

Is the Stablecoin Economy Structurally Sound?

di Neha Narula

If stablecoins and tokenized assets become systemically important, blockchains will become a form of systemically important infrastructure. But this shift will bring new risks, because not all blockchains are created equal, and they have largely avoided the degree of scrutiny the public expects of critical infrastructure.

CAMBRIDGE – The famous 1940 footage of the [wildly undulating](#) Tacoma Narrows Bridge (in Washington State) remains striking to this day, precisely because such failures have become so rare. The collapse exposed how unanticipated stresses can take down even the most carefully designed structures, and modern civil engineering has internalized this lesson, allowing today’s commuters to cross bridges daily without a second thought.

We generally put the same degree of faith in our financial infrastructure. Trillions of dollars move globally every day, and the system has proven largely safe and consistent, if not always cheap or efficient. Such reliability is essential, because if people cannot make payments or move funds, faith in money and financial institutions will break down, potentially leading to social and political disorder.

The current financial infrastructure is based on money rails that haven’t changed much in decades. But now, decentralized blockchains are moving money in innovative and exciting new ways that enable new applications. As this novel software enters the mainstream through stablecoins and tokenization, questions about its reliability cease to be a technical detail and become a systemic concern.

Already, the passage of the Guiding and Establishing National Innovation for US Stablecoins ([GENIUS](#)) Act has opened the door to regulated financial institutions issuing tokens on blockchains designed to be worth one dollar. Many now expect

explosive growth in issuance and use, with Citigroup [estimating](#) \$100-200 trillion of stablecoin volume by 2030. And tokenized dollars are just one part of the broader trend. [According to](#) BlackRock CEO Larry Fink, we are at “the beginning of the tokenization of all assets.” To that end, Congress is aiming to pass a [crypto market infrastructure bill](#) that will formalize other digital assets, just as the GENIUS Act did for stablecoins.

These efforts seem to take it on faith that the financial scaffolding needed to support stablecoins and tokenized assets is stable, robust, and reliable. But one should assume no such thing. The traditional financial infrastructure, rooted in ledgers provided by central and commercial banks, operates on well-understood centralized technology. It already underpins most services on the internet today, ensuring clarity about who is responsible when things go wrong.

Blockchains, by contrast, are decentralized. There is no final responsible party – and that’s the point. They involve potentially anonymous participants (who could be anywhere in the world) running new distributed protocols, and they rely on various incentives (the stuff of cryptoeconomics) to ensure security and proper operation. Thus, while decentralization opens new opportunities for innovation and competition, which drives down costs, the GENIUS Act Era also comes with [new risks](#).

If stablecoins and tokenized assets become systemically important, blockchains will become systemically important infrastructure. Though the largest blockchains, Bitcoin and Ethereum, have been mostly reliable in recent years, not all blockchains are created equal. Many use different protocols, cryptography, incentives, and governance techniques, and many have suffered attacks and delays. Solana, for example, [suffered](#) multi-hour outages in 2023 and 2024, and Coinbase’s Base network [halted](#) transactions in 2023 and again in 2025. These incidents were survivable precisely because blockchains are not yet widely integrated into the broader financial ecosystem, or central to household and business payments.

But the sector is evolving fast. Blockchains with dramatically new designs are released every year, and core components of major networks like Ethereum are frequently redesigned. Regulators lack the expertise to evaluate these technologies, which are often deployed without the degree of scrutiny expected of critical infrastructure; and

intermediaries like cryptocurrency exchanges and stablecoin issuers don't always make it clear to users that assets on different blockchains have very different risks. Already, the [majority of stablecoin transactions today](#) happen on less-established blockchains like Binance Smart Chain and TRON. There's a big difference between those systems' security and reliability and the security and reliability of Bitcoin or Ethereum, which have faced more scrutiny.

Financial stability depends not just on what kinds of assets back money, but on whether the infrastructure that moves money works predictably under stress. Yet the current approach to blockchains is like telling commuters to decide which of dozens of competing bridges are safe enough to drive on. The situation has been tolerable only because crypto remains governed by a *caveat emptor* ethos: failures are expected, and losses are borne privately.

As stablecoins and tokenized assets spread through institutional finance, however, that ethos will become untenable. Institutions will need to be explicit about which blockchains are suitable for systemically important activity, how operational failures will be handled, and who ultimately bears responsibility if the technology falters. And if those who bear responsibility try to avoid it, regulators will need to hold them accountable.

Bridges fail not because engineers misunderstand physics, but because assumptions about safety no longer match how structures are used. The same risk now confronts the digital foundations of money. Decentralized blockchains do hold real promise. Used thoughtfully, they offer genuine opportunities to modernize the financial infrastructure and broaden access to markets. But as their role grows, the systems that underpin them must be engineered and regulated with the same care for resilience that society expects of any critical infrastructure.