

The Technical Bulletin

July 4, 2025

Shaping the Future of Stablecoin Regulation in Thailand: Lessons from Global Leaders and Regional Innovations



Koraphot Jirachocksubsin
Counsel
koraphot.j@morihamada.com

Introduction: The Rise of Stablecoins in Asia

Stablecoins have rapidly evolved from a niche segment within the cryptocurrency ecosystem into a core component of the global financial infrastructure. Their adoption has accelerated across multiple regions in 2025, driven by their ease of use and accessibility for payments and remittances, and as collateralization and as a store of value. Major fintech companies and payment processors, such as Stripe, Visa, Mastercard, and Coinbase have integrated stablecoins into their platforms, enabling merchant settlements, corporate card payments, and cross-border payments. This integration has not introduced entirely new use cases but has instead embedded stablecoins within existing financial systems, making them more accessible and practical for businesses and consumers worldwide.

Regional Regulatory Frameworks and Clarity

While regulatory clarity is steadily advancing, fragmentation remains a challenge. The European Union's Markets in Crypto-Assets (MiCA) regime, effective since June 2024, imposes stringent reserve, audit, and licensing requirements for stablecoins across 27 nations. This has led to a shift in the market, with platforms such as Binance and Kraken adjusting their offerings to comply with MiCA, and new MiCA-compliant stablecoins such as EURR and USDR emerging.

In Asia, Hong Kong has established itself as a market leader with the passage of a comprehensive Stablecoin Bill in May 2025. This legislation mandates licensing for fiat-backed stablecoin issuers, enforces robust reserve and redemption standards, and positions Hong Kong as a regional hub for digital assets. Singapore and Japan have also implemented frameworks requiring strong financial controls, with Japan restricting issuance to banks and trust firms. Meanwhile, South Korea is piloting a Won-pegged stablecoin market, and other Southeast Asian countries are experimenting with local-currency stablecoins to enhance monetary sovereignty and reduce FX costs.

In the United States, the Senate's passage of the GENIUS Act marks a significant step toward federal regulation, aiming to exempt fully backed stablecoins from securities law and allow issuance by both bank and non-bank entities under federal charters. However, cross-border interoperability and the lack of consistent legal definitions remain unresolved issues.

Key Trends and Innovations

- **Dollar Demand and Emerging Markets:** Stablecoins, particularly Tether (USDT) on the Tron network, have become a primary dollar store of value in countries facing currency volatility, such as Nigeria. In Latin America and Africa, platforms like Bitso and Yellow Card now rival local banks in USD transfer throughput, highlighting the role of stablecoins in financial inclusion and remittances.
- **Yield-Bearing Stablecoins:** New stablecoins offering embedded yields, such as USDe and iUSDe, are gaining traction as backend infrastructure for exchanges and custody platforms. While these products are not replacing traditional stablecoins at the point of payment, they are becoming the default float layer for savings and collateral, especially among institutions and sophisticated retail users.
- **Non-USD Stablecoins and Local Innovation:** A growing movement toward non-USD stablecoins is underway, with projects like XSGD (Singapore Dollar), IDRT/XIDR (Indonesian Rupiah), and Thai Baht pilots supporting real-world use cases in e-commerce, payroll, and remittances. This trend is particularly prominent in Southeast Asia, where governments and fintechs are leveraging stablecoins to boost local economic activity and reduce reliance on the US dollar.
- **Integration with Traditional Finance:** Collaboration between stablecoin issuers and traditional financial institutions is on the rise. For example, Mastercard and MoonPay have enabled stablecoin spending at millions of merchants, with instant conversion to fiat at checkout. European banks are also launching their own regulated euro stablecoins, such as Societe Generale's EUR CoinVertible (EURCV), to serve as liquidity rails for exchanges and corporates.
- **Consumer and Retail Innovations:** LINE, a major messaging platform in Asia with over 200 million users, integrated USDT on its native blockchain, Kaia, in May 2025. This allows users to send, spend, and receive USDT within mini apps and wallets, making stablecoins accessible to a massive retail audience.
- **Stablecoin Infrastructure and Orchestration:** The next phase of innovation is focused on infrastructure rather than new issuances. For example, Zero Hash provides the backbone for fintechs to offer stablecoin services with built-in compliance and FX abstraction. The emergence of stablecoin FX desks is anticipated, enabling on-chain currency exchange across USD, IDR, XSGD, EUR, and JPY stablecoins.

The next wave of stablecoin innovation is expected to focus on infrastructure and orchestration rather than new issuances. Key areas of development include stablecoin FX desks for on-chain currency exchange, vertical integration by issuers into payment and merchant networks, and the entry of global systemically important banks (G-SIBs) into the stablecoin market with fully regulated products designed for treasury, B2B payments, and retail flows.

Overall, the global stablecoin landscape is characterized by rapid adoption, increasing regulatory clarity, and a shift toward integration with both digital and traditional financial systems. As regulatory frameworks mature and interoperability improves, stablecoins are poised to play an even more significant role in the future of global finance.

Hong Kong's Stablecoins Ordinance: A Regional Benchmark

Hong Kong's Stablecoins Ordinance, set to take effect on 1 August 2025, represents one of the most advanced regulatory approaches to stablecoins in Asia. The following elements of Hong Kong's framework provide important insights for Thailand:

1. Establishing a Clear Licensing Regime

Hong Kong requires any issuer of fiat-referenced stablecoins (FRS) to obtain a license from the Hong Kong Monetary Authority (HKMA). This licensing regime is not only mandatory for issuers operating within Hong Kong but, also for those referencing the Hong Kong dollar, regardless of where they are located. This clarity ensures that all market participants understand the requirements and obligations, reducing regulatory uncertainty and supporting market integrity.

2. Setting Robust Capital and Incorporation Standards

Hong Kong mandates that licensees be incorporated entities with a minimum of HKD 25 million in paid-up share capital or equivalent financial resources. This requirement ensures that only well-capitalized and credible entities can issue stablecoins, thereby helping to protect consumers and the broader financial system from undercapitalized or potentially unstable operators.

3. Enforcing Stringent Reserve Asset Management

A cornerstone of Hong Kong's approach is the requirement that every stablecoin be fully backed by high-quality, highly liquid reserve assets. These reserves must be segregated and their market value must always at least equal the value of the outstanding stablecoins. This mechanism is designed to uphold public confidence in the value of stablecoins and ensure that redemption requests can always be honored.

4. Guaranteeing Redemption Rights and Consumer Protection

Hong Kong's framework obligates issuers to provide stablecoin holders with the right to redeem their tokens, and prohibits the imposition of unreasonable fees or burdensome conditions. This focus on redemption rights is a direct response to concerns about consumer protection and market stability, ensuring that users can always convert their digital assets back into fiat currency.

5. Implementing Comprehensive Risk Management and Disclosure

Licensees in Hong Kong must maintain robust risk management frameworks and internal controls to address operational, financial, technological, and compliance-related risks. Transparent disclosures are also required, including the publication of a white paper and HKMA approval for key personnel. These measures are intended to promote transparency, accountability, and trust across the stablecoin ecosystem.

6. Supporting Market Access and Innovation

By allowing licensed issuers to offer stablecoins to retail investors, Hong Kong encourages broader participation in the digital asset market. This approach supports innovation while ensuring that appropriate safeguards are in place to protect the interests of all stakeholders.

Thailand's Current Stablecoin Regulatory Landscape

Thailand has established itself as one of the most proactive and crypto-friendly jurisdictions in Southeast Asia, adopting a regulatory approach that is both supportive of innovation and mindful of investor protection. The country's experience with the collapse of high-profile cryptocurrencies such as Luna and Terra has significantly influenced its regulatory stance, particularly regarding stablecoins.

1. Regulatory Classification and Oversight

In Thailand, cryptocurrencies—including stablecoins—are classified as digital assets rather than legal tender. The Thai Securities and Exchange Commission ("**SEC**") serves as the primary regulatory authority overseeing the digital asset sector. The SEC is responsible for licensing digital asset exchanges and ensuring that only approved cryptocurrencies, including certain stablecoins, are available for trading within the country. This regulatory framework is designed to protect investors and maintain financial stability.

2. Stablecoin-Specific Regulations

Thailand has taken a notably cautious approach to stablecoins. In March 2021, the Bank of Thailand ("**BOT**") announced that it would regulate foreign currency-backed, asset-backed, and algorithmic stablecoins that had received official approval. All other types of stablecoins remained unregulated, leaving investors exposed to potential risks. This selective approval process reflects the authorities' intent to allow innovation while mitigating systemic threats to the financial system.

The BOT's regulatory focus is on ensuring that stablecoins do not undermine the national currency or financial stability. As such, the use of cryptocurrencies, including stablecoins, as a means of payment was explicitly banned in April 2022. Although individuals and institutions can still invest in and trade stablecoins as digital assets, their use in everyday transactions is prohibited. This measure was introduced after authorities determined that digital assets posed a threat to the broader economy and the stability of the Thai baht.

3. Compliance and Investor Protection

Digital asset operators, including those dealing with stablecoins, are classified as financial institutions under Thai law. They must comply with anti-money laundering (AML) and counter-terrorism financing regulations. The SEC requires these operators to implement robust investor protection measures, such as issuing risk disclaimers that customers must acknowledge before trading. Additionally, physical identity verification is required to open crypto accounts, further strengthening the regulatory perimeters.

4. Central Bank Digital Currency (CBDC)

The BOT is developing a retail CBDC, aiming to offer a secure, efficient, and widely accessible digital currency to the public. The BOT considers a CBDC to be a more reliable alternative to privately issued stablecoins, with the potential to enhance financial inclusion and service efficiency.

5. VAT on Crypto in Thailand

Thailand permanently removed the 7% value-added tax (VAT) on digital asset trading in January 2024. This exemption, which replaced a previous temporary measure, is intended to boost the crypto sector and attract investors by lowering tax barriers. The move is part of Thailand's broader strategy to become a digital asset hub and is accompanied by other regulatory reforms to support innovation and investor protection in the crypto market.

6. Recent Developments and Ongoing Reforms

Thailand continues to refine its regulatory framework for digital assets, including stablecoins. In 2024, the Finance Ministry and the SEC began amending the Securities and Exchange Act to better align digital investment tokens with traditional securities. Authorities also updated the framework for digital asset markets, introducing stricter requirements for custodial wallet providers and removing certain investment caps for tokens backed by physical assets.

The government's overall stance remains supportive of the digital asset sector, recognizing its potential to drive economic growth and innovation. At the same time, the regulatory environment is deliberately structured to balance these opportunities with the need to safeguard the financial system and protect retail investors.

The SEC expanded the list of eligible cryptocurrencies for investment and trading to include major stablecoins such as USDC and USDT, alongside BTC, ETH, XRP, and XLM. This change, effective from 16 March 2025, reflects the growing acceptance of stablecoins within Thailand's digital asset ecosystem.

The information provided in this bulletin is summary in nature and does not purport to be comprehensive or to render legal advice.

Please contact our lawyers if you would like to obtain advice about specific situations.

© Mori Hamada & Matsumoto. All rights reserved.

Shaping the Future of Stablecoin Regulation in Thailand

To develop a robust and future-proof stablecoin framework, Thailand can draw valuable lessons from the evolving global landscape, particularly the regulatory approaches adopted in the European Union, Hong Kong, Singapore, Japan, and the United States. The following recommendations outline how we believe Thailand could shape its stablecoin regulatory regime to foster innovation, ensure financial stability, and maintain international competitiveness:

1. Establish a Comprehensive Licensing Regime

Thailand should consider implementing a clear and comprehensive licensing framework for stablecoin issuers, modelled on Hong Kong's approach. This would require all issuers of fiat-referenced stablecoins (including those referencing the Thai baht) to obtain a license from the relevant Thai authority, such as the BOT or the SEC. Licensing should be mandatory for both domestic and foreign issuers targeting Thai users or referencing the Thai baht.

2. Set Robust Capital and Incorporation Requirements

To ensure that only credible and well-capitalized entities can issue stablecoins, Thailand could require issuers to meet minimum paid-up capital thresholds and be incorporated entities. These requirements would help protect consumers and the financial system from undercapitalized or potentially unstable operators.

3. Mandate Full Reserve Backing and Segregation

In line with best practices observed in the EU's MiCA framework and Hong Kong, Thailand should require stablecoins to be fully backed by high-quality, highly liquid reserve assets. These reserves should be segregated from the issuer's own assets and subject to regular, independent audits. This approach would enhance public confidence and ensure that redemption requests can always be honored.

4. Guarantee Redemption Rights and Consumer Protection

Issuers should be obligated to provide stablecoin holders with clear and enforceable redemption rights, and should be prohibited from imposing unreasonable fees or barriers to redemption. Consumer protection measures, including transparent disclosures, risk warnings, and clear complaint mechanisms, should be embedded in the regulatory framework.

5. Implement Comprehensive Risk Management and Disclosure Standards

Stablecoin issuers should be required to maintain robust risk management frameworks, covering operational, technological, financial, and compliance risks. Regular disclosures, including white papers and periodic reserve attestations, should be mandated to promote transparency and uphold market integrity.

6. Support Innovation and Market Access

The framework should encourage responsible innovation by allowing licensed issuers to offer stablecoins to both retail and institutional users, subject to appropriate safeguards. Regulatory sandboxes and pilot programs could be used to test new stablecoin models, including local-currency and yield-bearing variants, in a controlled environment.

7. Strengthen AML/CFT and Tax Compliance

Ongoing vigilance in anti-money laundering (AML) and counter-terrorism financing (CFT) compliance is essential. While the removal of VAT on digital asset trading is a positive step, tax guidance should be regularly updated to address new stablecoin use cases and ensure ongoing compliance.

By adopting a balanced and forward-looking approach that incorporates these elements, Thailand can position itself as a leading digital asset hub in Asia, attracting investment and innovation while safeguarding its financial system and protecting consumers.

Conclusion

Stablecoins are rapidly transforming the global financial landscape, offering new efficiencies in payments, remittances, and financial inclusion. As their adoption accelerates, regulatory clarity and robust frameworks are essential to harnessing their benefits while mitigating the risks involved. Thailand has already taken a proactive and balanced approach to digital asset regulation, but the evolving global environment presents both challenges and opportunities.

By drawing on the experiences of leading jurisdictions such as Hong Kong, the European Union, and Singapore, and by tailoring international best practices to local needs, Thailand can develop a stablecoin framework that supports innovation, protects consumers, and ensures financial stability. Clear licensing regimes, strong reserve requirements, comprehensive risk management, and a commitment to transparency will be key pillars of this framework. As the digital asset ecosystem matures, continued regulatory refinement and international cooperation will be crucial to maintaining Thailand's position as a regional leader in digital finance.

Chandler Mori Hamada will closely monitor these legal developments and keep you informed of any updates. If you have any questions in relation to the issues raised in this newsletter, please contact the author listed above.