**USDT, DAI, USDC, or UST. Which is The Best StableCoin?**

One of the most popular StableCoins out there would be Tether's USDT, which spans across multiple networks from Ethereum to Tron, DAI, and USDC, both of which are on the Ethereum network as an ERC-20 token, but function differently, and then climbing up the ranks would be Terra's UST.

But which one of these coins is the best in terms of achieving its core objective of having its value stable to one US dollar? Let's take a look after understanding what a StableCoins is.

What's a StableCoin?

It's a cryptocurrency that's trying to have as low volatility as possible when paired to a fiat currency. For example, a StableCoin paired with the US dollar should equal one dollar at all times.

Most of the current StableCoins out there use different methods to achieve their stability, while others share similar ways.

With that said, the one determined to be the best would be the coin that's the most stable.

How does USDT achieve its stability?

Tether's USDT tries to achieve its one-to-one ratio to the US dollar by tying itself to a supposed reserve of actual dollars in their bank, but in reality, 3.87% of its reserve is actual cash dollars, with the rest representing secure loans, public bonds, precious metals, and other investments.

The risk that comes with USDT is its issuance by a centralized authority, Tether, and how it functions similar to how a bank works, which may or may rub you the wrong way, but one of the main reasons cryptocurrencies were created is to be as far away from such banking institutions as possible.

How does USDC achieve its stability?

Unlike USDT, USDC's supply is backed one-to-one with fiat dollars. Meaning if there's 100 million USDC, there are actually 100 million fiat dollars behind it. That's how it achieves its stability.

The risk associated with this coin is that its issuance is tied to centralized authorities, similar to USDT.

How does DAI achieve its stability?

DAI maintains its stability by locking in Ethereum in a smart contract as collateral, resulting in the issuance of DAI.

Considering Ethereum's volatility, it was agreed that there needs to be an over-collateralization of ETH to issue out DAI, and that ratio would be 150%, where $1.5 worth of ETH needs to be locked in order to receive 1 DAI.

What's interesting about DAI compared to the rest so far, is that it doesn't have fiat as its reserve but use ETH instead, and that it's a decentralized StableCoin where its issuance is tied to the mentioned smart contract.

How does UST achieve its stability?

UST is issued from a process known as seigniorage, where some of Terra's native token/coin LUNA is taken out from a supply, then a percent of it is burned, and the other percent goes to a community pool to fund services and applications for the Terra network.

The more there is demand for UST, the more LUNA of appropriate amount and value is taken out of the supply to be burned, issuing UST into the market, and vice-versa.

Closing thoughts.

Considering we're dealing with cryptocurrencies, USDT and USDC have a risk associated with them because of their centralized nature. That risk is not present with DAI, however, the stability is gone if there's high volatility with Ethereum, to the extent that it breaks out of the over-collateralization safety measure.

Looking at Terra's UST, it seems like it has the soundest algorithm to generate and maintain the stability of itself, though time will tell if adoption for it will surpass its competitors and if it'll be the most stable.