

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



## Japanese Bank to Issue Stablecoins

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Japan is one of the major economies, along with the EU, that has enacted explicit regulations in the crypto sector. One such set of regulations has to do with stablecoins. The law in Japan says that stable coins need to be backed by the yen or another major currency and issuers must guarantee customers the right to redeem their stablecoins at full value. Institutions that hold reserves and are able to make this sort of guarantee include banks. Now we see that a Japanese bank is to issue stablecoins. Mitsubishi UFG is the biggest bank in Japan and they are going to use their own platform to issue stablecoins linked to various international currencies.

## Who Can Issue Stablecoins in Japan?

As noted in an article in *Bloomberg*, Mitsubishi UFG has a blockchain platform called Progmat. They intend to [issue global stablecoins](#) using this platform. They will not necessarily be developing new stablecoins but will be providing the yen for yen, euro for euro, and dollar for dollar backings for the stablecoins in order to conform to the new Japanese law. They are currently in talks with various crypto businesses to set this up. Only trust companies, registered money transfer agents, and licensed Japanese banks can do this sort of business in Japan. Thus, stablecoin businesses will only be able to operate in Japan, a nation of savers, if they work with an institution like Mitsubishi UFG.

## Japanese Banks Will Not Offer Algorithmic Stablecoins

The only stablecoins what will be legal in Japan will be those backed by fiat currencies. [Algorithmic stable coins](#) that use algorithms to influence trading in an attempt to maintain a stable price will not be legal. As such, there will be no algorithmic stablecoins offered by Mitsubishi UFG or any other bank, trust companies, or money transfer agents in Japan. There will be no TerraUSD collapses with stablecoins offered by Mitsubishi or any other major Japanese bank. What banks will do is offer security tokens for third parties that they will do business with. Mitsubishi UFG has no current plans to develop and offer its own stablecoins. They are currently talking to institutions both inside of and outside of Japan.

## Uses of Stablecoins in the Japanese System

Stablecoins are not a way to save money such as with a bank account. They do not pay interest but rather track the currency that they are backed by. Mitsubishi is an international bank and the entity responsible for Forex trading of the yen against all other foreign currencies. This puts them in an ideal position for offering access to stablecoins backed by a variety of foreign currencies. Because the stablecoins they offer will effectively track the yen or whatever currency, they will be a viable alternative to cash for those whose business or trading interests lie in the crypto realm instead of in traditional finance. Because Mitsubishi UFG deals in all world currencies as well as the yen, they are ideally suited to provide access to stablecoin services for anyone in the world.

## Stablecoins in Decentralized Finance

The original idea behind Bitcoin was to provide a way to do business over the internet and to allow person to person transactions with a middleman. Because Bitcoin and other cryptocurrencies became so volatile stablecoins became a better way to hold assets for business in DeFi. While there are no profits to be made from appreciation of a cryptocurrency there are also no losses to be endured when a crypto token falls dramatically in value.

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