Circle Internet Group, Inc.

NYSE:CRCL

Earnings Call

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Call Participants

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Co-Founder, Chairman & CEO

John Andrews

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Presentation

Operator

Hello, and thank you for standing by. My name is Tiffany, and I will be your conference operator today. At this time, I would like to welcome everyone to the Circle Internet Group Q2 2025 Earnings Call. [Operator Instructions]

I would now like to turn the call over to John Andrews, Vice President of Capital Markets and Investor Relations. John, please go ahead.

John Andrews

Good morning, and welcome. This is John Andrews, VP of Capital Markets and Investor Relations at Circle, and I'd like to welcome you to our second quarter 2025 earnings conference call.

We are excited for all of you who have joined us this morning as we take another key step on our journey as a public company with our first earnings call.

I'm joined by Jeremy Allaire, our Co-Founder, Chief Executive Officer and Chairman; and Jeremy Fox-Geen, our Chief Financial Officer.

Earlier this morning, we posted our earnings press release and earnings presentation on the Circle Investor Relations website, investor.circle.com. A transcript of this call will be posted on that website once available.

I do need to remind everyone that our earnings release, presentation and this call contain statements that are forward-looking. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events.

The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in that forward-looking statement. Information concerning risks, uncertainties and other factors that could cause these results to differ is included in our SEC filings.

We will also disclose non-GAAP financial measures in the call today. Definitions of those non-GAAP financial measures and reconciliations to the most comparable GAAP financial measures can be found in the earnings release and earnings presentation that are available on our Investor Relations website at investor.circle.com.

Non-GAAP financial measures should be considered in addition to, but not as a substitute for GAAP measures.

With that out of the way, it's with pleasure, let me turn it over to Jeremy Allaire.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Thank you, John. I'm pleased to be here this morning. It's been an honor to bring Circle public and host our first earnings call. We are thrilled to work with so many world-class people, partners and investors. We started this company 12 years ago with an ambitious mission to build a new Internet financial system with blockchains and digital currency that could increase global economic prosperity through the frictionless exchange of value.

We and the entire market are in the early stages of that vision, literally graduating from the early adopter phase of blockchain technology and digital currency into the mainstream adoption phase that is accelerating.

I want to start with some key highlights from 2025. USDC, the core of our stablecoin network, has grown to $61.3 billion at June 30 and growth has accelerated into Q3 to $65.2 billion in circulation as of August 10, representing approximately 90% year-over-year growth and 49% growth year-to-date making USDC the fastest-growing major stable coin over the past year. In Q2, USDC onchain transaction volume grew 5.4x year-over-year to nearly $6 trillion.

Our transaction volumes have also accelerated into Q3 with $2.4 trillion in transactions in July alone. We have been rapidly expanding Circle's platform and network with major new products, including Circle Payments Network, which we believe will become a breakthrough in global money movement by building an onchain native payments network that will move money faster and more efficiently and opens up new utility through programmable payments; Circle Gateway, which enables seamless cross-chain USDC experiences; 8 new blockchain partners; and Arc, our new Layer 1 blockchain network, which we are announcing today. More on that later.

Post-IPO and GENIUS Act, we are experiencing rapid expansion in commercial opportunities with major mainstream companies across every sector of finance and technology, including companies from all around the world.

And from a corporate mission perspective, we joined Pledge 1%, a global movement for corporate impact. To honor this commitment prior to the IPO, we reserved 2.7 million shares of our Class A common stock for future donations to our Circle Foundation.

As we look at the overall stable coin market, we believe that the total addressable market for stablecoins and our products is massive with dollar stablecoins only representing a mere 1% on of the U.S. M2 money supply, but with continued rapid growth in stablecoin supply.

Today, Circle operates the largest regulated stablecoin network in the world. We talk about this a lot. Stablecoins are network businesses and have meaningful network effects. Growth of our stablecoin network is driven by our platform, our blockchain protocols and the developers building applications and services on our network. That expands the circle onchain ecosystem and is the classic flywheel that has driven the growth of our stablecoin network since its launch in 2018.

Like other Internet platforms and network businesses, stablecoins are a "winner take most market" as liquidity and utility complement each other and drive growth. There have been many regulated and unregulated dollar stablecoins and many more to come, but the strength and resiliency of Circle's network effects positions us well to compete and grow.

Turning to the regulatory environment. Circle's market and competitive strength is further cemented with the signing of the GENIUS Act, creating powerful tailwinds for Circle. We believe this law will accelerate stablecoin adoption by major financial institutions, mainstream enterprises, technology companies and ultimately drive much broader use of stablecoins across retail and wholesale payments as well as broader usage in TradFi capital markets. This is likely the catalytic moment for the mainstream scaling of stablecoins, and we are already seeing this in our business momentum.

Turning to our products and platform. We are continuing to make progress with our core digital asset products, USDC, EURC and USYC. With USDC, we expanded our distribution on to 8 new blockchain networks in 2025 and significantly expanded CCTP version 2 availability, both of which continue to cement USDC as the most liquid and available onchain dollar stablecoin.

We also now offer a yield token, USYC, that can be used in both digital assets and traditional capital markets as collateral with 24/7/365 liquidity between USYC and USDC.

We're now executing that strategy, driven by our expanded partnership with Binance, who will now make USYC available as collateral, unlocking a very powerful use of USYC on the largest exchange in the world. And we're already seeing accelerating adoption there.

We've continued to expand our core banking and liquidity capabilities, including with multiple G-SIBs, strengthening our unrivaled industry position.

During Q2, we undertook the launch of one of the most ambitious new product investments, Circle Payments Network, our initiative to transform international money movement, which today already has active payment corridors in Hong Kong, Brazil, Nigeria and Mexico. We have rapidly grown our pipeline of financial institutions interested in launching on CPN to over 100 firms.

We have an ambitious road map and we'll continue to expand CPN's features and use cases. from international money movement to other types of payments such as consumer and B2B payments and still further into global capital markets and corporate treasury services. We're incredibly excited to see this level of interest so soon after CPN's launch.

In July, we introduced Circle Gateway, which abstracts away the complexity of holding USDC on different blockchains and in different wallets, streamlining usability and speeding transactions that use USDC. This is a key building block in bringing USDC into more mainstream financial and payment applications and creates new monetization opportunities for Circle.

Now I'd like to turn to a very special and major new platform initiative that we are announcing today, Arc. Arc is a new blockchain network from Circle that we will launch in the second half of the year. We are at the fulcrum of a massive mainstream embrace of stablecoins in the financial system, and firms are racing to build on this infrastructure.

But until now, the blockchain infrastructure needed to meet the most intense demands of major financial firms and enterprises has simply not existed. We are delivering that infrastructure with Arc. Arc is a new Layer 1 blockchain that is compatible with Ethereum infrastructure that operates as a stand-alone network.

Some key facts about Arc. We wanted to create a way for institutions to pay fees on blockchains in a fast, predictable manner that will be simple from an accounting perspective and could deliver very low cost and stable fees. So with Arc, we are using USDC itself as the native gas fee currency. This removes the complexity of paying transaction fees in a native token.

Arc offers enterprise-grade performance and real settlement finality. Financial institutions and regulators expect deterministic finality, which Arc will achieve with Circle-vetted professional validators and its novel consensus mechanism.

Arc will also offer configurable privacy controls with opt-in confidential transfer features, which is essential for real-world business and financial applications and also supports regulatory compliance.

And finally, Arc will be integrated across Circle's entire product portfolio and will also provide best-in-class USDC liquidity and interoperability across the wide range of blockchain networks we already support.

We are very excited about Arc and have shared more information, including a brief paper and platform details on circle.com and the Arc website.

Now let's turn to growth and adoption. Just in the past few months, we've seen incredible engagement and interest in working with Circle from major firms in every sector of the financial system as well as Internet and technology companies, and this is consistent and accelerating all around the world.

I'd like to highlight a few examples from our recent periods. In digital assets, we've launched and expanded key partnerships with Binance and OKX, 2 of the largest exchanges in the world. With Binance, we've significantly expanded our partnership to include broader use of Circle technology.

We're also continuing to see strong traction and partnerships in DeFi, including our planned launch of USDC on Hyperliquid, one of the fastest-growing onchain exchanges and ecosystems.

Major cross-border payment firms like Remitly, MoneyGram and ZEPZ are integrating USDC into their payment networks. And Stripe made USDC central to its new global stablecoin financial accounts for businesses. Visa, Mastercard and others have publicly announced new products and plans that would expand availability and usage of USDC on their networks.

I'm particularly excited that banking and payments infrastructure providers like Matera, Fiserv, FIS and Corpay all announced deals with Circle to add stablecoin capabilities and our technology into their product infrastructure that, combined, serves tens of thousands of banks and financial institutions.

Now turning to digital asset trading markets, which continue to remain a key priority and a significant growth opportunity for Circle. Since we launched initiatives to drive USDC in the digital asset markets in early 2024, our share of spot trading volume has grown from 1% to 10% in Q2. And through our partnerships and growth initiatives, we are highly focused on continued market share gains. Digital asset firms globally are focused on working with the most trusted and compliant leader in stablecoins.

To summarize, let me reiterate the advantages of our stablecoin network. Circle is uniquely positioned to lead in the mainstream adoption of blockchain and stablecoins. Our platform powers developers, enterprises and institutions to build on the Circle stablecoin network, leveraging our deep liquidity infrastructure and seamless global bank connectivity. We provide primary liquidity in every major financial center and have facilitated over $1 trillion in USDC issuance and redemption since 2018.

With Internet scale distribution across wallets, payment providers, banks and exchanges worldwide, Circle is becoming the default choice for institutions selecting stablecoin network.

Our market-neutral model invites broad adoption of our platform from even the most competitive players. Our trusted regulated status and long-standing policy engagement capped by the passage of the GENIUS Act fortifies our position as the industry's most reliable foundation.

Together, these strengths create powerful competitive bulwarks and network effects that compound driving exponential growth for Circle.

With that, I will turn things over to our CFO, Jeremy Fox-Geen.

Jeremy Fox-Geen
Chief Financial Officer

Thank you, Jeremy, and good morning, everyone. I'm excited to be here with you all for our first earnings as a public company. I'll start by walking briefly through the fundamentals of our business and financial model and then turn to the financial and operating results for the quarter.

As Jeremy noted, stablecoins are network businesses with Internet scale potential. Successful networks are valuable and enduring. And our strategy is to build the largest stablecoin network.

We make money in 2 ways. First, we monetized the money stock on the network through reserve income, which we earn on the cash equivalent assets we hold to back our stablecoins.

And we are also starting to monetize certain transaction flows and elements of our network infrastructure. While these other revenues are small today, they are growing, are high margin and also have the potential to scale rapidly with network adoption and usage.

Finally, we are an Internet platform business with a highly scalable model and inherent operating leverage with the potential to deliver strong profit growth and margin expansion over time.

Let me now review the quarter. Circle's stablecoin network continues to grow strongly. USDC onchain transaction volume was up 5.4x year-on-year. CCTP volume showed similar growth, up 4.1x year-on-year, demonstrating the importance of blockchain interoperability. Meaningful wallets, defined as wallets holding more than $10 of USDC, were up 68% year-on-year as USDC adoption continues to expand globally.

USDC in circulation stood at $61.3 billion at quarter end, up 90% year-on-year; and was at $65.2 billion as of August 10, up 6.4% since quarter end.

USDC held within Circle's platform infrastructure grew 10x year-on-year, reaching 10% of total circulation at quarter end as more partners build using our platform infrastructure.

The reserve return rate was 4.14% for the second quarter reflecting the decline in [SOFR] during this period.

Total revenue and reserve income increased 53% year-on-year to $658 million in the second quarter as growth in USDC in circulation was partly offset by a lower reserve return rate.

Total distribution transaction and other costs increased 64% year-on-year to $407 million. The increase was driven by higher average USDC balances held on Coinbase's platform and other partner incentives as we continue to build and grow partnerships to drive USDC growth and adoption.

As a result, our revenue less distribution cost margin was 38% in the second quarter.

Other revenue increased to $24 million in the second quarter, up 3.5x year-on-year. This was primarily driven by a $13 million increase in subscription and services revenue, mostly from our blockchain network partnerships. Transaction revenues grew strongly to $5.8 million in the second quarter, up from $1.6 million in Q1.

Our other revenues carry a higher margin than our net reserve margin and added 2.2 percentage points to margin overall in the second quarter.

Total revenue and reserve income less distribution, transaction and other costs was $251 million in the second quarter, growing 38% year-on-year.

Adjusted operating expenses which excludes depreciation and amortization, nonoperating digital asset gains and losses and stock-based compensation were $128 million for the quarter as we continue to invest in growing our platform at this pivotal moment for our industry.

Adjusted EBITDA was $126 million in the quarter, up 52% year-on-year and delivering a 50% adjusted EBITDA margin, reflecting the strong operating leverage inherent in our business model.

Now let me turn to our outlook. Our goal is to help investors and analysts understand our business and how we manage it as best as possible. We are at the beginning of meaningful structural shifts in the global markets for money, and we are managing our business for long-term success.

As such, we do not intend to give short-term quarterly guidance. We do intend, however, to give full year guidance on certain key metrics. We will evolve this guidance each quarter with our financial results, as needed.

USDC in circulation is not a forecastable metric in the traditional sense and is, in many ways, the outcome of an entire economy of activity. There is a growing body of third-party research on stablecoin growth with multiyear forecast CAGRs ranging from 25% to 90% with a median of 60%.

Our core model anticipates multiyear through-cycle USDC growth of a 40% CAGR, reflecting our conservative nature.

We anticipate other revenue to range between $75 million and $85 million for 2025, primarily driven by subscription and services revenue from our blockchain network partnerships, which can vary quarter-on-quarter, along with transaction revenues, which are small today but growing.

We anticipate an RLDC margin of between 36% and 38% for 2025. While RLDC margin for the first half of the year was 39%, we continue to invest in partnerships with industry-leading institutions to grow USDC adoption.

Adjusted operating expenses we expect will range between $475 million and $490 million in 2025 as we continue to invest in key areas to build out our platform, our capabilities and our global partnerships. This would represent a full year growth rate of between 20% and 24%.

In closing, we have had a strong first half and are executing at an accelerating pace against the significant opportunity in front of us.
Thank you to our investors and analysts for your support and engagement, and we look forward to updating you on our progress next quarter. With that, operator, we can now start the Q&A portion of the call.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Joseph Vafi with Canaccord.

Joseph Anthony Vafi
Canaccord Genuity Corp., Research Division

Jeremy and Jeremy, great results here, and congrats on your IPO, which was obviously a great success and your first earnings call.

Just a couple for me. One, the news on Arc, obviously, very exciting. Do you believe that the gas fees and the like are the first step here in the revenue model for USDC or maybe for transactions away from trading pairs and the like? Is Arc going to be -- and the gas fee is going to be kind of the basis for transaction piece here for broader transactions with USDC? And then I have a quick follow-up.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Sure. Thanks, Joe. Look, a few things here. First, we're very excited about Arc. There's a lot more information out about it. Arc, we want to underpin all stablecoin finance, payments, FX, capital markets, applications. And it's really designed to support mainstream regulated financial institutions who want to build onchain and build financial products and services onchain. And so we're excited, and we believe that a lot of traffic can move on to a network like Arc.

And yes, the gas fees, which are denominated in USDC, can become a source of revenue. And we'll certainly, as this goes into Testnet and ultimately launches on Mainnet, we'll have a lot more to say about that.

But I would also say, just to contextualize it, we have a number of transaction fee revenue streams that are emerging. And Jeremy referred in his remarks to the kind of growth in transaction fee revenue, which was very solid on an annualized basis, and we're continuing to see. So many new products and services that we're building include transaction fee components to them. And of course, that includes CPN as we scale that and it includes premium features of Circle Mint. It includes features of USYC, our yield token.

And so we're adding more and more transaction fee models, but you are correct that Arc does have a underlying gas fee transaction fee model built on USDC.

Joseph Anthony Vafi
Canaccord Genuity Corp., Research Division

Sure. Great. And then just on the USYC theme, maybe drill down a little bit on that expanded relationship there with Binance with a focus on USYC and maybe just a little color on expanding that into USYC and not just USDC?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Sure. A couple of things of note. So as noted in my comments, we have expanded our partnership with Binance. That includes both around USDC and USYC. With USDC, they're continuing to adopt Circle wallet technologies. They're more -- they're sort of deeper support and integration with Circle's wallet technology, which is going to help promote and grow the use of USDC on their platform.

And so they've been a great partner, and they're leaning into both the technology and really driving USDC growth.

The partnership around USYC is really important. When we acquired the product and then very recently relaunched the product, we designed it to be something that could be used as a yield-bearing collateral instrument. And when you look at global exchanges today, and Binance is the largest global exchange, there's an enormous amount of collateral posted in those markets. And we believe that as institutionalization takes hold, that the big trading firms, asset managers, institutions are going to want to post yield-bearing collateral, but then actually trade with USDC.

And so the integration between USYC as yield-bearing collateral and USDC as digital cash that can be used as a relative margin in spot markets and the like, it's a powerful market structure. The fact that we're doing this with the biggest exchange in the world is really significant, and we hope and expect that we will deploy this kind of architecture in more digital asset exchanges, and ultimately, on major traditional clearinghouses.

Earlier in the year, we announced a collaboration with ICE. And within the context of that, the goal is to stand up the ability to support yield-bearing collateral like USYC, USDC as cash and settlement.

And so this new 24/7/365 market structure where you can seamlessly move between tokenized yield-bearing collateral and cash, we think it's the future of financial markets. And we're obviously excited about pioneering an implementation of that vision with the largest digital asset exchange in the world.

Operator

Your next question comes from the line of Pete Christiansen with Citi.

Peter Corwin Christiansen
Citigroup Inc., Research Division

And certainly, we echo our congratulations on a very, very successful IPO. It's been a long road for you guys, so congratulations.

Jeremy, I wanted to ask, and we get this question quite a bit from investors, is trying to understand the transaction volume versus the circulation. Obviously, transaction volume growing way faster. So the question kind of comes down to trying to understand the velocity of each token and how that relates to circulation overall. Just if you could if you could dimensionalize that for us to help us better understand that relationship would be super helpful.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes, you're welcome. Thanks, again. A couple of things of note. I think, obviously, you're absolutely correct. The money stock, which today is sitting at around $65.6 billion of USDC versus the amount of transactional volume that happens onchain, that's, by the way, not including transactions that are happening on exchanges, which is sort of off-chain transaction volume. But the onchain transaction volume, what you note is that a dollar digital currency such as USDC has very high velocity. And I think in part that is based on the fact that blockchain-based transactions now through the development of mature blockchain networks allow transactions to happen in fractions of a second and fractions of a cent.

And so the kind of the speed with which transactions can happen, the ability to move the digital dollars all around the world seamlessly, to move them between different protocols for investment or for payments, it is a higher velocity form of money. And I think just like data moves a lot faster than your newspaper delivery or your video call moves a lot faster than a letter, Internet-native architectures for money are going to allow for higher velocity money overall.

Now in terms of the connection between that money velocity and kind of core stablecoin money supply, I mean, I think there's correlation. You can sort of see that correlation. But we've also seen that over the last year, transaction volume growth has been higher than the stablecoin money supply growth. And I think, in part, that reflects the improvements in blockchain technology infrastructure so that it is faster and cheaper and easier to move these digital dollars around.

And that also, I think, reflects the growth in payment utility that we're seeing for these in emerging and developing markets and peer-to-peer transactions. And so I think it's a mixture of things like that we look at.

And I think from a very long-term perspective, we certainly are interested in kind of the monetary theory that will go behind this new Internet financial system and money velocity, and ultimately, how we think about kind of macro aggregates in terms of impact on economic activity as a whole, but that's a ways off.

Peter Corwin Christiansen
Citigroup Inc., Research Division

That's helpful. And then as my follow-up, I'm curious, CPN seems to be off to a great start here. A ton of new partnerships that you signed up, some marquee ones, in fact, Curious what's the next milestones for CPN as you're looking for that network to grow? And what is the inter-relationship, I guess, between -- that you envision between CPN and Arc in the future?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Sure. It's a great question. So we're very happy with the initial launch of CPN. We launched it, as you know, just very recently in what we consider to be the pilot phase. We've had a tremendous amount of demand from financial institutions that want to become members and want to participate on CPN.

Really, the first phase has been about getting a few key high-priority corridors active on that. So we've been able to bring 4 corridors, Hong Kong, Brazil, Nigeria and Mexico on. And as we look at the priorities for ourselves between now and the end of the year, let's just say, we want to bring significantly more corridors on so that money flows can work seamlessly across major developed markets and more emerging and developing markets. And so that's a big focus, and making sure that we can provide sufficient liquidity across those corridors so that people who want to move volume through this can. So really, activation of corridors is key.

There are a lot of product features that we are developing in response to what the market has told us they need. And so 1 of the things that we found is that the number of institutions that want to onboard and become integrated and activate on the network sort of outstrips our capacity to bring them on.

And so we're making self-service product dashboards, self-service tools for kind of configuring the way flows work for these institutions. And so that is key, those key product investments, and we hope to bring a significant number of new members on. And obviously, our ultimate ambition is that thousands of members will join CPN and participate in a wide array of payment flows.

On the second follow-up question related to Arc, we do see Arc playing a very important role with CPN. Arc is designed to be a purpose-built blockchain for stablecoin finance for payments, FX and capital markets. And you will see in the lite paper that was made available on our website just shortly ago that Arc itself will include a native FX engine and FX platform within it. Arc will include configurable privacy and opt-in confidential transfers, very important features for money flows between financial institutions. And then obviously a straightforward kind of security and gas fee model.

All of those are attractive for what we're building for Arc, and we certainly hope that many of the financial institutions that are implementing and integrating with Arc will use our CPN -- excuse me, will use Arc network as a key kind of back plane for their payments and financial applications.

Operator

Your next question comes from the line of Ken Worthington with JPMorgan.

Kenneth Brooks Worthington
JPMorgan Chase & Co, Research Division

I wanted to follow up on payments. The payment opportunity seems to be developing quickly. You guys launched CPN and Coinbase announced Shopify and the building on the Coinbase commerce platform. To what extent are these networks sort of complementary versus competing?

And ultimately, is it important for Circle to be the dominant payment network? Or is it better to be sort of one of many networks as long as they're sort of focused on -- in utilizing USDC?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Thanks, Ken. It's a great question. There are a few pieces to this. So first and foremost, USDC as a stablecoin network is a market-neutral infrastructure, which many, many different types of companies are building on top of whether those are capital markets firms, trading firms, exchanges, brokerage platforms, neobanks, traditional banks, payment service providers. There's a huge array of companies networks themselves, like Visa and Mastercard, increasing their use of stablecoins and USDC, specifically as well.

So we expect many different payment networks and many different capital markets, exchanges and others to build on our stablecoin market infrastructure. We view that as very valuable in growing use cases, very valuable in growing distribution. It can be very valuable in growing the adoption of other technology protocols and services that we also monetize. And so broadly, we've got a big tent mentality here and we want to see a lot of success across many different types of companies.

Now I think, secondly, when Shopify launches USDC payment acceptance and they're using a product from Coinbase to do that, that's great. That's exactly what we want to see from our partners like Coinbase and others. We want to see people building and integrating USDC into commerce flows and into other types of applications.

And so as Shopify merchants can accept USDC, that grows the utility of the stablecoin network. That means that digital wallets that are in the hands of the hundreds of millions of Binance users or the hundred million Nubank users or users who use different digital wallet products all around the world that support USDC, that they now have something that they can do with that and transact with that.

So that grows network value for Circle and it expands the utility, and that's part of our competitive moat is this expanding utility through developers that integrate this and deploy this in different ways.

I would also say, just as a kind of comment just in general, we are seeing incredible demand and acceleration from firms in the payments industry, from firms that build infrastructure for supporting payments with a wide variety of companies. Just in recent weeks, we've announced partnerships with Fiserv, FIS, Corpay, Matera and these are firms that provide core infrastructure, including payment infrastructure to tens of thousands of banks and financial institutions, and they're integrating our technology. They're integrating USDC and that's really tremendous and I think just represents that there are going to be many, many different networks and many, many different distribution points for how this comes into payments.

Obviously, CPN is a very important initiative from us and we want that to be a very, very successful general purpose onchain payments network. We believe that the model we're putting forward with CPN is going to be very attractive to financial institutions and ultimately to the customers that they serve.

Kenneth Brooks Worthington
JPMorgan Chase & Co, Research Division

Okay. Amazing. And then the Circle IPO, obviously, a huge success here. You now have a really valuable currency. What are your thoughts on leveraging the value in your stock to drive additional shareholder value through various means. Is there an opportunity?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes, I can comment on that. I think, first and foremost, virtually everything that we do has overwhelmingly been the result of organic product development. We are a technology company. We're a software-driven technology company. And we like to build, we like to innovate. But we certainly, from time to time, find teams, find intellectual property, find complementary technology that we do want to add to the portfolio.

And in fact, this morning alongside the announcement of Arc, we announced a small acquisition of both a team and intellectual property that is very important intellectual property in this next generation of stablecoin finance blockchains. So that's an example where we have done that. And earlier this year, we acquired another firm that had a team and core intellectual property around privacy and confidentiality in blockchain.

And so we do see opportunities to use our currency to do M&A. But we're careful and deliberate, and I don't think our strategy here is to go try and do big complex acquisitions to kind of throw kind of additional business lines next to what we do. I think we take a kind of full stacked, integrated platform view of what we do. And so we want to -- we only want to do things that really fit clearly in that kind of product mandate. We've got a lot of organic development happening now, and we're excited to deliver on that.

Operator

Your next question comes from the line of Owen Lau with Oppenheimer.

Owen Lau
Oppenheimer & Co. Inc., Research Division

So first of all, congrats on the quarter and congrats on the successful IPO. For my question, could you please talk about the adoption of USDC in remittance. I know you have some partnerships with remittance companies, but some others are thinking about creating their own stablecoin as well. How do you gauge the adoption here? Is there any way you can quantify for us the penetration for USDC so far?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes, it's a great question. We certainly have continued to see demand in remittance. And by the way, remittance that we observe is both kind of family member to family member or kind of individuals. But there's a lot of B2B remittance meaning companies that may have overseas operations and need to remit capital back to, say, the United States or Asia or Europe and so -- which is more like a treasury flow. So -- but those kinds of cross-border flows we're seeing proliferate.

We have more and more partnerships that are coming online in this use case. We obviously, in the quarter, had several prominent cross-border fintechs expanding what they're doing with USDC, Remitly, MoneyGram, ZEPZ as well, all of whom have sizable franchises. And CPN itself, the primary use case on it is remittances, both consumer to consumer and B2B. And so we're seeing that as the first major use case on Circle Payments Network as well.

I would also say there are indirect things that we look at. So for example, kind of peer-to-peer flows in different markets around the world. We kind of try and monitor those peer-to-peer flows through various websites that provide data on that. And we've grown our presence in those peer-to-peer flows fairly considerably over the last year.

In terms of the general question of other stablecoins, I mean, I think the key thing to understand is that what makes a stablecoin network good for remittance is the liquidity of that stablecoin all around the world. And so what we've been able to do, both through primary and secondary liquidity, is create a tremendous liquidity network.

And what does that mean? That means that if I have USDC and I send it to a person in Brazil, it's fast and cheap to get that into a Brazilian bank account in reais. And all around the world, there are these on- and off-ramp companies that support USDC. So we've built the liquidity network, which eases the way in which people can seamlessly move value and move value in and out of different currencies, e-money systems and banking systems.

And so that liquidity network, which has been many, many years of work with regional banks, global banks, payment service providers and others is really something that is very, very difficult to replicate. And so just having a coin doesn't actually really solve a problem in terms of the ultimate delivery of money and the settlement of money and the liquidity of that against all of these different parts of the global financial system.

Owen Lau

Oppenheimer & Co. Inc., Research Division

Got it. That's very helpful. And then as my follow-up, could you please add more color on your partnership with OKX, which is a very large exchange in Asia as well? What is the economic arrangement look like? And how does this deal different from other deals such as Binance and Coinbase?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Sure. So the first thing I'd say is digital asset markets are a critical market for us. They continue to grow. They're very sizable. There are many companies, both regional companies and global companies, that are critical there. We have been growing our participation in those markets fairly materially. Our share of spot market volume on the major exchanges grew tenfold over the last -- since beginning of '24. And so we're really focused on that.

And I think as kind of compliance and regulatory integration and having trustworthy stablecoins becomes more important, we're finding more opportunities to partner with the biggest exchanges. Now Coinbase had a head start. They were the first big exchange to really bet on USDC, and that's been great for them.

Obviously, we established a partnership with Binance. We've expanded that partnership with Binance and they're the largest exchange in the world.

And with OKX, getting back to your question, we're very excited about the expansion of our relationship with OKX. We don't disclose the material or commercial terms of the specific transaction. But what we've characterized is that they're adopting Circle wallet technology. And we're offering them integration into our core Circle Mint infrastructure, so that they can provide the institutions that are coming to their platform with the best possible liquidity experience with USDC.

And so they have 60 million users. This is going to help promote USDC to those 60 million users, growing, again, the value and reach of our network and the utility of USDC. And we hope to do a lot more with OKX as they also become a much more regulated player, regulated in Europe. They're obviously have publicly talked about their launch in the United States. And so it's a very solid firm with a global franchise and an important expansion of our strategy in digital asset markets.

Operator

Your next question comes from the line of John Todaro with Needham.

John Todaro
Needham & Company, LLC, Research Division

Congrats on a great quarter and the rollout of Arc. First question related to Arc, how distributed is the goal for Arc from kind of a node operator validator standpoint? How do you ensure gas fees remain low? And then I have a follow-up question.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Sure, absolutely. A couple of things. So one is, I would highly encourage you to read the lite paper, which was made available this morning, and we talk a little bit about some of these issues there. So there is a novel fee mechanism that we have designed for Arc, which will ensure predictable low costs for transactions and obviously those transactions priced in USDC.

I believe there'll be subsequently significantly more information about the fee market mechanics as we go into kind of public Testnet, but there's a novel approach that we're taking there. It's very important if you're a financial institution or a commerce firm that you have low and predictable fees and fees that you can pay in real digital cash. And so that's very important.

And then in terms of distribution, I think we ultimately aspire that Arc is operated by a fairly large distributed network of professional validators. We are very focused on vetted professional validators that can meet the operational security and compliance expectations for people running this critical infrastructure. We want that to be highly geographically distributed. We want that to be distributed across major institutions as well.

And so, I think we ultimately believe that this is a tremendous opportunity for financial market utilities, for financial institutions, for large existing major firms in validator infrastructure. And so we have a whole vision and go-to-market that we're thinking about there. And again, we're in the early stages of standing this up. But that -- I think the lite paper touches on this issue as well in terms of how we're thinking about that evolution.

John Todaro
Needham & Company, LLC, Research Division

Great. And then just as it relates to GENIUS -- so if you look into sort of the Tether circulating supply growth, seems to have kind of done this leveling off since July 27. USDC has continued to have growth since then. When you talked earlier about seeing some of that momentum or effects from GENIUS Act, was that sort of what you're hinting at? Do you think that's a result of GENIUS or not really seeing the effects yet from that standpoint?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes. I mean, it's hard to specifically correlate the kind of the rapid acceleration in USDC growth over the past 1.5 months or so with a specific legislative outcome. I think one could broadly say awareness of USDC is growing around the world. Awareness of USDC as a product that is sort of purpose-built for what the GENIUS Act represents is interesting and whether that's affecting user preference, it's very, very hard to know.

But my comment, I think, that you're referring to is much more around commercial engagement. Since the Circle IPO and since the final passage of GENIUS Act into law, we have seen just an incredible amount of inbound interest from financial institutions across every sector of the financial industry from major technology companies, from large enterprises and we're seeing that interest coming into us from all around the world in all the geographies that we're in.

And so I think this has been a catalytic moment for mainstream institutions to say, okay, now I can play. Now I can build. Now I can work with this technology. There's obviously also been regulatory relief in the United States for financial institutions to engage in the space, and that's obviously been additive as well.

And so we're just seeing the kind of commercial opportunity set that's coming in for us right now growing considerably, which is really exciting. And I think that this is very much something that we talked about while we were going through our IPO and engaging with the market, which is that we believe that GENIUS Act would be an important catalytic moment and a tailwind to adoption of what we're doing.

And now we've got to kind of grab those opportunities and make sure we're building the right products and services for these partners. And critically make sure we can put together win-win economic relationships where these customers can deliver value for their customers, they can grow economically, we can grow economically. And that's very much our fundamental philosophy as we partner with firms around the world.

Jeremy Fox-Geen
Chief Financial Officer

I'd just add on to that. GENIUS has clearly been a major catalytic event from that interest from major financial institutions across every segment of financial activity.

I'd make one sort of cautionary note though. While absolutely necessary for this accelerating growth in USDC and in the Internet financial system, financial services companies, particularly the largest ones, integrating with new technologies and rolling that out to their customers typically takes time.

And what's tremendous about where we sit is they're exploring deep integrations with us, which leads to stickiness over time. But at the same time, the speed of their rollout will be dependent upon them and their own abilities internally to make progress.

Operator

Your next question comes from the line of Jeff Cantwell with Seaport Research.

Jeffrey Brian Cantwell
Seaport Research Partners

First of all, congrats on the IPO. Also on the passing of GENIUS Act, Jeremy, was being signed, I was thinking about you and many others involved in the crypto industry. It probably was a long journey getting to that point. So I want to say congrats to you and to everybody who helped to make that happen.

Can you maybe talk about what you've seen, as sort of follow-up on the previous question. Post the GENIUS Act's passing, it looks like your USDC in circulation was $61 billion in Q2, now in August it's $65 billion. So it does sound like you're seeing increasing demand. And I was hoping you can maybe give us a little color as to what you're seeing since the GENIUS Act was passed just a few weeks ago. Was it more domestic or international growth? Can you just talk more about that?

And then also wanted to ask how are you thinking about the growth in USDC from here? You're talking about a 40% CAGR. So how would you describe where you expect to see that growth come from? Would you mind just bucketing what are the incremental opportunities for USDC as you think ahead, that would be great.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Sure. I'll take part of that, and I'll have Jeremy Fox-Geen take part of that as well. So I mean, the post-GENIUS demand, again, as we just talked about, I'm mostly characterizing that around institutional interest in building on our stablecoin network. Institutional interest in working with Circle, which, as Jeremy Fox-Geen just noted, these institutions and putting together relationships, implementing product, getting those products out and scaling will take time.

I think the more recent growth, as I see it, reflects a kind of green light/go view within the global environment to utilize stablecoins. That has certainly been fostered by the increasing activity in digital asset markets. But I think it's broadly a kind of a signal to the market that this is now a form of digital cash-like instrument that can be utilized.

And so it's going to be interesting to see, and I know that ties into your other question about growth. Obviously, with recent acceleration, we've grown 90% year-over-year and 49% year-to-date.

But in terms of how to think about that going forward, I know Jeremy Fox-Geen, you have some thoughts on that and just our general philosophy around how to think about that because it is not a straightforward thing to guide on, hence, the approach that we take.

Jeremy Fox-Geen
Chief Financial Officer

Thank you, Jeremy. I'll talk a bit about kind of how we view -- you referenced the 40% number we put out, how we view that. As I said in my remarks, right, the growth in USDC in circulation, in many ways, is the output over an entire economy. The digital asset markets with a bootstrap use case for stablecoins and represent the largest part of that economy today, but as I think we've been talking about on this call, we are seeing accelerating interest and growing adoption from every major financial services vertical for whom these new money technologies can bring tremendous advantages.

This is very early days. We are right at the beginning of building the Internet financial system. And there's a multiyear, if not multi-decade, growth for these new technologies within financial services.

Specifically as to guidance, there is a growing number of third-party research firms, financial industry analysts, who are publishing research on stablecoin growth. And they all see not just the promise that I touched on, but multiyear CAGRs and those growth rates range from kind of 25% CAGR at the low end up to 90%-plus CAGR at the high end with, from our reading, the best current median at around a 60% CAGR.

We believe in the benefits of these new technologies very, very strongly. When it comes to guidance, our core model, and we run a range of scenarios to enable us to manage the business in an uncertain environment, but our core model suggests a 40% CAGR and if we can deliver that in terms of USDC growth, we believe that will deliver a compelling financial return for our investors.

Jeffrey Brian Cantwell
Seaport Research Partners

Got it. Okay. Great. And maybe as a follow-up, one of the frequent questions we've been asked for clarification on about your company post the IPO is where is the onchain transaction volume coming from? Can you walk through that in more detail? You just reported $5.9 trillion in onchain.

So maybe can you discuss the use cases, maybe even geographically where the transactions are coming from. I think a lot of the interest is because public investors are still trying to get a better feel for the world of crypto, whereas the world of fiat up still is much more familiar for the obvious reason here in the U.S. So maybe can you talk to us about where the $5.9 trillion is being generated, that would be very helpful.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

I can touch on that. And I think as you know, public blockchain data does not include geographic IP addresses or things like that, but there are very good heuristics to look at this. And in fact, I think there are some excellent third-party research firms that do focused research on blockchain data, blockchain analytics. And we look at that and look at other data sources.

What I can certainly say is it's highly distributed geographically. There's an enormous amount of traffic in USDC that is around the world: Europe, Asia, emerging and developing markets, Latin America, Middle East, Africa, Southeast Asia. So it is very geographically distributed and while the U.S. is important, it is not the majority.

And so we see that geographic distribution in the data that we're able to look at. And obviously, we can identify activity that is specifically USDC that's moving between exchanges or super wallets and things like that. And oftentimes, we'll correlate that to investing activity, savings activity, but also for payments activity.

We know, for example, that peer-to-peer payments in emerging developing markets using stablecoins are a significant use case. But most of those peer-to-peer payments are intermediated by the big wallets that are attached to these big kind of, what I think of, as financial super apps like the Coinbase products or the Binance products where people in those markets are using them not just for trading and investing, they're using them for savings to earn yields and for P2P payments as well.

And so once USDC gets into one of those big platforms, we can't track inside of there exactly all the flows and what people are doing. But those are some comments that I can give. I don't know, if you want to add anything, Jeremy.

Jeremy Fox-Geen
Chief Financial Officer

Yes. I'd add on a little on to that just to give kind of a top-down conceptual understanding of what this even means, right? In today's world, every money movement use case, so I think kind of consumer payments through credit card networks, remittances, international kind of money transfers via Swift, every single use case effectively has a different technology delivery stack.

With the Internet, we are seeing the emergence of the first-ever general-purpose architecture for money movement. And so onchain transactions include money movement across all financial services use cases, which is almost a radical difference, certainly a tremendous difference to the existing system.

So what does that mean? When we think about those use cases, just as examples, Visa moved somewhat north of $10 trillion a year through its consumer-to-business and business-to-business rails. And that's one number that's off-sited. But let's not forget JPMorgan, as an example, moves somewhat north of $10 trillion a day in gross money movement and gross money settlement as well as other use cases.

And so all of that is intermingled in onchain transactions for stablecoins. And so, as Jeremy said, it's difficult to disaggregate all of those different money uses, but we should not forget that all of those money use cases are represented in these numbers.

Operator

Your next question comes from the line of James Yaro with Goldman Sachs.

James Edwin Yaro
Goldman Sachs Group, Inc., Research Division

I just wanted to ask, firstly, on the outlook for non-dollar stablecoins and the necessity for growth of these, in your view, to facilitate stablecoin cross-border payments and thus CPN.

And then perhaps just how you can, I guess, to what degree you plan to facilitate that with EURC?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Thanks, James. It's a good question. So over the long run, we are very optimistic that virtually every major country in the world will have a good stablecoin policy regime and that we'll see proliferation in high-quality regulated payment stablecoins. We believe GENIUS Act is actually driving that and we're seeing that with legislators and governments around the world who are now really racing to get their stablecoin policies in place. And so we do expect that proliferation.

We want to work with these non-dollar stablecoins. We obviously issue EURC and that has done well. But we want to work with these non-dollar stablecoins because onchain money is more effective and efficient money. It's programmable money. And from a cross-border perspective, if you can have a 24/7/365 continuously settled, atomically swappable PvP exchange, that's a very powerful building block.

And it's one of the reasons why we are building such an engine into our own core blockchain network Arc is that we want to see that mature because we think that as a, again, a programmable building block for a commerce, trade and various types of capital markets activity, that's going to be really important.

Now short of that all maturing, and we do believe it will mature, it is not necessarily an impediment to growing use of stablecoins in cross-border settlement. And CPN itself really from the start, the kind of FX model is designed to connect stablecoins to local currency liquidity and local electronic money rails.

And so a person sending money from Portugal to a person in Brazil, they might have EURC or USDC sitting on one side of that transaction. And on the other side, there are essentially takers of that, what we call our DFIs, who have liquidity of USDC against local Brazilian real. And they can effectively price against existing kind of prices in the market or they're competing on price and then they can effectively use the immediate credit of the USDC to then initiate that near real-time payment on the ultimate bank transferred money.

And so there are ways to do that. And there are also ways to have the onchain FX market basically be an onchain FX market where the market and the pricing is all completed, but where the fulfillment on the currency side is kind of post trade. And so that's also a structure that we expect to see develop more as well.

But again, long term, we're very much encouraging of and want to see more and more what we call the local partner stablecoins. We want to see them issue on the Arc blockchain. We want to support them on CPN. We want to support them in Circle Mint and in our wallets. And we want to be very multi-stablecoin in what we do, and we believe that's part of building the Internet financial system.

James Edwin Yaro
Goldman Sachs Group, Inc., Research Division

Very clear. On another topic, maybe you could just talk a little bit about the opportunity for Circle Gateway and then perhaps how this, I guess, differs or integrates with Circle CCTP?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes, absolutely. So Circle Gateway and Circle CCTP saw similar, but somewhat different problems. So CCTP is a protocol at a kind of low level. It's a low-level protocol that allows for cross-chain settlement of USDC across a multitude of different blockchains. It's used quite significantly in cross-chain USDC today. The last time I looked, I think it was well over 80% of cross-train USDC was running through CCTP. And we have a version 2 of that, which has continued to grow as well.

So that allows -- that's kind of a more lower level in a sense. And it doesn't solve kind of what we think of as like the user experience problem. In a world of CCTP what we find is that there are a lot of wallets, whether it's an institutional wallet or a consumer wallet, where you still end up in a world where you need to kind of know like which chains do I have USDC on and which chains do I want to get the USDC to? And so the UX is a hurdle.

And so Circle Gateway is really designed as an abstraction to eliminate that user experience hurdle. So a user, again, this could be an institution or an individual just sees a USDC balance. So they say, I have 10,000 USDC and they can essentially spend that balance in less than a second to any of the supported chains.

And so you can kind of just say, hey, I have USDC, what kind of wallet do you have or give me a QR code or give me an address. And it can spend seamlessly to those. So it really simplifies the UX. This is part of our goal of just kind of having the crypto disappear into the background and make this a more streamlined experience.

So Circle Gateway is a different architecture to accomplish that. And it's something that we're really primarily bringing to market through developers who are going to integrate this into their products and services. And like CCTP version 2, it also does include new opportunities for monetization for Circle. And so simplified user experience is a feature, we want to monetize that and also just make these products better for people who are using them.

Operator

Your next question comes from the line of Brian Bedell with Deutsche Bank.

Brian Bertram Bedell
Deutsche Bank AG, Research Division

Great. And also congrats on the very successful IPO. Maybe just a big picture question on growing USDC over time within the industry and the desire to make this a winner take most and increase the scale and network effects of USDC.

I guess, Jeremy, what's your appetite for partnering with more institutions? And if that means higher distribution costs and lower reserve margins, is that something that you find appealing to grow USDC or do you really think about the reserve margin is something you want to keep in that mid-30s range at least?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes, I can take part of that and maybe Jeremy Fox-Geen can take the other part of it. So first of all, we have a very strong appetite for growing the partnerships that are going to grow our network. And I would say it's helpful to kind of remind folks that we have many, many different types of partnerships. A partnership with a digital wallet is completely different than a partnership with a merchant acquirer, which is completely different than a partnership with a large exchange that has hundreds of millions of users. So there are many, many different types of partners that we work with.

And each one of those partnerships has a unique deal format to it. So we have a lot of different deal playbooks that we execute. And I think it's sort of simplistic to think that every deal has to do with giving away reserve income, that is not the case. We focus on partnerships where each party is, a, focused on delivering value for their customers. So how are they going to grow value for their customers through this partnership; and b, that it's a win-win, growth-oriented model. So we want to build economic relationships that incentivize growth so that we're seeing that the partnership is actually having an impact on whether it be transaction velocity or market share shift or USDC growth itself. So we really focus on these win-win, growth-oriented relationships.

It's not a carte blanche, here's a rate card, go do this kind of thing. We want to build, we want to build with people who want to build and grow with us and that's our filter for this. And I think that, that is working.

I think, Jeremy, maybe you can comment more on just sort of how we think about that vis-a-vis our RLDC margin and the outlook there.

Jeremy Fox-Geen
Chief Financial Officer

Thank you, Jeremy. I'll build on that and then get to the numbers piece of it. But it's important to understand that the strength and breadth of our platform capabilities, combined with our position as market-neutral infrastructure, encourages more players and enables even fierce competitors, right, to build on and integrate with our platform.

And so our partners then bring the benefits of these new money technologies to their customers, benefiting their customers, building their business and growing USDC usage and adoption, which strengthens our network with more capabilities, more users, more distribution. And this is a network business with network effects and our position strengthens as the network strengthens.

And that's important context for our future outlook on RLDC margin. We're not guiding beyond 2025 at this time. However, I think of 3 factors that provide relative strength tailwinds, if you like, relative strength to this margin over time.

The first would be the growing strength from network effects, which is what I was just talking about. And we see that in our commercial discussions. And we also know that, and this is important to remember, growth in USDC held within partner infrastructure and which may be subject to incentives also leads to growth in USDC in the ecosystem more broadly held outside of partner infrastructure. So we see growing strength from network effects. That's the first point.

The second we see growth in USDC held within Circle's platform infrastructure. We have a broad-based feature-rich platform, as I just mentioned, and our position is market-neutral infrastructure only enables more people to build upon our platform over time. And that's important. And we have greater economic flexibility with USDC held within our platform infrastructure.

And then finally, we have growth in our high-margin other revenues, right? Predominantly today, we make money from the stock of money on the network. Over time and through products we've already launched and started talking about even as they're nascent today, we will be monetizing certain of the flows across that network infrastructure where we are able to add value-added services to the benefit of the users. And so we see this growth in other revenues over time, and those are very high margin revenues and provide strength to our overall margin over time.

So those 3 things combined, we think, provide longer-term relative strength to our RLDC margin.

Operator

That concludes our question-and-answer session. I will now turn the call back over to John Andrews for closing remarks.

John Andrews

Great, Tiffany, thank you. And apologies for a couple of people who got stuck in the queue, but we are up against a hard time end here. We are happy to follow-up with everybody. You know how to reach us through the investors website at circle.com, and enjoy the rest of the day.

Operator

Ladies and gentlemen, this concludes today's call. Thank you all for joining. You may now disconnect.