VOL 1 - ISSUE 1 - AUTUMN 2026 - WWW.DIGITALMONEYDIGEST.COM

DIGITAL MONEY DIGEST

Independent intelligence on the future of money

TOP STORIES

# US STATE BANKERS ASSOCIATIONS FORM BANKCHAIN ALLIANCE

39 US state bankers associations have announced the formation of BankChain Alliance to provide customers across the country with secure, modern banking services at financial institutions of all sizes. Representing one of the most expansive efforts among state bankers associations, the Alliance is creating an industry-owned, industry-designed and industry-governed network built on a common blockchain platform. The BankChain Alliance network will allow participating financial institutions the ability to provide emerging banking capabilities while maintaining the regulatory standards, security, and trust that customers expect from their banks. Examples of such innovations are smart payment tools, tokenised deposits, stablecoins, automated settlement, and other innovations.

"This is about banks of all sizes building their own future," said Kathy Kraninger, Interim Chair, BankChain Alliance, and Florida Bankers Association President and CEO. "Through an unprecedented collaboration representing thousands of banks, BankChain Alliance is developing a secure, regulated, industry-built and industry-owned network that allows institutions of all sizes to provide modern capabilities so they can continue serving customers safely and efficiently in rural, urban and regional communities across the country."



Kathy Kraninger

# STANDARD CHARTERED BECOMES FIRST BANK DISTRIBUTOR OF HKDAP

Standard Chartered Bank (Hong Kong) Limited ("SCBHK") has announced that it has become an authorised distributor of HKDAP ("HKD At Par"), the first regulated Hong Kong Dollar-backed stablecoin issued by Anchorpoint Financial Limited. Mary Huen, Chief Executive Officer, Hong Kong and Greater China & North Asia, Standard Chartered, said, "Standard Chartered is pleased to be the first bank distributor to provide eligible clients with secure access to the market-first Hong Kong dollar-backed stablecoin. This milestone reflects our commitment to advancing innovation to shape the future of finance and our belief in the transformative potential of tokenised money to support the real-world economy. Since Anchorpoint received its stablecoin issuer licence, we have seen strong interest from clients exploring how HKDAP can support their business needs. We look forward to enabling new opportunities across payments, settlement, treasury management and other commercial applications, helping clients realise greater efficiency and value from tokenised money while contributing to the growth of Hong Kong as a global digital assets hub."



Mary Huen

## IN THIS ISSUE

p1: **TOP STORIES**
The latest industry stories

p4: **NEWS FEATURES**
More in depth news analysis

p6: **MARKET WATCH**
Initiatives that caught our eye

p10: **MARKET COMMENTARY**
From concept to market infrastructure

p14: **REGULATORY ISSUES**
Building the regulatory foundations

p16: **OPERATIONAL ANALYSIS**
Stablecoins closing reliability gap

p18: **ASK A PROVIDER**
Implications for corporate treasurers

p20: **INDUSTRY VIEWS**
Multiple digital money systems

p26: **EXPERT OPINION**
Frictionless cross-border payments

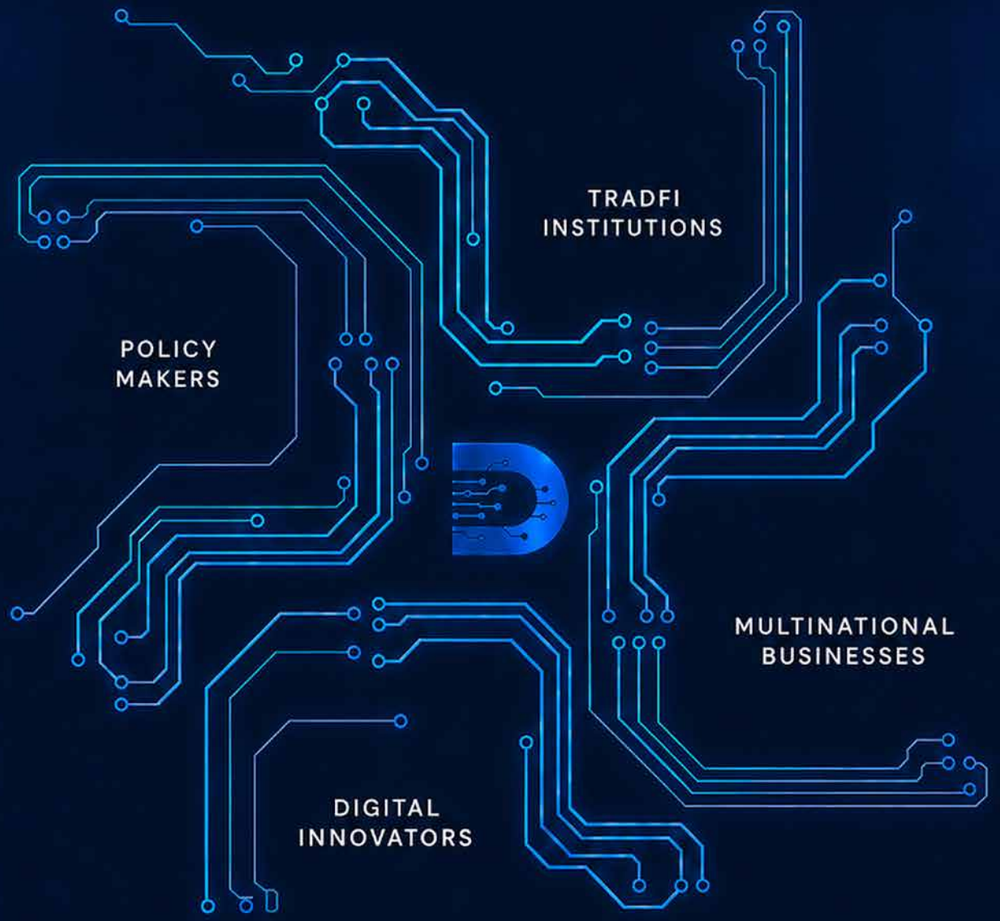
p28: **FINTECH INSIGHTS**
Building the digital money stack

Published on behalf of the Digital Money Association DMA DIGITAL MONEY ASSOCIATION

DIGITAL MONEY ASSOCIATION

THE GLOBAL INDUSTRY BODY FOR STABLECOINS & DIGITAL MONEY

At the Digital Money Association, our mission is to onboard the world to digital money through education, best practice sharing and policy engagement - while connecting, supporting and representing our growing global ecosystem of members.




Together with our members we are helping to shape the future of digital money

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Autumn 2026

# Welcome to Digital Money Digest

It gives me great pleasure to welcome you to the first edition of Digital Money Digest, a new publication dedicated to exploring the technologies, policies, infrastructure and market developments that are shaping the future of money.

The digital money landscape is evolving at remarkable speed. Central bank digital currencies, regulated stablecoins, tokenised deposits and tokenised assets are moving from experimentation towards increasingly practical applications, while new payment networks and financial market infrastructures are being developed to support a more digital, interconnected and potentially always-on financial system.

What makes this particularly important is that these developments are no longer taking place in isolation. Banks, payment companies, fintechs, digital-native firms, policymakers, regulators, technology providers and multinational businesses are increasingly engaging with many of the same questions: how should new forms of money operate alongside existing ones? How can different networks communicate and interoperate? What standards and regulatory frameworks will be required? And, perhaps most importantly, how can innovation be encouraged while maintaining the trust, resilience and stability upon which the financial system depends?

At the Digital Money Association, our mission is to help onboard the world to digital money through education, best practice sharing and policy engagement. An important part of that work involves bringing together organisations from across the financial ecosystem and creating opportunities for knowledge, experience and ideas to be shared.
Digital Money Digest is a natural extension of that mission.

Through expert analysis, interviews, market intelligence and contributions from leading practitioners, policymakers and industry specialists, the publication will examine not simply what is happening across the global digital money landscape, but why it matters.

We want DMD to provide a forum in which different perspectives can be heard and some of the most important issues facing our industry can be explored openly. That means looking beyond individual technologies or business models to consider the broader infrastructure that will ultimately connect digital money with banking, payments, capital markets and the wider economy.

There is unlikely to be one single model for the future of money. Different forms of public and private digital money will coexist, different jurisdictions will move at different speeds, and new technologies will continue to emerge. The challenge — and the opportunity — will be finding ways for these different systems to work together safely, efficiently and at scale. That journey is only just beginning.

I hope Digital Money Digest becomes a valuable source of insight for our members and for the wider community of financial institutions, businesses, policymakers and technology providers working to build the next generation of financial infrastructure.

Most importantly, I hope it encourages discussion, collaboration and the exchange of ideas.
Welcome to the first edition.

**Christian Walker**
Chairman & Co-Founder
Digital Money Association


Christian Walker

# Bitpace adds USDG Stablecoin support

Bitpace, a leading global crypto payment gateway, has announced the integration of the Global Dollar (USDG) stablecoin onto its platform. The addition provides merchants, payment service providers, brokers and real estate businesses with an efficient digital asset option for international invoice processing and cross-border settlement. By introducing USDG support, Bitpace aims to reduce settlement friction and foreign exchange costs for commercial enterprises operating across multiple jurisdictions. Businesses that manage international transactions frequently encounter operational delays and elevated costs associated with legacy payment systems. Traditional cross-border wire transfers often involve multiple intermediary banking partners. Stablecoin technology mitigates these issues by combining blockchain settlement efficiency with fiat-backed value stability. USDG is designed as a regulated dollar-backed stablecoin created to facilitate reliable value transfer across blockchain networks without exposure to the price volatility commonly associated with unbacked digital assets. Through the Bitpace platform, clients can leverage USDG without building or maintaining separate liquidity pools, custody frameworks or conversion mechanisms. The integration allows merchants to incorporate USDG into their existing workflows and checkouts.

"The addition of USDG aligns with our goal to provide as many payment options for international commerce, enabling businesses to streamline global payment flows," said Anil Oncu, Chief Executive Officer at Bitpace.

As corporate demand for blockchain payment solutions grows, Bitpace continues to expand its supported asset list and treasury settlement infrastructure, facilitating global settlements in over 75 crypto and 40 fiat currencies. The platform provides automated conversion mechanisms, comprehensive reporting tools and API capabilities designed to support commercial payment requirements worldwide.

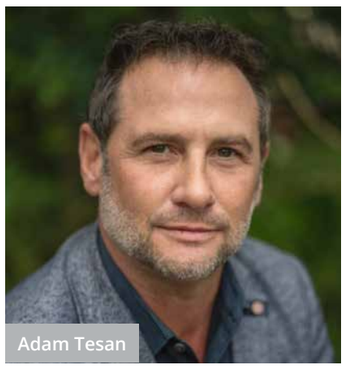

Anil Oncu

# Miracle Pay partners with zerohash

Miracle Pay, a merchant-facing payments solution, has announced a partnership with zerohash, a leading onchain infrastructure provider, giving U.S. merchants a seamless way to accept stablecoin payments. The integration accelerates a broader shift toward bringing digital assets into everyday commerce. From stablecoin-backed card programs to direct point-of-sale acceptance, onchain money is increasingly blending into familiar payment experiences, allowing consumers and businesses to transact without navigating underlying technical complexity. Miracle Pay owns the merchant-facing layer, handling onboarding and payment acceptance, so merchants can transact using onchain money. Behind that familiar front-end experience, zerohash powers the regulated and technical infrastructure underneath, spanning conversion, custody, liquidity, transaction monitoring and settlement. Funds move in near real-time, giving merchants a fast and flexible way to accept stablecoin payments.


Hakan Törehan

"The U.S. market does not need another payment concept. It needs infrastructure that merchants can use with confidence," said Hakan Törehan, CEO of Metaterra, MiraclePay's parent company. "By combining Miracle Pay's merchant access and product experience with zerohash's regulated technology and settlement capabilities, we are creating an accelerated path from interest to real transaction activity. This is how blockchain becomes useful, as better infrastructure working quietly underneath commerce."


Adam Tesan

"Merchants have spent years working within payment rails that weren't built for the speed at which commerce moves today," said Adam Tesan, Chief Revenue Officer at zerohash. "Stablecoins change that, settling near instantly through onchain infrastructure that's fully regulated and built to scale. Partnering with Miracle Pay gives more merchants the speed and flexibility of onchain money, while keeping the experience seamless as payment options continue to expand."





# BNY expands relationship with Circle

BNY has announced an expanded relationship with Circle Internet Group as part of new stablecoin enablement capabilities for institutional clients. Circle's USDC will be the first stablecoin on BNY's Digital Asset Custody platform, enabling BNY clients to store, transfer, mint and burn USDC. This launch expands BNY's role as primary custodian of USDC reserves. BNY clients can now hold USDC in their digital asset custody wallets at BNY, and through BNY they can instruct Circle to convert ("mint") U.S. dollars into USDC and to redeem ("burn") USDC for U.S. dollars. These capabilities support the full lifecycle of institutional stablecoin activity, creating a direct link between fiat and digital asset custody services within a single institutional framework. Over time, BNY plans to expand support to additional stablecoin issuers and digital cash workflows.

"As digital assets become increasingly integrated into financial markets, institutions need infrastructure that seamlessly works across traditional and blockchain-based systems," said Carolyn Weinberg, Chief Product & Innovation Officer at BNY. "With the addition of our enhanced stablecoin enablement capabilities, we're expanding the ways clients can move value with the operational scale, trust and resiliency they expect from BNY."

BNY's stablecoin enablement capabilities are part of its integrated Digital Assets platform, which is designed to help institutional clients navigate the convergence of traditional and digital finance. By combining custody and cash management services within a single operating model, BNY is helping clients access new opportunities in blockchain-based networks with the controls, resiliency and governance required for institutional markets.


Kash Razzaghi


Carolyn Weinberg

"BNY has always been where institutional finance moves first, and making USDC the first stablecoin included in their new offering reflects the regulatory rigor Circle has built into USDC from day one," said Kash Razzaghi, Chief Commercial Officer at Circle. "This is the next chapter in a longstanding relationship that now gives BNY clients connectivity between onchain and traditional assets, within the infrastructure they already trust."

# HopNow adds Utila's institutional wallet infrastructure

HopNow has added Utila's institutional wallet infrastructure to expand the range of digital assets it can support for clients across its global FX and settlement platform. The integration connects HopNow's virtual accounts, FX liquidity, and local payment capabilities with wallets managed through Utila. Businesses can receive local currency through rails such as SEPA, SPEI, and PIX, convert those funds into stablecoins through HopNow, and settle them into wallets secured and governed through Utila. The same infrastructure supports the reverse flow, converting stablecoins into local currency for onward settlement. Both companies see stablecoins becoming part of the broader FX and settlement stack used by payment firms, fintechs, and global businesses. "HopNow already provides the FX, liquidity, and local settlement infrastructure its clients use across more than 30 currencies. Utila gives the team the wallet infrastructure to add new asset support faster while maintaining consistent security, governance, and transaction controls," says Bentzi Rabi, Co-Founder and CEO of Utila.


Bentzi Rabi

"We didn't want to choose between speed to market and institutional grade security," commented Brent Traidman, Co-CEO and Co-Founder at HopNow. "Speed and pricing are important to our clients who move quickly, and Utila keeps up with and matches that speed of execution for us and our clients. Security is table stakes. Utila's wallet infrastructure let us plug stablecoin settlement directly into our FX and payments stack, so our team can focus on what we do best: moving money across corridors."

# The Bank of England publishes policy statement and draft Code of Practice for systemic stablecoin issuers

The Bank of England has published its policy statement and draft Code of Practice (rules) for systemic stablecoin issuers, marking a key milestone in establishing the UK's stablecoin regime. The framework supports safe innovation, enabling UK issued stablecoins to develop as trusted forms of digital money. Alongside other innovations in money and payments, stablecoins could enable faster, cheaper and more flexible services for users, including crossborder use cases, while supporting new programmable functionality.

This policy statement and draft rules reflect feedback from last year's consultation. It provides coin issuers with clarity to innovate and scale within a framework that maintains resilience, confidence and trust in money. The Bank and the Financial Conduct Authority (FCA) are working closely to deliver an end-to-end regime, including a managed transition as firms grow from non-systemic to systemic. Further detail will be published alongside the FCA's final rules shortly.

https://www.bankofengland.co.uk/news/2026/june/boe-launches-policy-statement-and-draft-rules-on-regulating-systemic-stablecoins

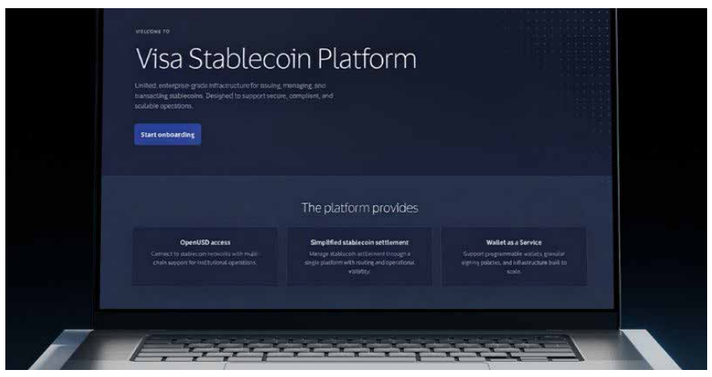


**WHY IT MATTERS**
This is one of the most significant regulatory developments globally because it moves the UK much closer to an operational framework for regulated payment stablecoins.

# Visa introduces Visa Stablecoin Platform (VSP)

Visa has announced the Visa Stablecoin Platform (VSP), a new enterprise platform designed to help financial institutions, fintechs, and crypto natives access stablecoin capabilities through a single Visa-managed environment. Building on Visa's broader crypto strategy, VSP gives FIs, fintechs and other payment providers a simple way to access, store, and redeem stablecoins, beginning with Open USD (OUSD), a new stablecoin recently introduced by Open Standard. This includes onchain wallet infrastructure through a newly introduced Wallet-as-a-Service offering and connectivity for minting and burning Open USD. "Stablecoins are opening up a new layer of programmable money, but for most institutions the hard part isn't the concept, it's the operational reality," said Jack Forestell, Chief Product and Strategy Officer, Visa. "With the Visa Stablecoin Platform, we're giving our clients a single place to mint, move and manage stablecoin operations with the controls, security and network reach they already expect from Visa. It's how we help them turn interest in stablecoins into real products and real payment flows." VSP is interoperable with Visa's existing stablecoin offerings, including stablecoin settlement, stablecoin-linked cards, and stablecoin money movement. Together, these capabilities provide a full stack of solutions that help FIs and fintechs come onchain and enable crypto platforms to access Visa's global network.

https://investor.visa.com/news/news-details/2026/Visa-Introduces-Platform-for-Stablecoin-Minting-Movement-and-Management/default.aspx




**WHY IT MATTERS**
Visa Stablecoin Platform provides direct access to a range of stablecoin capabilities and flows alongside Visa's network, risk and fraud capabilities, so institutions can move from exploration to implementation with greater confidence.





# India launches CBDC-based welfare payments

The Government of India has launched the Central Bank Digital Currency (CBDC)-based Direct Benefit Transfer (DBT) under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) in the Union Territories of Chandigarh and Dadra & Nagar Haveli.

Under the new system, the food subsidy will be transferred directly into the beneficiary's Digital Rupee wallet, instead of a conventional bank account. The beneficiary can then use the purpose-bound digital subsidy to purchase foodgrains from empanelled merchants through a secure and traceable digital payment mechanism. The system has also been designed to improve accessibility. Smartphone users can make payments through QR codes, while feature-phone users can access the facility through OTP-based mechanisms. With this launch, Chandigarh and Dadra & Nagar Haveli have become the first State/Union Territory in the country to operationalize food subsidy transfers to all eligible PMGKAY beneficiaries in the form of programmable Central Bank Digital Currency (CBDC - Digital Rupee) tokens directly into their CBDC wallets. The initiative builds on earlier pilots conducted in Gujarat and Puducherry. The CBDC-based food subsidy delivery pilot was first launched in Gujarat on 15 February 2026, followed by Puducherry on 26 February 2026. Drawing on the experience and learnings from these pilots, the Government of India has now expanded the initiative to Chandigarh and Dadra & Nagar Haveli.



**WHY IT MATTERS**
The initiative is the first large-scale application of CBDC in Central Government welfare programmes. By combining the strengths of DBT with the capabilities of CBDC, the model seeks to ensure that public funds reach beneficiaries instantly and can be utilized for their intended purpose through a transparent digital mechanism.

# ECB selects 36 PSPs to join digital euro pilot

The European Central Bank (ECB) has selected 36 payment service providers (PSP) from across the euro area to participate in the digital euro pilot. Following a call for expression of interest in March 2026, the Eurosystem received more than 50 applications from PSPs, reflecting strong interest and engagement from the market. Applicants were evaluated based on a set of pre-defined eligibility criteria. The selected participants, including banks and non-bank service providers, span a broad range of business models and sizes and offer broad geographical coverage, ensuring a diverse and representative testing and learning environment for the digital euro.


Piero Cipollone

"The strong market interest in the pilot shows the private sector's readiness to engage actively and quickly advance with the digital euro project to strengthen the European payments landscape," said ECB Executive Board member Piero Cipollone, who chairs the High-Level Task Force on a digital euro. "We look forward to deeper engagement as we work with and learn alongside European payment service providers in developing a secure, efficient and inclusive digital euro."

The pilot will use a beta version of the digital euro. It will be functionally and technically close to the digital euro as foreseen in the draft legislation but will not have legal tender status.

**WHY IT MATTERS**
The pilot exercise is crucial for testing the digital euro's technical functionality and operational processes, as well as for refining user experience. The pilot aims to support the ongoing preparatory work for the potential issuance of a digital euro, and is due to start during the second half of 2027 for a period of 12 months.

## Standard Chartered and HSBC execute first live tokenised deposit transaction on Swift's ledger


Lewis Sun

Standard Chartered and HSBC have announced the successful completion of bank-to-bank tokenised deposit interoperability through the execution of the first live cross-border transaction on Swift's blockchain-based ledger. The live transaction builds on Swift's July 2026 announcement that its blockchain-based ledger was ready for initial use, with 17 banks across six continents preparing to pilot live transactions using tokenised deposits for 24/7 payment availability and better liquidity efficiency. This latest announcement represents the first interbank transaction executed on Swift's ledger which acted as a secure orchestration layer, enabling the obligations to be matched and netted between the two banks prior to final settlement through existing systems. For clients, this highlights the potential for cross-border payments to better support an increasingly 24/7 global economy.

Lewis Sun, Head of Digital Currencies, HSBC, said: "HSBC's interoperability transaction with Standard Chartered via Swift is a landmark moment for the promise of tokenised deposits. It demonstrates how digital money issued by banks can be interoperable across institutions while maintaining the integrity and regulatory oversight of the existing financial ecosystem. Tokenised deposit interoperability underscores how we can bring together different infrastructures to benefit our clients. For corporates, this is about solving real-world challenges, such as moving liquidity around the world, across financial institutions, increasing cash visibility and reducing the complexities sometimes associated with traditional cross-border transactions."

**WHY IT MATTERS**

This marks an important milestone in connecting tokenised deposits issued by regulated financial institutions. By enabling the separate tokenised-deposit infrastructures of HSBC and Standard Chartered to interoperate, with Swift providing the orchestration layer between them, the transaction demonstrates a practical route towards interoperable, 24/7 cross-border payments while retaining existing settlement infrastructure.

## SCB goes live with Citi's 24/7 USD Clearing and Citi Token Services solution


Thanawatn Kittisuwan

The Siam Commercial Bank (SCB) and Citi have announced that SCB is the first financial institution client globally to go live with Citi's newly integrated 24/7 USD Clearing and Citi Token Services solution. With this, Citi is enabling near real-time, round-the-clock, cross-border USD payments for its corporate and institutional clients. For The Siam Commercial Bank, the adoption of 24/7 USD Clearing with Citi Token Services represents a strategic investment in next-generation payment infrastructure.

Thanawatn Kittisuwan, Head of Transaction Banking, The Siam Commercial Bank, said: "At SCB, we continuously invest in innovative capabilities that help our corporate and institutional clients operate more efficiently in an increasingly global and connected business environment. Through our collaboration with Citi, we are the first bank in Thailand to leverage tokenization to enhance cross-border USD capabilities, helping our clients simplify operational constraints and conduct their international business activities with greater flexibility."

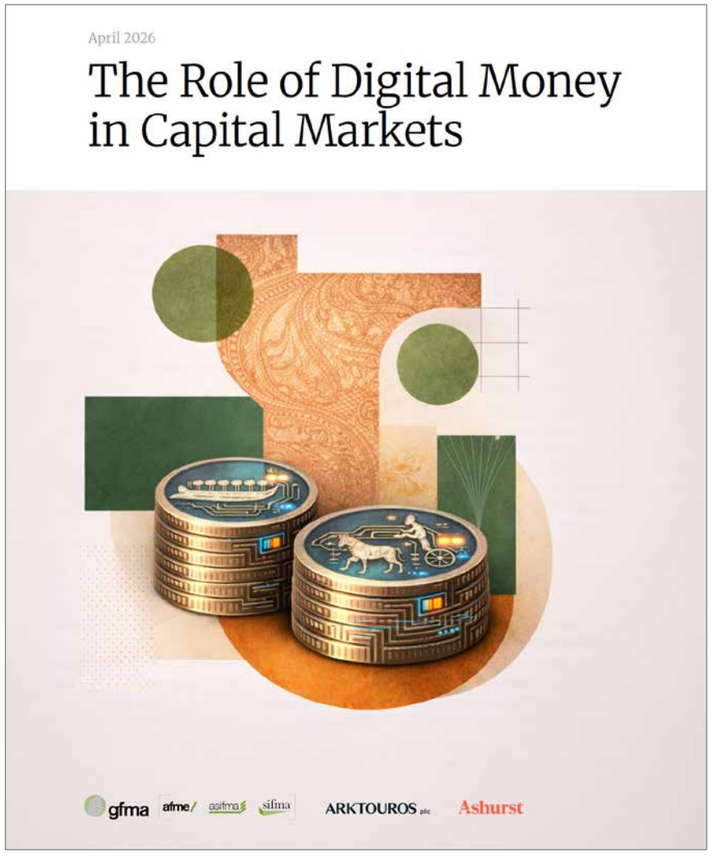
**WHY IT MATTERS**

This milestone marks a significant step forward in Thailand's digital financial infrastructure, bringing the power of blockchain-enabled, programmable payment capabilities to Thai businesses and financial institutions. It also furthers Thailand's broader digital economy agenda, supporting the Bank of Thailand's vision for a modernized, interoperable financial system that can compete on the global stage.





# How different forms of digital money are being used in wholesale capital markets today and their expected trajectory in the near future




Money fuels markets. The money systems that support our capital markets have been built and refi ned over decades. They facilitate the movement of commercial bank and central bank money across banks, payment networks, clearinghouses, and central securities depositories to orchestrate reliable and efficient financial transactions.

Digital money—including tokenised commercial bank money, stablecoins, and wholesale central bank digital currencies (wCBDCs)—introduces new technological efficiencies that can further improve capital markets transactions. They provide innovative technological solutions to enhance automation, reduce risk, and enable continuous and near-instant settlement. Each form of digital money has different economic and legal characteristics, operates on different infrastructures, and presents different opportunities and constraints for capital markets use cases.

Banks are in the business of money, which underpins economic growth. Capital markets are responsible for the efficient allocation of capital between providers (e.g., investors) and borrowers (e.g., entrepreneurs).

These global relationships are facilitated by fi nancial institution intermediaries, which play a critical role in making capital markets work. Efficient capital markets allow capital users to receive lower cost funding over time while allowing investors to identify opportunities to deploy their capital. Ultimately, this powers the economy.

Global Financial Markets Association (GFMA) members are responsible for, and facilitate, the vast majority of global capital markets activity: issuing and distributing securities to match companies with investors to raise capital, facilitating securities transactions, and enabling risk management across the global economy. They are at the forefront of innovating—and building on—these forms of digital money to improve and expand client services, lower risks, and reduce costs.

This report describes how different forms of digital money are being used in wholesale capital markets today and their expected trajectory for the near future. The analysis focuses on three use cases that represent active areas of development: cash leg settlement for securities transactions, repurchase agreement (repo) and securities fi nance, and derivatives margin.

https://www.sifma.org/research/white-papers/the-role-of-digital-money-in-capital-market

# Digital Money:
## From concept to market infrastructure

By Manuel Klein, Head Market Management Payments and Digital Currencies Corporate Bank (CB), and Sabih Behzad, Head of Digital Assets & Currencies Transformation at Deutsche Bank AG.



Manuel Klein



Sabih Behzad

Digital money is moving beyond experimentation and towards the foundations of future financial market infrastructure. This shift is not simply about faster payments or more digital interfaces.

Rather, it points to financial systems that may become more continuous, data-rich and available, operating beyond traditional batch-processing cycles and cut-off times.

For financial institutions, this is strategically relevant because new money rails could reshape how value is transferred, liquidity is managed, tokenised assets are settled and cross-border payments are orchestrated.

### DIFFERENT FORMS OF DIGITAL MONEY

To assess where digital money may reshape market infrastructure, recognition that it is not a single instrument is important: It is a broad landscape of emerging forms of money with different issuers, liability structures, access models and use cases.

There are four different forms of digital money that are issued by the public sector, i.e., the central bank (retail and wholesale Central Bank Digital Currency – CBDC) or the private sector, i.e., commercial banks (tokenised deposits) or electronic money institutions (Stablecoins / e-money tokens).

Stablecoins currently receive lots of media and industry attention. They are bearer instrument tokens issued on public blockchain rails, backed by cash reserves or eligible securities, enable crypto use cases where a stable currency is required and are expected to provide more efficient cross border payments. The second form of private digital money is tokenised deposits. These extend commercial bank money into programmable environments while preserving the legal, regulatory and prudential characteristics of bank deposits.

Representing the public-money dimension, wholesale CBDCs represent tokenised central bank money for eligible financial institutions, particularly in interbank settlement and market-infrastructure contexts. Retail CBDCs, such as the digital euro, are designed for the general public and not as an interbank or business to business settlement rail. Cryptocurrencies sit outside this discussion completely since, without regulated issuers or fiat backing, their value is volatile and primarily speculative.

### SCALING

The key question is no longer what digital money is, but whether these emerging forms of money can scale beyond pilots and niche applications. Increasing regulatory clarity and a growing number of market initiatives are helping to move the topic from concept towards implementation.

Regulatory progress is particularly visible in stablecoins. For instance, in the United States, the GENIUS Act introduces a stablecoin-specific framework, including reserve-backing requirements and restrictions on issuer yield generation.

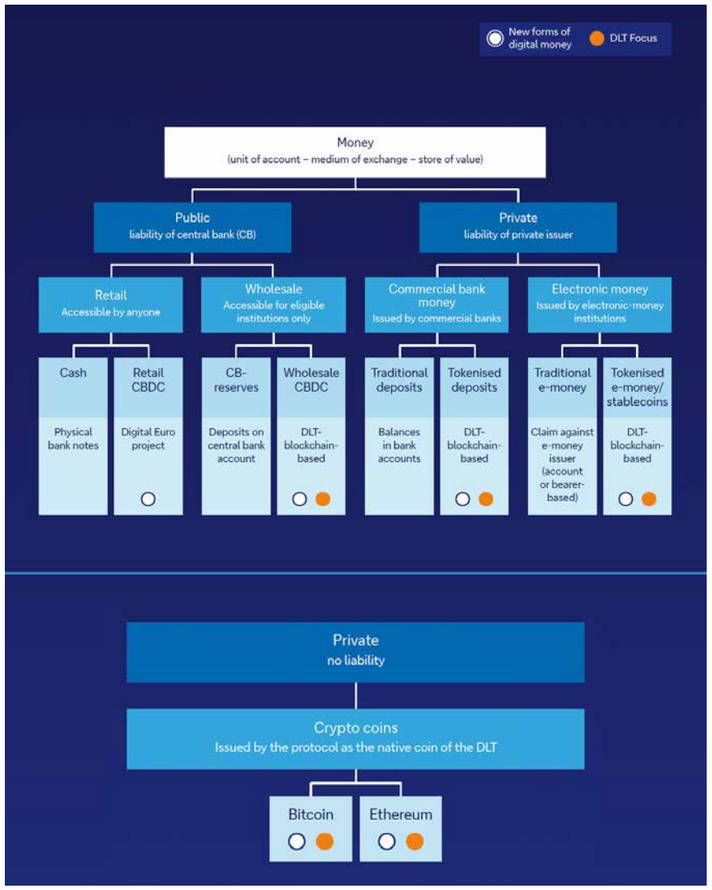
In the European Union, MiCAR embeds stablecoins and other crypto-assets into a broader rules-based framework designed to safeguard financial stability and monetary sovereignty. Across Asia, jurisdictions such as Hong Kong, Singapore, Japan and Thailand are also advancing stablecoin frameworks, reflecting different market structures and policy priorities.

Beyond regulatory progress, infrastructure for tokenised deposits is also becoming more developed. Partior, a blockchain-based settlement network backed by major financial institutions, is already live for real-time cross-border settlement of tokenised deposits, using pre-validation and atomic settlement to reduce breaks and investigations.

Project Agorá brings together seven central banks and more than 40 banks and private enterprises to explore a unified ledger on which tokenised deposits can interoperate with wholesale CBDC for policy-aware, atomic cross-border settlement. Further, Swift's shared-ledger initiative, together with wholesale CBDC initiatives such as Pontes and Appia, shows how regulated infrastructure and central bank money settlement may extend into programmable environments.

Despite this progress, stablecoin adoption provides an important practical indication of where digital money stands today. Stablecoin volume in 2025 was estimated at USD $62trn. Once non-economic activity such as bots and internal transactions is removed, around USD $4.2trn is estimated to represent actual transfers.

Of that amount, roughly USD $350bn–USD $550bn corresponded to real-economy payments, representing less than 1% of the overall stablecoin volume. This is an important reminder that transaction volume and real-world adoption are not the same. Stablecoins are gaining attention for USD access,




*The money landscape*

*Source: Deutsche Bank: Digital Money – a perspective on stablecoins, tokenised deposits, and CBDCs*
*https://flow.db.com/publications/flow-white-papers-and-guides/digital-money-a-perspective-on-stablecoins-tokenised-deposits-and-cbdcs*

remittances, B2C payouts, emerging B2B cross-border payments and potential settlement use in tokenised capital markets, but institutional adoption remains at an early stage – albeit strongly growing.

The central conditions for scale are therefore less about whether technology can work in principle and more about whether it can be embedded safely into institutional operating models. Digital money rails must interoperate across platforms, operate under shared governance and compliance standards, support reliable liquidity management, align with messaging frameworks and integrate into existing banking, treasury and control processes.

For institutional use, this also means custody, on- and off-ramping, reconciliation, reporting, ERP and treasury management system integration, and standardized payment information comparable to ISO 20022. No single market participant can solve these challenges independently. Success will depend on coordinated industry action, common rulebooks, interoperable technical standards and deeper integration into banks' messaging, booking, liquidity, control and compliance processes.

Against this background, tokenised deposits may be particularly relevant because they offer a bank-native route to digital settlement. They extend commercial bank money into digital environments while preserving the role of deposits and building on existing legal, regulatory and banking foundations. In principle, they can support 24/7 settlement, automated treasury processes, next-generation correspondent banking and wholesale settlement use cases.

| Digital money type | Definitions | Issuer / liability | Typical rail | Primary near-term utility |
|---|---|---|---|---|
| **Fiat-backed stablecoin (regulated)** | Digital representation of fiat currency issued on public blockchains, backed by reserves and designed to maintain a stable value | Non-bank or bank issuer; claim on underlying reserves | Public blockchains | Crypto market liquidity and trading; expanding into real-world use cases including USD access, remittances, B2C payouts, and early B2B payments, enabling always-on, 24/7 settlement beyond bank cut-off times |
| **Tokenised deposits** | On-chain representation of commercial bank deposits that retain existing legal, regulatory and prudential characteristics | Commercial bank; claim on the bank | Private DLT networks, consortium ledgers (e.g. Partior, Swift Ledger, Agorá), with emerging pilots on public chains | 24/7 settlement, programmability & automation; intra-bank settlement and modernisation of cross-border correspondent banking |
| **Wholesale CBDC** | Tokenised central bank money designed for use between financial institutions, enabling composable and programmable transactions | Central bank | Central bank-operated DLT or integrated with RTGS systems (e.g. Project Pontes) | On-chain settlement asset; delivery-versus-payment (DvP) for tokenised assets and tokenised deposits |
| **Retail CBDC (digital euro)** | Digital form of sovereign currency issued by a central bank for use by the general public, complementing physical cash in a digital economy | Central bank (distributed via PSPs) | Retail payment infrastructure (wallet-based, online/offline; not necessarily blockchain) | Pan-regional payment acceptance; access to central bank money for citizens; support for financial inclusion and resilience |

*The digital money landscape compared*

*Source: Deutsche Bank: Digital Money – a perspective on stablecoins, tokenised deposits, and CBDCs*
*https://flow.db.com/publications/flow-white-papers-and-guides/digital-money-a-perspective-on-stablecoins-tokenised-deposits-and-cbdcs*

In multi-bank settings, they could enable pre-screening, atomic execution and reduced reconciliation or investigation needs. In tokenised asset markets, they may also provide the cash leg for delivery-versus-payment settlement. Broad deployment, however, depends on shared rulebooks, credible settlement assets, multi-bank interoperability, core banking integration and coordination between real-time on-chain updates and settlement finality in RTGS or wholesale CBDC systems.

CBDCs add to the public-money dimension. Retail CBDCs are primarily public payment instruments. Under current digital euro proposals, corporates would not be able to hold digital euros directly; payments would instead settle into bank deposits through an automated defunding mechanism. Their relevance for corporates may therefore be linked more to payment acceptance than to deep treasury transformation in the near term. Wholesale CBDCs, by contrast, are increasingly relevant to financial market infrastructure. They may support interbank settlement, tokenised capital markets, delivery-versus-payment and payment-versus-payment use cases, especially where settlement finality in central bank money is required.




*Digital money is not an isolated technology trend*

## PRACTICAL RELEVANCE

The practical relevance of each form of money will depend on the use case it is meant to serve. Stablecoins may serve selected capital-markets and cross-border flows where they improve speed, transparency or access to currency liquidity, provided they are integrated into settlement, control, compliance and liquidity processes.

Tokenised deposits can underpin next-generation correspondent banking and support 24/7 value transfer, while wholesale CBDC can provide central bank money settlement on blockchain rails and the missing settlement asset for interbank transfers – also in tokenised deposits.

In more advanced use cases, these rails may also support more dynamic intraday liquidity and FX management, particularly where payment-versus-payment settlement and 24/7 settlement assets become operationally reliable. In the euro area, however, limitations remain. Pontes is due to go live in 2026, linking market DLT platforms to TARGET Services for wholesale settlement in central bank money, with further capabilities to be introduced progressively.

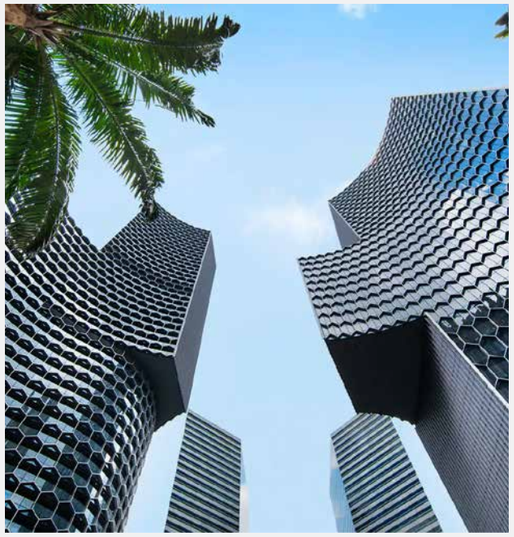
## COMING TOGETHER

But how do these four forms of digital money come together? The likely end state is not one model replacing all others, but an ecosystem in which stablecoins, tokenised deposits and CBDCs serve different needs within an increasingly connected financial system.

Banks are likely to play an important role in abstracting this complexity for clients. From a client perspective, the central question is not whether a transaction uses a stablecoin, tokenised deposit or CBDC, but whether the payment, liquidity or settlement outcome becomes safer, more efficient, more transparent and better integrated. Digital money is therefore not an isolated technology trend, but part of a broader transition towards 24/7-capable, interoperable and more responsive financial infrastructure.







## Stablecoin Summit 2026

**8th October 2026, Singapore**

Asia's premier event for stablecoin innovation focusing on real-world use cases, trustless transactions, transparency and security.

*https://www.stablecoinsummit.com/*




## The Digital Asset Conference IV

**19th-20th October, London**

The Digital Asset Conference is a one-stop destination for institutional investors and pioneers in the crypto ecosystem.

*https://www.thedigitalassetconference.com/*




## The Future of Tokenization and RWAs

**1st-2nd December, London**

An event dedicated to real-world asset tokenization, digital markets infrastructure, and the future of capital markets.

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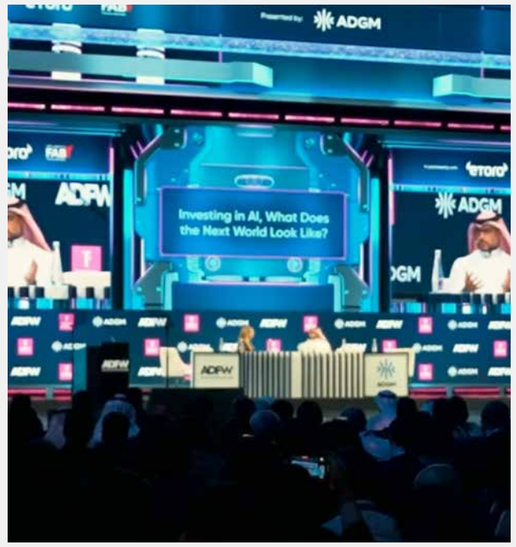



## Abu Dhabi Finance Week 2026

**7th-10th December 2026, Abu Dhabi**

ADFW 2026 convenes the capital community and the world's top financial minds to power opportunities and accelerate growth in global markets.

*https://adfw.com/*

# From uncertainty to opportunity:

## Building the regulatory foundations for digital money

Christian Schmid, Senior Partner and Global Leader, Head Global Banking & CIB and Assia Gardiner, Partner & Associate Director, Digital Asset Risk Management and Regulation at Boston Consulting Group.


Christian Schmid


Assia Gardiner

Regulation of digital money is moving rapidly from first principles into concrete frameworks. Yet maturity and regulatory treatment still vary materially across instruments and jurisdictions. As institutional adoption grows, the task is no longer simply to decide whether a token may be issued. It is to ensure that the monetary claim remains intact through holding, transfer and settlement, and that different forms of digital money can coexist without fragmenting money itself.

This is why regulation is becoming part of the operating infrastructure of digital money. Just as payment rails determine how value moves, legal and regulatory frameworks determine what a token represents, who is responsible for it, when a transfer becomes final and whether different forms of money can exchange at par. Well-designed rules do not remove every risk. They make risks legible, assign responsibility and give institutions confidence to commit capital and move beyond pilots.

### START WITH THE MONETARY CLAIM

The defining feature of any form of digital money is not the technology used to represent it, but the monetary claim behind it:

- Regulated fiat-referenced stablecoins rely on reserve backing and enforceable redemption rights.
- Tokenised deposits remain liabilities of commercial banks.
- Central bank money is a direct claim on the central bank. The technology may look similar, but the economic meaning and safeguards are different.

Regulation establishes the link between token and claim through different routes:

- Stablecoin regimes increasingly address authorisation, reserve quality, governance, holder rights and redemption.
- Tokenised deposits generally remain within the banking framework where tokenisation leaves the underlying deposit claim unchanged, although classification becomes more consequential as designs become transferable and the boundary with other regulated forms of digital money narrows. The European Banking Authority has concluded that tokenisation does not in itself change the fundamental nature of a deposit, while calling for greater convergence in distinguishing tokenised deposits from electronic money tokens.
- For central bank money, the claim itself is not in doubt. The central questions are access, distribution and the infrastructure through which it is used. This is not taxonomy for its own sake. Classification determines insolvency treatment, prudential exposure, liquidity management and whether institutions can confidently use the instrument.

### PROTECT INTEGRITY THROUGH THE LIFECYCLE

Issuance is only the starting point. Digital money must remain aligned with its underlying claim as it is held, transferred across networks, settled and ultimately redeemed.

Three tests matter.

First is **claim-to-token alignment:** the outstanding token must continue to match the legal and financial position behind it. For stablecoins, this includes consistency between reserves and token supply.

Second is **cross-network integrity:** where the same claim is represented on another network, minting and burning arrangements must preserve aggregate supply and prevent duplicate claims.

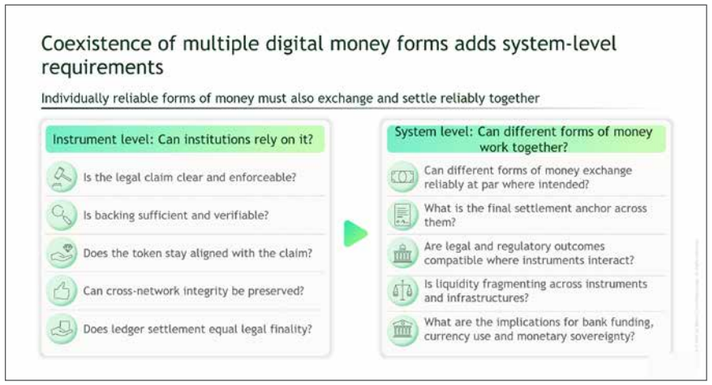
Third is **legal finality:** completion on a ledger must correspond to the point at which ownership legally transfers, and the underlying obligation is discharged.

Integrity exists only when legal, financial and technical records continue to describe the same economic reality. That requires a clear allocation of responsibility across issuers, intermediaries, custodians and infrastructure providers. Law and supervision matter, as do contracts, technical standards and market controls. CPMI and IOSCO already apply established financial-market-infrastructure principles to systemically important stablecoin arrangements, including governance, comprehensive risk management, settlement finality and money settlement.

Clear responsibility also changes the economics of adoption. It reduces duplicated controls, repeated legal analysis and bespoke operating models. That is what allows firms to industrialise infrastructure rather than merely demonstrate that the technology works.

### FROM RELIABLE INSTRUMENTS TO ONE MONETARY SYSTEM

Even individually sound instruments are not enough. As stablecoins, tokenised deposits and central bank money coexist, the question changes from "Can institutions rely on it?" to "Can different forms of money work together?"




They need to exchange at par where intended, operate under compatible legal and regulatory arrangements and settle against a clear final anchor. Persistent differences in value or treatment can fragment liquidity across instruments and infrastructures. Transfers involving several forms of money must produce a consistent legal answer on ownership and discharge.

Wider adoption can affect the monetary system itself. Currency denomination and the location of liquidity and reserves can influence bank funding, currency reach and monetary sovereignty. These are system-level questions, distinct from the reliability of any single instrument.

### FOUR REGULATORY FOUNDATIONS FOR SCALE

The remaining agenda can be organised around four foundations.

**First, define the claim and the regulatory perimeter.** For stablecoins, the focus is moving beyond issuance and reserves towards liquidity under stress, recovery and resolution. For tokenised deposits, authorities need a consistent view of where the deposit perimeter ends as instruments become transferable and interoperable.

**Second, preserve integrity throughout the lifecycle.** Responsibilities must remain clear when issuance, custody, transfer and settlement involve different entities. Regulation should establish the required outcomes while allowing contracts, standards and technology to evolve.

**Third, make interaction reliable.** Tokenised markets need practical access to a trusted settlement asset and arrangements that connect different ledgers without sacrificing finality. The Eurosystem is pursuing this through Pontes, designed to link market DLT platforms to TARGET Services, alongside the longer-term Appia initiative. Project Agorá has demonstrated atomic multicurrency settlement using tokenised commercial bank deposits and central bank reserves while preserving their legal character. The next challenge is translating such prototypes into scalable technical, operational and contractual arrangements.

**Fourth, manage cross-border and system-level effects.** Divergent reserve, redemption and issuer rules can make a single operating model difficult across major markets. As adoption begins to affect bank funding, liquidity or monetary sovereignty, instrument-level safeguards may need to be supplemented by proportionate measures aimed at the wider system.

These foundations will not make every use case succeed, but they change the investment equation. Institutions can build reusable capabilities rather than country-by-country workarounds; liquidity can form across compatible infrastructures; and automation can extend into settlement, servicing and cross-border payments.

Digital money will make the architecture of money more diverse. The objective should not be to make every form of digital money identical, but to ensure that many forms can still function as one monetary system. When claims are clear, integrity is preserved and settlement is final, regulation stops being a barrier around digital money and becomes the infrastructure on which it can scale.

# Stablecoins are closing the reliability gap in payments

Wire failure rates and settlement delays carry a real operational cost. This article from the Gravity Team compares reliability across correspondent and stablecoin rails, and what it means for staffing.

Payment operations teams rarely talk about reliability the way they talk about cost or speed, even though it shapes their daily workload more than either. A wire that fails or gets delayed does not just cost money, it consumes hours of staff time, ties up cash in buffers, and creates a queue of customer questions that someone has to answer. Below we look at how reliability compares across correspondent banking chains and stablecoin settlement rails, and what that gap means for how operations teams size their teams and buffers.

## WHY RELIABILITY IS DIFFERENT FROM SPEED

Speed measures how long a payment takes when everything goes right. Reliability measures how often things go wrong in the first place, and how much work is needed to fix it. According to SWIFT's own GPI tracking data, roughly half of tracked payments are credited to the end beneficiary within 30 minutes, and almost all within 24 hours. That sounds strong until you consider it is the median result within a network built by design to have multiple intermediary hops, each with a chance of message errors, missing fields, or compliance holds.

A 2026 review of wire transfer automation found that about a third of banks report more than 31 percent of their international wires contain some kind of error, ranging from invalid routing codes to missing beneficiary details. Most of these do not cause the wire to fail outright, but they do slow it down, and each one requires a human to catch and fix it before the payment clears cleanly.

## WHAT A DELAYED OR FAILED WIRE ACTUALLY COSTS

The operational cost of an unreliable rail is rarely visible in the headline fee. It shows up in three places: staff time, treasury buffers, and customer support load.Every flagged wire needs someone to check the reference number, contact the correspondent bank, and confirm the beneficiary details. On a rail with a meaningful error rate, this becomes a standing job function rather than an occasional task. Because a delayed wire is still an obligation to the customer, treasury teams tend to hold extra cash to cover payments stuck mid-chain, and this money sits idle and earns nothing while it waits. Every delay also generates a support ticket, and every support ticket needs a templated but individually checked response, which at scale becomes one of the largest line items in a payment operations budget even though it never appears as a distinct cost on an invoice.

The World Bank's survey on correspondent banking decline found that wire transfer delays were the most frequently cited problem by affected institutions, ahead of documentation requests and fee increases. That pattern has persisted for years precisely because delays are structurally built into a chain with several intermediary banks, each acting as a potential point of failure.

## HOW STABLECOIN SETTLEMENT CHANGES THE RELIABILITY PICTURE

Stablecoin settlement removes most of the intermediary hops that create failure points in a correspondent chain. Once a transaction is broadcast to a blockchain network, it can be confirmed in seconds or minutes, depending on the network. That is a different operating model from a payment moving through several banks, each with its own processing window and controls.This matters operationally because finality here means something specific, once the transaction confirms on-chain, it cannot be reversed, delayed, or held up by an intermediary bank asking for more documentation. The ECB has noted that stablecoins can serve as the cash leg in atomic settlement, where both sides of a transaction settle together or neither does, thereby reducing settlement risk by design.

That does not mean stablecoin rails are failure-free. Wallet address errors, incorrect network selection, or smart contract issues on the receiving side can still cause problems. But the nature of the failure is different, it tends to happen once, at the point of transfer, rather than accumulating across a multi-day chain of banks each adding their own risk of delay.




## A PRACTICAL WAY TO COMPARE THE TWO RAILS

Rather than treating reliability as a single number, it helps to break it into three questions that map directly onto operational cost, how often a payment fails to reach its destination on the first attempt, how long it takes to detect and resolve a failure once it happens, and how much manual intervention is required to close out the exception.

On correspondent rails, all three tend to scale with the number of intermediary banks in the chain. More banks means more handoffs, more processing windows, and more points where a payment can be delayed or need clarification. On stablecoin rails, the first two can fall sharply once a transaction confirms on-chain, while the third shifts toward front-loaded work, verifying wallet addresses and network details before sending, rather than firefighting after the fact.

## SIZING BUFFERS AND STAFFING AROUND EACH RAIL

For teams that still run meaningful volume over correspondent rails, sizing decisions should reflect the corridor's actual error history rather than a generic industry average. A corridor with several intermediary banks and thin local liquidity will need larger treasury buffers and a bigger exceptions team than one with a shorter, more direct banking relationship.

For teams shifting volume onto stablecoin rails, the staffing need moves earlier in the process. Instead of relying primarily on post-transaction exception handling, teams need stronger pre-transaction verification and ongoing compliance controls, including wallet and network checks and applicable AML/CFT and Travel Rule requirements.

A useful rule of thumb is that headcount previously tied to chasing delayed wires can move toward ramp-side verification and monitoring. When there are fewer intermediary hops, teams can spend less time tracing payments mid-process and more time making sure the details are correct before funds are sent.

## WHAT THIS MEANS GOING FORWARD

Reliability is not just a technical detail buried in a service level agreement. It is one of the largest hidden costs in cross-border payment operations, and it scales directly with the number of intermediary steps a payment has to pass through. Correspondent rails were not built with a small number of hops in mind, and that structural feature is unlikely to change through incremental fixes to messaging standards alone.

Stablecoin settlement rails offer a genuinely different reliability profile, not because the technology is inherently superior, but because the structure has fewer places for something to go wrong mid-transaction. For payment operations teams evaluating where to route volume, reliability deserves the same rigor as cost and speed, since it is the metric that most directly determines how many people are needed to keep a payment desk running smoothly.

Readers who want more context on how regulation is shaping this shift can also see Orochi Network's overview of 2026 stablecoin regulatory expectations, and those interested in how emerging market corridors are adapting can look at Lisk's report on cross-border payments in emerging markets. More information about The Gravity team can be found at: https://www.gravityteam.co

# Exploring the FX implications of digital money for corporate treasurers

Digital money may make cross-border value transfer faster and more efficient, but it will not eliminate the need to exchange currencies or manage FX risk. This Q&A feature with Ralph Achkar, Head of Digital Currency Strategy at 360T, discusses how stablecoins and other forms of digital money might interact with corporate FX workflows, whether new sources of currency exposure could emerge, and how treasury technology will need to connect digital payments with execution and hedging.


Ralph Achkar

**Digital money is often presented as a way of making cross-border payments faster and more efficient. Why will the growth of stablecoins, tokenised deposits and other forms of digital money not eliminate the need for corporate FX execution and currency risk management?**

Digital money changes how value moves, but it's still denominated in different currencies. Stablecoins and tokenised deposits are linked to fiat currencies, so whenever a payment and obligation are in different currencies, FX conversion remains essential. Today, most stablecoin liquidity is concentrated in USD, with growing but smaller EUR adoption, meaning many users still require FX transactions to move between local currencies and digital money. As a result, the on-ramp into digital money and the off-ramp back into traditional currencies can frequently involve FX execution, meaning currency risk management can remain an important consideration.

**Could digital money create new forms of FX exposure for corporate treasurers that do not exist, or are less visible, in today's payment and banking environment?**

Digital money can introduce new considerations alongside traditional currency exposure. For example, issuer quality, reserve management, liquidity and redemption mechanisms, particularly for privately issued stablecoins, could become important considerations for corporate treasurers. New settlement and custody arrangements might also be needed, as digital assets are held in wallets and transferred on distributed ledgers without the centralized settlement infrastructure familiar to traditional FX markets, or an equivalent of today's CLS settlement framework.

**How should treasurers think about the currency risk associated with stablecoins and other privately issued forms of digital money, particularly where their value is linked to an underlying fiat currency?**

It's important for treasurers to understand the potential risks associated with stablecoins, and how they differ from fiat currencies. The resilience of the issuer, the quality of reserve assets and the redemption framework can all influence the stability of a given stablecoin.

Similarly, how reserve assets are collateralized, and the composition and liquidity of those reserves, can affect confidence and redemption under stressed market conditions. Converting into and out of stablecoins also often requires FX transactions, particularly given today's concentration of liquidity in USD-denominated stablecoins, which can expose treasurers to additional market risk.

**Could a corporate's use of digital money create a mismatch between the timing of a payment, the conversion of currencies and the execution of the associated FX hedge?**

It could, especially if only part of the payment process operates on-chain. Stablecoins can settle almost instantly, but conversions between digital money and fiat currencies still depend on traditional banking infrastructure. If either the sender or recipient needs to move between fiat and digital assets, or they transact in different currencies, treasury teams may therefore need to carefully coordinate payment timing, FX execution and hedging to manage potential currency exposure and operational mismatches throughout the payment cycle.

**Might digital money eventually enable corporate payments, FX execution and hedging to become part of a single integrated workflow rather than separate processes?**

Digital money, combined with APIs and smart contract technology, has the potential to connect payments, FX execution and hedging within a single automated workflow. While the underlying FX transactions do not disappear when different currencies are involved, integrating these activities can significantly improve efficiency, reduce operational risk and simplify treasury processes by minimizing manual intervention. At 360T, with the launch of our 3DX platform, we enabled treasurers to execute both FX and stablecoin transactions in one place, which can help to increase operational efficiency and reduce the risks associated with trading digital currencies.

**What would be required to connect digital payment infrastructure with the FX trading platforms, treasury management systems and banking relationships that corporates already use?**

Adoption often depends on interoperability rather than replacing existing infrastructure. For many corporates, one possible route may be to access digital money through the same banking relationships, treasury systems and trading platforms they already rely on. Building digital capabilities into established workflows could help lower implementation costs, reduce operational complexity and support institutional adoption without requiring organisations to introduce entirely new technology stacks. Banks are likely to remain central to how these models develop, both through their existing corporate relationships and through their role in shaping new payment, liquidity and settlement services.

**Could digital money make real-time or near-real-time treasury a practical reality, and what would that mean for the way corporates identify, aggregate and hedge FX exposures?**

Digital money enables faster movement of funds, but faster payments alone do not create real-time treasury. Treasury functions such as forecasting, liquidity management and netting still require broader operational processes. As digital payment infrastructure matures, treasury teams may be able to identify and respond to FX exposures more quickly but achieving fully real-time treasury will depend on wider ecosystem readiness rather than payment speed alone. A phased approach may be appropriate for some organisations. For instance, using T+1 settlement for stablecoin activity before considering more real-time processes can provide one way to adapt operational models gradually.

**How might 24/7 digital money networks affect corporate FX workflows when the underlying FX markets and many traditional treasury processes do not operate continuously?**

This is one of the key issues market participants are considering as institutional use of digital money develops. Digital money networks can operate around the clock, but fiat funding, banking infrastructure and institutional FX liquidity largely remain tied to traditional market hours. As a result, treasurers may need to manage the interaction between always-on payment networks and existing financial infrastructure, particularly if and as demand for activity outside traditional market hours develops. Greater 24/7 usage would also depend on the availability of competitive FX liquidity, settlement services and supporting market infrastructure beyond today's traditional operating hours.

**Could the growth of digital money increase demand for more automated or rules-based FX execution and hedging by corporate treasurers?**

The characteristics of digital money typically support greater automation through APIs and smart contracts, which could create additional use cases for rules-based execution. However, adoption will depend not only on technology but also on organisational readiness.

Many firms still rely on manual FX processes, which suggests that any transition would probably be gradual. If the adoption of digital assets by corporate treasurers continues to grow, this could create greater demand for automated execution and integrated treasury workflows, although success will depend as much on changing operational practices as on technological capability.

**Looking five to ten years ahead, do you expect digital money to fundamentally transform corporate FX and treasury operations, or will its greatest impact be to make existing workflows faster, more automated and more integrated?**

Current developments suggest that digital money could complement established infrastructure in a number of areas, including some cross-border payment use cases where speed and efficiency may offer clear benefits. One area of potential value is the integration of digital money into existing treasury, payments and FX workflows, which could allow organisations to operate more efficiently and with greater automation while preserving established risk management practices.

At 360T, our focus is on responding to client needs and market developments, working alongside banks and other market participants, and developing relevant capabilities where there is clear demand rather than assuming a single future model for corporate treasury.

# Is the world heading toward multiple digital money systems rather than one - and does it matter?

Paul Golden explores whether the future may not be about choosing one form of digital money over another but rather building the infrastructure that allows many forms of digital money to coexist and interact seamlessly.





Paul Golden

The major shift in the digital money debate of late has been a move away from asking whether digital currencies work to exploring which form of digital money will become part of mainstream financial infrastructure.

A number of developments are behind this shift, perhaps the most important of which is that stablecoins have gone from being primarily crypto market infrastructure towards being considered a genuine payments and settlement technology.

This has been driven by regulation as well as technology. In the US, Congress has been moving towards a much clearer regulatory framework, including the stablecoin legislation already enacted and the broader CLARITY Act now advancing through the Senate.

There is also increasing evidence of banks and financial institutions deploying stablecoins for real-world payment and settlement applications. In August, for example, the Standard Chartered-backed Anchorpoint joint venture began rolling out a Hong Kong dollar stablecoin aimed initially at institutional users and applications such as payments and settlement. Banking on tokenised deposits

Perhaps the most important development for corporate treasury is the rise of tokenised deposits.

Instead of creating a new private digital currency, banks can put conventional commercial bank money onto programmable/blockchain

infrastructure. The result is potentially 24/7, programmable bank money that remains a claim on a regulated bank. Bank of England Monetary Policy Committee member, Megan Greene, recently predicted that tokenised deposits could eventually overtake stablecoins, precisely because they retain the banking relationship and integrate more naturally with the existing financial system.

Rather than simply asking whether consumers should have a digital version of cash, central banks are increasingly exploring wholesale digital money and tokenised settlement.

The BIS's Project Agorá, involving central banks and major financial institutions, is testing tokenised commercial bank deposits alongside tokenised central bank money for cross-border transactions. Recent testing demonstrated the possibility of atomic, multi-currency settlement, potentially operating around the clock.

The BIS believes the future monetary system could consist of tokenised central bank reserves plus tokenised commercial bank money plus tokenised government securities, operating on interoperable platforms.

The eurozone is probably the clearest example of a CBDC moving from conceptual discussion towards advanced technical preparation. The ECB has moved beyond its initial preparation phase and is now working towards a potential 2027 pilot and 2029 first issuance, assuming EU legislation is adopted this year.

Importantly, the ECB is simultaneously developing infrastructure for DLT-based financial markets. Its planned Pontes system is intended to allow DLT transactions to settle in central bank money.

The strongest economic case for digital money increasingly looks like cross-border movement of money, rather than replacing domestic cash.

Tokenisation potentially allows 24/7 settlement, atomic delivery-versus-payment, fewer intermediaries, programmable payments, substantially faster FX settlement, more efficient liquidity management and settlement across different jurisdictions and currencies.

Project Agorá is particularly important here because it is trying to combine tokenised deposits and central bank money rather than simply replacing the banking system with crypto.

## BLOCKCHAIN DEBATE MOVES ON

The question is no longer simply whether blockchain can make payments faster - policymakers are now asking what kind of money should exist on tokenised networks.

The BIS has become particularly explicit about this. Its June 2026 assessment argues that stablecoins demonstrate the potential of tokenisation but have shortcomings as a foundation for the monetary system, particularly around the traditional properties of money and financial integrity.

The direction of travel is towards a single digital money system inasmuch as the focus is squarely on upgrading sovereign currencies. Alternatives to sovereign currencies – such as Bitcoin - have not taken off as methods of payment and the dominant stablecoins, tokenised deposits and CBDCs are denominated in fiat currencies and seek singleness of money, so in that sense it is business as usual.
That is the view of Tony McLaughlin, CEO of Ubyx, who adds that history suggests that there will be a mixture of common standards and bridges between islands.

"Everyone on the same system isn't the direction of travel; the convergence will be to more general purpose value transfer rails," he says. "A faster payment system is a single trick pony whereas a blockchain can represent any given digital asset. Just as the iPhone replaced many devices, so blockchains replace many single function value transfer rails."



Tony McLaughlin

**"A faster payment system is a single trick pony whereas a blockchain can represent any given digital asset."**

According to McLaughlin, the core blockchain innovation is general purpose representation of any arbitrary digital asset on a common programmable infrastructure.

"That is the paradigm shift away from the world of silos that we live in today," he says, while acknowledging that capitalism is creative destruction and there will be many failures on the road to building a better financial system and suggesting that there will be a synthesis between Web3 and TradFi that will leave neither unchanged.

On the question of connectivity, Phoebe Zhou, head of client solutions, Global Payment Solutions HSBC believes the more practical approach is to enable different forms of digital money to interoperate securely across existing financial infrastructure.
"Rather than asking the industry to choose one winner, it should focus on creating trusted connectivity between multiple networks," she says. "Clients often care less about the underlying technology than whether money moves securely, efficiently and with certainty."

## INTER-BANK INTEROPERABILITY INITIATIVES

HSBC is participating in a number of industry initiatives focused on future inter-bank interoperability - including tokenised deposit market infrastructure development and broader cross-border industry projects such as UK Finance's Great British Tokenised Deposit (GBTD) live pilot; The Clearing House's bank-led on-chain money initiative; and Swift's blockchain ledger capability.

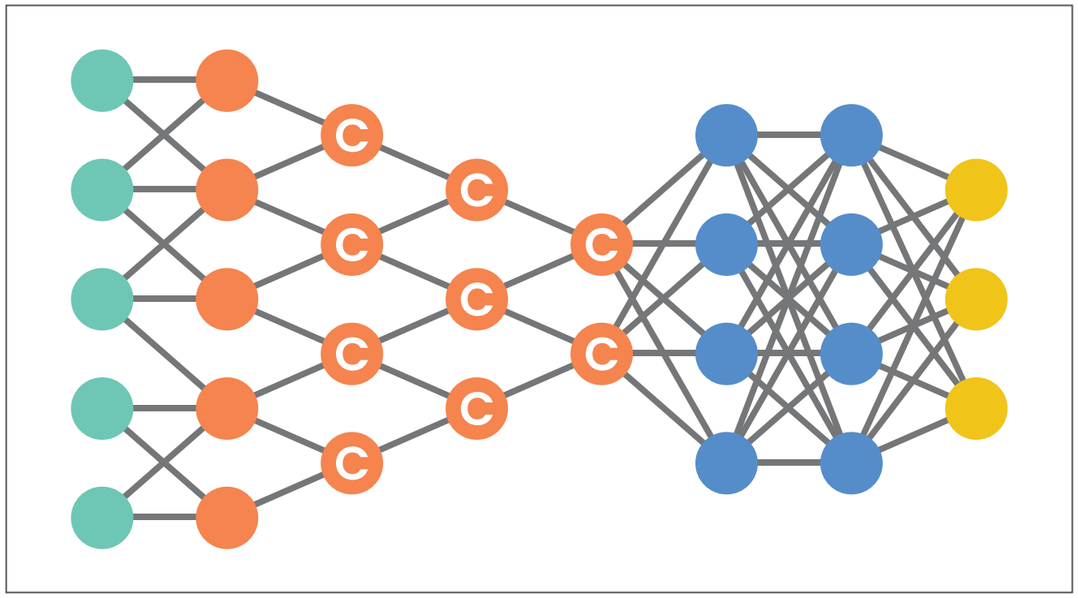


Phoebe Zhou

**"We expect multiple forms of digital money to coexist, because each addresses different needs for different use cases."**

As for which technologies will have the biggest role to play in connecting digital money ecosystems, Zhou reckons technology alone will not solve fragmentation and that the real value comes from combining trusted infrastructure with open connectivity. "APIs can allow banks, fintechs and market infrastructures to integrate without necessarily having to replace existing systems," she says.



*Multiple networks, protocols and providers can coexist successfully if the connective tissue is strong enough*



Jenna Wright

**"Regulated stablecoins are particularly compelling because they can become a faster, more flexible settlement and collateral layer for global markets."**

"Standardised messaging - particularly ISO 20022 - provides a common business language across payment rails. Shared ledger technologies and tokenisation platforms can enable new settlement models but the interoperability layer will be equally important."

This is where initiatives such as SWIFT's work on blockchain interoperability demonstrate value. Zhou adds that the future is therefore unlikely to be built around one technology but will rather be an ecosystem where APIs, messaging standards, tokenisation platforms and trusted connectivity all work together.

"We expect multiple forms of digital money to coexist, because each addresses different needs for different use cases," she says. "Rather than one replacing another, the industry is moving towards a multi-asset ecosystem where each form of digital money has a distinct role."

The challenge is not deciding which model will dominate but ensuring they can interoperate seamlessly so that clients experience a unified financial system rather than fragmented networks, suggests Zhou.

"For banks, success will increasingly depend on acting as trusted connectors between these different forms of value, allowing clients to access new capabilities without introducing unnecessary complexity."

## NETWORK OF NETWORKS FUTURE

The industry has moved beyond the idea of a single global digital money system. The future is not one network ruling them all, it is a network of networks. The real battleground now is connectivity and how different infrastructures, jurisdictions and forms of digital money can interact at institutional scale with the speed, resilience and transparency global markets require. So says Jenna Wright, managing director, digital assets LMAX Group, who believes fragmentation is inevitable on the basis that different regions will continue to pursue different policy, regulatory and economic priorities.

"The opportunity is to stop treating divergence as a problem to be eliminated and start building the market infrastructure that allows capital, liquidity and settlement to move safely across those boundaries," she says, adding that this will not be a winner-takes-all market.

"CBDCs, regulated stablecoins, tokenised deposits and commercial bank money all have a role to play but the most powerful models will be those that improve how institutional markets actually function. Regulated stablecoins are particularly compelling because they can become a faster, more flexible settlement and collateral layer for global markets, helping bridge traditional finance and digital assets."

Wright believes that interoperability matters more than perfect standardisation and that waiting for every market, regulator and institution to adopt the same technical framework is unrealistic. The priority should instead be to connect high quality, regulated systems in a way that lets liquidity move efficiently, risk be managed properly and innovation continue without forcing the market into a single blueprint.

"Regional digital currency blocs are a real possibility, especially as regulation develops at different speeds across the world," she suggests. "If that happens, the cost of poor connectivity will be high. Cross-border payments, collateral mobility and capital markets will depend on infrastructure that can move value across regions without adding friction, opacity or unnecessary risk."

The internet shows that scale does not require uniformity. Multiple networks, protocols and providers can coexist successfully if the connective tissue is strong enough and digital money should follow the same logic with open connections, robust standards and market infrastructure that lets participants interact securely while still leaving room for innovation and competition.

On the question of the significance of geopolitical considerations in determining the future architecture of digital money - particularly around sovereignty, sanctions, resilience and strategic autonomy – Wright notes that geopolitics is becoming central to the architecture of digital money. "Payments and settlement infrastructure sit at the heart of sovereignty, sanctions policy, resilience and strategic autonomy. That means the next phase of digital money will be shaped as much by national interest and regulatory confidence as by technology."

## INTEROPERABILITY DEFINES NEXT DECADE

Wright feels interoperability will be one of the defining infrastructure opportunities of the next decade and is critical for future capital markets, adding that the firms that can connect liquidity, collateral, settlement and execution across different ecosystems will sit at the centre of the next market structure shift.

"Global bodies can set direction, establish principles and encourage alignment," continues Wright. "But interoperability will not be delivered by them alone. It will require regulators, banks and private sector infrastructure providers to build, test and scale the connections that institutional markets will rely on."



*Geopolitics is becoming central to the architecture of digital money*

The risks from excessive fragmentation include trapped capital and fragmented liquidity in addition to new operational and settlement risks.

"In fast moving markets, that matters," explains Wright. "If money can't move at the speed of risk, the system becomes less efficient and less resilient. The objective should be to reduce friction without compromising governance, compliance or market integrity."

She believes there are real advantages to allowing different models to develop on the basis that competition drives better infrastructure, better pricing and better solutions for different market needs and that the danger is isolation.

"Multiple models can strengthen the ecosystem if they can connect into the wider financial system," says Wright, adding that no single technology will solve this. "APIs, tokenisation platforms, shared ledgers, interoperability protocols and programmable settlement layers will all matter. But the most important breakthroughs will be the ones that make institutional capital more mobile. Regulated stablecoins and tokenised money have the potential to become the bridge between otherwise separate ecosystems."

As for what practical steps central banks, commercial banks, infrastructure providers and technology firms should be taking to minimise future fragmentation while still encouraging innovation, she reckons the priority should be to build for connection from day one.

"Firms should focus on clear regulation, robust operational standards, scalable settlement models and open connectivity. The goal is not to force the market onto one system; it is to make sure multiple systems can operate together with confidence." There is a lot of discussion around what the global digital money landscape will look like in five or 10 years' time, particularly whether there will be a single connected ecosystem, several interoperable networks or largely independent digital currency domains.

Wright predicts that the future will consist of several powerful, interoperable networks rather than one universal digital money system. "The winners will not simply be the biggest ecosystems," she says. "They will be the ones that move capital, liquidity and settlement most efficiently across asset classes, jurisdictions and time zones. That is the future of institutional markets."

## PUBLIC CHAIN VALIDATION CRUCIAL

On the question of what practical steps central banks, commercial banks, infrastructure providers and technology firms should be taking to minimise future fragmentation while still encouraging innovation, McLaughlin reckons the key step is to get regulated banks and PSPs equipped with wallets and connected to public chains.

"Regulated firms should validate public chains," he says. "They should be connected to many different chains - the wallet has no trouble doing this."

CBDCs, regulated stablecoins, tokenised deposits and commercial bank money all have potentially different roles to play. "CBDC is a sovereignty play and if countries want to go this way, then it is up to them. Tokenised deposits are great for corporate cash management purposes and stablecoins are awesome for everything else. Over time, tokenised money and tokenised assets will come to be the norm."

McLaughlin is confident that people will find a way to trade globally. "This is a digital world now and access to value transfer will be more geographically distributed," he continues. "It is hard to see how this trend can be reversed absent draconian measures that would be net detrimental to economic growth."

Looking ahead, by 2036 he believes every bank and fintech on the planet will offer both traditional accounts and wallets connected to main chains and that the wallets/chains/tokens combination will be where the innovation takes place and is where the future of financial services will be built.

# Can AI create truly frictionless cross-border payments?

By Roland Schilling, Head of Commercial Product – FX at Stream.Money



Roland Schilling

Cross-border payments are the backbone of global commerce. Every day, businesses pay overseas suppliers, banks transfer funds across jurisdictions, and individuals send money to family abroad. Despite decades of technology progress, cross-border payments remain expensive, slow, fragmented, and very labour-intensive.

AI is emerging as a powerful tool to address many challenges. Rather than replacing existing infrastructure, AI can act as an intelligent orchestration layer to optimise decisions, automate processes, and improve efficiency through the payment lifecycle.

## MAKING COMPLIANCE MORE EFFICIENT

Compliance is one of the most complex aspects of cross-border payments. Financial institutions must comply with anti-money laundering regulations, sanctions screening, KYC, fraud prevention, and jurisdiction-specific regulations. Traditional rule-based systems often generate false triggers, which require manual investigation and delay legitimate payments. AI can offer a more intelligent approach by evaluating transactions in context rather than relying solely on static rules. Machine learning models can assess customer behaviour, transaction history, counterparties, geography, and payment purpose to build a dynamic risk profile.




*Rather than replacing banks or payment networks, AI coordinates them more effectively*

## OPTIMISING FOREIGN EXCHANGE

FX pricing is often the least transparent cost in international payments. Businesses frequently accept quotes without understanding if it is the best option available. Pricing is influenced by market volatility, available liquidity, and timing. AI can improve FX management by analysing historical trends, real-time market data, market depths, and transactional patterns to recommend optimal execution timing and strategies. Machine learning models can also forecast short-term currency movements, helping treasury teams to determine whether to execute immediately or wait for more favourable conditions, whether to execute an entire payment or split it into multiple orders. While AI cannot predict markets with certainty, it can identify probabilities and patterns that improve decision-making, reduce unnecessary costs, and help with more efficient hedging strategies.

## SMARTER LIQUIDITY MANAGEMENT

Large multinational companies often maintain cash balances across multiple currencies and jurisdictions to ensure payments can be executed without delay. By prefunding accounts in advance in multiple countries, working capital gets tied up for longer, which could be invested or deployed somewhere else. AI can help improve liquidity management by forecasting future payment volumes, seasonal demand, expected currency requirements and regional settlement obligations. This will enable the treasury teams to optimise funding requirements, reducing idle cash balances and minimising unnecessary borrowing. Not only can AI help reduce the need for extra cash, but it can also identify liquidity shortfalls before they become expensive. Delayed payments can not only cost money but also damage the organisation's reputation.




*Machine learning models recognise patterns across payment data, invoices, and accounting records*

## INTELLIGENT PAYMENT ROUTING

Today's global payments ecosystem consists of multiple payment rails, including traditional correspondent banking networks, real-time payments systems, card networks, mobile payments, digital wallets, and blockchain-based settlement solutions. Each method differs in cost, speed, reliability, and geographical coverage. AI can enable dynamic routing by evaluating multiple variables in real time, including transaction value, geographic destination, available liquidity, cost, and timing. Instead of using a single default route, an AI-powered payment orchestration platform can determine the most efficient path for each payment. Lower value payments may prioritise speed, whereas high-value corporate transfers may focus on cost and settlement risk.

## AUTOMATING RECONCILIATION

Reconciliation remains one of the most labour-intensive aspects of cross-border payments. Inconsistent or missing payment references and payments arriving from multiple systems lead to finance teams having to spend considerable time manually matching payments with invoices and investigating exceptions. Machine learning models recognise patterns across payment data, invoices, and accounting records to match transactions automatically, even when reference fields are incomplete or inconsistent. When exceptions occur, AI can identify the probable cause, recommend corrective actions, and prioritise unresolved cases based on business and cost impact. This will reduce manual effort while improving financial accuracy and accelerating reporting processes.

## PREDICTIVE OPERATIONS AND RISK MANAGEMENT

One of AI's greatest impacts is its ability to predict issues before they affect customers. By analysing historical payment performance and operational data, AI can identify patterns associated with payment failure and settlement delays. For example, if a particular payment rail is experiencing increased processing delays, AI can detect the trend early and recommend alternative routing of upcoming payments before any disruption occurs. Moving from reactive to proactive risk management will improve customer experience and reduce operational cost and reputational damage.

## AI AS AN INTELLIGENT ORCHESTRATION LAYER

The most significant impact AI can make is to bring together multiple decision points into a single platform. Every cross-border payment involves multiple considerations: regulatory compliance, FX pricing and execution methodology, liquidity availability, payment routing, operational risk, customer preference, timing, and overall cost. All the above decisions are made across different teams. An AI-powered orchestration engine can evaluate these factors simultaneously and determine the optimal strategy for each payment. Rather than replacing banks or payment networks, AI coordinates them more effectively, resulting in fewer manual decisions, lower operational costs and reduced internal resource requirements.

## WHAT DOES THE FUTURE HOLD FOR AI WITHIN THE CROSS-BORDER PAYMENT WORKFLOW

Despite the considerable potential, AI will not eliminate every source of friction in cross-border payments, as the greatest challenges are structural rather than technological. The future of cross-border payments is unlikely to be defined by a single technology or payment rail; instead, it will be shaped by intelligent orchestration across an increasingly diverse financial ecosystem. Different countries maintain different regulatory frameworks and capital controls, tax requirements, and licensing regimes. Settlement ultimately depends on financial institutions, payment infrastructure and central bank systems operating across multiple jurisdictions. AI can accelerate decision-making, but it will not be able to override legal or regulatory constraints. Truly frictionless cross-border payments may never be entirely achievable; however, AI has the potential to remove much of the operational friction that businesses experience today. By making international payments faster, smarter, and more transparent, AI is poised to play a vital role in the next generation of global financial services.

# Building the institutional digital money stack

Nicholas Pratt examines what technical work still needs to be built before digital money reaches mainstream institutional adoption



Nicholas Pratt



Image by Shutterstock

Digital money is edging ever closer to mainstream and institutional adoption, however there is still a significant amount of building work needed in terms of what sits underneath a production-grade form of regulated digital money. As the industry moves from policy announcements and pilots to large-scale production, several questions remain.

For example, will the industry converge around common architecture or will we see multiple competing stacks emerge in the coming years? Will there be an element of interoperability between the different forms of digital money – from stablecoins to tokenised deposits – or will participants have to develop different systems for each one? How can new digital money platforms be integrated with existing payment, treasury and capital market infrastructure, in which substantial investment has already been made? And how will emerging technologies impact these developments?

## THE STABLECOIN STACK

There are numerous interpretations of what constitutes the stablecoin stack. According to Kevin Lehtiniitty, CEO at stablecoin payments network Borderless.xyz, there are five layers – the asset layer otherwise known as the stablecoin itself, and then the custody or digital wallet layer. Both of these layers are relatively well developed. Stablecoins now have a regulatory framework behind them, be that the GENIUS Act in the US or the Markets in Crypto Assets (MiCA) regulation in the EU. Meanwhile, the custody level is equally well-developed with a number of standalone crypto custodians as well as the crop of digital assets subsidiaries of the major global custodians.

The onramps and offramps make up the next layer of the ecosystem. And here is where the maturity level becomes more uneven, says Lehtiniitty. "While moving stablecoin between a wallet is quite commoditised, delivering it as local currency in a recipient's bank account, with different rails, licenses is the job and varies by corridor/markets," he says. "Coverage is broad now, and the depth in any one market depends entirely on the local provider carrying it."

The compliance layer comes next, addressing KYC requirements. And while travel rule messaging and screening both work effectively, institutions still complete KYC separately with each counterparty, says Lehtiniitty. "Identity portability, where a customer is verified once and attested across providers, is only starting to appear."

Privacy is the final and possibly least-developed layer in the stablecoin stack, says Lehtiniitty. "Institutions need transaction confidentiality from competitors while regulators need full visibility. Almost nothing in production resolves that tension well today," he says.

Institutions have made substantial investments in existing payments infrastructure, so ensuring new digital money platforms are well integrated without causing unnecessary operational complexity will be important, says Lehtiniitty. The new platforms should be treated as another rail behind existing systems rather than a parallel operation. "The failure mode I see most often is the 'crypto desk' pattern: separate team, separate ledger, separate reconciliation, separate compliance workflow. Six months later operational complexity has doubled and finance is exporting CSVs from five dashboards to close the books."

The integrations that work do three things, says Lehtiniitty. "They present the new rail through the same API surface and data model as existing payment types, so treasury systems route to it the way they route to a wire or an instant payment. They consolidate every transaction into one ledger, so reconciliation stays a single process. And they keep counterparty changes as configuration rather than engineering, because the provider landscape underneath will keep shifting and you don't want each shift to be a project."

As digital money networks scale, there are technology challenges that deserve greater attention, says Lehtiniitty. "The industry's attention has been hitherto focused on the exotic risks, smart contracts and custody, which are by now reasonably well-served. The failures that actually hurt institutions in production are typically on the fiat leg and more mundane. For example, a



Kevin Lehtiniitty

**"Institutions need transaction confidentiality from competitors while regulators need full visibility. Almost nothing in production resolves that tension well today."**

provider degrades without announcing it, a corridor's rejection rate creeps up over a week, a maintenance window swallows a payroll run."

Industry attention should instead be on the infrastructure and operational scaffolding that card schemes spent decades building, says Lehtiniitty. "There are no shared standards for measuring or disclosing reliability, so every institution assesses the same counterparties from scratch. A cross-border payment traverses a chain of parties with no common tooling or escalation path, so when a leg fails the diagnosis travels by email. And institutions used to one bank per market now need redundancy as a design principle, which changes how you architect and how you contract. Underneath all of it is concentration risk. An ecosystem where volume clusters on two issuers and a handful of providers has single points of failure it isn't pricing yet."

Lehtiniitty believes the future of interoperability and the connective tissue of the market relies on credible neutrality instead of walled gardens. A network owned by an issuer will favour its coin; one owned by a liquidity provider will favour its own book. The layer that routes between them can't be a side project of someone with misaligned incentives, any more than a stock exchange should be owned by its largest trader.

That gives independent technology providers a few things to work towards, says Lehtiniitty. "Firstly, it is setting standards in production, because whoever connects to the most counterparties works out the practical data models first, and that's usually what formal bodies end up standardizing. Secondly, it is about publishing the data, because nobody can compare pricing, speed or failure rates today, and the providers benefiting from that opacity aren't going to fix it. Banks and financial market infrastructures bring the trust, the licenses, and the distribution; independent infrastructure keeps the connective layer honest. The ecosystem needs them separate."




*Institutions still complete KYC separately with each counterparty*

## LIQUIDITY MANAGEMENT

The big gap in the digital money ecosystem is liquidity management, says Julio Faura, co-founder and CEO of Adhara, a UK-based provider of treasury and transaction services for digital assets. "To make payments, you have to source liquidity. The way that is done today, it is quite manual and you don't have real-time visibility of liquidity sources. Precisely the benefit of digital cash is that it is real-time but you need to have intra-day liquidity management in order to meet settlement obligations. It is not just the tools that are missing, it is the internal processes."

Standardisation is always a key consideration when building new ecosystems and Faura has seen big changes in recent years with a move towards a variety of standards for basic processes and interfaces rather than one de facto framework and the concerns that may bring over monopolies and systemic risks. "Around 2018 there were a small number of companies trying to own the whole market – the likes of Ripple and R3. We insisted that the industry can't be controlled by one provider. So I don't think that market structure will change," says Faura. "There have been a number of pilots in the digital assets world and while these pilots are helpful in terms of exploring the implications, the market needs real integration and that requires standardised formats. Standards make things more efficient, faster, cheaper, less risky," says Faura.

The question is how far standardisation should go and whether there is a need for a market-wide utility rather than the multiple standards that tend to crop up in the initial stages of any developing ecosystem? There are instances where a utility approach or a multilateral orchestration scheme could work, says Faura. For example, the interbank settlement process requires a multilateral payment system so that banks can transact with each other. It also requires more development on the tooling needed to work with banks' existing technology stacks. "Some of these external platforms do it all but it is unlikely that banks will accept a Web3 developer wholly controlled by a third party. You have to develop a stack that can work with banks' own systems and security policies," says Faura.

However, this brings additional complexities given that banks' legacy systems are the cause of the biggest bottlenecks in the digital assets market, says Faura. "Many banks still have old monolithic systems and that makes the orchestration process very difficult. Some banks are in the process of modernising their core banking systems. But very few banks are advanced enough to do that, even the ones that would consider themselves modern."

Part of the difficulty is in building the business case. "Many banks have begun to modernise their systems and others are waiting," says Faura. "However, it can be hard to get the necessary funding for what is a long-term process with a return-on-investment some way into the future. In contrast, something like liquidity management promises instant savings. You also need to build the business case for the integration that is needed."

Cross-border payment remains the main use case for proving the value of digital money, says Faura. "If we are doing all of this just to improve domestic payment systems, it is not enough to justify the investment." And much of that investment will be focused on standardisation. "A lot of synchronisation is needed for cross-border payments and that is hard to do if you have multiple systems," says Faura. There are different cycles involved in cross-border payments which will require smart contracts in order to operate with transparency.
So, what should the role be of the many providers in the digital money ecosystem? It should primarily be to help the regulated entities rather than the so-called 'disruption' that is sometimes associated with new technology developments like digital money, says Faura.

"You see some providers try and get in the way of this. The system has been working for many years for AML and CTF. Be providers to regulated entities. Provide technical solutions, be practical and sensitive to those payment providers," says Faura. "In the real banking world, we are less interested in disrupting the system. We are focused on removing the possibility of errors which are a significant cost and a big problem for clients who want certainty rather than speed when it comes to payments."

## BUILDING BLOCKS

According to Alexander Hoeptner, chief executive of European stablecoin issuer, AllUnity, there are four rails to the digital money technology stack and they all need to work: regulated issuance, custody infrastructure, settlement rails, and on/off ramps into the traditional banking system.

"Regulated issuance is the most developed," says Hoeptner. "The EU's Markets in Crypto Assets (MiCA) regulation has given Europe a clear framework. Custody is catching up fast, with Clearstream and major custodians now offering qualified digital asset custody. Settlement rails are functional but not yet at scale. The weakest link remains the on/off ramp layer and wallet infrastructure. That's the next frontier."

In addition to addressing wallet infrastructure, interoperability between different forms of digital money will also be important if institutional market participants are going to reap the benefits on offer, says Hoeptner. "A world where regulated stablecoins, tokenised deposits, wholesale CBDCs and commercial bank money cannot move seamlessly between each other is a world where the efficiency gains of digital money never fully materialise. Interoperability is fundamental to creating a truly efficient digital money ecosystem.

"The main challenges are around common standards, connectivity between networks, regulatory alignment, and ensuring secure, compliant settlement across different infrastructures. As a European stablecoin issuer, we see regulated stablecoins as



Julio Faura

**"While pilots in the digital assets world are helpful in terms of exploring the implications, the market needs real integration and that requires standardised formats."**



*As digital money networks scale, there are technology challenges that deserve greater attention*



Alexander Hoeptner

**"The current cross-border payment system is a chain of correspondent banks, each adding cost, delay and opacity. A mature digital money stack collapses that chain entirely."**

a key enabler of more efficient global payments, particularly for cross-border transactions," says Hoeptner

Cross-border payments remain one of the industry's biggest problems, says Hoeptner. "The current cross-border payment system is a chain of correspondent banks, each adding cost, delay and opacity. A mature digital money stack collapses that chain entirely. With regulated stablecoins operating 24/7 across borders, a payment that today takes two days and passes through three intermediaries can settle in seconds with full auditability and no cut-off times."

The liquidity management implications are equally significant, says Hoeptner. "Treasuries no longer need to pre-fund accounts in every currency jurisdiction, because digital money moves faster than the need to hold buffers. This is not a distant vision. We are already seeing early versions of this where stablecoins are being used for cross-border institutional settlement. The infrastructure exists. What we need now is scale, standardisation, and the courage of institutions to commit to production."

Of course, emerging technologies such as confidential computing, digital identity, zero-knowledge proofs or quantum-resistant cryptography will all impact the digital money stack. But, according to Hoeptner, the biggest impact will come from the convergence of AI and trusted digital money infrastructure.

"AI-driven agentic payments will require a secure, programmable settlement layer, and regulated stablecoins can provide that foundation by enabling fast, transparent, and compliant transactions. Technologies like digital identity, confidential computing, zero-knowledge proofs, and quantum-resistant cryptography will further strengthen security, privacy, and trust as the digital money ecosystem evolves."

## INTEROPERABILITY

"Another important dynamic in these formative stages, and especially so in an institutional context, is the separation of proof-of-concepts from infrastructure capable of supporting systemically important markets," says Simone Cortese, chief product officer at wholesale payment infrastructure provider Fnality. "The distinction is not the technology alone, but the intent and the framework around it," says Cortese. "A PoC can demonstrate that a process is technically feasible. Production-grade infrastructure has to demonstrate that it can operate safely, predictably and legally in live market conditions." Fnality went live with its Sterling Fnality Payment System in December 2023, regulated by the Bank of England, and it is working to launch similar systems in other currencies.

That kind of wholesale infrastructure means having a robust business case, a clear legal framework, participant rules, credit and liquidity risk controls, operational resilience, cyber controls, bankruptcy protection, settlement finality and production-grade testing, says Cortese. "Systemically important infrastructure still innovates, but anything that migrates into live use must pass through rigorous quality assurance, governance and risk assessment gates. Often the best signal is quiet adoption: users rely on the infrastructure because it is dependable, valuable, and scalable, not because it is visible."



*The big gap in the digital money ecosystem is liquidity management*

Interoperability is another critical requirement for a well-functioning global digital money market, says Simone Cortese, chief product officer at wholesale banking payment systems provider Fnality because without it the industry risks recreating digital islands. "Regulators and policymakers have repeatedly warned that fragmented digital asset ecosystems could reproduce existing frictions in a new technical form. The objective should be a network-of-networks model in which value can move between platforms safely, with clear rules, controls and finality at the point of settlement.

"That requires interoperability between different forms of digital money, but also between money and assets. Without it, liquidity fragments and the utility of tokenised instruments is reduced. Settlement is the key connector between those environments, and settlement in central bank money balances materially reduces settlement-asset credit risk when value moves between institutional networks."
In terms of emerging technologies, Cortese believes there are three likely to be particularly important for the digital money stack - AI-enabled automation, privacy-preserving technologies such as zero-knowledge proofs, and post-quantum cryptography.

"AI can support operational automation, monitoring, exception management and liquidity optimisation, subject to appropriate controls," says Cortese. "Privacy-preserving technologies will become more important as institutions seek to use shared or interoperable networks without exposing sensitive data unnecessarily. Post-quantum cryptography is a longer-horizon resilience requirement, but one that systemically important infrastructure should monitor as standards mature. The sequencing is not absolute; these capabilities will develop in parallel, and adoption will depend on safety, assurance and regulatory acceptance."

As the digital money ecosystem develops and matures, it could arguably transform several aspects and processes – such as international payments, settlement and liquidity management. "The right instrument depends on the use case," says Cortese. "Stablecoins and tokenised deposits can play important roles in a multi-money ecosystem, particularly where their legal, regulatory and risk characteristics are appropriate for the flow. Wholesale settlement is different. For large institutional obligations, especially those connected to systemically important markets, participants and supervisors generally place a premium on settlement in central bank money because it minimises settlement-asset credit risk and supports confidence in finality."

A mature digital money stack should allow different instruments to coexist, while ensuring that the final settlement leg for wholesale risk transfer can occur in central bank money where required, says Cortese. "The real prize is liquidity: moving from static end-of-day balances toward intraday, interoperable liquidity mobilisation across currencies and jurisdictions. The objective is to allow cash to be mobilised, reused and orchestrated more efficiently across jurisdictions while preserving regulated settlement discipline."



Simone Cortese

**"Systemically important infrastructure still innovates, but anything that migrates into live use must pass through rigorous quality assurance, governance and risk assessment gates."**

## BUSINESS CONDITIONS

There's often a tendency when we talk about 'building blocks' to focus on the technical aspects versus the business conditions needed for more meaningful institutional participation in these markets, says Ross Dilworth, head of strategy and partnerships at Baton Systems. In particular, how do you solve the 'adoption problem' that constrains many new networks and technologies. "Discussion rightly focuses on the importance of strong foundations like legal and regulatory clarity," says Dilworth. "But practically more focus is required on the design of new solutions to ensure they are easy to adopt - for example to integrate with existing processes, to provide open and widespread access to all participants, and to provide participants with choice rather than constrain to specific settlement assets which may or may not have liquidity or gain market traction.



*Cross-border payment remains the main use case for proving the value of digital money*



Ross Dilworth

**"A proof of concept tells you an idea can work in isolation, but almost nothing about the industrial-grade process, security and control which is needed to move real value every day, at scale."**

"We need an ecosystem that supports hybrid markets - where traditional, digital and tokenised assets sit alongside each other, enabling institutions to extend their existing operating systems and processes they already run to support new digital forms of value. Without this, new digital solutions will only work in isolation and nowhere else," says Dilworth.

Fortunately the market is shifting from the early years of digital experimentation on pilots and PoCs towards a more commercial focus on proof of value and initiatives which deliver immediate business value and scale towards industrialisation, says Dilworth.

"A PoC tells you an idea can work in isolation, but almost nothing about the industrial-grade process, security and control which is needed to move real value every day, at scale. PoCs are often run with a simple, usually pre-determined outcome within curated lab conditions so are rarely genuinely experimental. The resilience required to operate a systemically important infrastructure is night and day when compared to the primitives required for a simple PoC," says Dilworth.

"But every solution starts with the first step, so the emphasis is on good design to ensure that the infrastructure can scale, not just in volume or timeliness, but across use cases, market participant types and so on," says Dilworth. "Most financial markets processes depend on the movement of money - there is nothing more fundamental - so the emphasis on solutions and trusted operators that can prove they already operate at scale, with resilience and security is critical to generate confidence needed for adoption."

Interoperability is typically positioned as the answer to digital assets' 'walled garden' problem but Dilworth believes this is the so-called 'easy part' and oversimplifies the conditions required for adoption. "Traditional markets don't rely on assets 'interoperating' to be liquid. EUR doesn't 'interoperate' with USD, and nobody's waiting for it to. Both sit inside a deeply connected FX ecosystem, built on standardised roles, settlement frameworks, liquidity networks and market structure. That's what makes them usable together, not some technical bridge between the two currencies themselves," he says.

"Stablecoins, tokenised deposits, wholesale CBDCs and commercial bank money are the same. Each is a distinct asset that has to be assessed and adopted on its own terms. What actually matters is building the ecosystem, the collaborative networks, enabling services and choice, that let institutions access the liquidity they need and put it to work on the business purposes that are important to them."

When it comes to cross-border payments, the problem statements for capital markets are relatively well understood, says Dilworth - lack of transparency, certainty and speed, the challenges around settlement risk, and the need for tools that help manage liquidity implications of these movements for example.

"Operating these processes on a more digital real-time stack offers huge potential and enables further growth in these markets," says Dilworth. "For example, optimising funding and liquidity requirements allows institutions to increase business capacity and reduce cost, whilst addressing settlement risk and providing settlement finality opens up new markets and segments for clients and regions that may traditionally have been seen as higher risk, sometimes due to timezone differences."

And building this for a hybrid future, allows institutions to leverage new digital instruments alongside existing business processes and traditional or fiat forms of money, thus easing the adoption and utilisation of digital money form, says Dilworth. "Some would argue that building for a hybrid world would risk a 'lowest common denominator' design - but in practice it recognises where every firm is today, and enables a move to a 'best of breed' solution. And the benefits of open networks compound: the more volume moving through a shared network, the greater the liquidity efficiency for everyone on it."




*AI can support operational automation, monitoring, exception management and liquidity optimisation*





## Future Money: Fintech, AI and Web3

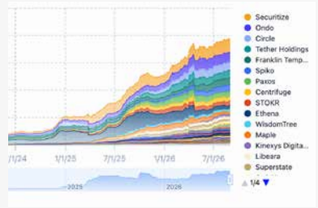



Spanning multiple geographies Future Money pulls together the story how money is changing in the internet era. Written in jargon-free language, this book clearly provides an understanding of new technologies, showcases the democratization of financial access and presents a vision of the digital future of money, finance and culture.

*https://www.amazon.co.uk/Future-Money-Fintech-Ronit-Ghose/dp/1398612766*



## RWA.xyz — Tokenised Real-World Asset Analytics




For anyone wanting to put hard numbers behind the growth of tokenisation, RWA.xyz is well worth bookmarking. The data and analytics platform tracks tokenised real-world assets across issuers, asset classes and blockchain networks, providing live dashboards covering everything from tokenised US Treasuries and funds to stablecoins.

*https://app.rwa.xyz/*



## The Digital Dollars of the future | Tokenization Talks Episode 2




*https://www.youtube.com/watch?v=7VsvwJrb3DE*

## Banking in a world with stablecoins and tokenised assets




*https://www.youtube.com/watch?v=_R8p0M4mDwM*

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DMA DIGITAL MONEY ASSOCIATION

The Digital Money Association is the global industry body for stablecoins & digital money. Since 2022, its objective has been to be the voice of the industry, advocating for the adoption of all forms of digital money through education, networking and policy engagement. Its team is comprised of industry experts from all four corners of the Digital Money Association ecosystem. For more information please contact: hello@digitalmoney.fi

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