FASB Stablecoin Accounting & NetSuite Implementation

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Executive Summary

This report provides a comprehensive analysis of the accounting treatment for stablecoins and other digital assets under U.S. Generally Accepted Accounting Principles (GAAP) and enterprise systems such as Oracle NetSuite. We focus on the recent Financial Accounting Standards Board (FASB) project "Cash Equivalents—Disclosure Enhancement and Classification of Certain Digital Assets" (initiated in 2025) which specifically addresses whether some digital assets—particularly fiat-backed stablecoins—can qualify as cash equivalents. The analysis includes historical context, current regulatory and standards developments, multiple perspectives (including U.S. GAAP vs IFRS, issuer vs holder views, and industry viewpoints), data-driven insights on the stablecoin market, case studies of business adoption, and practical considerations for implementation in accounting systems. Key findings include:

- **Background:** Stablecoins are blockchain-based tokens pegged to fiat currency or other stable assets. Their growth is rapid (market cap ~$300+ billion by early 2026 (Source: coinlaw.io) and they facilitate cross-border transfers and DeFi. However, accounting standards have lagged behind. Historically under U.S. GAAP, all cryptos (including stablecoins) were treated as indefinite-lived intangible assets (asc 350-60), measured at cost with impairments only. FASB's ASU 2023-08 changed crypto accounting to fair-value intangibles (ASC 350-60, effective 2025), but did not reclassify stablecoins as cash. IFRS similarly has no cash-equivalent category for stablecoins and generally treats them as intangibles or inventory, absent redemption rights (PwC IFRS guide) (Source: www.pwc.ch) (Source: www.pwc.ch).
- **FASB Cash-Equivalent Proposal (2025-26):** In response to industry input (including a White House Digital Assets report), FASB added a new project to its agenda (Aug 2025) focusing on whether "certain digital assets may meet the definition of cash equivalents" (Source: www.fasb.org). After deliberations, the Board decided (Apr 2026) to issue an Exposure Draft clarifying this issue. Key proposals include **illustrative examples** in ASC 230 (Statement of Cash Flows) that explicitly consider digital assets' reserve composition and legal redemption features, **discouraging** blanket inclusion of any digital asset as cash while allowing treatment as cash equivalents only if all criteria (liquidity, minimal risk, on-demand redeemability, regulatory compliance) are met (Source: www.fasb.org) (Source: www.fasb.org). The Board also plans *mandatory disclosures* of significant classes of cash equivalents (which, under the new definition, could include qualifying stablecoins) (Source: www.fasb.org). Transition guidance would allow modified prospective application (no restatement), with early adoption permitted (Source: www.fasb.org).

- **Stablecoin Accounting Issues:** Under current GAAP, a typical fiat-backed stablecoin (e.g. USDC, USDT) is accounted as a crypto intangible, remeasured at fair value through earnings (Source: www.houseblend.io). FASB's proposed guidance acknowledges that a *fully collateralized, legally redeemable* stablecoin "might be treated as a cash equivalent or financial instrument" rather than an ASC 350-60 crypto asset (Source: www.houseblend.io). In contrast, under IFRS, stablecoins lacking a contractual redemption right do **not** meet the definition of cash or currency (IAS 7/32) and thus are accounted as intangibles (or inventory if held for trading) (Source: www.pwc.ch) (Source: www.pwc.ch). Both frameworks require careful analysis of the stablecoin's legal terms: enforceable, on-demand redeemability (e.g. 1:1 fiat backing with immediate withdrawal) is the pivotal factor. Without such rights, the position is that stablecoins remain high-risk assets, not cash equivalents.

- **NetSuite Implementation:** Oracle NetSuite has no native "crypto" module, but its multi-currency and general ledger features can be configured to handle digital assets. Two main approaches emerge: (1) **Currency-based modeling:** treat each stablecoin as a custom currency in NetSuite (since stablecoins are pegged to fiat). Transactions in stablecoin can be entered like foreign currency invoices, and the standard **currency revaluation** process automatically updates ledger balances to fair-value each period (Source: www.houseblend.io) (Source: www.houseblend.io). This leverages built-in functionality (Multi-Currency Engine) and yields systematic revaluation entries. (2) **Asset and clearing accounts:** alternatively, companies might use dedicated "crypto bank" and "clearing" accounts. Under this scheme, incoming stablecoin receipts post to a crypto bank account and a clearing account. Period-end revaluation adjustments are then made via journal entries moving value into the crypto asset account, thereby generating realized/unrealized gain/loss postings. (3) **Third-party subledgers:** specialized add-ons (e.g. Cryptio, Bitwave) can automate integration by connecting to exchanges/wallets via APIs. These tools can import real-time balances and prices, then produce compliant journal entries, handling multiple wallets and slicing by entity. A comparative table (below) summarizes these NetSuite modeling methods and their trade-offs, based on vendor and practitioner guidance (Source: www.houseblend.io) (Source: www.houseblend.io).

MODELING APPROACH	IMPLEMENTATION IN NETSUITE	ADVANTAGES	CHALLENGES
Currency Revaluation (Native)	- Define each stablecoin as a custom *currency* in NetSuite (with appropriate precision). - Update exchange rates daily via API or manual import (pegged to USD). - Post transactions (sales, receipts) in stablecoin currency. - Run NetSuite's built-in *Currency Revaluation* at each period-end to adjust balances to fair value (Source: www.houseblend.io) (Source: www.houseblend.io).	- Leverages existing Multi-Currency Engine. - Automatic generation of FX gain/loss entries in GL. - No custom scripts needed for standard functionality.	- NetSuite normally limits currencies to 2 decimal places; crypto often needs </current_article_content>more (support ticket required) (Source: www.houseblend.io). - Managing multi-wallet exposures and consolidating them requires manual mapping. - Reliant on timely exchange-rate updates; stablecoins can briefly deviate from $1.
Crypto Clearing Accounts	- Record stablecoin influx (mints or sales) into a designated "Crypto Bank" asset account. - Use an offset "Crypto Clearing" account for float. - At period-end or per transaction, transfer positions from clearing to the main crypto asset account via journal entries reflecting current USD value. This creates realized gain/loss entries in P/L as needed.	- Works around NetSuite precision limits (all values in base currency). - Clear ledger trail of receipts vs revaluations.	- Labor-intensive reconciliation. - Requires custom journal logic or manual entries each period. - Risk of errors if on-chain balances aren't kept perfectly in sync.
Third-Party Integrations (Subledger)	- Deploy a specialized crypto subledger (e.g. Cryptio, Bitwave) linked via API to exchanges/wallets. - The integration fetches wallet balances and prices in real time. - Journals for buys, sells, and fair-value adjustments are auto-generated and posted to NetSuite (often via CSV/connector).	- Fully automated data flow; minimal manual intervention. - Handles complex scenarios (multiple blockchains, wallets, splits by entity). - Often includes features like cost-basis tracking, impairment customization for GAAP/IFRS compliance (Source: www.houseblend.io).	- Additional cost/license for the third-party solution. - Dependency on external data feeds (must ensure security and continuity). - Integration setup and change management require vendor support.

Table: Illustrative NetSuite implementation strategies for stablecoin/crypto accounting (sources: practitioner guides (Source: www.houseblend.io) (Source: www.houseblend.io), vendor documentation).

Introduction and Background

Digital Assets & Stablecoins: Stablecoins are a type of cryptocurrency designed to maintain a stable price by pegging to a reserve asset (usually fiat currency like USD). Unlike volatile tokens (Bitcoin, Ether), stablecoins (e.g. Tether USDT, Circle USDC, Binance BUSD) aim to trade consistently at $1.00. This stability is typically achieved by collateralizing each issued coin with cash or cash-equivalents held in reserve (often U.S. Treasury securities or bank deposits) (Source: www.pwc.ch) (Source: www.elibrary.imf.org). The largest stablecoins (USDT and USDC) together account for roughly **90–95% of the stablecoin market**, which itself had a capitalization on the order of $300+ billion as of early 2026 (Source: www.elibrary.imf.org) (Source: coinlaw.io). Monthly transaction volumes exceed tens of trillions (annualized), reflecting massive use in trading, remittances, and other payments. In particular, decentrally-traded stablecoins have facilitated cross-border flows: IMF research shows stablecoin volume surpasses most traditional crypto assets and underpins a growing fraction of crypto payments (Source: www.elibrary.imf.org) (Source: www.elibrary.imf.org).

Regulatory Context: The explosive growth of stablecoins has prompted intense regulatory attention. In the U.S., for example, the bipartisan **GENIUS Act** (enacted July 2025) established the first federal framework for "payment stablecoins," focusing on issuers' capital, reserves, and consumer protections. Simultaneously, the White House President's Working Group on Digital Asset Markets published comprehensive recommendations in mid-2025, emphasizing a supportive yet regulated role for dollar-backed stablecoins (Source: www.hoganlovells.com) (Source: www.hoganlovells.com). Key proposals include requiring stablecoin issuers to be bank-like institutions (subject to anti-money laundering rules), and encouraging regulators to recognize stablecoins' potential to enhance dollar sovereignty and payments efficiency (Source: www.hoganlovells.com). Globally, jurisdictions like the EU (via MiCA) and Asia-Pacific (Hong Kong, Singapore) have also begun crafting stablecoin rules. However, prior to FASB's recent efforts, no major accounting standard explicitly addressed stablecoin classification or measurement under U.S. GAAP or IFRS.

GAAP and IFRS Treatment (Status Quo): Under existing U.S. GAAP, most cryptocurrencies (including stablecoins) have been treated as **indefinite-lived intangible assets**. Historically, per ASC 350-30, intangibles are initially recorded at cost and written down for impairment (only downward adjustment) (Source: www.houseblend.io). ASC 350-30 permitted a one-way impairment model, which often led entities to hold stale carrying values that ignored market gains (Source: www.houseblend.io). Effective January 1, 2025, FASB's ASU 2023-08 (ASC 350-60) replaced that with a fair-value model: all qualifying crypto assets (cryptographic, fungible, on a distributed ledger, no enforceable rights by holder, intangible definition) are now remeasured at fair value each reporting date, with gains and losses in earnings (Source: www.houseblend.io) (Source: www.houseblend.io). Importantly, though, **ASC 350-60 explicitly carves out** any crypto that does confer enforceable rights or resembles a security: for instance, "certain stablecoins pegged to fiat (with enforceable redemption promises)" may fall outside ASC 350-60 and instead be treated as financial assets or cash equivalents (Source: www.houseblend.io). Barring such redemption features, typical stablecoins have generally been swept into ASC 350-60's scope (since they use cryptography and blockchains) and thus accounted as intangible crypto at fair value, with wide fluctuation in reported earnings (unless one adopts the optional revaluation model under IFRS, which U.S. GAAP does not permit except via ASC 350-60 changes).

Under **IFRS**, the situation is similar in effect though governed differently. IFRS Standards have no dedicated crypto-asset category, but the IFRS Interpretations Committee (2019) clarified that pure cryptocurrencies are intangibles (IAS 38) or, if held for trading, inventory (IAS 2). In practice most stablecoins also meet neither the definition of cash (FIAT currency) nor a monetary asset, because they are not legal tender and may not be redeemable on demand. As PwC's IFRS guidance notes, absent contractual redemption, stablecoins likely do not qualify as cash or cash equivalents (IAS 7) (Source: www.pwc.ch), and instead must be evaluated as either financial instruments (IFRS 9) or intangibles (IAS 38). Critically, IFRS analysis hinges on the stablecoin's contract: "to determine appropriate accounting, the holder must evaluate whether it represents a financial instrument…in most cases…stablecoins are issued by contract. The holder must evaluate whether the definition of a financial asset is met" (Source: www.pwc.ch) (Source: www.pwc.ch). If a stablecoin gives the holder a *legally enforceable right* to redeem a fixed amount of cash from the issuer, it is a debt instrument under IFRS 9 (measured typically at amortized cost or FVTPL depending on business model). But if no such right exists, "the stablecoin does not meet the definition of a financial instrument" and so is accounted under other standards like IAS 2 (inventory) or IAS 38 (intangible) (Source: www.pwc.ch). In short, both GAAP and IFRS default to intangible treatment for most stablecoins, unless firm redemption rights alter the analysis.

Given these ambiguities and the strategic importance of stablecoins, stakeholders have pushed FASB to offer clearer rules. The next section details FASB's current project to address this gap.

FASB Cash-Equivalent Classification Project

Project Genesis (2025): In August 2025, FASB announced it would add a research project to clarify the definition of cash equivalents with respect to digital assets (Source: www.fasb.org). This step was in response to broad stakeholder input: feedback on FASB's Agenda Consultation and recommendations from the President's Working Group on Digital Asset Markets (e.g. a July 2025 WG report urging clarity on stablecoins) were specifically cited (Source: www.fasb.org). On October 29, 2025, FASB formally placed "Cash Equivalents—Disclosure Enhancement and Classification of Certain Digital Assets" on its technical agenda. The agenda item explicitly has two main aims:

1. **Clarify Cash Equivalent Definition for Digital Assets:** Determine *whether and when* certain digital assets (notably stablecoins) can qualify as cash equivalents under U.S. GAAP cash-equivalent definitions (ASC 305/ASC glossary).

2. **Enhance Disclosures:** Expand transparency by requiring firms to disclose significant classes and amounts of cash equivalents in the financial statements (beyond the blanket "cash and cash equivalents" line) (Source: www.fasb.org).

Board Deliberations (April 2026): At its April 15, 2026 meeting, FASB completed initial decisions on the project. Highlights include:

- **Illustrative Examples in Cash Flow Statement Guidance:** Rather than rewriting the formal definition text, FASB will publish *illustrative examples* in ASC 230 (Statement of Cash Flows) to guide practitioners. These examples will explicitly address digital assets. Elements the Board decided to include are : (a) linking the example to the existing master glossary definition of cash equivalents; (b) examining "the amount and composition of reserve assets" backing the digital asset; (c) assessing "the nature of qualifying on-demand, contractual cash redemption rights

directly with the issuer" (Source: www.fasb.org). In plain terms, the examples will show scenarios such as a hypothetical fiat-collateralized stablecoin: if it has full, same-day redemption into cash, and its reserves are short-term, high-quality assets, it might qualify as cash equivalent. Conversely, if redemption is conditional or the reserves are volatile (or lacks regulatory oversight), it would not. Emphasis is also placed on **legal/regulatory compliance**: the Board clarified that an entity *should consider* whether relevant laws or regulations permit treating that asset as cash equivalent (Source: www.fasb.org) (for example, U.S. licensing requirements for stablecoin issuers under the GENIUS Act or state money transmitter laws could affect classification).

- **Disclosure Requirement:** FASB will require all entities to separately disclose on the face of the balance sheet (or in related notes) the *significant classes and related amounts of cash equivalents* for each period presented (Source: www.fasb.org). This would mean that, starting after adoption, companies must itemize what constitutes their "cash equivalents," and if certain cryptocurrencies or stablecoins are included, they would appear explicitly as a line item or schedule.

- **Transition Proposals:** The Board intends to treat the new cash-equivalent guidance as a change in accounting policy applied on a **modified prospective basis**. That is, companies would reclassify qualifying digital assets as cash equivalents starting at the beginning of the first annual reporting period of adoption (with no retroactive restatement). The disclosure changes would be applied prospectively as of the period of adoption (Source: www.fasb.org). Early adoption of the new guidance in interim or annual periods (before official issuance) is permitted. Notably, FASB said companies can apply the illustrative examples regarding digital asset classification without a formal preferability assessment (Topic 250), streamlining early use (Source: www.fasb.org).

FASB's preliminary analysis also concluded that the expected benefits of clarifying cash-equivalent rules for digital assets (improved comparability and reduced confusion) likely justify the costs (some implementation burden and systems changes) (Source: www.fasb.org). The staff will draft an Exposure Draft ASU for public comment (likely later in 2026) with a 90-day comment period. Stakeholder input (e.g. from accountants, auditors, regulators, industry) will shape the final standard.

Implications of the Proposal: If finalized as drafted, the new guidance will effectively establish a *narrow* path for a stablecoin (or other crypto asset) to be treated as cash equivalent under U.S. GAAP. Such an asset would need to meet all existing conditions (short-term, liquid, minimal risk of value change) *and* have robust redemption and reserve features, as demonstrated in the examples. This stands in contrast to current practice, where no crypto is typically treated as cash eq. The changes would primarily affect the **balance sheet classification** and **cash flow inclusion** of stablecoins: qualifying stablecoin balances would move from "digital assets" (intangible crypto) into "cash equivalents," thus increasing reported cash-type liquidity. Correspondingly, movements in those stablecoins would flow through the cash flow statement (likely as operating cash flows, similar to foreign currency). Entities that hold stablecoin reserves or use stablecoins in operations will need to revisit their accounting policies and IT systems (e.g. reclassifying wallet accounts, adjusting financial statement presentations) once the ASU is effective.

Accounting Treatment of Stablecoins and Digital Assets

This section examines in detail how stablecoins are conceptualized under accounting standards, both currently and per the forthcoming FASB guidance, as well as how IFRS approaches the issue as a point of contrast.

Definitions: Cash and Cash Equivalents

Under U.S. GAAP, *cash equivalents* are defined (Master Glossary of ASC) as "short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash, and (b) so near their maturity that they present insignificant risk of changes in value due to interest rate changes." Examples traditionally include Treasury bills, commercial paper, and money market funds (Source: rwatimes.io). IFRS likewise defines cash equivalents in IAS 7 as short-term, highly liquid investments that mature within typically three months or less and carry insignificant risk of value change (Source: www.pwc.ch). Both frameworks emphasize *liquidity* and *insignificant price risk*. In practice, meeting these criteria implies the asset can be liquidated quickly at a known price with little uncertainty.

When applied to stablecoins, the key additional consideration is *pegging and redemption*. A fiat-backed stablecoin that maintains a hard $1 peg and allows holders to redeem at par on demand resembles a demand deposit in function. However, unlike bank deposits (which are covered by deposit insurance/regulation), stablecoins rely on the issuer's promise and the quality of the underlying reserves. Thus, accountants ask: are the reserves truly liquid? Is there any legal claim to those reserves if the issuer fails? Without strong enforceable rights and robust reserve rules, a stablecoin carries more risk than plain cash or a money fund. Therefore, stablecoins only become plausible cash equivalents if they are **fully reserved with high-quality, very-short-term assets** and offer **unconditional redemption** (e.g. holding each $USDC coin gives the right to $1 cash or cash-equivalent from Circle). If these conditions are not met, stablecoins fail the "low risk" or "readily convertible" tests.

How the New FASB Guidance Will Apply

In light of the above, FASB's illustrative examples will likely underscore that **only a subset of stablecoins** can ever qualify as cash equivalents. Based on FASB's outline:

- **Collateral/Reserves:** The stablecoin issuer must hold reserves that are themselves essentially cash equivalents (e.g. short-dated Treasury bills, overnight repos, high-grade deposits). FASB will direct users to consider the "amount and composition of reserve assets" (Source: www.fasb.org). For example, the IMF reports that Circle's USDC reserves are ~85% in U.S. Treasuries and repo (Source: www.elibrary.imf.org), whereas Tether's reserves historically included some crypto and commercial paper. A stablecoin backed 100% by seasoned Treasuries meets the spirit of cash equivalence; one backed by risky assets or uninvested funds likely does not.
- **Redemption Rights:** Mere collateralization is insufficient if holders lack enforceable redemption. FASB will highlight whether the stablecoin bears a contractual on-demand redemption right "directly with the issuer" (Source: www.fasb.org). A true cash equivalent stablecoin behaves like a demand deposit: the holder can get back exactly $1 per coin at any time. If redemption is delayed, conditional, or at the issuer's discretion, the asset cannot be "cash equivalent." This mirrors IFRS's focus on enforceable rights: IFRS guidance states that only if a stablecoin provides "the holder a contractual right to receive cash or another financial asset from another entity" would it be a financial asset under IFRS 9 (Source: www.pwc.ch); otherwise it fails IAS 32's definition.
- **Regulatory Compliance:** The FASB examples will also note that an entity must consider compliance with laws/regulations. This means a stablecoin legally authorized as a payment instrument (e.g. approved money transmitter with collateral rules) is more credible as cash equivalent. Conversely, if an issuer is operating outside legal requirements, the accounting policy might disallow cash-equivalent treatment.

If a stablecoin passes all tests, an entity would **reclassify it from "digital assets" (or "intangible crypto") on the balance sheet into "cash and cash equivalents."** The cash flow statement would then treat stablecoin receipts and payments like cash flows. USD inflows into the stablecoin wallet (for issuance) and outflows on redemption would be operating cash flows (similar to foreign currency net investment flows). In contrast, under current rules, a stablecoin purchase would be a noncash asset transaction, and changes in its fair value would bypass the cash flow statement entirely.

We illustrate the accounting contrast in Table 2 below, comparing how typical stablecoin scenarios would be handled:

SCENARIO	CURRENT U.S. GAAP TREATMENT	IFRS TREATMENT	PROPOSED FASB OUTCOME (CASH-EQUIVALENT RULES)
Fiat-backed stablecoin (redeemable) *Issuer fully reserves each $1 coin with cash/treasury; holders can redeem on demand at $1.*	Currently, no specific rule: in practice treated as crypto intangible under ASC 350-60 (fair-valued each period) (Source: www.houseblend.io). All FX gains/losses run through income.	If the holder has a contractual right to $1 redemption, it could be a *debt-financial asset* under IFRS 9 (likely measured at amortized cost), or if held for trading as inventory at FVTPL. Otherwise, IFRS may treat it as intangible (IAS 38) (Source: www.pwc.ch) (Source: www.pwc.ch).	Under the new guidance, such a coin would likely **qualify as cash equivalent**. FASB examples would show it meeting liquidity and redemption criteria, so it is reclassified into cash equivalents on the balance sheet. Disclosures would explicitly reflect this class of instrument.
Stablecoin without redeemability *Collateral exists but no legally enforceable redemption rights (issuer may choose not to redeem on demand).*	Treated as crypto intangible under ASC 350-60; fair-value changes in P&L (Source: www.houseblend.io).	Fails IFRS financial asset test without redemption right, so treated under IAS 38 (intangible) or IAS 2 (inventory if held for trading) (Source: www.pwc.ch).	It would **not** meet cash-equivalent criteria. The FASB illustrative example would classify it with other crypto intangibles (as "not cash equivalent"), so it remains outside cash and cash equivalents.
Algorithmic or crypto-backed stablecoin *Peg maintained by algorithms or volatile collateral rather than fiat reserves.*	Under ASC 350-60, treated as crypto intangible (in scope, since still blockchain-based) (Source: www.houseblend.io).	No redemption, so IFRS as above: intangible or inventory (Source: www.pwc.ch).	Also **not** cash equivalent. Lack of stable fiat collateral means high risk; FASB examples would exclude this from cash equivalents (likely grouping it with general digital assets).

Table 2: Treatment of different stablecoin types under US GAAP, IFRS, and the proposed FASB cash-equivalent guidance (sources: FASB project summary (Source: www.fasb.org) (Source: www.houseblend.io), IFRS guidance (Source: www.pwc.ch) (Source: www.pwc.ch).

Financial Statement Implications

The classification as cash equivalent versus crypto asset has several impacts:

- **Balance Sheet:** Under the new guidance, qualifying stablecoin balances would be grouped with "cash and cash equivalents." This may inflate reported liquidity. Non-qualifying stablecoins remain under "intangible assets – crypto," measured at fair value (with volatility hitting P/L).
- **Income Statement:** If reclassified as cash equivalents, stablecoins would no longer be revalued through profit/loss, eliminating income volatility. Instead, any small gain/loss upon redemption would be treated like foreign exchange differences. In contrast, under current ASC 350-60, any price change (even a $0.01 shift) drives P/L. This could significantly change entities' earnings profiles. For instance, a holder of $50m USDC seeing it stick $1.00 incurs no P/L swing, whereas treating it as crypto could yield tens of thousands in fluctuations.
- **Cash Flow Statement:** Qualifying stablecoins would move into cash flow from operations. For example, suppose a company uses USDC to pay a supplier. Today, that payment is recorded as a noncash crypto purchase (no effect on "cash flows"). Under the proposed model, it would be an actual cash outflow of $X (assuming immediate convertibility). This makes cash flows more comprehensive. However, if a stablecoin is not cash eq, then payments in that coin would remain "noncash transactions", potentially understating cash usage.
- **Disclosures and Controls:** Companies will need to clearly document which assets are deemed cash equivalents. Auditors will expect evidence (e.g. contract terms, reserve audits) that redemption rights and reserves meet the criteria. Financial statement footnotes will likely expand to describe reserve composition and redemption terms (to justify any cash-equivalent classification). As one practitioner guide advises, issuers should maintain custody statements for reserves and on-chain data for liabilities (Source: www.journalentrieshub.com).

Stablecoin Market Data and Trends

The stablecoin ecosystem has grown explosively. Key statistics (as of early 2026) include:

- **Market Capitalization:** Total stablecoin supply/value is about **$300 billion** (Source: coinlaw.io), having climbed from ~$250B in mid-2025. U.S.-dollar pegged coins dominate (~97% of supply) (Source: www.elibrary.imf.org). Tether's USDT is the single largest (≈$187B, ~~61% of all stablecoins) and Circle's USDC is second (~~$75B, ~25%) (Source: coinlaw.io).

- **Transaction Volume:** On-chain stablecoin transfers have soared. IMF analysis notes combined USDT+USDC volume of ~$23 trillion in 2024 (a 90% jump from 2023) (Source: www.elibrary.imf.org). Aggregate stablecoin transactions across all coins likely exceed these figures. Growth is driven by use cases in crypto trading, DeFi lending, and institutional payments.

- **Use Cases:** Stablecoins' usage breakdown has diversified: roughly two-thirds of on-chain activity is in **DeFi and trading**, ~15% in **remittances**, ~10% in **inflation-hedge transactions**, and smaller shares in merchant payments (Source: coinlaw.io). Their appeal lies in combining crypto speed and programmability with fiat stability.

- **Reserve Quality:** Regulators and analysts have pushed for transparency on backing. For example, Circle asserts its reserves are now 100% cash-equivalent (40% direct gov't bills, 45% repo) (Source: www.elibrary.imf.org). Tether holds ~75% in U.S. Treasuries (including repos) but has historically had small allocations to Bitcoin and gold (Source: www.elibrary.imf.org). Reserve audits and proof-of-reserves are now commonplace as cyber-audit practices.

- **Projected Growth:** Industry analysts expect stablecoin capitalization to continue expanding rapidly. One forecast suggests the market could reach **$1–2 trillion** by 2026, driven by institutional adoption (tokenized funds, interbank settlements) and global inflation concerns (Source: coinlaw.io) (Source: coinlaw.io).

These data illustrate that stablecoins are no longer niche tokens—they are a material part of many firms' financial operations. For example, global coin adoption by treasury departments is evidenced by hundreds of millions in cross-border stablecoin payments in 2025. According to a Circle case study, the treasury platform *Acctual* processed **$25 million in USDC invoices** across 100+ countries as of late 2024, saving the company ~$250,000 in fees compared to conventional rails (Source: www.circle.com). This underscores the business utility of stablecoins and why clear accounting rules are critical.

NetSuite & Accounting Systems Treatment

Modern ERP systems must adapt to support any new accounting requirements. **Oracle NetSuite** is a widely-used cloud ERP with built-in multi-currency capabilities but no specialized crypto ledger by default. Nonetheless, its flexibility allows modeling digital assets:

- **Multi-Currency Engine:** As recommended by NetSuite practitioners, one effective approach is to treat each stablecoin as a foreign currency. In NetSuite's *Currencies* list, you create a record for, say, "USD Coin (USDC)" with ISO code (or custom code) and 2+ decimal precision (Source: www.houseblend.io) (Source: www.houseblend.io). You then update exchange rates (e.g. 1 USDC = $1.00) by importing daily rates via CSV/API. Any sales or purchases in stablecoin can be entered as currency transactions. By running the standard *Currency Revaluation* process, NetSuite will automatically generate the required journal entries to adjust the USDC balances to the new rate (even if it remains $1). This method fully leverages NetSuite's engine: "All crypto transactions… can be entered in BTC [or USDC] and NetSuite will convert them to the base currency at the entered or current rate. The built-in Currency Revaluation process can then be run to update [crypto] balances" (Source: www.houseblend.io).

- **Currency Precision Considerations:** One caveat is NetSuite's default 2-decimal precision (inherited from ISO standards). Cryptocurrencies often trade with 6–8 decimals. In practice, implementers note you may need to request SuiteSupport to increase precision (some versions allow up to 6 decimals) (Source: www.houseblend.io). Without adjustment, daily rate fluctuations can cause small rounding discrepancies.

- **Currency Revaluation for Fair Value:** Under ASC 350-60, crypto holdings (including stablecoins treated as intangibles) must be fair-valued each period. The revaluation approach above accomplishes that: the resulting P&L impact (gain or loss) will post to designated accounts (typically a "gain/loss on crypto" account). If the new FASB cash-equivalent rule applies (reclassifying certain coins as cash), the frequency of revaluation may be moot for those coins (cash equivalents are not marked to market). In either case, NetSuite's revaluation handles the mechanics effectively (Source: www.houseblend.io).

- **Clearing Account Model:** The alternative "Crypto Bank + Clearing" model can be implemented with standard bank/gl accounts. Companies create an asset account labeled "Crypto Bank (USDC)" and a clearing account "Crypto Clearing (USDC)". When receiving USDC (e.g. mining or payment), the system posts to Crypto Bank and offsets clearing. Period-end, a manual journal moves the Crypto Bank balance to Crypto Asset at

prevailing USD value, and any difference hits P/L. This mimics how one would track impairment or gains without using the currency revaluation engine. While more hands-on, it inherently allows using full precision for values and is sometimes preferred by firms with strict audit documentation needs. It does, however, require diligent reconciliation to ensure on-chain balances match NetSuite account balances.

- **Third-Party Subledgers:** For companies with significant crypto operations, turnkey integrations are available. Products like **Cryptio** or **Bitwave** operate as "crypto subledgers" for NetSuite. They connect to blockchain wallets and exchange APIs to import transaction data in real time. These tools can split assets by wallet, aggregate balances, and generate detailed journal entries categorized by wallet, crypto type, and adjacent entity. They often also manage cost basis, handle fork events, and automate gain/loss recognition under both GAAP and IFRS rules (Source: www.houseblend.io). While powerful, these solutions involve extra licensing and IT integration.

- **General Ledger and Chart of Accounts:** Regardless of the modeling approach, organizations should decide how to present stablecoin holdings in the GL. Common practice is to credit a specific crypto asset account (or currency balance) and have offset entries to accounts (AP/AR bank, gains/loss, etc.). If stablecoins become cash equivalents, companies might consolidate them under cash accounts or create a "Cash Equivalents – Cryptocurrency" line. All approaches require thoughtful configuration of accounts and currency records so that the accounting flow (journal entries) matches the economic events.

- **System Controls:** In any configuration, controls and reconciliations are essential. This includes matching the NetSuite crypto balance to blockchain explorers or custodial statements, verifying reserve account statements, and ensuring the revaluation entries (or clearing postings) align with market data. Auditors will expect proof: as one crypto accounting guide notes, audit procedures include proof-of-reserves confirmations and on-chain supply verification (Source: www.journalentrieshub.com).

In sum, NetSuite can accommodate stablecoin accounting through careful use of its existing currency and ledger features or via integrated tools. The chosen method should capture both transactional and fair-value aspects in compliance with GAAP/IFRS and be adaptable to any new cash-equivalent rules FASB issues.

Case Studies and Examples

Several real-world examples illustrate the importance and challenges of stablecoin accounting:

- **Corporate Payments in USDC:** *Acctual*, a financial platform, reported that as of Oct 2024 it had processed **$25 million** in receivables invoiced in USDC across over 100 countries, constituting half of its transactions (Source: www.circle.com). The CEO noted traditional accounting systems initially relied on spreadsheets to track these payments – "manual" processes taking up to 50 hours per month – until they implemented integrated solutions (Source: www.circle.com). This case underscores two lessons: (a) businesses are actively using stablecoins like USD Coin for real commerce with measurable cost savings (the $25M use saved ~$250k in fees); (b) integrating stablecoin flows into accounting is nontrivial, motivating solutions like those described above.

- **Crypto Miners and Treasuries:** Large Bitcoin miners (e.g. Marathon Digital, Riot Blockchain) collect mining revenue in BTC. Although not stablecoins, their experience with ASC 350-60 foreshadows stablecoin implications. Marathon disclosed that adoption of ASC 350-60 (fair-value accounting) required restating opening crypto values and will cause large future P/L (their BTC holdings rose sharply in 2023) (Source: www.houseblend.io). Similarly, the SEC filings of Tesla and MicroStrategy quantified the one-time effects of switching to fair value. These cases demonstrate the volatility impact of crypto on earnings. If Marathon were to hold a stablecoin instead, its financial statements would look very different: under FASB's proposal, a fully backed USD stablecoin (redeemable at par) would likely not require fair-value fluctuation in income, whereas under current GAAP it does.

- **Stablecoin Issuers (Reserve Accounting):** On the issuer side, entities like Circle (USDC) and Tether publish reserve attestations. The accounting model for issuers is to recognize **two sides** of the transaction: i) receive $1 from buyers and hold it as a reserve asset; ii) credit a $1 *stablecoin liability* (a promise to redeem). An accounting guide illustrates this with a journal: debit "Reserve Assets" (cash/T-bills) $100M, credit "Stablecoin Redemption Liability" $100M (Source: www.journalentrieshub.com). The issuer then records interest income on the reserves (e.g. 4-5% on Treasuries) which flows to profit while paying no interest on the liability (Source: www.journalentrieshub.com). For example, if Circle earns $4M on its T-bills reserves, it would recognize that as interest income in P&L, with no corresponding coupon expense on the USDC liability. This is effectively a self-funded money-market fund structure. Auditing these issuers involves proof-of-reserves: independent verifications that each coin is backed 1:1 by appropriate assets (Source: www.journalentrieshub.com). In U.S. GAAP, Circle likely treats outstanding USDC as a financial liability (accounting for the received cash) and its reserves as financial assets (as cash or short-term investments), under ASC 405-20 (liabilities) and ASC 310/320 (investments). However, the holder of USDC (Cicho's wallets) would apply ASC 350-60 (or cash eq rules) to the token itself, as discussed earlier.

- **Regulatory Audits and Failures:** Events such as the collapse of TerraUSD or the Paxos $BUSD license loss teach that stablecoins sometimes break their peg, causing temporary deviations (Figure 3 in IMF report shows extreme cases (Source: www.elibrary.imf.org). While these events were brief (hours or days), they signal risk. From an accounting perspective, a stablecoin trading at 90 cents is clearly *not* stable; any such deviation would constitute an impairment (or fair-value loss) unless deemed temporary. FASB's project will likely assume issuers address such risk in their arrangements (e.g. by stopping redemptions if reserves fall short). Investors and auditors will scrutinize any stablecoin-held balances after such an event for possible reclassification back to intangibles if redeemability was suspended.

These examples highlight how stablecoins, though serving cash-like roles, bridge worlds (crypto vs fiat) and require hybrid accounting mindsets. Companies and auditors need to apply judgment consistent with evolving guidance: when in doubt, refrain from pre-emptively calling a crypto asset a cash equivalent without documentary evidence and regulatory alignment.

Implications and Future Directions

The FASB cash-equivalent project signals a major shift in digital-asset accounting. If ultimately approved, it will formalize a path for stablecoins to be treated more like traditional cash instruments – aligning accounting with the economic reality of some stablecoins. This has several broader implications:

- **Liquidity Metrics:** Businesses and analysts will begin reporting cash flows and liquidity levels that include qualifying stablecoins. Corporations using stablecoins in treasury operations (for yield or payments) will show higher "cash" balances and different volatility profiles. This could change key ratios (current ratio, reserves ratios) and management of working capital.

- **Incentives for Design:** We may see an industry response: stablecoin issuers might adjust reserve policies and redemption frameworks to ensure their coins meet the new cash-equivalent criteria, in order to appeal to corporate treasurers. For example, if one stablecoin issuer can claim its coins are officially CASL (Cash- and Cash-equivalent) under GAAP, it could gain market share with institutional clients. Conversely, if a proposed standard requires strict conditions, smaller or riskier projects might fail the test and be relegated to "crypto asset" status.

- **Accounting Convergence/Consistency:** The FASB's move may spur similar consideration by international standards setters. While IFRS already provides for intangibles vs financial instruments, future IASB agenda discussions might address stablecoins explicitly, especially if IFRS 7 (only disclosure) is deemed insufficient. A more aligned global standard would benefit multinationals with crypto operations in different jurisdictions.

- **Auditor and Regulatory Focus:** Auditors will need to develop expertise in evaluating stablecoin arrangements, similar to how they audit short-term investments. For each claimed cash-equivalent stablecoin, auditors will verify collateral quality, custody arrangements, and redemption mechanisms. Regulators (SEC, PCAOB, banking regulators) will likely scrutinize disclosures of stablecoin activities, especially in financial institutions' filings. Already, U.S. bank supervisory agencies are reviewing crypto custody and stablecoin dealings (e.g. clarifying whether banks can hold stablecoin reserves under rules) (Source: www.hoganlovells.com) (Source: www.hoganlovells.com). Accounting rules will interplay with regulation: for instance, if a law says stablecoin issuers must segregate funds, accounting will follow suit in how those segregated reserves are reported.

- **Technology and ERP Evolution:** From a systems perspective, expect evolving software capabilities. Oracle and other ERP vendors may build dedicated crypto modules or simplify foreign-currency-like treatments. The market for crypto accounting tools is growing rapidly; firms like Cryptio and Bitwave are investors' signals that the next wave of integration tools is coming. They may eventually standardize mappings for cash-equivalence classification flags, automated disclosures, and integration with blockchain reporting tools.

- **Research and Data Needs:** There is a clear need for ongoing research into digital asset markets. Academic and industry studies on stablecoin volatilities, reserve management, and macroeconomic effects (e.g. as a short-term money market) will inform both policy and accounting. Indeed, IMF and BIS have been increasing their analytical coverage of stablecoins, reflecting their systemic potential. Firms may begin to collect data on internal stablecoin usages: what fraction of client payments flows through stablecoins vs bank transfers? These metrics could even become a line item in annual reports.

- **Case Law and Regulation:** We should also watch for how legal developments interact. The GENIUS Act and forthcoming SEC/CFTC rules will define what is legally permissible for stablecoins. For instance, if stablecoins are defined as deposit liabilities by regulators, they may automatically be treated as cash equivalents under accounting. Conversely, if lawmakers draw distinctions (e.g. "payment stablecoins" vs "asset stablecoins"), companies must align their accounting accordingly.

Conclusion

Stablecoins are at the frontier of finance and accounting. The FASB's new project on cash equivalents represents a landmark effort to bring financial reporting up to speed with digital reality. Our analysis shows that only the most rigorously structured stablecoins (fiat-backed, 1:1 collateralized, redeemable on demand) can realistically meet the strict cash-equivalent criteria. All others will remain analogues of intangible assets under accounting standards. NetSuite and other accounting systems can already accommodate both treatments through configuration and integrations, but firms must plan for any new ASU by possibly re-building cash equivalency subledgers and updating disclosure processes.

In summary, *the accounting for stablecoins is evolving from yesterday's "crypto-intangible" paradigm towards a bifurcated approach.* Companies holding or using stablecoins should stay abreast of the proposed guidance, evaluate their own digital assets for cash-equivalent characteristics, and be ready to implement changes. This will involve legal review of token contracts, validation of reserve audits, ERP system changes, and enhanced disclosures. Stakeholders—from corporate treasury to auditors to investors—should expect significant changes in how stablecoins appear in financial statements in the coming year. The potential benefits (clearer reporting, better liquidity representation) are substantial, but achieving them will require meticulous implementation and possibly further dialogue between industry and standard-setters as stablecoin technology and regulation continue to evolve.

References: All factual claims and figures above are supported by authoritative sources (FASB project documentation, professional firm analyses, and research papers). Key references include FASB's official project summary (Source: www.fasb.org) (Source: www.fasb.org), IFRS staff reports (Source: www.pwc.ch) (Source: www.pwc.ch), industry white papers and news articles (Source: www.houseblend.io) (Source: www.elibrary.imf.org), and technology provider guides on NetSuite implementation (Source: www.houseblend.io) (Source: www.houseblend.io). These sources are linked inline throughout the text for verification.

Tags: stablecoin accounting, fasb digital assets, asc 350-60, netsuite crypto accounting, gaap crypto rules, cash equivalents, crypto subledger

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