

JULY 2025

# Bank Watch

ARTICLE

## From Disruption to Deposits

What Circle's Rise Signals for Banks

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# From Disruption to Deposits

## What Circle's Rise Signals for Banks

With the signing of the GENIUS Act into law and the recent success of several fintech IPOs, a renewed interest in Stablecoins has reinvigorated market talk that traditional commercial banks could see some pressure on deposit franchises as occurred nearly 50 years ago when Merrill Lynch introduced the cash management account. Circle Internet Group, "CRCL," made headlines with its IPO last month and is one of the key players in the current discussion regarding the evolving financial system.

### Company Overview

Circle Internet Group, Inc. "CRCL" was founded in 2013 and is the issuer of USDC, the world's second largest Stablecoin by market capitalization with \$61 billion in circulation as of May 2025. Circle also issues EURC payment Stablecoins. USDC and EURC are digital currency tokens backed by reserves and redeemable on a one-for-one basis for U.S. dollars or euros, respectively. USDC was launched in September 2018, and EURC was launched in June 2022.

CRCL primarily generates revenue by investing the reserves that back Stablecoins in short-term U.S. Treasury securities. From 2020 to 2024, the company grew from \$15.4 million in revenue in 2020 to \$1.7 billion in revenue in 2024. CRCL reported \$155.7 million in net income and \$284.9 million in adjusted EBITDA in 2024.

### IPO Overview

CRCL filed for its IPO in early 2025, targeting a valuation of up to \$6.71 billion with an initial share price range of \$24–\$26. Due to high investor demand, the company

upsized its offering and priced the IPO at \$31 per share, above the revised range of \$27–\$28. The IPO raised \$1.05 billion, with the company and selling stockholders offering 34 million shares. The IPO was highly anticipated, especially given the crypto-friendly regulatory environment under the Trump administration and the growing adoption of Stablecoins.

On June 5, 2025, Circle's shares began trading on the New York Stock Exchange under the ticker symbol CRCL, opening at \$69 per share, more than double the IPO price. On the first day of trading, the stock reached an intraday high of \$103.75 and closed at \$83.23, marking a 168% increase from the IPO price.

### Stock Performance Since IPO

Since its debut, the stock's volatility and upward trajectory have been notable. On its second day of trading, the stock surged nearly 30% to close at \$107.70, and it reached a record high price of \$298.99 in late June. CRCL's strong performance has been fueled by favorable regulatory tailwinds (GENIUS Act), positive market sentiment towards fintech and AI, and the company's strategic positioning, including Circle's regulatory-first approach and a recently announced partnership with Fiserv. As of July 29, the stock price stood at \$190.70, or approximately 6x its IPO price of \$31 per share. While some analysts express concerns over competition and sensitivity of revenue to market interest rates, many remain bullish on CRCL's long-term potential and position in the maturing digital asset landscape.

## Circle Internet Group, Inc. | Stock Chart



Source: S&P Capital IQ Pro

## Banking-Related Takeaways

The success of Circle's IPO, signing of the GENIUS Act, and increasing confidence in fintech and digital banking could have significant implications for the banking industry. Below are three key takeaways:

1. **Increased Adoption of Digital Assets in Banking.** Circle's IPO success signals a growing acceptance of digital assets by traditional investors and

institutions. This trend could encourage banks to integrate Stablecoins and other digital currencies into their services, offering faster and cheaper cross-border transactions compared to traditional methods. On a recent **Banking with Interest** podcast episode hosted by Rob Blackwell, Alex Johnson, founder and publisher of FinTech Takes, discusses the impending race between nonbank Stablecoin issuers and banks who need to quickly find a way to tokenize key financial instruments like deposits. Johnson argues that ultimately, the question of how important it is to be the winner of that race is determined by the utility and use cases of tokenized money. In considering areas in which Stablecoins might be superior to payment methods already in place and what they might be used for, Johnson lists five use cases:

1. As bank accounts for the onchain economy.
2. A safe place for individuals in countries with less stable currency regimes or less stable inflation to keep their money.
3. International remittances as Stablecoins tend to work better, reach more places, and be cheaper than correspondent banking.
4. Potential to be a better version of prepaid closed loop payment systems.
5. With regulation, Stablecoins might displace banking as a service as the infrastructure of choice for fintech entrepreneurs to build new money apps on top of.

2. **Regulatory Clarity and Innovation.** The favorable regulatory environment, particularly under the Trump administration's embrace of cryptocurrencies, could spur innovation in the banking sector. Developments, such as the recently signed GENIUS Act, aim to establish a regulatory framework for Stablecoin issuers, potentially easing compliance for banks. This clarity could enable banks to develop new products, such as tokenized deposits

or blockchain-based payment systems, enhancing their ability to serve customers in a digital economy. Circle's application for a national trust bank license post-IPO, if approved, could set a precedent for banks to operate in the digital asset space under federal oversight.

3. **Pressure on Deposits.** There is a lot of discussion surrounding the threat of Stablecoins to traditional banks and the impact on bank deposits. In the *Banking with Interest* episode, Johnson says he doesn't think Stablecoins will result in a massive flight of deposits out of the banking system but do have the potential to accelerate deposit dislocation from small banks to larger banks as Stablecoin issuers will need to custody their deposits somewhere. In a recent *American Banker* [article](#), the authors examine the potential increase in banks' average cost of funds given a shift in funds from bank deposits to payment Stablecoins and the negative impact on households via reduced credit and higher borrowing costs.

## About Mercer Capital

The growing presence of Stablecoins, coupled with regulatory clarity from the GENIUS Act, may have long-term implications for deposit flows and banking models. Mercer Capital has decades of experience evaluating disruptive trends and their impact on financial institutions. Please call if we can assist your board in navigating the strategic and valuation considerations of an evolving digital financial landscape.

*Mary Grace Arehart*

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## Recent Representative Transactions

In addition to valuation services, Mercer Capital provides transaction and financial advisory services to banks, thrifts, and credit unions.

[>> View more transactions](#)

Business First Bancshares, Inc.  
**b1BANK**  
Baton Rouge, Louisiana

has agreed to acquire

Progressive Bancorp, Inc.  
**PROGRESSIVE BANK**  
Monroe, Louisiana

Mercer Capital served as financial advisor to Progressive Bancorp, Inc.

— July 2025 —

Y-12 Federal Credit Union  
**Y-12 CREDIT UNION**  
Oak Ridge, Tennessee

has acquired

First State Bank of the Southeast  
**FSB First State Bank**  
Middlesboro, Kentucky

Mercer Capital served as financial advisor to Y-12 Credit Union.

— July 2025 —

First Missouri Bancshares, Inc.  
**VERIMORE BANK**  
Brookfield, Missouri

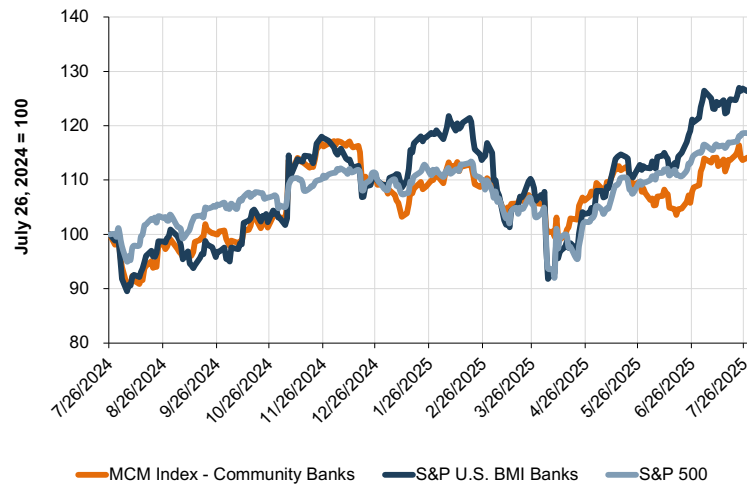
has agreed to acquire

CCSB Financial Corp.  
**Clay County Savings Bank**  
Liberty, Missouri

Mercer Capital served as financial advisor to First Missouri and rendered a fairness opinion

— January 2025 —

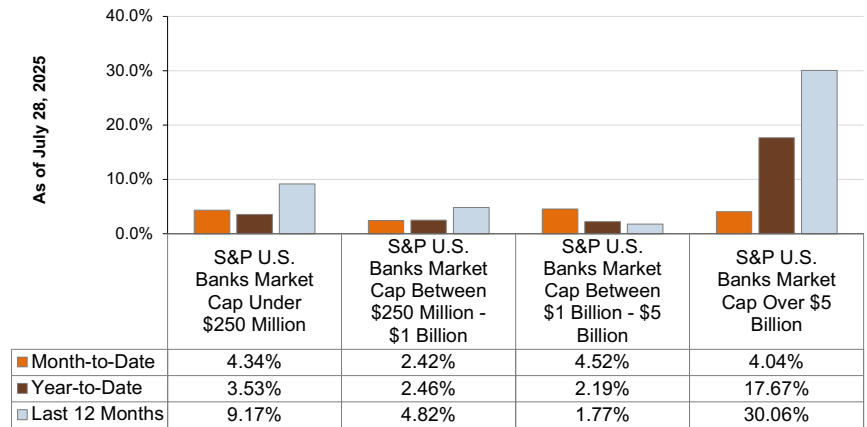
### Mercer Capital's Bank Group Index Overview



Source: S&P Capital IQ Pro.

### Return Stratification of U.S. Banks

by Market Cap



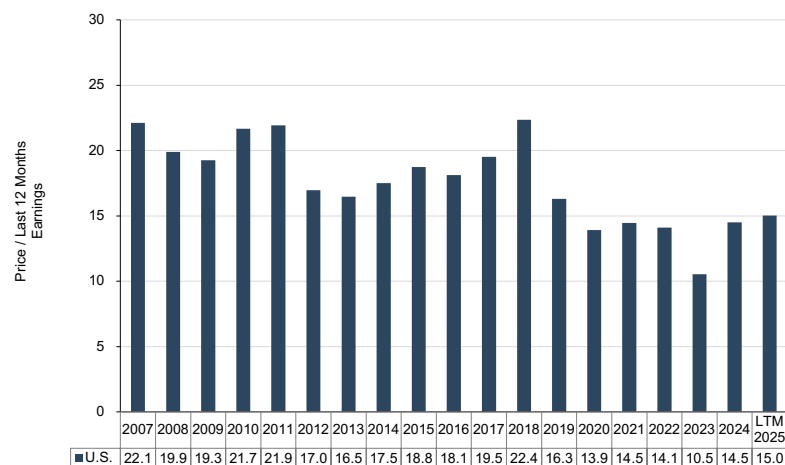
Source: S&P Capital IQ Pro.

	Total Return			Regional Index Data as of July 28, 2025					
	Month-to-Date	Year-to-Date	Last 12 Months	Price / LTM EPS	Price / 2025 (E) EPS	Price / 2026 (E) EPS	Price / Book Value	Price / Tangible Book Value	Dividend Yield
Atlantic Coast Index	5.9%	6.4%	15.3%	11.3x	11.3x	9.5x	108%	112%	2.6%
Midwest Index	3.7%	4.2%	17.5%	11.7x	11.0x	9.2x	98%	116%	3.0%
Northeast Index	3.3%	7.3%	13.8%	12.8x	9.5x	8.7x	108%	124%	3.2%
Southeast Index	6.4%	8.1%	24.8%	10.6x	11.9x	9.3x	98%	114%	2.4%
West Index	6.9%	1.6%	27.7%	12.6x	12.4x	10.0x	108%	118%	3.0%
Community Bank Index	4.6%	4.5%	14.1%	11.7x	10.5x	9.2x	102%	117%	2.9%
S&P U.S. BMI Banks	4.1%	15.8%	26.3%	na	na	na	na	na	na

Source: S&P Capital IQ Pro.

## Median Price/Earnings Multiples

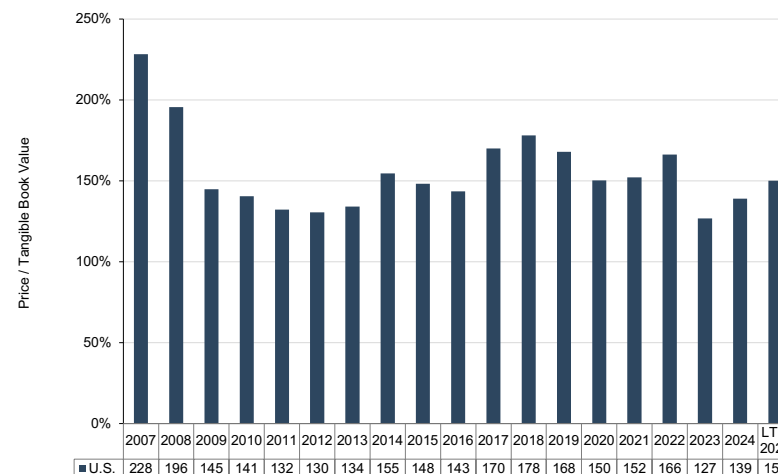
Target Banks' Assets <\$5B and LTM ROE >5%



Source: S&P Capital IQ Pro.

## Median Price/Tangible Book Value Multiples

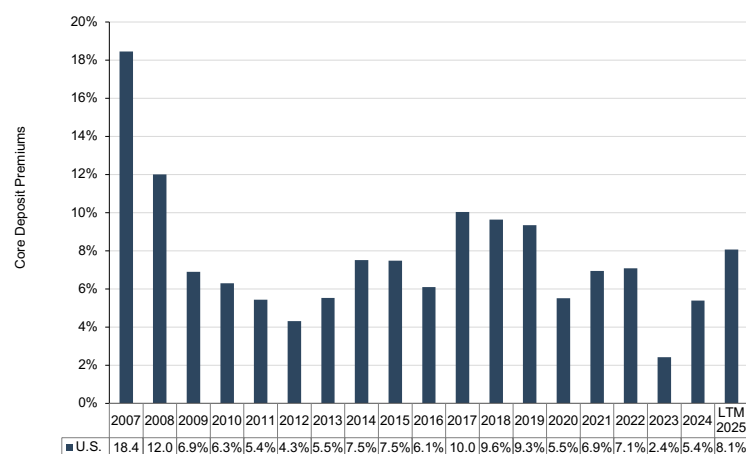
Target Banks' Assets <\$5B and LTM ROE >5%



Source: S&P Capital IQ Pro.

## Median Core Deposit Premiums

Target Banks' Assets <\$5B and LTM ROE >5%



Source: S&P Capital IQ Pro.

## Median Valuation Multiples for M&A Deals

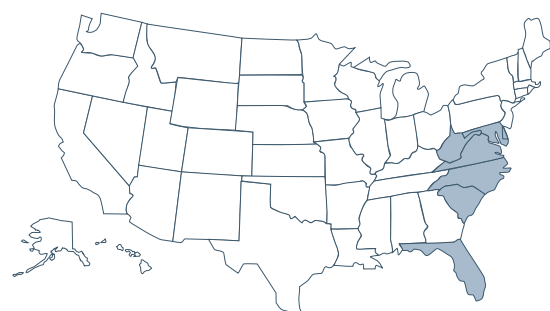
Target Banks' Assets <\$5B and LTM ROE >5%, 12 months ended July 28, 2025

Regions	Price / LTM Earnings	Price/ Tang. BV	Price / Core Dep Premium	No. of Deals	Median Deal Value (\$M)	Target's Median Assets (\$000)	Target's Median LTM ROAE
Atlantic Coast	17.4x	164%	8.5%	6	150.6	828,948	8.7%
Midwest	14.4x	144%	8.3%	12	91.2	1,220,012	9.8%
Northeast	15.5x	133%	3.1%	7	236.2	2,257,367	8.3%
Southeast	9.9x	150%	10.4%	5	105.8	589,417	16.5%
West	16.8x	172%	11.0%	3	61.7	657,925	9.8%
National Community Banks	15.0x	150%	8.1%	33	105.8	923,816	10.3%

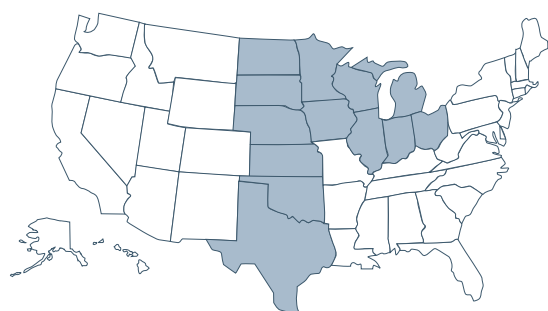
Source: S&P Capital IQ Pro.

# Mercer Capital's Regional Public Bank Peer Reports

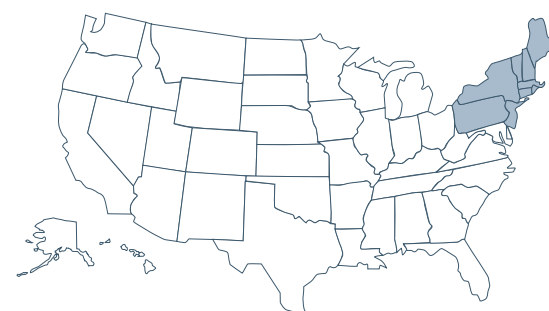
Updated monthly, Mercer Capital's Regional Public Bank Peer Reports offer a closer look at the market pricing and performance of publicly traded banks in the states of five U.S. regions. Click on the map to view the reports from the representative region.



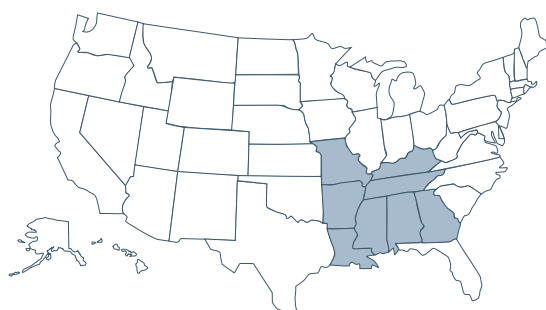
**Atlantic Coast**



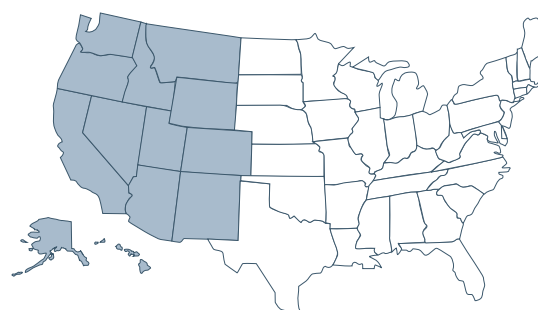
**Midwest**



**Northeast**



**Southeast**



**West**



**MERCER CAPITAL**

# Depository Institutions Services

Mercer Capital assists banks, thrifts, and credit unions with significant corporate valuation requirements, transaction advisory services, and other strategic decisions.

Mercer Capital pairs analytical rigor with industry knowledge to deliver unique insight into issues facing banks. These insights underpin the valuation analyses that are at the heart of Mercer Capital's services to depository institutions.

- |                                 |                            |                        |
|---------------------------------|----------------------------|------------------------|
| » Bank valuation                | » Litigation support       | » Tax compliance       |
| » Financial reporting for banks | » Stress Testing           | » Transaction advisory |
| » Goodwill impairment           | » Loan portfolio valuation | » Strategic planning   |

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