Kaiko Research

How Binance Became a Primary Venue for Stablecoin Liquidity

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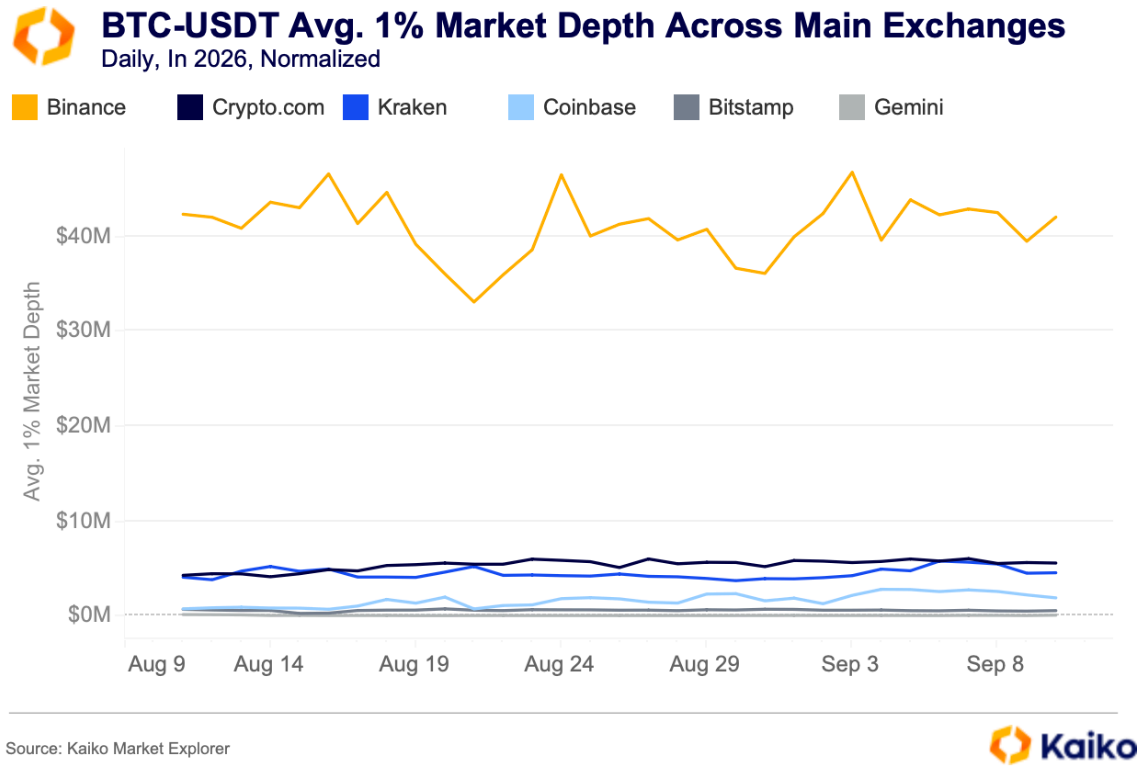
By Thomas Probst

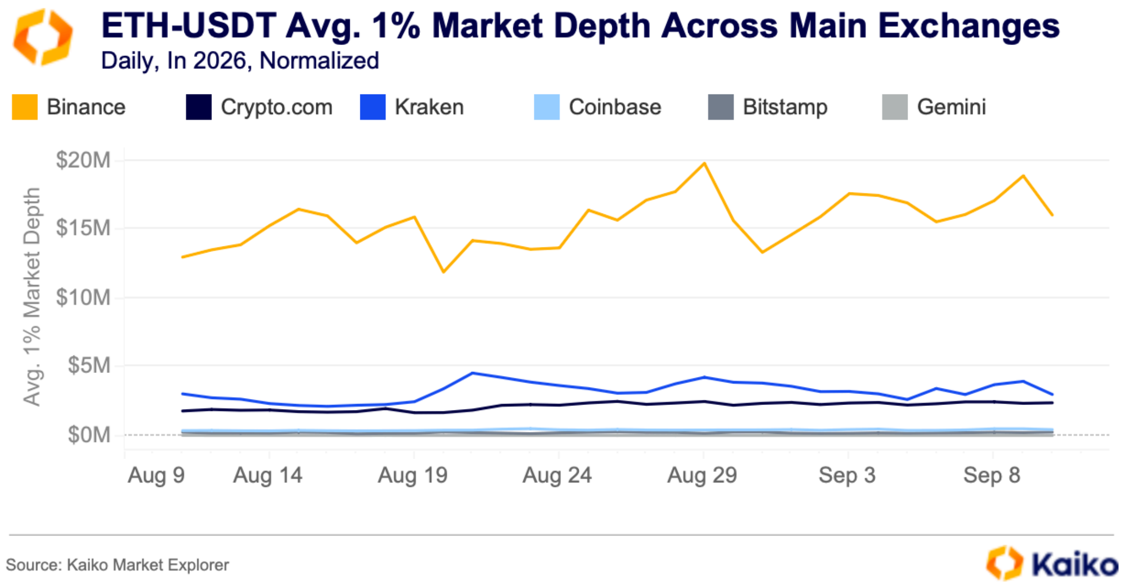
Stablecoins are becoming the settlement currency of digital asset markets. They are used to quote assets, move capital between venues, provide trading collateral and increasingly support payments and access to traditional financial products. Binance is where a significant share of stablecoin liquidity used for digital assets trading is concentrated. This is visible across BTC-USDT and ETH-USDT market depth, as well as USDT and USDC spot volumes, where Binance accounts for the large majority of available liquidity globally.

USDT MARKET DEPTH IS UP TO 9x HIGHER ON BINANCE vs. OTHER EXCHANGES

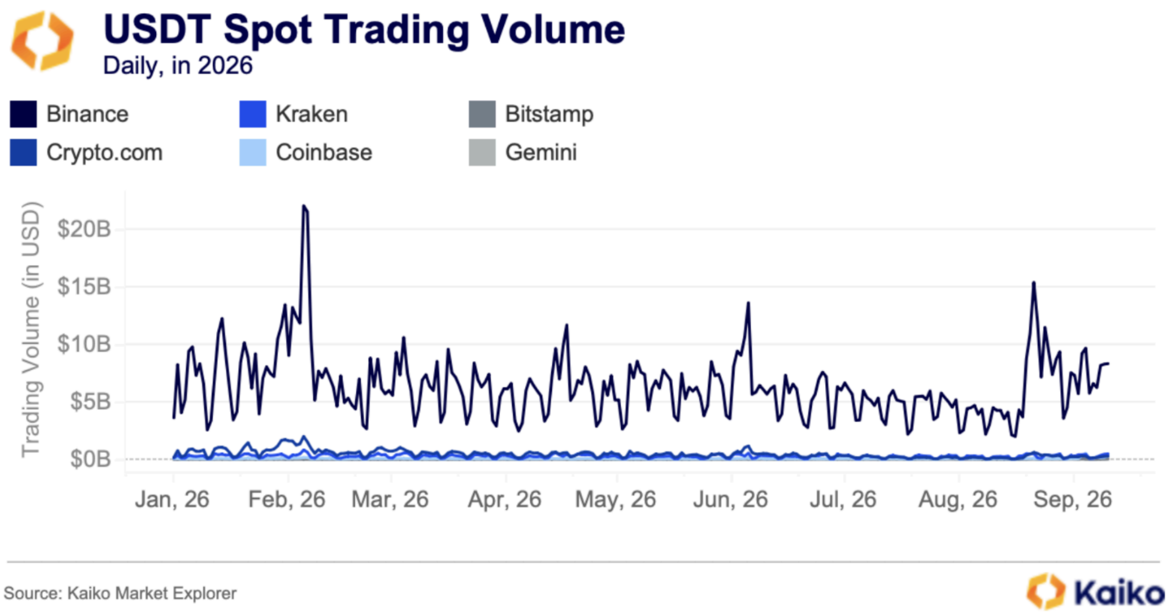
Over the past month, Binance has consistently offered the deepest BTC-USDT and ETH-USDT order books among the exchanges shown. BTC-USDT average depth generally ranges between approximately $33 million and $47 million on Binance, roughly 9x the level of the next most liquid venues, which ranges between $1 million and $6 million. The gap is similar in ETH-USDT, where Binance's depth is around 5x that of the closest competing exchange.

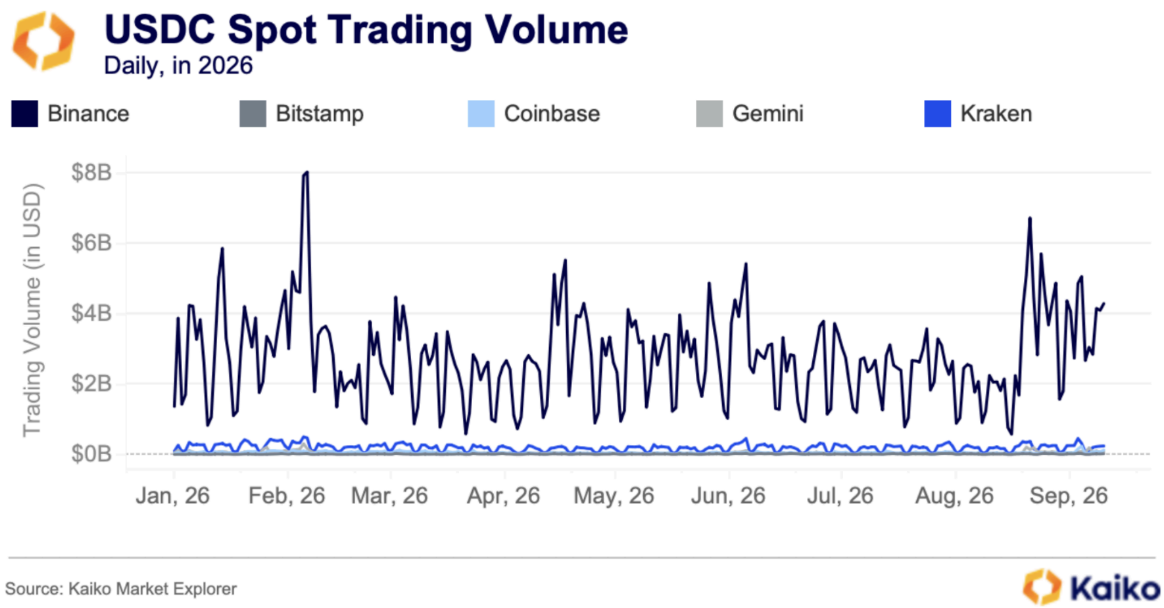
This has implications for execution. Deeper order books reduce the price impact of large trades and make it easier for arbitrageurs to keep prices aligned across venues. The exchange with the most executable liquidity is also more likely to attract market makers and price-sensitive traders. Binance’s role therefore rests on the executable size available near the mid-price in the pairs that matter most for crypto price discovery.





Trading activity reinforces this picture. Across 2026, Binance has repeatedly captured the largest USDT spot volumes, typically between $5 billion and $10 billion a day against under $2 billion on the other main venues. USDC activity is similarly concentrated on Binance, which handles multi-billion-dollar daily volumes while other trading venues, including US-based platforms, stay below $0.5 billion. Binance has become an important venue for trading major digital assets against both of the main dollar-linked stablecoins.





This is also where stablecoins begin to connect trading and payments. Traditional financial institutions generally approach stablecoins as payment and settlement instruments, while Binance extends their use into always-on trading collateral and market access. Binance Pay supports stablecoins such as USDT and USDC for merchant and peer-to-peer payments, illustrating their role as a transfer and settlement rail.

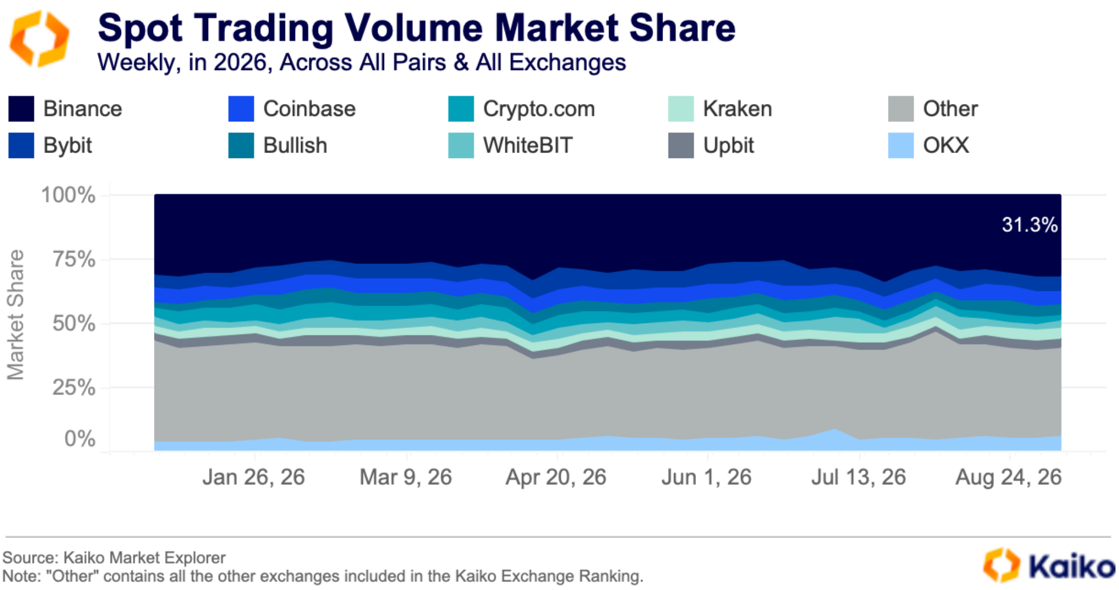
On the exchange, the same stablecoin balance can be used to purchase digital assets, move between quote currencies, provide collateral or settle another transaction. This creates a continuous liquidity loop in which stablecoins do not need to be converted back into fiat before being redeployed.

The expansion into traditional assets makes this trend more significant. Binance has reported growing activity in equities, ETFs and tokenized securities, including trading outside regular US market hours. If stablecoin-settled TradFi activity continues to grow, stablecoins could become a common liquidity layer across crypto and traditional markets. This is particularly relevant for users in emerging markets, where access to dollar liquidity, US securities and traditional banking infrastructure can be more limited.

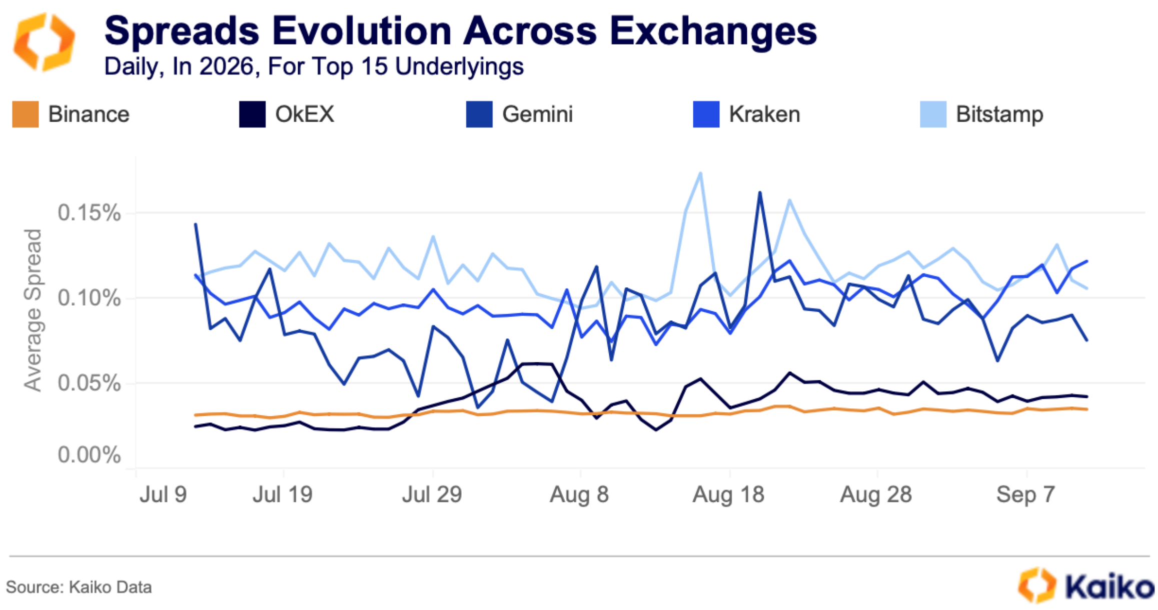
BINANCE SPREADS AVERAGED 3 BPS IN Q3

The broader market-share data shows a stable competitive structure through 2026. Binance is the largest single venue at approximately 31.3%, a share that has held in a narrow range all year. The market nonetheless remains fragmented, with close to 70% of spot volume handled by 43 other exchanges, of which approximately 35% is spread across venues outside the top ten.

This distinction is important. Binance does not control all spot activity, but it concentrates a particularly important share of high-quality stablecoin liquidity.

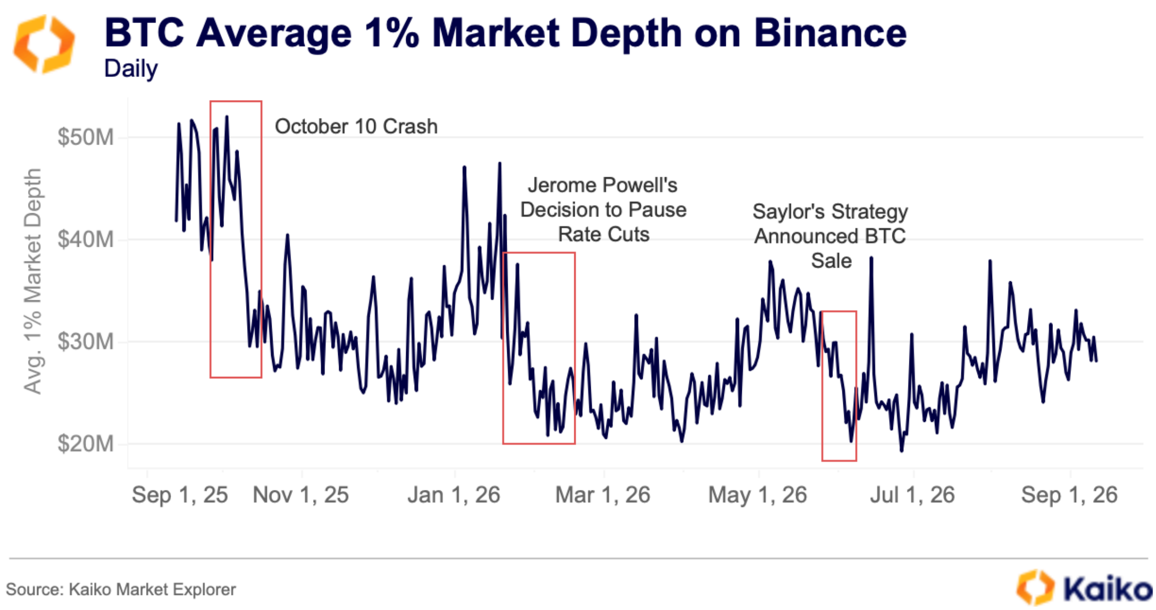


Spreads point in the same direction. Between July and September 2026, Binance stayed at the tightest and most stable end of the exchanges observed, holding around 0.03% with little day-to-day variation. OKX was competitive over the same period. Bitstamp, Gemini and Kraken ran wider and were considerably more volatile. Bitstamp and Gemini spreads both spiked above 0.15% in mid-August. The difference may appear small in percentage terms, but it is meaningful for high-turnover traders and for institutions executing large orders. Tight spreads reduce the cost of entering and exiting positions and help correct price differences across exchanges more quickly.



Binance's BTC market depth has repeatedly contracted and rebuilt over the past year. It fell toward the low $20 million range in February and again in June, before recovering into the $30 million range and peaking near $38 million in August. Depth currently sits around $28 million, above the year's troughs but well below the $45 to $50 million levels seen in September 2025.

The recovery is not complete or uniform. Depth previously reached levels above $50 million in the weeks preceding the October 10 crash, while more recent levels remain below that peak and continue to fluctuate. This indicates that liquidity providers have returned, but remain sensitive to volatility, macroeconomic news and large directional flows.



The overall spot market is fragmented, but Binance combines the deepest stablecoin order books, the highest stablecoin trading activity and some of the tightest spreads across major venues. This gives the platform a disproportionate role in execution and price discovery.

Stablecoins are consequently becoming more than passive digital dollars. They are increasingly used as trading collateral, settlement assets and a bridge between crypto and traditional markets. Binance is central to this development because it is where a significant share of that liquidity is available, active and immediately executable.