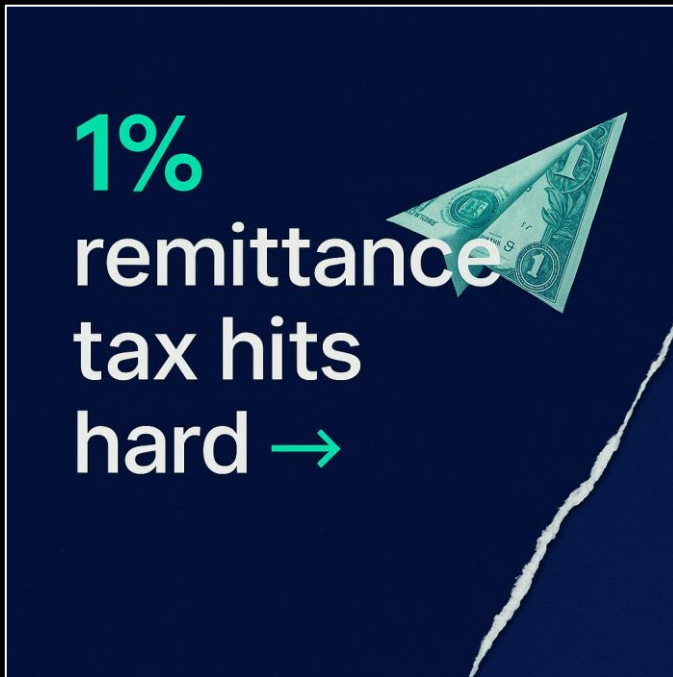


ACTIVANT Opinion

Accelerating the shift to stablecoins

The potentially unintended impact of the One Big Beautiful Bill Act



Rebecca Rodseth

August 2025

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act, which includes a new 1% federal excise tax on certain outbound remittances. The tax applies to transfers funded with cash, money orders, cashier's checks, or similar instruments, while bank-account and card-funded transfers are exempt. Earlier drafts proposed higher rates (3.5%–5%) and different scopes, but the final version settled at 1%. The broader package relies on immigrant- and visitor-focused fees to help fund enforcement priorities.

Why Does This Matter?

The new 1% remittance tax functions less as a revenue engine and more as a friction shock to U.S.-origin corridors – particularly Mexico and other LATAM countries where price sensitivity is high and cash channels are common. The US has consistently been the top remittance-sending country with total outflows reaching [\\$93 billion](#) in 2024.¹ Of that, approximately [\\$62 billion](#) went to Mexico, accounting for 96.6% of the country's total remittance inflows.²

By raising costs on cash-funded transfers, there is a real incentive to push senders off formal rails and into informal or crypto routes—weakening transparency, AML/KYC controls and receive-side FX liquidity. The Center for Global Development (CGD) estimates that a 1% price increase will lead to a [~1.6%](#) drop in formal remittances, implying outsized losses in big corridors and sharper pain in countries where remittances are a large share of GDP.³

The law's cash-only scope also skews the burden toward senders who rely on money-transfer operators—often unbanked or underbanked individuals who face a “cash payout premium.” Policymakers should anticipate softer household consumption and slower micro-investment as a result. The response will likely be to cut domestic fees and expand digital rails.

From Cash to Crypto

The tax incidence will reshape corridor economics. A likely knock-on effect of the U.S. remittance tax is a possible shift to stablecoin rails. Stablecoins already account for a large share of global on-chain activity and are increasingly used for cross-border payments. In 2024, stablecoins processed [\\$27.6 trillion](#) in transactions, [surpassing the combined transaction volume of Visa and Mastercard by 7.68%](#).⁴ This rapid adoption signals that stablecoins are no longer just an alternative; they are becoming the preferred method for cross-border payments and financial transactions.

Industry data points to 2025 as a breakout year for stablecoins in cross-border flows, with major remittance players (e.g., MoneyGram) enabling USD coin (USDC) cash-in/cash-out at retail locations. Pegged to assets like the U.S. dollar, stablecoins eliminate volatility, ensuring the amount sent is the amount received. Unlike slow, costly traditional remittances, stablecoins enable near-instant, low-fee transfers, providing diasporas a reliable and affordable way to

¹ Lucidity Insights, [The Role of Remittance Outflow Countries 2024 in Global Financial Support](#), 2025

² BBVA Research, [Mexico: Record in remittances](#), 2025

³ CGD, [Even At 1% The US Remittance Tax Hits Poor Countries Hard](#), 2025

⁴ Lisk, [Breaking Borders: How Stablecoins Are Replacing Traditional Remittances](#), 2025

send money home. Transaction fees are often [less than half](#) those of traditional rails.⁵ We expect to see providers steering banked customers toward compliant, account-based stablecoin corridors. Regulators will have to weigh the efficiency gains against AML/KYC risks associated with rapid on-chain adoption.

The Rails Race Is Only Just Beginning

This 1% levy is less a revenue policy than a routing policy: it will push U.S.-origin cash corridors toward whichever rails minimize friction most efficiently. Whether that shift strengthens the formal system or hollows it out will depend on the speed of credible, compliant digital alternatives, especially account-based stablecoin corridors with cash-in/cash-out at the edge. **If providers can migrate a meaningful slice of cash senders before the tax comes into effect, volumes will remain formal; if not, expect leakage to informal and lightly supervised channels.**

Have a different opinion on how the remittance tax will play out? Please reach out, we'd love to hear from you!

⁵ Pymnts, [Cross-Border Payments Cost Could Be Cut by Blockchain](#), 2024