Stablecoin

Return to Glossary

A **Stablecoin** is a class of cryptocurrencies that attempt to offer price stability and are backed by a reserve asset. **Stablecoins** have gained traction as they attempt to offer the best of both worlds—the instant processing and security or privacy of payments of cryptocurrencies, and the volatility-free stable valuations of fiat currencies.

- **Stablecoins** are cryptocurrencies that attempt to peg their market value to some external reference.
- **Stablecoins** may be pegged to a currency like the U.S. dollar or to a commodity's price, such as gold.
- **Stablecoins** achieve their price stability via collateralization (backing) or through algorithmic mechanisms of buying and selling the reference asset or its derivatives.

Source: https://www.investopedia.com/terms/s/stablecoin.asp