

Article Information

Authors: Jordan Markezic, Michael Bacina

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Blockchain Bites: ANZ leads the way with A\$DC - the world's first stablecoin minted by a bank

Michael Bacina and Jordan Markezic of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.

In a watershed moment for Australian crypto-markets and crypto globally, the Australia and New Zealand Banking Group Limited (ANZ) have created a stablecoin tied to the Australian dollar and performed a test transaction using an ERC-20 token.

ANZ made the announcement during Australian [Blockchain Week](#) - an annual event bringing together technology experts, academics, executives & government leaders who contribute to the blockchain and digital assets landscape in Australia.

The announcement follows the Australian Government issuing a range of consultation papers for new laws to help Australia make Australia a "crypto-hub" in the Asia-Pacific region.

Stablecoins are a form of cryptocurrency which aim to track the value of a reference currency. Well known stablecoins include Dai, which is backed by digital currency on an overcollateralised basis, USDC, issued by Circle, which is backed by US dollars, and USDT, issued by Tether, which is backed by US dollars but which has a chequered history in proving those deposits.

Stablecoins eliminate the volatility which makes some businesses hesitant to deal in cryptocurrencies, but still bring lower costs (by removing intermediaries) and greater efficiencies, including for settlement of transactions, cheaper and faster foreign exchange, escrow by smart contract, and other automated payments.

ANZ lead of banking services, [Nigel Dobson](#), said:

We see our digital coin will be programmable for our customers' needs... [w]e anticipate the digital asset economy will accelerate and a foundational element will be a digital Aussie dollar.

Michael Bacina, Partner of the Piper Alderman Blockchain team, contributed to the [Australian Financial Review's article](#), saying:

Banks are a natural fit for an AUD stablecoin issuance, bringing decades of trust to a novel product which will see faster mainstream adoption with the imprimatur of a major bank

Michael went on to note:

There have been a variety of privately issued stablecoins which are in the marketplace but uncertainties around the status of those coins has kept them from being listed on exchanges. I expect a bank issued ERC-20 stablecoin [a standard on the Ethereum blockchain] to be swiftly made available across major exchanges.

The announcement raises several exciting possibilities and opportunities for Australian consumers moving forward. A\$DC will likely increase Australian consumers access to NFT market places, DeFi, cheaper foreign exchange, and to a raft of decentralised services. If it sees widespread adoption with merchants, we may also start to see a competitor peer-to-peer payment system to rival credit card providers, the [New Payments Platform](#) or EFTPOS systems, something which industry incumbents will be watching closely.