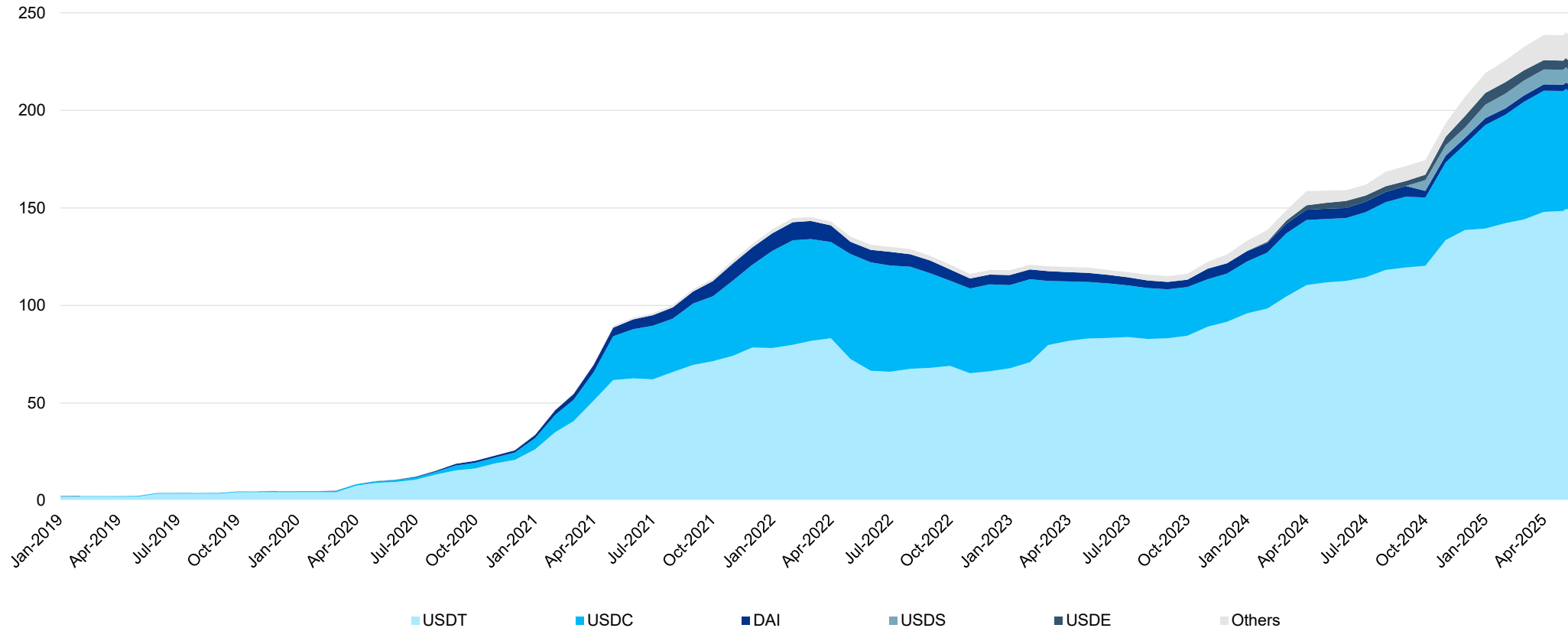


Source: CoinGecko



# Stablecoin market overview

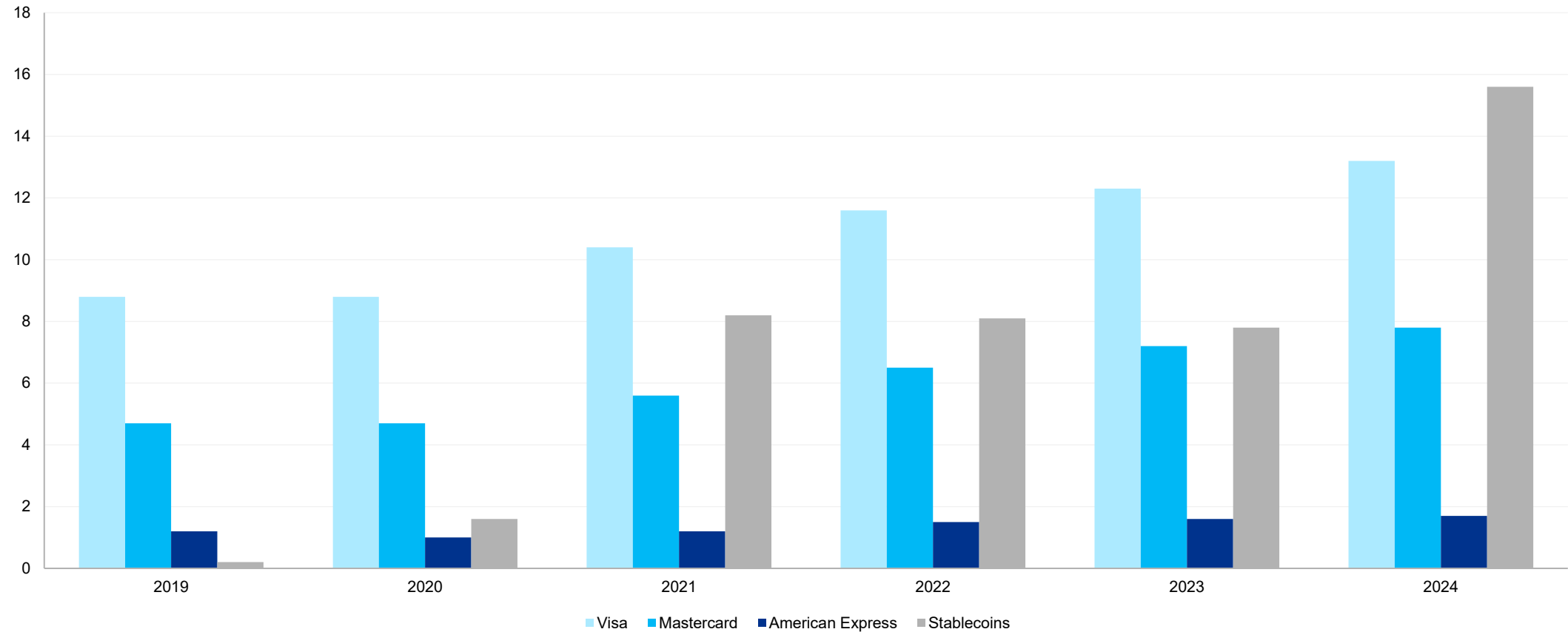
Stablecoin market cap  
in USD billions



Source: CoinGecko; CoinMarketCap; The Block Crypto

# Stablecoins vs. traditional payment processors

Transaction value: Stablecoins vs. traditional payment processors  
in USD trillions



Source: ARK Invest

# Global stablecoin regulatory landscape



**GENIUS Act**



**MiCA rules on  
ART & EMT**



**FCA's consultation  
paper CP25/14**



**Stablecoins  
Ordinance**

# Accounting Considerations

02



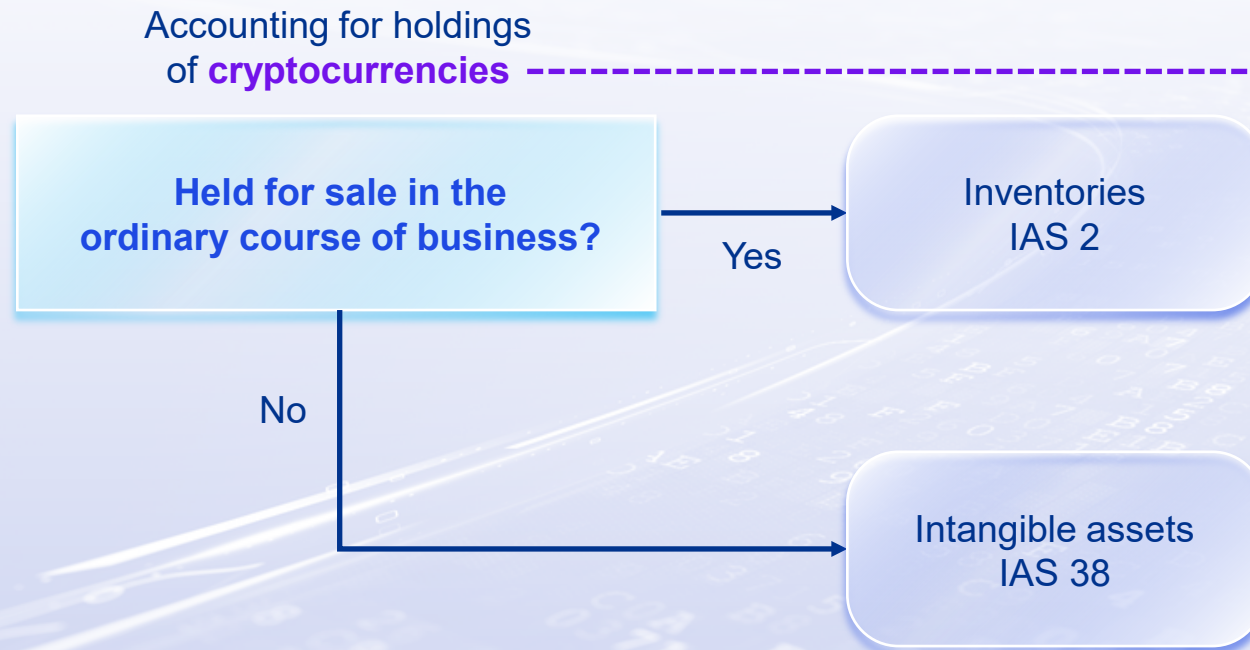
# Polling question

How to account for stablecoins *held* under IFRSs?

- 🗈️ A. Financial assets
- 🗈️ B. Inventories
- 🗈️ C. Intangible assets
- 🗈️ D. It depends
- 🗈️ E. I don't know



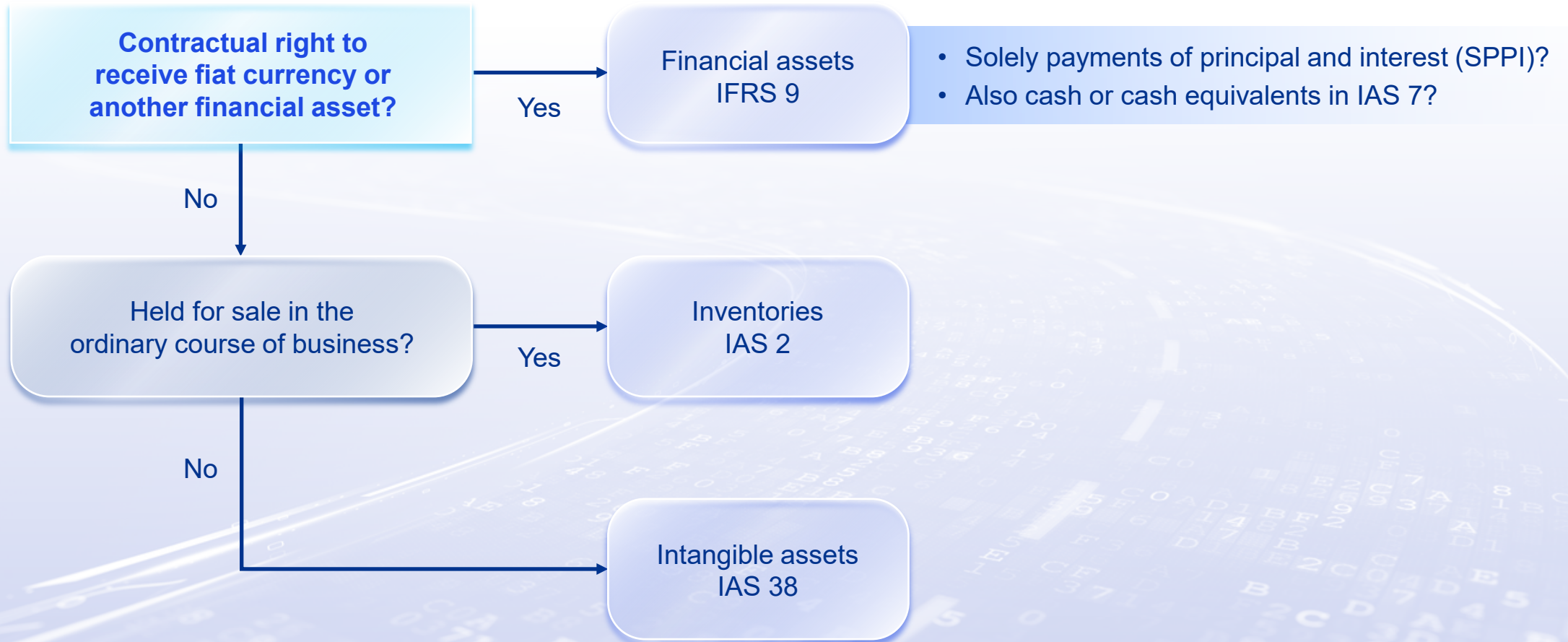
# What the IFRS Interpretations Committee discussed relates only to a subset of digital assets



A digital or virtual currency recorded on a distributed ledger that:

- uses cryptography for security
- is **not issued by** a jurisdictional authority or **other party**
- does **not give rise to a contract** between the holder and another party

# Holdings of stablecoins pegged to a fiat currency



# Holdings of stablecoins pegged to a foreign fiat currency

Functional currency = HKD  
Value of 1 stablecoin = CNY 1

		Fair value changes above cost in HKD	Fair value changes below cost in HKD
<b>Financial assets</b> <b>IFRS 9</b>		Exchange differences in profit or loss	Exchange differences in profit or loss
	Fair value less costs to sell (for broker-traders)	Profit or loss	Profit or loss
<b>Inventories</b> <b>IAS 2</b>			
	Lower of cost and net realisable value	Not reflected	Profit or loss
	Cost model	Not reflected	Profit or loss
<b>Intangible assets</b> <b>IAS 38</b>			
	Revaluation model (if an active market exists)	Other comprehensive income	Profit or loss





# Q&A

# Webinar Dates and Topics for 2025



February – Impact of Hong Kong Latest Tax Developments

May – ESG at a Crossroads – Navigating Global Shifts

June – From Interim Reporting to Future Compliance

**August – Stablecoins Explained: The What, Why, How & Their Accounting Implications**

October – IFRS 18

December – TBC



For more details and access to our webinar series:

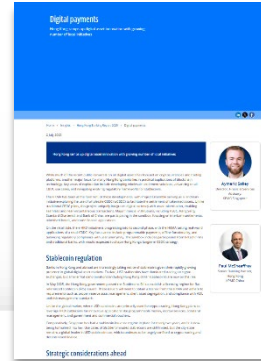
<https://home.kpmg/cn/en/home/services/audit/ifrs-news/financial-reporting-webinar-series.html>



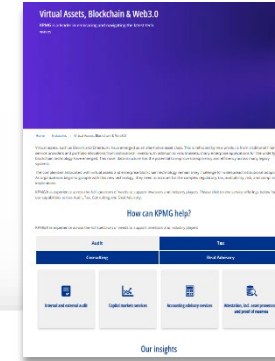
# KPMG Insights



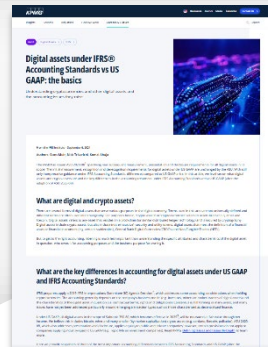
## Virtual Assets 2024 Review and 2025 Outlook



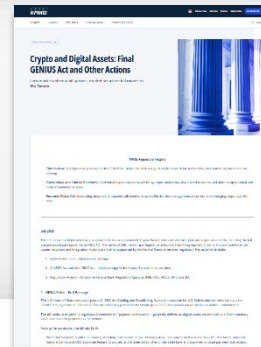
## Digital Payments



## Virtual Assets, Blockchain & Web3.0



## Digital assets under IFRS® Accounting Standards vs US GAAP: the basics



## Crypto and Digital Assets: Final GENIUS Act and Other Actions



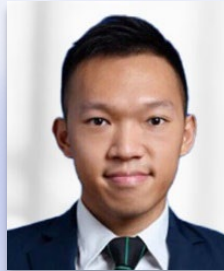


# Speaker Contacts



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