

Discussion of:

Banking with Stablecoins

by I. Agur, A. Copestake, G. Dell’Ariccia and M. Reuter

Todd Keister

*Federal Reserve Bank of New York
and Rutgers University*

8th IMF Macro-Financial Research Conference

April 23, 2026

The views expressed here are those of the authors and do not necessarily reflect the position of the Federal Reserve Bank of New York or the Federal Reserve System.

Overview

- ▶ Paper studies the interaction between banks and stablecoin issuers
 - ▶ an important, timely topic (obviously, given this session)
 - ▶ generates interesting results and insights

My plan:

- ▶ Quickly review key model features and results
- ▶ Comment on:
 - ▶ Stablecoins vs. CBDC
 - ▶ Efficiency and welfare
 - ▶ Competition and convenience
 - ▶ Deviations

Model features

- ▶ Households have heterogeneous preferences over deposits vs. stablecoins (nice)
 - ▶ perfect substitutes → each household specializes to one or the other
 - ▶ marginal household is indifferent → focus is on the extensive margin
- ▶ Banks make risky loans, have market power in lending market
 - ▶ but are price takers in the deposit market
- ▶ Banker chooses an effort level that determines the probability of success
 - ▶ limited liability and insured deposits → risk shifting to the public sector
- ▶ Stablecoin issuers are required to hold safe Treasuries as assets ('narrow')
 - ▶ but can deviate and make risky loans; face a regulatory cost (λB)

Results

- ▶ If stablecoin issuers are narrow (i.e., hold only Treasuries) ...
 - ▶ ... and stablecoins become uniformly more attractive (higher 'convenience'):
- 1. How will banks be affected?
 - ▶ result: higher deposit and lending rates, less lending → disintermediation
 - ▶ size of effect depends on the degree of competition between SC issuers
- 2. Will stablecoin issuers remain narrow? Or deviate to risky lending?
 - ▶ result: remain narrow if and only if the regulatory cost of deviating is high enough
 - ▶ comparative statics: shows how the threshold cost depends on other parameters

Comments

1. Stablecoins vs. CBDC

- ▶ Literature shows that CBDC may (Agur et al. 2022; Williamson 2022; Keister & Sanches 2023) or may not (Andolfatto, 2021; Chui et al., 2023) crowd out bank deposits
 - ▶ result depends critically on assumptions about deposit market competition

Q: Are the forces/mechanism the same with stablecoins?

- ▶ and hence your results reflect a modeling choice in the deposit market
 - ▶ Or are stablecoins more/less likely than CBDC to disintermediate banks?
 - ▶ Paper: return on stablecoins is endogenous rather than a policy choice
 - ▶ concern that the disintermediation problem could be worse
 - ▶ note: a prudential tax/subsidy on SC issuers could remove this difference (Bindseil, 2026)
 - ▶ Do other differences between SC and CBDC matter for disintermediation?
-

2. Efficiency and welfare

- ▶ Is disintermediating banks a bad thing?
 - ▶ a decrease in bank lending sounds bad at first, but ...
- ▶ In many models with a liquidity premium, there is *overinvestment*
 - ▶ disintermediating banks can make investment more efficient and raise welfare (Williamson, 2023, and others)
- ▶ In general, some friction must be present for disintermediation to be bad
 - ▶ example: binding collateral constraint (Keister & Sanches, 2023)
- ▶ Frictions here: DI, limited liability, and unobserved monitoring effort
- ▶ Do these frictions make disintermediation undesirable? or not?
 - ▶ encourage: include preferences more explicitly and study welfare/policy questions

3. Competition and convenience

Q: How can banks fight back?

- ▶ In the model, stablecoins offer different convenience: $\chi_S + \varepsilon_i$ vs. χ_D for deposits
- ▶ Can banks create a product that offers $\chi_S + \varepsilon_i$? (tokenized deposits?)
- ▶ More generally: what does the convenience yield χ_j capture?
 - ▶ blockchain-based trade vs. conventional payment rails? model can represent either
 - ▶ differences in KYC/AML, compliance, monitoring?
- ▶ The interpretation may have implications for banks' ability to compete ...
 - ▶ ... and for the welfare effects of stablecoins, desirable policies
- ▶ Being explicit about the interpretation \Rightarrow could push the analysis further

4. Deviations

- ▶ Paper asks whether there is an equilibrium where all stablecoins are well-behaved
 - ▶ answer: 'no' if the regulatory punishment is large enough

Q: What happens if the punishment is not large enough?

- ▶ might be interesting to study equilibrium in this case
- ▶ Could there be an equilibrium where some SC issuers deviate and others do not?
 - ▶ coexistence of USDC and Tether?
- ▶ Is there optimal degree of punishment?
 - ▶ perhaps it is desirable to have some χ_s issuers lend to firms?
 - ▶ again, likely depends on preferences, what χ_j represent

Summary

- ▶ Interesting paper!
- ▶ Takes a positive approach: given parameters, what will happen?
 - ▶ advantage: flexible interpretation of what those parameters represent
- ▶ But many interesting questions are normative
 - ▶ might not be too difficult to micro-found the convenience yields, do welfare analysis
- ▶ Could then address additional questions, esp. related to policy choices