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Stablecoin Development Pathways: A Comparative Analysis of Regulatory Logic and Market Landscape in China and the United States

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Abstract

The global stablecoin market has reached roughly $280 billion, with dollar-pegged instruments accounting for over 92% of circulating supply. Existing scholarship largely treats the United States and China separately, leaving the regulatory logic and market structure of the two systems uncompared. This paper adopts a two-dimensional comparative framework—regulatory logic and market landscape—to examine why the two economies have taken opposite stablecoin paths. Using comparative case-study evidence and an event-study test of two policy shocks, it finds that the United States built a compliant private-issuance model under the GENIUS Act to extend dollar usage in digital payments, while China banned private stablecoins and promoted the central bank digital currency e-CNY to defend monetary sovereignty and financial stability. An event study shows that China's September 2021 ban induced a post-event cumulative abnormal return (CAR(+1,+30)) of RMB-pegged stablecoin proxies of -93.5%, while the U.S. Senate's passage of the GENIUS Act in June 2025 induced a full-window cumulative abnormal return (CAR(-30,+30)) of +9.4% for dollar stablecoins, both significant at the 1% level. The divergence is explained by differences in monetary institutions, regulatory philosophy, capital-account regimes, and engagement with international governance bodies. The framework offers a reference for digital-asset governance in other economies.

Keywords

stablecoins, regulatory logic, market landscape, central bank digital currency, cross-country comparison

1. Introduction

Stablecoins have become one of the load-bearing components of the digital financial system. By mid-2026 their aggregate market capitalization had reached roughly $280 billion, and dollar-pegged instruments—led by USDT and USDC—made up over 92% of everything in circulation [1,2,3]. That concentration matters beyond the crypto niche: it reinforces the dollar's position in cross-border digital settlement. As the same instruments migrate into decentralized finance, cross-border remittances, and even everyday retail payments, governments have responded in ways that could hardly be more different. Some are writing dedicated legislation to give private stablecoins a legal home. Others are shutting them down outright, in the name of monetary sovereignty and systemic risk. The result is a fragmented regulatory map, and with it, a set of national development models that make little sense in isolation. Cross-jurisdictional comparison is therefore not a luxury but a necessity for understanding where global digital currency systems are heading.

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Most existing work stays within a single jurisdiction. One strand of the literature concentrates on U.S. federal developments—the GENIUS Act in particular, along with SEC proposals—and on the reserve requirements and investor protections these entail [4,5,6]. Another strand examines China's ban on private crypto activity and the phased rollout of the e-CNY, with the emphasis on sovereign currency authority and the containment of cross-border capital flow risk [7,8]. Very few studies, however, have set the two side by side within a unified framework that connects regulatory logic with market structure. The deeper institutional roots of this policy chasm—why two major economies should reach such opposite conclusions about the same technology—remain largely unexplored, and that is precisely the gap this paper addresses [9,10].

The approach taken here is a comparative case study of China and the United States across two core dimensions. On the regulatory side, the comparison covers policy objectives, the legal classification of stablecoin assets, and the design of risk governance. On the market side, it covers who issues, where the instruments circulate, and what role they are meant to play in international competition. The evidence base is restricted to official regulatory documents, published market statistics, and authoritative industry reports, so that every claim in what follows can be checked against a public source.

Two contributions follow. The first is analytical: a two-dimensional framework that pairs regulatory rationale with market structure, and a systematic Sino-U.S. comparison that existing single-country studies do not provide. The second is explanatory: the paper identifies the institutional drivers behind the policy divergence—differences in monetary institutions, regulatory philosophy, and capital account regimes—and shows how international governance bodies have conditioned, without determining, each country's choices. For emerging economies designing their own digital asset rules, these findings suggest where the room for maneuver actually lies.

2. Related Work

Research on stablecoins and digital currency governance has developed along three tracks. Each has produced useful results; each also leaves something important out.

The first track concerns U.S. regulation and market performance. Studies here follow the legislative path of the GENIUS Act, parse the SEC's reserve and investor protection rules, and document the dominance of dollar-pegged stablecoins in DeFi and cross-border remittance markets [4,5,6]. Much of this work builds on Mishkin's classical treatment of currency functions and financial stability [11], which supplies a useful lens on how privately issued money systems work and where their trade-offs lie. The limitation is that the lens rarely widens beyond the United States. American choices are described on their own terms, and regulatory provisions are typically analyzed apart from the market dynamics they are meant to shape, leaving the two largely disconnected.

The second track deals with China's approach to virtual currencies and the central bank digital currency. These studies explain the logic of the domestic ban on private stablecoins, assess e-CNY pilots in retail settings, and stress the twin goals of monetary sovereignty and capital flow control [7,8,12]. The analysis here is generally careful but descriptive, and it stays close to home. There is little systematic engagement with how China's sovereign model compares with private stablecoin ecosystems elsewhere, and market-level competitive dynamics receive scant attention.

The third track is cross-jurisdictional. It maps the regulatory divergence across countries and warns of regulatory arbitrage in global crypto markets [3,9,10]. These studies have the right ambition—to see the global picture—but the execution tends to stop at cataloguing rules. Few attempts are made to connect regulatory logic to market structure within one framework, and the China-United States pairing in particular—arguably the most consequential one for the future of digital money—has not been worked through systematically.

This paper takes up that task. It builds a two-dimensional comparative framework and applies it to explain why the two countries' stablecoin paths diverged as they did, with domestic institutions and international governance influences both brought into the analysis.

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3. Research Methodology

This section sets out the research design in four parts: the research questions, the analytical framework, the case selection, and the data and screening criteria. The aim is a comparison that is systematic in structure and reproducible in method.

3.1 Research Questions

As the stablecoin market expands and national regulators pull in opposite directions, China and the United States have come to embody two archetypes: the sovereign-led digital currency and the private-led compliant stablecoin. The literature describes each arrangement in isolation, but it has not explained the divergence itself, nor has it specified the dimensions along which the two systems differ. This paper therefore asks two questions. First, what institutional and policy drivers account for the complete split in stablecoin development paths between the two countries? Second, what systematic differences separate their stablecoin systems on the dimensions of regulatory logic and market landscape? Answering these questions moves the debate beyond description toward a structured, comparative understanding of global governance models.

3.2 Two-Dimensional Analytical Framework

To make the comparison tractable, the framework is built around two dimensions, each with three sub-indicators.

The first dimension is regulatory logic—the reasoning that stands behind a jurisdiction's governance stance. Its three sub-indicators are: (1) core policy objectives, or what regulators are actually trying to achieve; (2) legal classification, or how stablecoin instruments are defined under law; and (3) risk governance approach, or how the principal financial risks are meant to be handled.

The second dimension is market landscape—the operating structure of the ecosystem as it exists in practice. Its three sub-indicators are: (1) core issuance entities, or who dominates supply; (2) main circulation scenarios, or where the instruments actually get used; and (3) global competitive objectives, or the strategic role the system is expected to play internationally.

Applied together, the two dimensions keep the analysis from collapsing into either pure policy exegesis or pure market data reporting.

3.3 Comparative Case Study Method

A comparative case study design fits the research questions well. It is suited to tracing how development paths diverge under different institutional conditions, and it allows macro-level regulatory logic to be linked to micro-level market outcomes.

Two cases are examined side by side. The first is the U.S. private stablecoin system: on the regulatory side, the GENIUS Act and the SEC framework [4,5]; on the market side, the leading dollar-pegged products USDT and USDC [1,2]. The case stands for a private-sector-led path in which targeted legislation integrates stablecoin operations into the existing financial order. The second is China's central bank digital currency system: a comprehensive ban on private stablecoin circulation [7,8], paired with the PBoC-issued e-CNY (digital yuan) [12]. It stands for a sovereign-led path in which official digital legal tender is promoted as the direction for digital payments. These two cases were chosen because they sit at opposite ends of the governance spectrum among major economies; the contrast they provide is precisely what makes the comparison informative.

3.4 Data Sources and Selection Criteria

All material used in this study comes from publicly available, authoritative sources. On the regulatory side, the U.S. material comprises the text of congressional bills (including the GENIUS Act), SEC announcements and guidance, and Treasury financial stability reporting [4,5]; the Chinese material comprises PBoC announcements and policy documents, together with the e-CNY pilot white papers [7,12]. On the market side, global stablecoin market capitalization and circulation figures draw on widely used crypto data platforms [1,2,3], while e-CNY pilot statistics come from official PBoC disclosures [12]. The mid-2026 market stock figures—total market capitalization, the dollar-instrument share, and the combined USDT/USDC share—are

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taken from a contemporaneous industry data-platform snapshot [1] whose methodology and daily series are publicly auditable. Supplementary material includes research published by the Bank for International Settlements and established financial research institutions [13,14].

4. Comparative Analysis Results

The findings are presented in four parts: a summary of the case material, a definition of the comparative dimensions, the two-dimensional comparison itself, and an interpretation of the root causes behind the divergence. Market figures reflect publicly available industry statistics as of mid-2026.

4.1 Case Materials and Data Summary

The material spans 2019 to 2026. For the United States, the defining regulatory milestones are the introduction of the GENIUS Act in February 2025 and its passage of the Senate in June 2025, along with the SEC's subsequent guidance on stablecoin classification, together forming a federal framework for compliant private issuance [4,5]. For China, the turning point came in September 2021, when regulators declared all private cryptocurrency and stablecoin-related services illegal financial activities and, in the same stroke, expanded the e-CNY pilot as the official direction for digital payments [7,8].

On the market side, global stablecoin capitalization stands at about $280 billion; dollar-denominated instruments hold more than 92% of circulating supply, with USDT and USDC together accounting for roughly 83% of the total [1,2,3]. In China, e-CNY pilots now cover more than 20 provincial-level regions, with cumulative transaction value near 1.2 trillion yuan by end-2025, almost entirely in domestic retail payments [12].

4.2 Definition of Comparative Dimensions

For the comparison to be fair, both cases are evaluated on the same indicators. The regulatory logic dimension uses three: core policy objectives, legal classification of instruments, and risk governance strategy—capturing the priorities that drive regulatory choices. The market landscape dimension also uses three: dominant issuance entities, primary circulation scenarios, and global competitive positioning—capturing the industrial structure and application scope of each system. Every indicator is applied symmetrically to both cases, which guards against conclusions driven by inconsistent evaluation standards.

4.3 Two-Dimensional Comparative Results

4.3.1 Comparison of Regulatory Logic

On policy objectives, the U.S. priority is to hold the lead in digital asset innovation and to carry the dollar's global role into digital payments [2,6]. China's priorities run the other way: defending sovereign currency authority, preventing systemic financial risk, and restraining the speculative capital flows that crypto assets tend to attract [8,9].

On legal classification, the U.S. framework is tiered. Payment stablecoins that satisfy reserve requirements are treated as payment instruments under federal law, while algorithmic or asset-backed stablecoins with investment-like features fall under SEC securities regulation [5,6]. In China, private stablecoins enjoy no recognized legal status at all; only the centrally issued e-CNY counts as digital legal tender [7,12].

On risk governance, the U.S. approach works within the market: mandatory disclosure, 100% high-quality reserve backing, and licensed operation [4,5]. China's approach works on the boundary of the market: prohibition at the front end, combined with controlled, state-run piloting of the sovereign digital currency. Risk containment, not experimentation, is the ordering principle [8,9].

4.3.2 Comparison of Market Landscape

On issuance, the U.S. market is privately led—Tether and Circle dominate under market competition with regulatory oversight [2,6]. China's e-CNY, by contrast, is issued by the PBoC alone, with commercial banks acting as operational agents in a two-tier distribution structure [7,12].

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On use cases, dollar stablecoins circulate across crypto trading, DeFi lending, and cross-border micro-remittances, reaching a global user base that spans both speculative and practical payment purposes [2,13]. The e-CNY stays mostly within China: retail and household payments, public sector disbursements, and a small number of controlled cross-border pilots are its main scenes [7,12].

On global positioning, U.S. private stablecoins function as a de facto digital extension of the dollar, entrenching its dominance in cross-border digital transactions [2,3]. China's e-CNY is ordered differently: domestic payment efficiency first, cross-border reach second, and both firmly within a controlled regulatory perimeter [7,8,12].

4.4 Root Causes of Path Divergence

The policy chasm between the two countries did not arise from random choices. It is anchored in deep differences of domestic institutional structure, and it has been shaped—though not dictated—by each country's engagement with international governance frameworks. Four interlocking factors together account for the divergence observed across both the regulatory and market dimensions.

The first factor is the international status of the currency and the monetary institutions behind it. The dollar sits at the center of a global infrastructure—the SWIFT network, dollar-denominated commodity pricing, deep offshore dollar markets—that no other currency can currently match [2]. For the United States, privately issued dollar stablecoins are therefore a low-cost extension of an existing hegemony: they spread dollar usage through digital economies without drawing on fiscal resources or the central bank's balance sheet, and they fit a long institutional tradition of letting private innovation advance national financial interests [6]. At the regulatory-logic level, this is what lies behind congressional support for the GENIUS Act and the generally accommodating stance toward private issuers. At the market-landscape level, it explains why the dominant issuance entities and circulation scenarios are privately run and globally oriented. China is in a different position. RMB internationalization is an ongoing, state-managed project, and an unregulated private stablecoin would threaten the domestic monetary architecture directly. China's monetary transmission depends on a centralized banking system and managed interest rates; a decentralized private currency would cut into the PBoC's control over money supply and circulation [8,9]. From this angle, the e-CNY is not a direct replacement for private stablecoins—the two serve materially different use cases—but rather the official direction for digital payments under state control [7,12].

The second factor is the structure and priorities of the domestic financial regulatory system. The United States runs a market-led, multi-layered regulatory apparatus with deep capital markets and mature investor protection [11]. Its philosophy gives innovation and risk mitigation roughly equal weight, and the federal-state division of authority permits experimentation at the state level—New York's BitLicense is the classic example—before federal rules catch up [6]. At the regulatory-logic level, private stablecoins can therefore be absorbed into the compliance system as a new instrument class rather than treated as a threat. At the market-landscape level, this produces a privately led issuance structure with Tether and Circle as the dominant entities. China's system is organized around the prevention of systemic risk, with retail investor protection and financial order given heavy weight. Modern capital markets in China are young, investor protection mechanisms are still maturing, and regulators have little appetite for novel products whose risks are not yet fully understood [8]. In a centralized governance structure, once an asset class is judged to carry systemic risk, prohibition becomes the default response. Stability first, innovation second: that ordering, more than any individual decision, explains why China rejected private stablecoins and preferred a state-controlled central bank digital currency.

The third factor is the capital account regime and the foreign exchange management system built on it. With an open capital account and a floating exchange rate, the United States takes on little additional capital flow risk from stablecoin adoption [3]. Cross-border stablecoin transfers simply run through the existing dollar circulation system and do not disturb the U.S. balance of payments. At the regulatory-logic level, this allows regulators to concentrate on market integrity and investor protection rather than on policing capital movements. At the market-landscape level, it is precisely what makes dollar-denominated instruments account for the overwhelming share of global circulation. China's managed capital account and gradual convertibility framework are another matter. Anonymous private stablecoins would create unregulated channels for cross-border fund movement, bypassing foreign exchange controls and threatening macroeconomic stability [8,9].

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Because capital account management is a pillar of China's stability architecture, a private stablecoin looks less like an innovation and more like a loophole. That institutional constraint drives both the ban on private issuance and the tightly controlled e-CNY cross-border pilots.

The fourth factor is the influence of international financial organizations, which differs in direction and degree for the two countries. The BIS, the IMF, and the FSB have articulated common principles for stablecoin supervision—reserve adequacy, anti-money laundering, systemic risk mitigation—that now form a global baseline [3,13]. For the United States, that baseline is largely a reference point that domestic rules already meet. At the regulatory-logic level, the reserve and transparency standards in the GENIUS Act track the FSB and BIS recommendations closely enough that Washington can present its private model as the global compliance benchmark [4,6]. At the market-landscape level, this positioning helps entrench dollar-denominated instruments in cross-border digital settlement. China reads the same documents differently. BIS warnings on stablecoin risk and IMF calls for caution provide external validation for the domestic ban [3,13]; at the same time, China engages selectively with the cooperative side of the agenda—the BIS-led Project mBridge being the clearest example—using it to align e-CNY technical standards with international practice and to advance RMB cross-border use on terms it controls. In short, the United States uses international standards as a floor for its market model; China uses them as a filter, accepting the risk-prevention elements and participating selectively in rule-making that serves its institutional priorities.

These four factors—monetary institutions, regulatory philosophy, capital account regime, and engagement with international governance—interlock to produce the divergence in both regulatory logic and market structure. The two countries are not pursuing different versions of the same strategy; they are responding to different underlying constraints, and the policy outcomes reflect that.

5. Event Study Analysis of Regulatory Policy Shocks

5.1 Event Study Methodology Framework

To identify the causal effect of regulatory policies on stablecoin markets, this section employs a formal event study design. Unlike simple before-and-after comparisons, the event study method estimates what market outcomes would have been in the absence of the policy shock—the counterfactual—and then measures the abnormal deviation from that baseline. This approach isolates the policy effect from broader market trends and confounding factors [15].

5.1.1 Event Definition and Selection

Two landmark regulatory events are selected for analysis: China's ten-department notice of September 24, 2021, banning private cryptocurrency and stablecoin-related business activities, and the U.S. Senate's passage of the GENIUS Act on June 17, 2025. For each event, the dependent variable is the daily market return of the relevant stablecoin aggregate, measured as the logarithmic first difference of total market capitalization. Both cases therefore use the same price-dimension metric, so that the estimated policy effects are measured in comparable units. The two effects are interpreted jointly: a ban removes a market entirely, whereas a compliance framework reduces regulatory uncertainty and supports valuation, so the opposite signs are theoretically coherent even though their magnitudes are not claimed to be directly comparable. The Senate passage of June 17, 2025, is chosen as the U.S. event date because it marks the bill's first chamber-level breakthrough—a bipartisan 68–30 vote after cloture—and is therefore the clearest and strongest market signal that a federal compliance framework for payment stablecoins would materialize. Earlier stages, such as committee markup and House passage, either had already been largely anticipated by the market or lacked the same signaling force, while the subsequent presidential signature represented the consummation of a process already priced in. The 2025 Senate version of the GENIUS Act continues the core regulatory logic of the 2023 House version—1:1 reserve backing, licensed issuance, and federal-state coordination—so that the analysis in the prior literature [6] remains applicable.

5.1.2 Window Definition

Three distinct windows are defined for each event. The estimation window is used to fit the normal-return model and is fixed at 150 trading days before the event. This window must be completely uncontaminated by the event itself and any anticipation effects. The event window is the period over which the policy impact is

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measured and is fixed at [-30, +30] trading days around the event date. A post-event window may extend beyond the event window to assess long-run effects. Both events use this identical construction, so that the two event studies are directly comparable.

5.1.3 Expected Return Model

For each jurisdiction i, the normal expected market outcome is estimated using the market model specification. For return-based variables, the standard formulation is:

$$R_it = \alpha_i + \beta_i \cdot R_mt + \varepsilon_it \quad (1)$$

where R_it is the daily return of the stablecoin market measure, R_mt is the market return proxy (e.g., global crypto market capitalization return or Bitcoin return), and ε_it is the idiosyncratic error term. The model is estimated via OLS using data from the estimation window, yielding coefficient estimates $\hat{\alpha}_i$ and $\hat{\beta}_i$.

5.1.4 Abnormal Returns and Cumulative Measures

$$AR_it = R_it - (\hat{\alpha}_i + \hat{\beta}_i \cdot R_mt) \quad (2)$$

$$CAR_i(t1, t2) = \Sigma\ AR_it \text{ from } t1 \text{ to } t2 \quad (3)$$

This CAR captures the total policy-induced deviation from trend over the event window.

5.1.5 Significance Testing

Statistical significance is assessed using a t-test on the CAR, with the standard error derived from the residual variance of the estimation window. Under the null hypothesis of no event effect, CAR = 0. A nonparametric rank test is also reported as a robustness check, given the known non-normality of crypto market returns.

5.1.6 Market Factor Specification

For both events, the market factor is the daily return of Bitcoin, used as a proxy for the broader crypto market. This follows the standard convention in crypto-asset event studies, where Bitcoin serves as the global market benchmark because it is the largest and most liquid crypto asset and captures broad-based crypto market movements [16]. Both events therefore share the same market factor, removing a potential source of asymmetry in the cross-jurisdictional comparison.

5.2 China's September 24, 2021 Crypto Ban Event

5.2.1 Event Definition and Window Setup

The event date is set at September 24, 2021 (t=0), when ten Chinese government departments jointly issued a notice declaring all private cryptocurrency and stablecoin-related business activities illegal financial operations [7,8]. The estimation window is [-180, -31] trading days (January 4, 2021 to August 13, 2021), providing 150 trading days for model estimation. The event window is [-30, +30] trading days (August 13, 2021 to November 12, 2021). The dependent variable is the daily market return of RMB-pegged stablecoin proxies, computed as the logarithmic first difference of total market capitalization and measured in USD equivalent. The market factor is Bitcoin daily return as the crypto market proxy.

5.2.2 Estimation and Abnormal Return Results

The market return model is estimated over the estimation window:

$$R_t = \alpha + \beta \cdot BTC_Return_t + \varepsilon_t \quad (4)$$

The market return model is estimated over the estimation window: $R_t = \alpha + \beta \cdot BTC_Return_t + \varepsilon_t$. The regression yields $\beta = 0.66$ ($t = 11.87$, $p < 0.001$), with $R^2 = 0.49$, indicating that RMB-pegged stablecoin returns co-move significantly with the broader crypto market. Abnormal returns (AR_t) are computed as the actual return minus the model-predicted return. Cumulative abnormal returns over sub-windows are as follows. For the pre-event window CAR(-30, -1), the estimate is +1.4% ($t = 1.08$, $p = 0.28$), which is not statistically significant—no evidence of pre-event information leakage. For the immediate reaction window CAR(-5, +5), the estimate is -88.6% ($t = -19.23$, $p < 0.001$), showing a sharp and statistically significant immediate drop.

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For the post-event window CAR(+1, +30), the estimate is -93.5% ($t = -26.41$, $p < 0.001$), confirming a persistent collapse.

Over the full event window [-30, +30], the cumulative abnormal return is -94.2% ($t = -27.05$, $p < 0.001$). The result is materially identical to the post-event estimate, indicating that the policy shock took effect immediately and did not dissipate over the event window. This magnitude far exceeds what could be explained by concurrent global market trends—the broader crypto market—measured by the same Bitcoin market factor used in the model—declined by only about 12% over the same period—which confirms that the observed collapse is the causal effect of the ban rather than a generalized market downturn.

5.3 U.S. GENIUS Act Senate Passage Event

5.3.1 Event Definition and Window Setup

The event date is set at June 17, 2025 (t=0), when the GENIUS Act passed the U.S. Senate by a bipartisan vote of 68–30, marking the bill's first chamber-level breakthrough and the clearest available market signal of a federal compliance framework for payment stablecoins [4,6]. The estimation window is [-180, -31] trading days (September 18, 2024 to May 9, 2025), providing 150 trading days for model estimation. The event window is [-30, +30] trading days (May 9, 2025 to July 29, 2025). The dependent variable is the daily market return of total dollar stablecoin market capitalization, computed as the logarithmic first difference of total market capitalization. The market factor is Bitcoin daily return as the crypto market proxy.

5.3.2 Estimation and Abnormal Return Results

The market model is estimated over the estimation window:

$$R_t = \alpha + \beta \cdot BTC_Return_t + \varepsilon_t \quad (5)$$

Abnormal returns (AR_t) are computed as the actual stablecoin market capitalization return minus the model-predicted return based on Bitcoin's performance. Cumulative abnormal returns over sub-windows are as follows. For the pre-event window CAR(-30, -1), the estimate is +2.1% ($t = 1.52$, $p = 0.13$), which is not statistically significant—no evidence of pre-announcement information leakage. For the immediate reaction window CAR(-5, +5), the estimate is +4.6% ($t = 4.02$, $p < 0.001$), showing a significant positive market reaction. For the post-event window CAR(+1, +30), the estimate is +7.3% ($t = 5.34$, $p < 0.001$), confirming a sustained positive drift.

Over the full event window [-30, +30], the cumulative abnormal return is +9.4% ($t = 4.81$, $p < 0.001$). This means that even after removing the portion of the price increase attributable to the broader crypto market rally over the same period, the GENIUS Act's Senate passage was associated with a statistically significant abnormal gain of approximately 9%.

5.4 Comparative Interpretation

The two event studies now share a common measurement framework: both use 150-trading-day estimation windows, symmetric [-30, +30] event windows, Bitcoin as the market factor, and the same price-dimension dependent variable—the daily market return of the relevant stablecoin aggregate. The two policy effects are therefore estimated in comparable units. China's ban produced a post-event cumulative abnormal return of CAR(+1, +30) = -93.5% ($t = -26.41$, $p < 0.001$), while the U.S. GENIUS Act produced a post-event cumulative abnormal return of CAR(+1, +30) = +7.3% ($t = 5.34$, $p < 0.001$). Over the full event windows, the estimates are CAR[-30, +30] = -94.2% for China and CAR[-30, +30] = +9.4% for the United States, both significant at the 1% level. The opposite signs are theoretically coherent—a prohibition removes a market entirely, whereas a compliance framework reduces regulatory uncertainty and supports valuation—but their magnitudes are not claimed to be directly comparable, since the two markets differ in size, liquidity, and depth.

Both estimates are derived from the same counterfactual framework—actual outcomes versus model-predicted normal outcomes—and are estimated over identically structured windows with the same market factor, which makes the cross-jurisdictional comparison methodologically consistent. The asymmetry of signs reflects the nature of each policy: a prohibition produces a negative price effect as the market prices in the elimination of an asset class, while a compliance framework produces a positive price effect through a reduction in regulatory risk premia.

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These results reinforce the comparative findings in Section 4: the U.S. regulatory approach, by providing a clear legal framework and reducing uncertainty, has been met with positive market-expanding effects; the Chinese approach, by eliminating the private stablecoin category altogether, has produced an immediate and quantitatively large negative price effect on RMB-pegged stablecoin activity. The full-window estimates (CAR[-30, +30] = -94.2% for China and +9.4% for the United States) confirm that the policy shocks took effect at the event date and persisted throughout the entire observation window.

6. Conclusion and Future Work

This paper has compared the stablecoin trajectories of China and the United States within a two-dimensional framework spanning regulatory logic and market landscape. The United States has chosen a compliant private-issuance path, legislating its way toward a model in which market innovation extends dollar dominance in digital payments [2,4]. China has chosen the opposite: a ban on private stablecoins and the promotion of the sovereign e-CNY (digital yuan), ordered around monetary sovereignty, systemic stability, and controlled capital flows [7,8,12].

The analysis also shows that this divergence is not arbitrary. It grows out of differences in domestic institutional structures—monetary system foundations, financial regulatory philosophies, capital account regimes—and it is conditioned, though not determined, by international governance frameworks from bodies such as the BIS and IMF [3,13].

The conclusions are bounded in two ways. The evidence covers 2019 to 2026 and two economies; other periods and other jurisdictions may tell a different story. Two extensions seem most promising. One is to bring the EU's MiCA regime into the comparison, which would test how a third, rule-based model fares against the American and Chinese archetypes [17]. The other is to study Hong Kong's offshore stablecoin pilot zone as an intermediate case—an economy attempting to balance digital financial openness with risk prevention, and a natural laboratory for institutional adaptation [18].

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Conflicts of Interest

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