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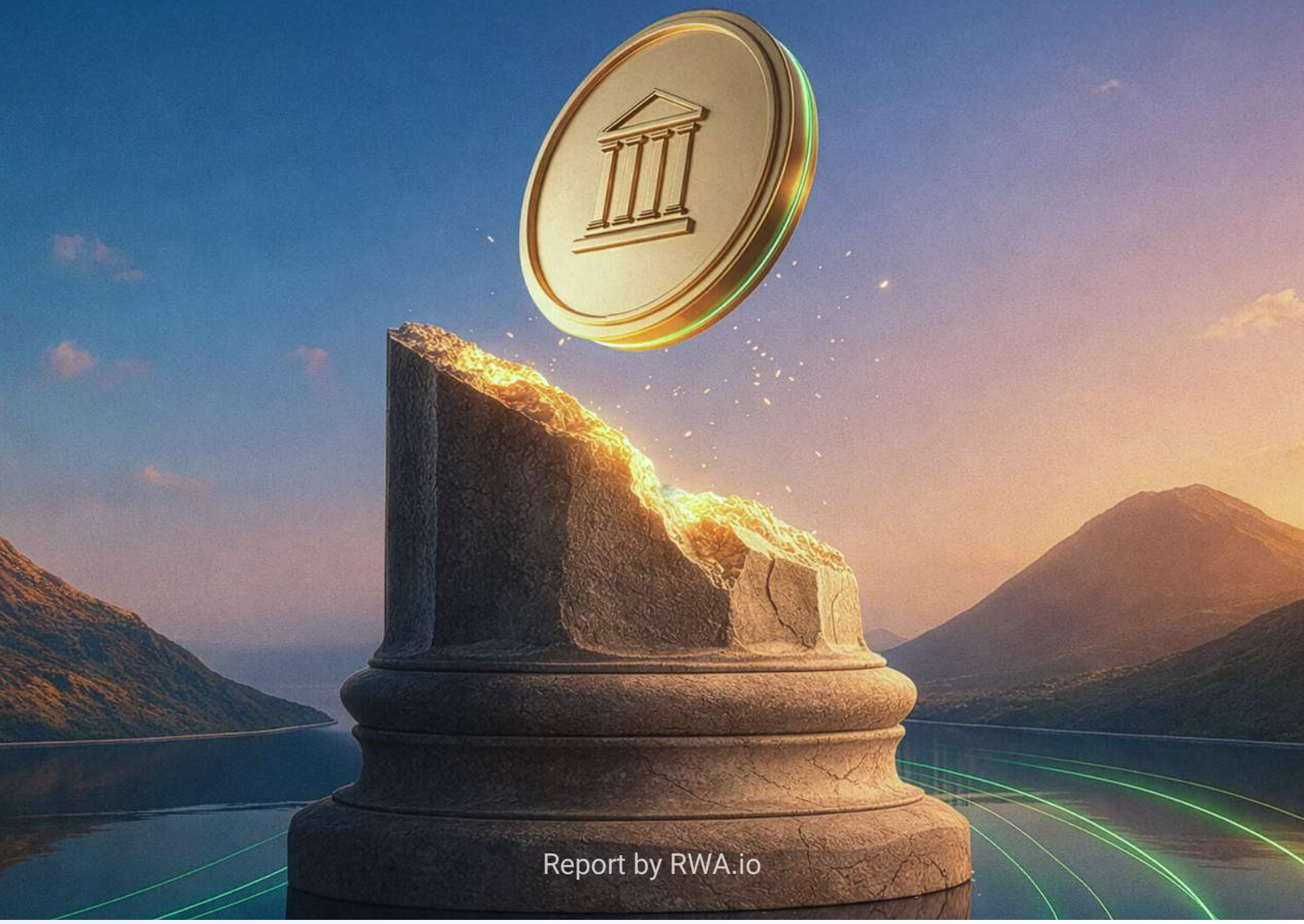
Tokenized Deposits

The Future of Money



Report by RWA.io

With contributions from:

standard chartered · citi · Digital Asset · Canton · kinexys by J.P.Morgan · Ondo

BNY · LayerZero. · BMW GROUP · ERC3643 · ABN·AMRO · TRON

UK Finance · University of Cambridge Judge Business School · alchemy

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About This Report

This report was researched and authored by RWA.io. It examines the rise of tokenized deposits as a mechanism for bringing commercial bank money onto distributed ledger technology, with a focus on how this development preserves the two-tier monetary system while enabling programmable, real-time settlement. The work combines analysis of regulatory frameworks, industry reports, central bank research, and live deployment data with qualitative input from industry participants.

We thank the contributing organizations and expert contributors listed on this page for sharing data, insight and review. Their perspectives helped ground the analysis in operational reality and strengthen the conclusions. Responsibility for any remaining errors or interpretations rests with RWA.io.

This report is intended for institutional investors, commercial banks, payment service providers, technology builders and policymakers who seek a structured view of how tokenized deposits fit within the broader digital money ecosystem alongside stablecoins and central bank digital currencies. The scope is technical, regulatory and economic and does not constitute financial, legal, tax or investment advice. Unless noted otherwise, data is current as of January 2026.

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Foreword

The financial world stands at a defining moment. As 2026 unfolds, we are witnessing the convergence of blockchain technology and traditional banking infrastructure at an exceptional scale. While stablecoins and central bank digital currencies have captured headlines, a quieter yet more consequential evolution is taking place: the tokenization of commercial bank deposits.

This development represents not a revolution that seeks to replace the existing financial system, but an evolution that upgrades it from within. Tokenized deposits offer 24/7 settlement, programmable money, and greater efficiency, all while preserving the trust, regulatory oversight, and deposit protection of traditional banking. They are designed to work alongside other forms of digital money, creating a more diverse and capable financial ecosystem. Commercial banks are uniquely positioned to support this entire ecosystem, both by issuing tokenized deposits for institutional settlement and by providing the banking infrastructure that enables the stablecoin economy to function.

The past twelve months have marked a turning point. In the United States, the GENIUS Act has provided regulatory clarity for payment stablecoins while reinforcing the role of bank-issued digital money. In Europe, MiCA has taken effect and the ECB has advanced the Digital Euro to its preparation phase. In the UAE, the Digital Dirham has gone live and the mBridge cross-border platform continues to expand, while China has transformed its e-CNY from a central bank liability into a commercial bank deposit solution. Major institutions have moved beyond experimentation into live production environments serving institutional clients.

At RWA.io, we believe understanding this shift is critical for any participant in the digital asset ecosystem. This report examines the tokenized deposit space across four continents, from the underlying technology and ecosystem dynamics to the regulatory frameworks and strategic implications. We are pleased to present this research in collaboration with our partners and hope it serves as a valuable resource for understanding the future of money.

Marko Vidrih
Co-Founder and COO,
RWA.io

Executive Summary

The tokenization of real-world assets is rapidly moving beyond securities and into the core of the monetary system: bank deposits. In 2026, tokenized deposits are gaining traction as the preferred on-chain instrument for institutional and wholesale settlement, addressing a distinct set of use cases from stablecoins. This development is not driven by the displacement of stablecoins, but by the realization that banks can upgrade their existing infrastructure to offer programmable, 24/7 settlement while preserving the foundations of the financial system. Stablecoins continue to serve vital roles in retail payments, decentralized finance, and permissionless transactions, with banks increasingly providing the infrastructure that supports both ecosystems.

This report finds that tokenized deposits, which are digital representations of commercial bank money on a blockchain, serve a distinct and complementary role alongside stablecoins and CBDCs in the digital money ecosystem. They combine the programmability and efficiency of blockchain technology with the trust, security, and regulatory clarity of traditional banking. Major financial institutions, including J.P. Morgan, BNY, Citi, HSBC, and Lloyds, are already offering tokenized deposit solutions to their institutional clients, enabling near-instant, cross-border payments and automated treasury operations. More recently, a consortium of US regional banks has announced plans to launch a shared tokenized deposit network, signalling that adoption is extending beyond the largest global institutions. According to Accenture's 2026 Banking Trends report, 87% of financial institutions are now exploring tokenization and tokenized deposits as complementary tools to issue digital versions of traditional assets [13].

The stakes are significant: digital currencies are projected to process up to $13 trillion in transaction value by 2030, representing a $13 billion revenue opportunity in the payments sector [13]. Tokenized deposits represent a strategic opportunity for banks to serve the full spectrum of digital money needs—both by issuing tokenized deposits for institutional clients and by providing the banking infrastructure, including reserve custody and settlement services, that enables the entire digital asset ecosystem to function. This positions banks not in competition with stablecoins, but as the foundational layer that supports multiple forms of digital money.

The regulatory environment is also becoming more favorable. In the US, the GENIUS Act has provided clarity for dollar-based stablecoins, while in the EU, the MiCA regulation is setting the stage for a more structured digital asset market. Central banks, such as the European Central Bank (ECB) and the Bank of England, are advancing wholesale CBDC programmes, with the ECB confirming a Digital Euro pilot for mid-2027, further validating the potential of tokenized money.

In the Middle East, the UAE has adopted one of the most ambitious digital currency strategies, launching the Digital Dirham in Q4 2025 and participating in the mBridge cross-border platform, while enabling bank-issued stablecoins through Zand Bank and RAKBANK. Transaction volumes on mBridge have exceeded $55 billion, positioning the UAE as a regional leader in cross-border digital currency settlement.

As the digital asset ecosystem matures, tokenized deposits are poised to become the backbone of institutional finance on the blockchain. They offer a path to a more efficient, transparent, and resilient financial system, built on the foundations of the existing two-tier banking structure. This report provides a detailed analysis of this shift, offering perspectives for banks, fintechs, corporates, and investors seeking to understand and act on the future of money.

Part 1: Understanding Tokenized Deposits

1.1 Defining Tokenized Deposits

A tokenized deposit is a digital representation of a traditional commercial bank deposit on a blockchain or other distributed ledger technology (DLT) platform. It is not a new form of money, but rather a new technological wrapper for representing and transferring existing, regulated commercial bank money. While other digital assets like cryptocurrencies or many stablecoins are created by non-bank entities, tokenized deposits are direct liabilities of the issuing bank. As such, they are subject to the same regulatory and supervisory frameworks as traditional deposits. This means they benefit from foundational features of the banking system such as deposit insurance, capital requirements, and anti-money laundering (AML) and know-your-customer (KYC) compliance.

The primary advancement of tokenized deposits lies in their ability to be transferred and settled on a 24/7, near real-time basis, often without the need for traditional intermediaries. This is made possible by the use of smart contracts, which can automate the execution of complex transactions and enforce pre-defined rules and conditions.

Tokenization is comparable to past shifts in monetary history—from physical coins to ledger entries managed by trusted institutions, and then from paper to electronic ledgers. Tokenized deposits represent the next step in this evolution, bringing the benefits of distributed ledger technology to the core of the regulated monetary system.

1.2 The Architecture of Tokenized Deposits

The architecture of the first wave of tokenized deposit systems used private, permissioned blockchain implementations, operated by one or more financial institutions. These private networks served as the shared ledger for recording and settling transactions. When a customer wishes to create a tokenized deposit, their bank debits their traditional account and credits a corresponding amount of tokens to their digital wallet on the blockchain. The composability limitations of chains designed only for private permissioned use however have led to banks exploring new models to bring greater utility for their customers. Today, tokenized deposit issuance is not limited to siloed private permissioned chains. Emerging public chains provide both the privacy and access controls institutions require, but also critical composability across financial applications that extends the use cases and value of such instruments.

These tokens can then be transferred to other participants on the network, with the underlying settlement occurring on the blockchain. When a recipient wishes to convert their tokens back to traditional money, their bank debits their digital wallet and credits their traditional account. This process ensures that the total amount of tokenized deposits in circulation is always fully backed by an equivalent amount of traditional deposits held at the issuing banks.

A key architectural distinction from many stablecoins is that tokenized deposits are direct claims on the issuing bank, not on a pool of reserve assets. This means they carry the credit risk of the issuing bank but also benefit from the bank's regulatory status, deposit insurance, and existing trust relationships [17]. This structure is optimized for institutional use cases where direct recourse to a regulated financial institution is predominant.

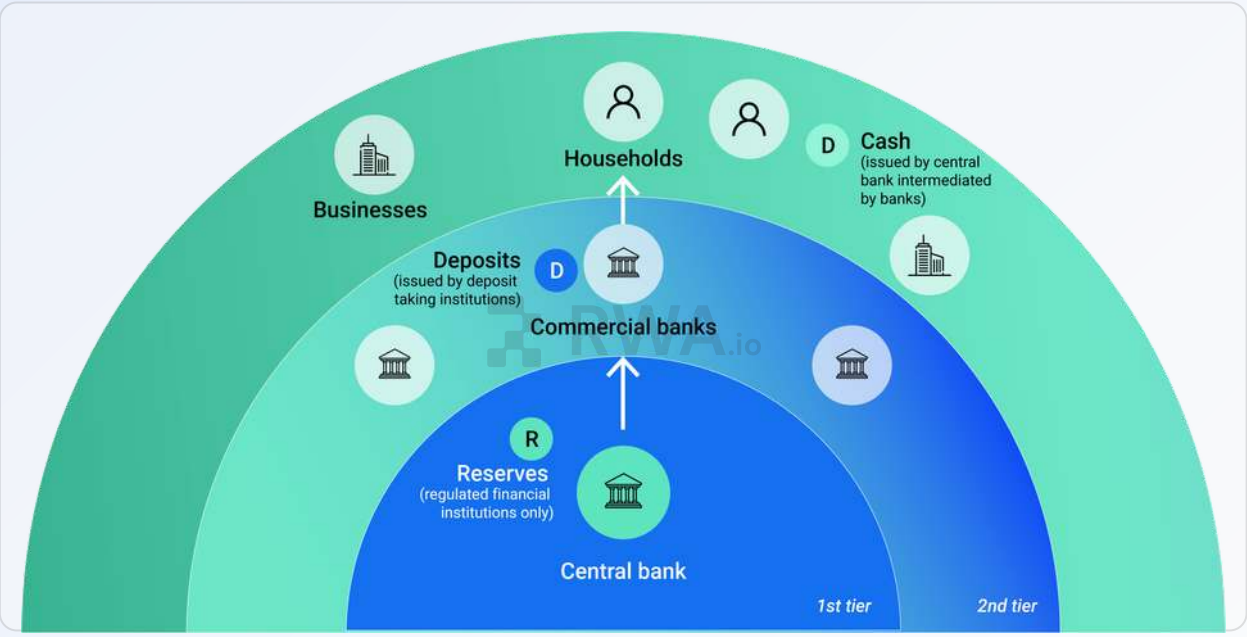


Figure 1: *Two-tier monetary system architecture (central bank at core, commercial banks in middle layer, households/businesses in outer layer, with C, D, R labels). Source: Maechler, A. (2025). 'How deposits can harness tokenisation,' BIS, Graph 1 [1].*

Contributor: Canton Digital Asset

On the Canton Network, a tokenized deposit represents a direct, regulated bank liability. It carries the same contractual rights and obligations as a traditional deposit but is mobilized in a programmable form on a privacy-preserving network. Redeemable 1:1 at the issuing bank and governed by the same legal framework, the token is the bank's native liability, not a wrapped claim, IOU, or separate bearer instrument.

Tokenized deposits on Canton are issued with embedded identity, permissions, and privacy controls that unlock cash-on-ledger as a trusted settlement asset across capital markets, corporate banking, and treasury. Because of these qualities, Canton is emerging as a primary network for tokenized deposits. LSEG's Digital Settlement House (DiSH) chose Canton for its operations, Lloyds Bank tokenized GBP to finance out-of-hours repo transactions, and J.P. Morgan is bringing its JPM Coin deposit token to the network.

Interoperability is being driven by the real-world utility of these assets. On Canton, tokenized deposits can move across institutions, applications, and swap with other on-chain assets without sacrificing privacy, control, or finality, and without introducing 'bridge' risk. This is why they are used as the cash leg for Delivery versus Payment (DvP) in 24/7 financing flows, for treasury liquidity management, and for faster, cheaper interbank settlement. While Canton assets can move across chains like any other network, major use cases for tokenized deposits are coalescing on Canton because of its native composability and privacy features.

Bernhard Elsner
Chief Product Officer, Digital Asset

1.3 Key Attributes: Singleness, Integrity, and Elasticity

According to the Bank for International Settlements (BIS), the success of any form of digital money depends on its ability to replicate the key attributes of traditional money: singleness, integrity, and elasticity [1]. Tokenized deposits are well-positioned to meet these criteria:

- **Singleness:** The ability to exchange different forms of money at par, without any discount or premium. Tokenized deposits achieve this by being a direct digital representation of commercial bank money, fully backed by and convertible to traditional deposits, which are in turn settled in central bank money. This design provides robust assurance of 1:1 parity, a critical feature for institutional and wholesale applications. Other digital money instruments, such as asset-backed stablecoins, achieve singleness through different mechanisms, such as holding reserves of high-quality liquid assets. Each model is suited to different use cases, with the tokenized deposit model providing deep integration with the core banking system [18].
- **Integrity:** The ability to prevent illicit activities such as money laundering and terrorist financing. Tokenized deposits inherit the strong AML/KYC frameworks of the traditional banking system, as only vetted and approved participants are allowed to join the network.
- **Elasticity:** The ability of the money supply to expand and contract in response to economic conditions. Tokenized deposits are issued by commercial banks, which can create new money through lending, subject to regulatory constraints and the central bank's monetary policy.

Contributor: kinexys by J.P.Morgan

As a deposit token, JPM Coin (ticker: JPMD) serves as a digital representation of a bank deposit on public blockchain. The holder of JPM Coin can redeem their funds directly to their bank account with JPMorgan as and when they need it in a seamless fashion similar to how they make payment transfers between their bank accounts.

Deposit tokens operate within a long-established framework for bank deposits. For users of bank deposits, including deposit tokens, the confidence is derived from the entire regulated banking infrastructure, with its multiple layers of defence. From a holder perspective, this means the deposit is supported by a broad, system-wide set of safeguards; not a single mechanism alone. Confidence in this system is what enables the singleness of money, i.e. the ability to move money across the system without fear of losing value.

Kara Kennedy,
Global Co-Head of Kinexys by J.P. Morgan

1.4 Retail Applications: Upgrading Everyday Money

While much attention has focused on wholesale and corporate applications, tokenized deposit technology also holds significant potential for retail customers. A key feature for retail use is the ability for tokenized deposits to be deployed transparently within existing banking relationships. This allows retail customers to benefit from enhanced payment functionality without needing to understand the underlying technology or actively manage new types of digital assets.

The programmable nature of tokenized deposits enables several direct benefits for retail customers. Smart contracts can enforce conditional payments that only release funds when specific criteria are met. In online marketplace transactions, for example, payment can be held in escrow and automatically released only upon confirmed delivery, significantly reducing the risk of fraud for both buyers and sellers. Programmable payments can also incorporate automated refund mechanisms, dispute resolution processes, and spending controls. Parents could set conditional spending limits on children's accounts, or consumers could create automated savings rules that transfer funds when certain conditions are met.

This model provides a different user experience from other digital assets like stablecoins. While stablecoins serve use cases where customers actively choose to hold digital assets outside traditional banking relationships—such as participating in decentralized finance or accessing permissionless payment networks—tokenized deposits offer an alternative path. With tokenized deposits, the upgrade happens within the trusted banking relationship, maintaining deposit insurance protections and the familiar customer experience while adding programmable functionality. Both approaches serve distinct customer needs within the broader digital money ecosystem. This distinction between conditional payment logic and the underlying asset is critical.

A recent Federal Reserve Bank of New York staff report formalises this concept, arguing that monetary systems should enable programmable payments—conditional logic governing when and how transfers occur—without creating programmable money, where restrictions are embedded in the asset itself. The latter, the report argues, would undermine the fundamental 'no questions asked' (NQA) property that allows money to function as a uniform and fungible medium of exchange [46].

Part 2: The Digital Money Ecosystem: Roles and Use Cases

Feature	Tokenized Deposits	Stablecoins	CBDCs
Issuer	Commercial banks	Private companies (e.g., Circle, Tether) or banks	Central banks
Primary Use Cases	Retail payments, institutional settlement, B2B payments, treasury management, collateral management	Retail payments, DeFi on-ramps, cross-border remittance, permissionless transactions	Wholesale settlement (wCBDC), monetary policy implementation, retail payments (rCBDC)
Liability Type	Claim on issuing bank	Claim on issuer (varies by structure)	Direct claim on central bank
Backing	Fractional reserve (subject to banking regulation)	Full reserve (1:1 fiat or equivalent assets)	Sovereign guarantee
Deposit Insurance	Yes (covered by DGS/FDIC)	No	Not applicable (sovereign liability)
Interest Bearing	Yes (permitted)	Prohibited under MiCAR Art. 50 (EU) and GENIUS Act Sec. 4(a)(11) (US); Varies elsewhere	Policy decision (typically no for retail)
Regulatory Framework	Existing banking law (CRD/CRR, OCC)	MiCAR (EU), GENIUS Act (US), bespoke regimes	Central bank law, bespoke CBDC legislation
Credit Creation	Yes (fractional reserve banking)	No (full reserve requirement)	No (central bank liability)
Transferability	Account-based (requires bank relationship)	Bearer instrument (peer-to-peer transfers)	Varies (account-based or token-based)
Secondary Market Trading	No	Yes (on CEXs and DEXs)	Typically no
Programmability	Yes (smart contract enabled)	Yes (native to blockchain)	Yes (policy-controlled)

Table 1: *This comparison highlights the distinct features of each digital money instrument, demonstrating how they serve different roles within the broader financial ecosystem rather than competing for the same use cases.*

2.1 Differentiated Roles of Tokenized Deposits and Stablecoins

The future of digital money is not a binary choice, but a continuum of instruments, each optimized for different environments. This concept of a complementary relationship is echoed by leading financial institutions. Executives at Citi, for instance, have articulated a framework where tokenized deposits serve as the primary instrument for 24/7, always-on settlement within the regulated banking network, leveraging the bank's fiduciary capacity and legal clarity. In this view, stablecoins act as a "connective tissue" for payments that move outside the bank's direct network and into the external ecosystem, much like checks, wires, and instant payments coexist today [42].

Tokenized deposits and stablecoins both provide stable, on-chain stores of value and media of exchange, but they are architected to serve distinct roles. Tokenized deposits are optimized for both institutional and retail use cases where regulatory clarity, integration with the existing banking system, and account-based settlement are priorities. Stablecoins excel in decentralized finance and permissionless transactions, where bearer instrument characteristics and secondary market transferability provide unique benefits. However, their use at scale for broad retail payments introduces systemic considerations — widespread retail adoption of stablecoins could lead to significant value moving out of the traditional banking system, impacting credit creation and financial stability. Understanding these differentiated roles is key to recognizing how both instruments can coexist and mutually support the growth of digital finance.

Academic analysis from the Federal Reserve Bank of New York frames the tokenized deposit versus stablecoin issue as a modern revival of the historical "narrow banking" debate. The research suggests there is no single superior model; the optimal policy depends on the trade-offs between financial stability and credit creation. In environments where bank risk-shifting incentives are high and regulatory oversight is light, a stablecoin-only model (akin to narrow banking) can increase welfare. Conversely, where regulation is robust and risk-shifting is limited, a model that prioritizes tokenized deposits can better support bank lending and economic growth. In many cases, an ecosystem where both are allowed to coexist is optimal, allowing each to serve the use cases for which it is best suited [41].

The stablecoin market has grown from $250 billion in early 2025 to over $300 billion by the end of 2025 with adjusted payment-related volume of $10.7 trillion (88% year-over-year growth) [8] [13] [19]. However, the market remains heavily concentrated, with approximately 99% of all stablecoins denominated in USD [19]. For current stablecoin market data, see the RWA.io Stablecoin Dashboard [19].

> *Tokenized deposits are redefining how institutions think about liquidity. Since 2024, Citi has been delivering on this through Citi Token Services, enabling always-on, real-time movement of funds across markets on our private, permissioned blockchain network. By cohesively integrating digital tokens with clients' existing fiat accounts, we combine the innovation of blockchain with the trust and stability of Citi's global infrastructure, unlocking greater speed, transparency and control in cross-border payments and liquidity management. This is about bringing the benefits of digital assets into a secure, regulated banking environment at scale.*
>
> **Ryan Rugg**
> **Global Head of Digital Assets, Citi's Treasury & Trade Solutions**

[1] This view is reinforced by recent academic work. A February 2026 report from the Cambridge Centre for Alternative Finance proposes a two-layered taxonomy for classifying tokenized money, analyzing instruments by both their fundamental nature (claim, backing, form, access) and their operational properties (business model, technical architecture, legal framework) [45].

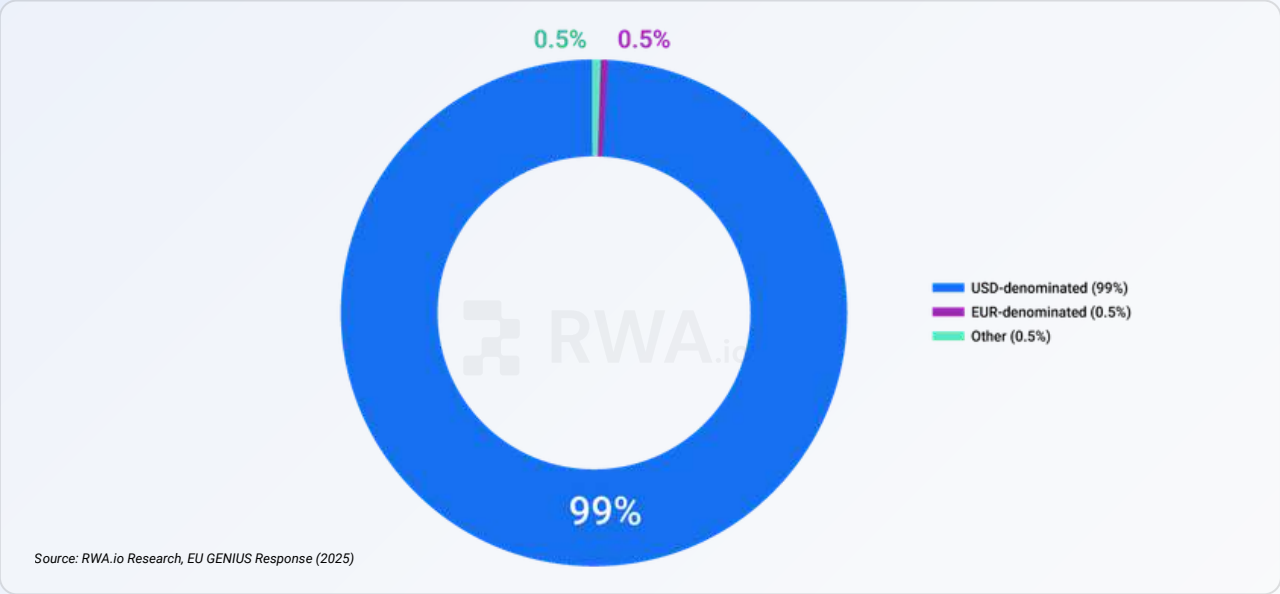


Figure 2: *Stablecoin market share breakdown chart.*

According to Deloitte's 2026 payments outlook, nearly half of financial institutions (49%) already use stablecoins, with another 41% planning adoption [26]. This highlights a strategic evolution in the banking sector's relationship with digital assets. While the demand for stablecoins may influence deposit strategies, it also creates significant new revenue opportunities. Banks are uniquely positioned to provide the core infrastructure for the stablecoin ecosystem, including holding reserves, providing custody, and facilitating fiat on/off ramps. This creates a new fee-generating business line, allowing banks to serve the full spectrum of digital money needs. Institutions that pivot toward platform-based services—offering both tokenized deposits for institutional clients and infrastructure services for stablecoin issuers—are best positioned to capture value across the entire digital money spectrum.

Regulatory frameworks also shape the distinct roles of these instruments. Under the GENIUS Act, for example, payment stablecoin issuers are prohibited from paying interest or yield to token holders [31]. Bank deposits face no such restriction, a feature that makes tokenized deposits particularly suitable for institutional cash management and treasury operations where earning a yield is a primary consideration.

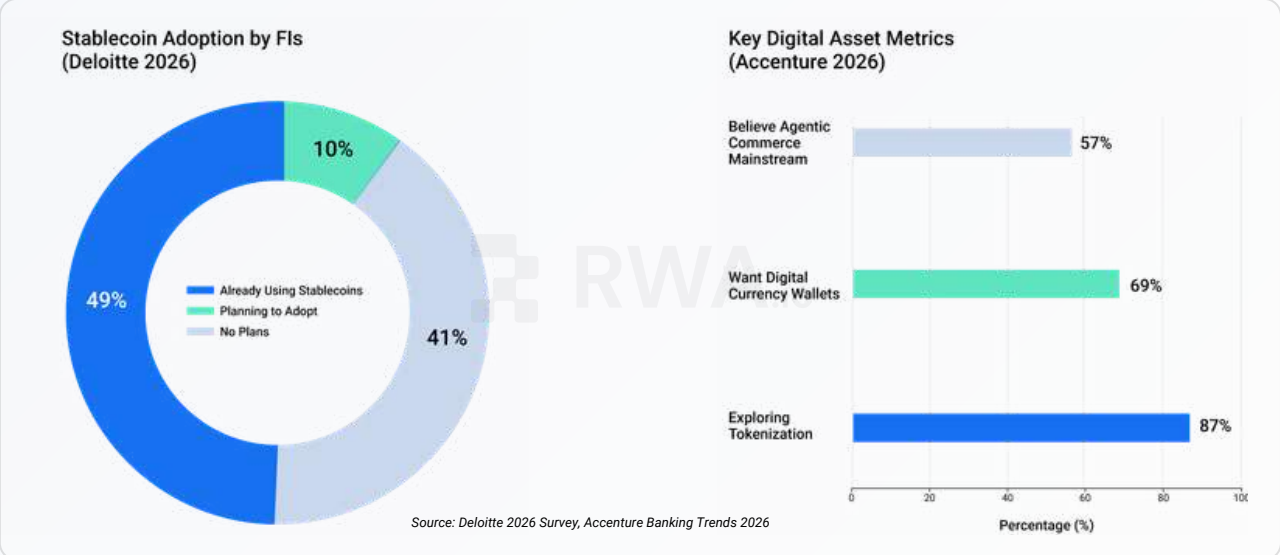


Figure 3: *Financial institution digital asset adoption.*

Contributor: TRON

The TRON blockchain infrastructure excels in supporting both small retail P2P payments and large institutional-scale transactions, processing over $7.9 trillion in total USDT transfer value in 2025. The network handles high transaction volumes with predictable fees and fast confirmation times, which are critical for institutions. TRON's EVM compatibility also enables the deployment of programmable assets with role-based permissions, transfer controls, and smart contract logic aligned with tokenized deposit models. In practical terms, TRON can support both open stablecoin liquidity and more controlled, policy-aware tokenized instruments on the same infrastructure.

Looking ahead, the relationship between public stablecoin rails and bank-issued tokenized deposits is likely to be complementary, and TRON can serve as a bridge between the two. Tokenized deposits may initially operate within permissioned frameworks, but they will still require interoperable settlement layers to interact with broader markets. TRON provides neutral, scalable infrastructure where tokenized deposits, stablecoins, and other on-chain assets can move efficiently. Over time, the distinction between instruments will matter less to end users, while networks like TRON provide the underlying rails that connect institutions with open blockchain liquidity.

Institutional engagement with TRON continues to expand, with USDT on TRON recognized as an accepted fiat-referenced token in Abu Dhabi Global Market (ADGM), alongside milestones such as TRX options launched on Deribit, a Coinbase-owned derivatives exchange, PayPal USD expansion into TRON via LayerZero, and the U.S. Department of Commerce selecting TRON to publish official GDP data.

> *"TRON bridges traditional banking and DeFi. The growing institutional participation demonstrates that public blockchain rails can meet operational standards while delivering the transparency and programmability required for next-generation digital assets."*

Sam Elfarra,
Community Spokesperson at the TRON DAO

Contributor: Ondo

With 90% of financial institutions already using or planning to adopt stablecoins, it's clear that on-chain rails will underpin the future of finance. The question now is which forms of tokenized money will serve what purposes.

We expect stablecoins and tokenized deposits to largely coexist serving complementary segments. Stablecoins excel in open, permissionless environments, making them a superior form for on-chain applications. Tokenized deposits, operating within established banking regulatory frameworks, are well-suited for licensed and regulated institutions. We're already seeing this play out. Tokenized deposits are gaining traction in institutional custody and settlement use cases, while stablecoins dominate DeFi liquidity and trading.

In parallel, we see a third option emerging: tokenized treasuries. While these assets have a very different regulatory framework and treatment, they can often provide the best of both worlds: the ability to pay yield, best in class investor protections (with no duration risk), and compatibility with permissionless systems (at least for Ondo's USDY asset). Right now, tokenized treasuries are rapidly gaining traction outside of the US and are growing significantly faster than stablecoins or tokenized deposits.

Over time, we do not expect one displacing the others - we expect a continuum of digital money types, each optimized for different environments, geographies, risk profiles, and regulatory requirements.

Ian De Bode,
President, Ondo Finance

2.2 Tokenized Deposits and CBDCs: An Integrated Settlement Architecture

Central Bank Digital Currencies (CBDCs) are a digital form of central bank money that could be made available to the general public (retail CBDC) or restricted to financial institutions (wholesale CBDC). While a retail CBDC could have overlapping functionality with tokenized deposits, most central banks are proceeding with caution due to concerns about financial disintermediation and privacy. A wholesale CBDC, on the other hand, could serve as a complementary settlement asset for tokenized deposit systems, further improving their efficiency and security.

The key difference between tokenized deposits and a retail CBDC lies in their position within the two-tier banking system. A retail CBDC would be a direct liability of the central bank, while tokenized deposits are liabilities of commercial banks. This distinction has significant implications for the roles and responsibilities of central banks and commercial banks in the digital age. The most likely scenario is a multi-layered settlement architecture where tokenized deposits settle in wholesale CBDCs or tokenized central bank reserves, creating an integrated system that preserves the two-tier banking structure while enabling blockchain-based programmability.

According to the BIS, 91% of 93 surveyed central banks are engaged in CBDC projects, whether retail-focused, wholesale-focused, or both [16]. However, stablecoins currently account for nearly all observable volumes, while most deposit tokens and CBDCs remain in the pilot or conceptual phase.

Contributor: kinexys by J.P.Morgan

Broadly we believe there will be place for different forms of money on-chain including deposit tokens, stablecoins and CBDCs. We believe that providing commercial bank money on public blockchains is essential for institutional clients that want to transfer meaningful value within that ecosystem, for on-chain payments or as a settlement asset against tokenized Real World Assets (RWA). Deposit tokens, like JPM Coin, are trusted, scalable, and regulated forms of on-chain digital cash. Unlike stablecoins, JPM Coin ensures efficient liquidity management across off-chain and on-chain bank deposits via interoperability with existing products and robust KYC compliance. These features position JPM Coin as a well-suited for institutions seeking reliable, interest-bearing liquidity on public blockchains.

CBDCs, or other forms of interoperability mechanisms into central bank money, are essential to support bank to bank wholesale settlements, supporting interoperability of commercial bank tokens at scale. It's important for commercial banks to continue developing and engaging in industry work to support the development and use of central bank money interoperability. In addition, commercial banks are also best placed to support cash payment and act as cash reserve backing for stablecoin issuers.

Kara Kennedy,
Global Co-Head of Kinexys by J.P. Morgan

Part 3: Global Developments in Tokenized Deposits

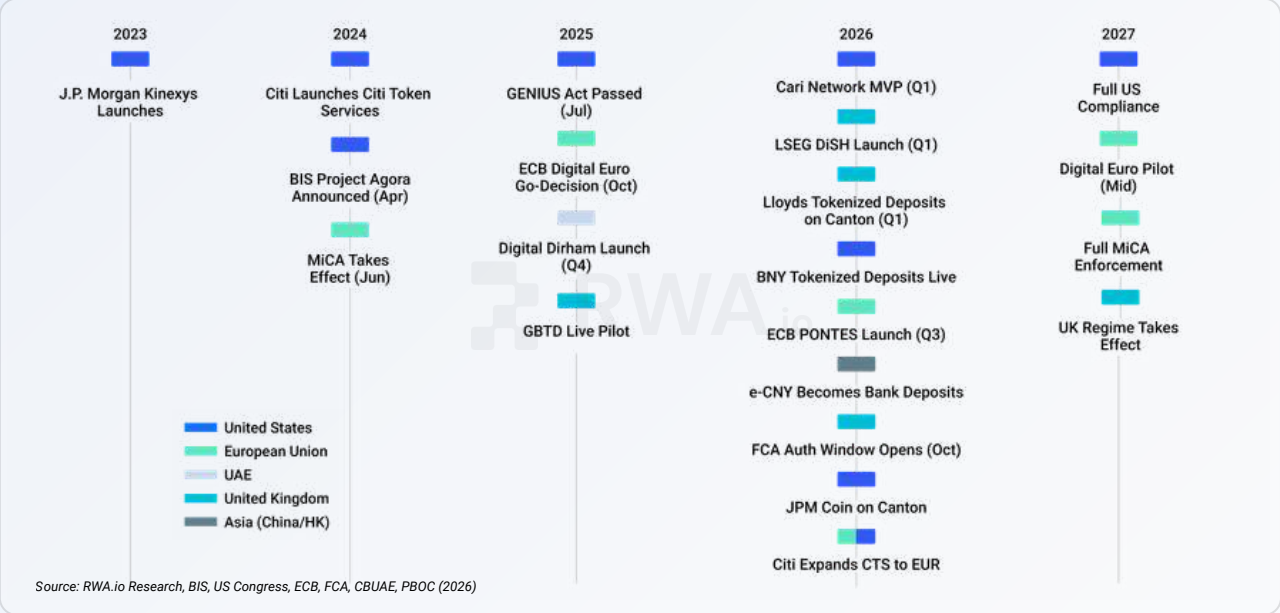


Figure 4: *Economic Costs of Market Fragmentation*

3.1 The United States

3.1.1 Banking Giants: J.P. Morgan, Citi, and BNY

US banks have been at the forefront of tokenized deposit development. J.P. Morgan's Kinexys platform, which has been in development for several years, is now being used by institutional clients for a variety of applications, including programmable payments, automated treasury operations, and 24/7 on-chain FX settlement. In December 2025, BMW Group announced that it had executed its first-ever fully pre-programmed FX transaction on Kinexys, demonstrating the potential of the technology to automate complex financial workflows [3].

BNY, the world's largest custodian bank, launched its own tokenized deposit service in January 2026. Beginning with collateral and margin workflow use cases, this launch extends BNY's cash capabilities by creating on-chain digital book entries that represent participating clients' existing demand deposit claims against the bank. Citi has also been active in this space, integrating its Citi Token Services with its 24/7 USD Clearing service to enable near real-time, cross-border payments for its institutional clients [2].

In a significant development for market infrastructure, the Intercontinental Exchange (ICE), parent company of the New York Stock Exchange, announced in January 2026 that it is working with banks including BNY and Citi to support tokenized deposits across its clearinghouses. This initiative will help clearing members transfer and manage money outside of traditional banking hours, meet margin obligations, and accommodate funding requirements across different jurisdictions and time zones [15].

Contributor: BNY

Capital markets are moving toward an always on operating model. Clients expect 24/7 trading, cash, collateral, and payments on digital rails alongside evolving traditional payment infrastructure.

BNY's role is grounded in trust, scale, and connectivity. We safeguard assets through custody and enable movement and interoperability across markets. Digital assets extend this foundation, allowing established institutional workflows to operate alongside new digital infrastructure.

Tokenized deposits represent BNY's initial step in bringing trusted bank deposits onto digital rails. This capability advances our ambition to support programmable, on chain cash for institutional use cases, in collaboration with our clients. Designed to complement stablecoins and tokenized money market funds, these instruments provide institutions flexibility while maintaining the controls, transparency, and protections expected in institutional markets.

As markets evolve toward continuous operations, always on cash movement on trusted rails becomes increasingly important. Tokenized deposits enable clients to engage with digital cash infrastructure today.

Contributor: citi

Citi Token Services (CTS) leverages blockchain technology through the use of tokenized deposits to enable near-instant, 24/7 cross-border payments and liquidity management for corporate and institutional clients. The platform has been live since 2024 and eliminates the restrictions associated with traditional cut-off times and geographical locations, facilitating real-time transfer of funds between locations across time zones — for example, between New York and Singapore.

Clients do not need to hold or manage any tokens — they continue to operate with existing fiat accounts and balances while Citi handles the on-and-off-ramp process. This integration with Citi's existing cash management and payments infrastructure means clients can access the benefits of tokenized deposits without overhauling their systems or facing new technical or accounting hurdles. This provides clients with an integrated client experience without having to open new accounts. As a result, the service continues to see billions flow through it with volumes growing every quarter.

CTS also employs smart contracts to automate conditional payments in areas such as trade finance, where transactions execute only when predefined conditions are met.

As of early 2026, Citi Token Services for Cash is live across the major banking locations in North America, Europe and Asia with USD and EUR. More locations and currencies are planned for 2026 and following years.

3.1.2 Regional Banks: The Cari Network

The momentum is not limited to the largest institutions. In February 2026, five US regional banks — Huntington Bancshares, First Horizon, M&T Bank, KeyCorp, and Old National Bancorp — announced a collaborative tokenized deposit network built on the Cari Network, a blockchain-based platform led by former US Comptroller of the Currency Eugene Ludwig. The network is targeting a minimum viable product by the end of March 2026, a pilot programme in Q3, and full customer availability in Q4 2026. The initiative underlines how tokenized deposits are expanding beyond the top-tier banks into the broader US banking system, with participating institutions emphasising that FDIC-insured deposits remain at the core of the model [48].

3.2 European Initiatives

3.2.1 United Kingdom: UK Pilots and the GBTD

In January 2026, Lloyds Banking Group executed the UK's first gilt purchase using tokenized deposits on the public Canton Network, in partnership with Archax [49]. In the same quarter, the London Stock Exchange Group's Digital Settlement House (DiSH) went live, connecting to the Canton Network to provide a cash leg for tokenized repo financing trades [50]. HSBC has also launched a tokenized deposit service for its corporate clients, enabling them to convert deposits into tokens that can be moved instantly between wallets [2].

The UK's tokenized deposit initiative has progressed through multiple phases under the Regulated Liability Network (RLN) banner before being rebranded as the GBTD (Tokenised Sterling Deposits) project in September 2025 [37]. This evolution reflects the transition from experimental proof-of-concept to live pilot deployment. The GBTD pilot, coordinated by UK Finance and involving the UK's seven largest banking groups—Barclays, HSBC, Lloyds Banking Group, Monzo, NatWest, Nationwide, and Santanderr—represents the first live transactions of tokenized sterling deposits in the UK [37][38]. The pilot runs until mid-2026 and tests three distinct use cases spanning both wholesale and retail applications: person-to-person payments via online marketplaces, remortgaging processes, and digital asset settlement.

The GBTD pilot is notable for its explicit focus on retail use cases, not just wholesale applications. This retail focus highlights a key characteristic of tokenized deposits over stablecoins—customers benefit from enhanced functionality without needing to actively choose or understand a new form of money. Banks simply offer customers new ways to pay and enhanced protections, while the underlying technology remains transparent to the end user.

> *RLN and the GBTD initiative has the potential to be the first national inter-bank network, supporting both retail and wholesale use cases for tokenised deposits globally. With the proposed pilot focused on P2P marketplace, remortgaging and wholesale bond settlement use cases, and with the support of both UK Finance and the major UK banks, it is well positioned to provide a platform for digital money innovation, preserving the fractional reserve system, alongside the growth in stablecoin flows and potential CBDC implementation by the Bank of England.*
>
> **Keith Bear Fellow, Cambridge Centre for Alternative Finance, Judge Business School**

Contributor: UK Finance

The Great British Tokenised Deposit (GBTD) project is an industry-led payments system that enables the clearing and fungibility of tokenised commercial bank money in GBP for a wide range of use cases.

This project forms a vital part of the UK's efforts to deliver next-generation money and payments, by applying new digital technologies to the form of money most widely used by consumers and businesses today. It will also enable UK commercial bank money to support government ambitions for growth and innovation, like the current plans for a digital gilt (DIGIT) and the National Payments Vision (NPV). The platform will also offer tokenisation-as-a-service, ensuring that organisations without their own tokenised deposit capabilities can participate.

Tokenised deposits will play a vital role in a future 'multi-money' world. They will complement other forms of digital money, including privately and potentially publicly issued monies, and can help ensure interoperability and singleness. Payments is a network industry and industry collaboration is important to ensure good outcomes for customers and businesses.

3.2.2 Germany: The Commercial Bank Money Token (CBMT)

Germany's Commercial Bank Money Token (CBMT) project represents one of Europe's most advanced multi-bank tokenized deposit initiatives. Launched in sandbox mode in December 2025, CBMT brings together a consortium of major German banks including Deutsche Bank, Commerzbank, DZ Bank, Helaba, and LBBW, with technology provided by Giesecke+Devrient (G+D) and Cashlink Technologies [33].

The CBMT platform enables participating banks to issue tokenized euro deposits on a shared infrastructure, allowing corporate clients to settle digital asset transactions using regulated commercial bank money. Unlike stablecoins, CBMT tokens represent direct claims on participating banks and are fully backed by customer deposits held within the existing banking system.

A key differentiator of the CBMT approach is its focus on industrial use cases. The project has attracted participation from major German corporations including Bosch, Siemens, and BMW, who see tokenized deposits as a means to automate treasury operations and enable machine-to-machine payments in industrial settings. The sandbox phase will run through 2026, with plans for production deployment aligned with the EU's MiCA regulatory timeline.

3.2.3 Switzerland: The SBA Deposit Token

In September 2025, the Swiss Bankers Association (SBA) announced the successful completion of a deposit token feasibility study conducted by PostFinance, Sygnum Bank, and UBS. The Swiss initiative is notable for its deployment on a public blockchain—a significant departure from the private, permissioned networks favored by most other tokenized deposit projects [35].

The proof of concept tested two primary use cases: payments between customers of different banks and automated delivery-versus-payment (DvP) settlement for digital assets. The results demonstrated that tokenized deposits can operate across banks in a secure, legally binding, and transparent manner while maintaining compliance with regulatory requirements and depositor protection standards [36].

Christoph Puhr, Digital Assets Lead at UBS, highlighted the broader implications: "The PoC shows that the interoperability of bank money via public blockchains can become a reality. In this way, we are actively shaping the future of financial systems—both nationally and globally."

The Swiss approach emphasizes programmability through smart contracts, enabling automated payments triggered by predefined conditions. This opens applications ranging from automated securities trading to machine-to-machine transactions in industrial settings. The SBA has indicated plans for broader introduction and increased cooperation with additional banks and regulatory authorities.

3.2.4 Pan-European Consortiums: Fnality, Qivalis, and the RLN

Beyond individual bank initiatives, several pan-European consortiums are building shared infrastructure for tokenized settlement. Fnality International, backed by 17 global financial institutions including Barclays, BNP Paribas, CIBC, Commerzbank, ING, Lloyds, Nasdaq, Santander, and UBS, is developing tokenized cash settlement systems across five currencies (GBP, EUR, USD, CAD, JPY). The Fnality Payment System (FnPS) received regulatory approval from the Bank of England in December 2024, making it one of the first blockchain-based payment systems to be formally recognised by a major central bank [21]. Fnality's model uses omnibus accounts at central banks to back its utility settlement coins, positioning it as wholesale settlement infrastructure that bridges tokenized deposits with central bank money.

On the retail and payments side, a consortium of eleven major European banks — including BNP Paribas (France), CaixaBank (Spain), Danske Bank (Denmark), Deka (Germany), DZ BANK (Germany), ING (Netherlands), KBC (Belgium), Raiffeisen Bank International (Austria), SEB (Sweden), Sella (Italy), and UniCredit (Italy) — has formed a joint venture called Qivalis to develop a MiCA-compliant, euro-denominated stablecoin [6]. While technically a stablecoin, Qivalis will be issued and backed by regulated financial institutions, blurring the lines between stablecoins and tokenized deposits. The consortium aims to launch in the second half of 2026, representing a significant step toward a unified, pan-European digital payments ecosystem.

These European consortiums build on the Regulated Liability Network (RLN) concept, which was first tested in the United States from November 2022 through July 2023. That pilot involved the New York Federal Reserve and major banks including Citi, Wells Fargo, HSBC, BNY, and others [39][40]. The trial successfully tested commercial bank deposit tokens alongside a wholesale CBDC on shared distributed ledger infrastructure, concluding that "a global, near-real time, 24/7, dollar payment system could be delivered through the RLN concept" [39]. The UK's GBTD initiative (Section 3.2.1) has since adopted a similar multi-issuer model, demonstrating how the RLN framework is influencing tokenized deposit architectures across jurisdictions.

3.3 Asia-Pacific

3.3.1 China and the e-CNY

China, which has been a pioneer in the development of a retail CBDC (the e-CNY), has recently shifted its strategy. In January 2026, the People's Bank of China (PBOC) announced that the e-CNY would be transformed into a commercial bank deposit solution, with retail balances becoming liabilities of the holding institution rather than the central bank [7]. This move effectively turns the e-CNY into a form of tokenized deposit, with banks now able to use the digital yuan for fractional reserve banking and offer interest on e-CNY balances.

By mid-2024, e-CNY transaction volumes had exceeded 7 trillion CNY (approximately $1 trillion USD) across over 260 million wallet users, making it the largest CBDC deployment in the world [16]. The growth has continued to accelerate; by November 2025, cumulative e-CNY transactions had reached 16.7 trillion yuan (US$2.38 trillion) [45]. Key features include offline peer-to-peer transfers, bank-backed wallet interchangeability, and programmable conditional payments.

The PBOC's decision to pivot the e-CNY to a commercial bank liability model reflects a recognition of the importance of preserving the two-tier banking system and leveraging the existing infrastructure and expertise of commercial banks. It also highlights the growing convergence between CBDC and tokenized deposit concepts, with different jurisdictions arriving at similar architectural models through different paths.

3.3.2 Japan: DCJPY

Japan has taken a distinctive approach to tokenized deposits through the DCJPY platform, operated by DeCurret DCP. Unlike projects in other jurisdictions that remain in pilot phases, DCJPY is already live with its first issuing bank, GMO Aozora Net Bank, and will expand significantly when Japan Post Bank—one of the country's largest retail banks with over 120 million accounts—joins as the second issuer in 2026 [34].

The DCJPY model emphasizes full interoperability between participating banks. As Mai Kaneko, International Business Lead at DeCurret DCP, explains: "There is one DCJPY and it is fully interoperable between banks." The platform operates within Japan's existing financial regulatory framework, requiring no additional licensing for participating banks.

Japan's approach also demonstrates the versatility of tokenized deposits across both wholesale and retail applications. While corporate settlement remains a primary use case—particularly for large-volume transactions where stablecoins face regulatory limitations—the platform is also exploring retail applications including digital asset transfers, housing-related payments, and public sector subsidy distribution through Japan Post Bank's extensive network.

Cross-border connectivity is another priority. DeCurret DCP has signed a memorandum of understanding with Partior and SBI Shinsei Bank to connect DCJPY with international tokenized payment networks, potentially enabling Japanese banks to access both domestic and cross-border settlement through unified infrastructure.

3.3.3 Standard Chartered: Multi-Currency Deployment Across Asia

Standard Chartered has emerged as one of the most active global banks in deploying tokenized deposits across the Asia-Pacific region. The bank's approach is notable for its multi-currency scope, offering tokenized deposits in four currencies — SGD, HKD, USD, and CNH — enabling clients to conduct intra-group settlements on a 24/7, real-time basis. Standard Chartered is the only Global Systemically Important Bank (GSIB) currently offering CNH-denominated tokenized deposits, positioning it at the intersection of traditional cross-border treasury management and on-chain settlement. Beyond payments, the bank has extended its tokenized deposit infrastructure to support the settlement of tokenized yield-bearing assets, including Tokenized Money Market Funds (TMMFs), demonstrating how tokenized deposits can serve as the cash leg in broader digital asset transactions.

Contributor: standard chartered

As blockchain technology develops, regulations evolve and adoption scales, tokenisation of deposits is fundamental to our digital assets strategy – enabling real-time, 24x7 treasury management across product lines, client segments, and asset classes. The solution comes in line with our efforts to power the digital assets ecosystem and to be the trusted bridge between Traditional Finance (TradFI) and Decentralised Finance (DeFI).

Our deployment of tokenised deposits, in 4 currencies (SGD, HKD, USD, CNH), enables clients to benefit from 24x7, real-time access to our clients' intra-group settlements. In addition to being the only GSIB offering CNH denominated tokenised deposits, Standard Chartered also enables the settlement of tokenised yield bearing assets (e.g. Tokenised Money Market Funds (TMMFs).

Mahesh Kini,
Global Head of Cash Management, Standard Chartered Bank

3.4 UAE and the Middle East: Digital Dirham and Bank-Issued Stablecoins

The United Arab Emirates has positioned itself as a regional leader in digital currency adoption, pursuing a multi-track strategy that encompasses wholesale CBDCs, bank-issued stablecoins, and cross-border payment infrastructure.

3.4.1 The Digital Dirham and mBridge

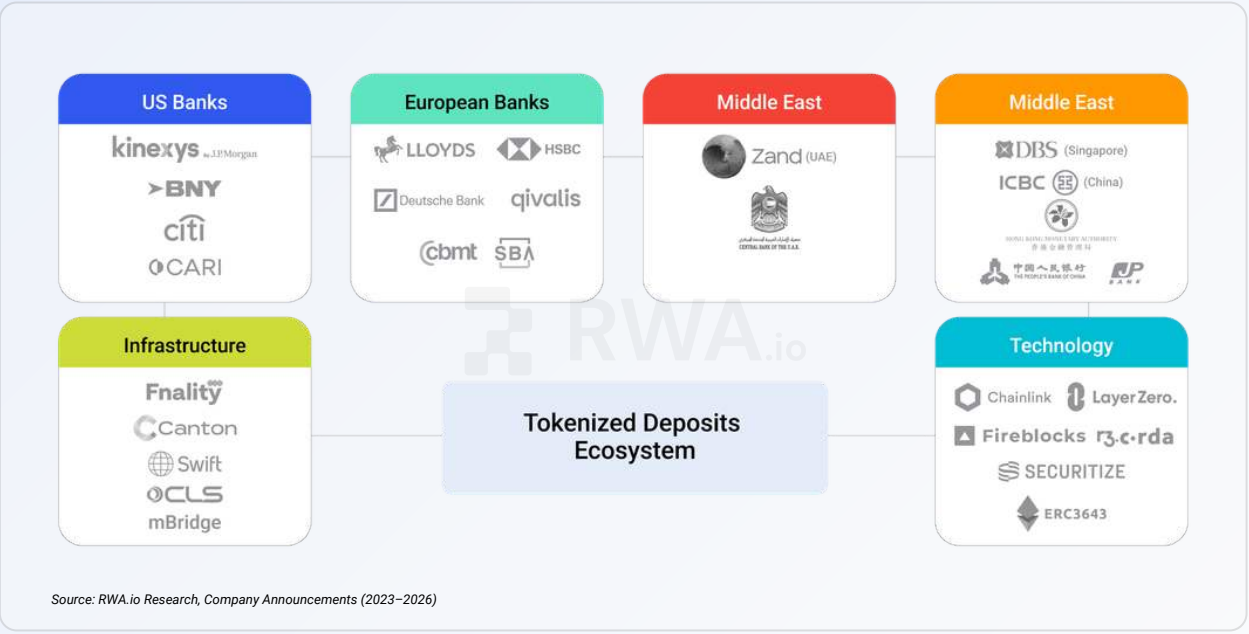
The Central Bank of the UAE (CBUAE) launched its wholesale Digital Dirham in Q4 2025, leveraging the mBridge platform—a multi-CBDC bridge developed in collaboration with the central banks of China, Hong Kong, and Thailand. In November 2025, the CBUAE processed its first live cross-border payment using the Digital Dirham, demonstrating the platform's capability for real-time international settlement. Transaction volumes on mBridge have since exceeded $55 billion, making it one of the most active cross-border CBDC platforms globally.

3.4.2 Bank-Issued Stablecoins

The UAE has also moved quickly to enable bank-issued stablecoins. In November 2025, digital bank Zand launched "Zand AE," the first AED-backed stablecoin on public blockchains, operating under CBUAE oversight. RAKBANK followed with its own stablecoin launch in January 2026. These bank-issued stablecoins function similarly to tokenized deposits, with full backing by dirham-denominated reserves held at licensed financial institutions. Federal Decree-Law No. 6 of 2025 provides the statutory foundation for these instruments, recognizing "currency in digital form" as a legitimate category of central bank-issued money.

3.4.3 Regional Implications

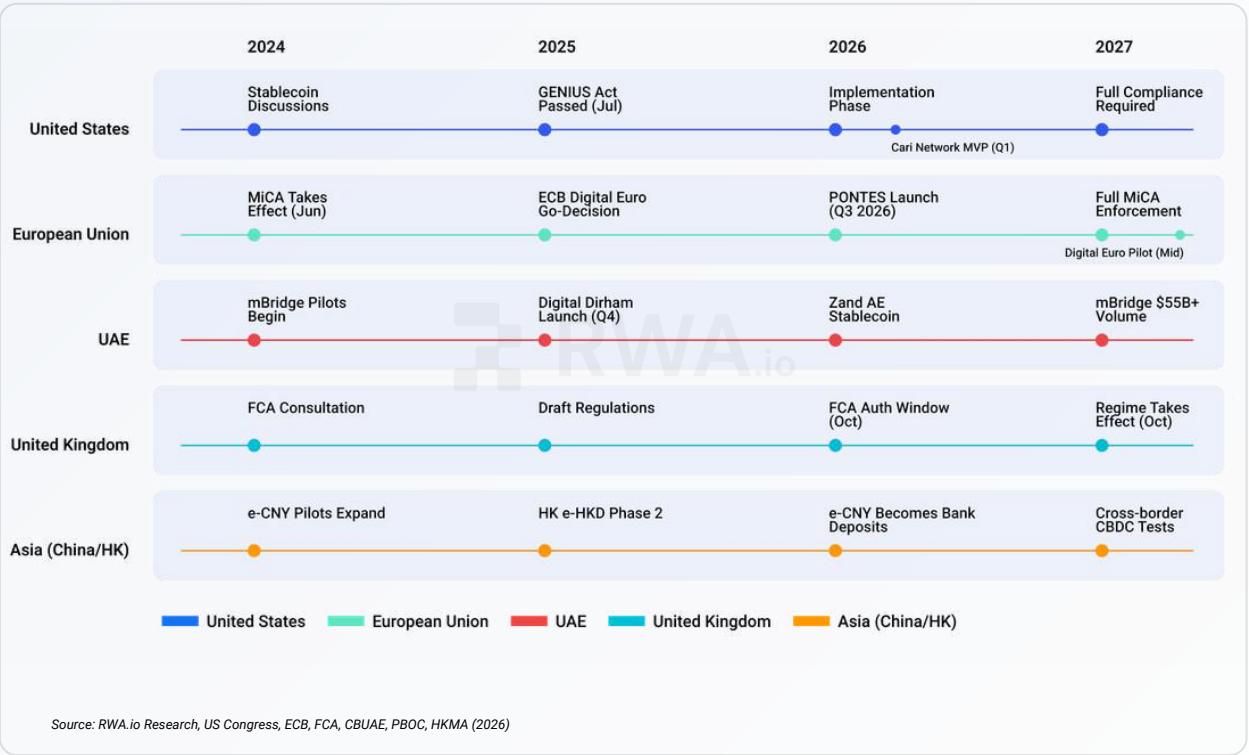
The UAE's approach offers a model for other Gulf Cooperation Council (GCC) states considering digital currency strategies. By pursuing parallel tracks for wholesale CBDCs and bank-issued stablecoins, the UAE is creating a flexible infrastructure that can accommodate both domestic and cross-border use cases. The mBridge platform, in particular, has implications for trade finance and remittance corridors across Asia and the Middle East.



Source: RWA.io Research, Company Announcements (2023–2026)

Figure 5: *Key players ecosystem map.*

Part 4: The Regulatory Environment



Source: RWA.io Research, US Congress, ECB, FCA, CBUAE, PBOC, HKMA (2026)

Figure 6: *Regulatory and policy timeline for digital money (2024-2027).*

Note: Regulatory entries for the US (GENIUS Act), EU (MiCA Regulation) and UK (FCA framework) apply to stablecoins and crypto-assets. Tokenized deposits, as bank liabilities, are generally expected to fall within existing banking regulatory frameworks.

4.1 The US GENIUS Act and its Implications

In July 2025, the US passed the GENIUS Act, which provides a regulatory framework for dollar-denominated stablecoins. The act requires stablecoin issuers to maintain 1:1 reserves of high-quality liquid assets (specifically US currency, coins, reserves at the Fed or US commercial banks, or US Treasury bills), and to comply with existing AML/KYC regulations [8][12]. While the act is primarily focused on stablecoins, it has significant implications for the broader digital money ecosystem.

A notable provision of the GENIUS Act is its explicit prohibition on payment stablecoin issuers paying interest or yield to token holders, codified in Section 404(b)(1) of the law. This regulatory choice treats stablecoins primarily as payment instruments rather than deposit substitutes, with issuers retaining the yield generated by reserve assets [31]. However, this prohibition has created tension, as some crypto exchanges have begun offering yield on stablecoin holdings through indirect arrangements—a practice that banking trade groups argue undermines the law's intent [32]. For banks, this regulatory distinction clarifies the specific use cases for tokenized deposits: their ability to offer yield makes them particularly suitable for institutional cash management and treasury operations, differentiating them from stablecoins which are primarily structured for payment and settlement functions.

4.1.1 Geopolitical Implications

The passage of the GENIUS Act carries implications beyond US domestic regulation. The Atlantic Council policy brief notes that the Act's framework for dollar-denominated stablecoins has heightened concerns in Europe about potential "dollarization" of digital payments. With approximately 99% of stablecoins currently denominated in US dollars, European policymakers view the regulatory clarity provided by the GENIUS Act as potentially accelerating the dominance of dollar-based digital payment instruments in cross-border commerce.

The European response has been multifaceted. The ECB's dual-track wholesale CBDC strategy (PONTES and APPIA projects), the Digital Euro initiative, and the Qivalis consortium's euro stablecoin all represent efforts to ensure that European alternatives exist in the digital money space. As one EU policy document noted, without such alternatives, Europe risks 'partial dollarization' of its payments infrastructure. This is a strategic vulnerability that extends beyond monetary policy to questions of data sovereignty and financial system resilience.

4.2 The EU's MiCA Regulation and the ECB's Stance

The EU's Markets in Crypto-Assets (MiCA) regulation, which came into force in July 2024, provides a detailed framework for the regulation of crypto-assets, including stablecoins (referred to as e-money tokens or asset-referenced tokens). MiCA imposes strict requirements on issuers, including capital requirements, governance standards, and reserve management rules. The regulation also sets limits on the use of foreign-issued stablecoins within the EU—capping daily usage at 1 million transactions or €200 million in value—in an effort to prevent the "dollarization" of the European economy. Currently, there are 17 EU-authorised EMT issuers offering 25 stablecoins referencing the Euro, US Dollar, Czech Koruna, and British Pound [6]. However, the stablecoin market remains heavily skewed toward the US dollar [12][19].

The ECB has been a strong proponent of a wholesale CBDC as a means of ensuring the stability and sovereignty of the European financial system. The ECB is currently pursuing a dual-track strategy: the PONTES project aims to create a bridge between DLT-based settlement platforms and the existing TARGET system, ensuring that tokenized assets can still be settled in central bank money; the APPIA project goes further by testing the native issuance and settlement of central bank money directly on DLT, enabling fully digital and programmable wholesale transactions without relying on private stablecoin networks [9]. The ECB's exploratory work on DLT settlement with over 60 industry participants saw a total value of €1.6 billion settled via trials over a six-month period in 2024 [45]. Together, these initiatives aim to ensure that development in tokenized and digital assets can occur on sovereign, euro-denominated rails.

4.2.1 The Digital Euro

The ECB's October 2025 "go-decision" marked a significant milestone, advancing the Digital Euro from exploration to active technical preparation. The implementation roadmap envisions three distinct phases: a kick-off phase (2025-2026) focused on finalizing the Digital Euro Rulebook v1.0 and selecting infrastructure providers; a market readiness and integration phase (2026-2027) aligned with the EU Digital Identity (EUDI) wallet initiative; and a gradual rollout from 2028 onwards, contingent on legislative adoption of the proposed Digital Euro Regulation [27]. In February 2026, ECB Executive Board member Piero Cipollone confirmed that pilot testing of the digital euro is expected to begin in mid-2027, with initial issuance targeted for 2029, contingent on the EU legislative framework being finalised [47].

The strategic urgency behind the Digital Euro is underlined by data showing that 61% of eurozone card payments are currently processed by international card schemes, primarily Visa and Mastercard. Without a sovereign digital payment alternative, the ECB has warned of potential "partial dollarization" of European payments as dollar-denominated stablecoins gain traction in cross-border settlement. The Digital Euro is positioned as a response to this dependency, offering a public-sector alternative that preserves monetary sovereignty while enabling programmable payments and 24/7 settlement.

The relationship between the Digital Euro and tokenized deposits remains a subject of ongoing policy discussion. While the Digital Euro would represent a direct liability of the Eurosystem, tokenized deposits issued by commercial banks would continue to function as private money within the two-tier monetary system. The ECB has indicated that both instruments could coexist, with the Digital Euro serving retail use cases and tokenized deposits addressing wholesale and institutional requirements. However, the precise demarcation between these instruments—and their respective regulatory treatment—awaits clarification in the final Digital Euro legislative framework.

4.2.2 The Regulatory Classification Challenge

The legal classification of tokenized deposits within the EU regulatory framework remains unsettled, creating uncertainty for financial institutions seeking to deploy these instruments. As noted by the European Banking Institute (EBI) in its January 2026 Report on Simplification of EU Financial Law, tokenized bank deposits—defined as "traditional demand deposits represented and transferred on distributed ledger technology while remaining claims on a credit institution"—occupy an ambiguous position between two regulatory regimes [28].

If characterized as Electronic Money Tokens (EMTs), tokenized deposits would fall under MiCAR, requiring issuers to obtain authorization as electronic money institutions and comply with reserve and redemption requirements designed for stablecoins. If regarded as mere technological representations of conventional deposits, they would remain subject exclusively to EU banking law, with no additional authorization requirements beyond existing banking licenses. The distinction carries significant implications for capital treatment, deposit guarantee coverage, and supervisory oversight.

The EBA's December 2024 Report on Tokenized Deposits provides authoritative guidance on this classification question, establishing indicative characteristics to distinguish tokenized deposits from EMTs [29]:

Feature	Tokenized Deposits	EMT (issued by credit institution)
Continuous contractual relationship	Required	Not required
Transferable on secondary markets	No (account-based)	Yes (bearer instrument)
Ability to pay interest	Yes	No (prohibited under MiCAR Art. 50)
DGS coverage	Yes	No
Regulatory framework	CRD/CRR, DGSD	MiCAR, EMD

Table 2: *Distinguishing tokenized deposits from electronic money tokens (EMTs).*

Despite this guidance, the EBA acknowledged that "it can prove challenging to differentiate between a sight deposit that pays no interest and e-money issued by a credit institution." The report identified only one live case of tokenized deposits in the EEA as of December 2024, though 17% of surveyed credit institutions indicated plans to engage in deposit tokenization within one to two years.

This uncertainty is compounded by divergent national approaches and the absence of binding EU-level guidance, leaving credit institutions to manage potentially inconsistent regulatory expectations across Member States. The EBI report identifies this as a prime example of how technological advancement exposes and exacerbates the boundary problems inherent in sector-based financial regulation.

The EU's regulatory ambiguity currently stands in contrast to the clearer treatment of tokenized deposits in other jurisdictions. In the United States, the GENIUS Act explicitly addresses payment stablecoins while leaving bank-issued tokenized deposits under existing banking regulation. In the UK, the FCA's proposed framework similarly distinguishes between stablecoins and bank deposits represented on distributed ledger technology. This disparity may create competitive disadvantages for European banks seeking to deploy tokenized deposit solutions, as institutions in other jurisdictions benefit from greater regulatory predictability.

Contributor: ABN·AMRO

Since tokenized deposits fall under the same regulatory regime as traditional deposits then no additional regulatory requirements apply. And so as we look to include tokenized deposits in the ABN AMRO cash on chain strategy, we looked for use cases transaction netting is still required. Such use cases typically include securities transactions where parties trade against each other and then at the end of the settlement cycle, transaction are netted against each other and then a limited number of executions are processed through wholesale settlement channels.

One practical example where we sought to apply tokenized deposits as we were looking to offer a 24/7 redeemable security to our ABN AMRO clients. Our goal was to achieve 24/7 settlement and so to that we designed an exchange pool with both the tokenized security and our tokenized deposit. Despite the underlying blockchain being public, KYC/AML/CFT compliance can be ensured because both tokens are permissioned and can interact only with each other.

Such an arrangement would then involve calculating outstanding bilateral positions at predetermined intervals, followed by settlement through established wholesale payment rails through T2 or wCBDC.

Elie Naba,
Innovation manager Tokenized Securities

4.3 The UK's Cryptoasset Framework

The UK is also in the process of developing a detailed regulatory framework for crypto-assets. In December 2025, HM Treasury released the final draft of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025, which will bring a wide range of crypto-asset activities, including the issuance of stablecoins, under the purview of the Financial Conduct Authority (FCA). The new regime is set to take effect on 25 October 2027, with the FCA required to announce the opening of its authorisation application window by 25 October 2026 [10][14].

The Bank of England is also developing its own regime for systemic stablecoins, with consultation responses due by February 2026. The Bank has signaled that from mid-2026 onwards, it intends to publish draft codes of practice, final rules, and details of its supervisory approach. A joint paper with the FCA discussing how the two regimes interact is also expected [14]. In parallel, the UK is progressing toward accelerated settlement (T+1), with implementation scheduled for 11 October 2027—a development that will further increase the relevance of tokenized deposits for real-time collateral management and margin obligations.

4.4 Asia-Pacific Regulatory Developments

The Asia-Pacific region presents a diverse regulatory picture for tokenized money, with China, Hong Kong, Singapore, and Japan each pursuing distinct approaches that reflect their unique monetary policy objectives and financial system structures.

4.4.1 China: Regulatory Framework for Tokenized Bank Deposits

China's regulatory approach to digital currency has shifted significantly with the restructuring of the e-CNY program. Under the new framework announced in January 2026 (detailed in Section 3.3), retail e-CNY balances become liabilities of the holding commercial bank rather than direct central bank liabilities.

The PBOC retains primary oversight authority for digital currency activity, including:

- Setting technical standards for tokenized deposit systems
- Establishing interoperability requirements between commercial banks
- Maintaining the central infrastructure layer that connects participating institutions
- Supervising the programmable payment features enabled by the new architecture

Under this restructured model, tokenized yuan deposits fall under existing banking regulation rather than requiring new digital currency-specific legislation. Commercial banks offering tokenized deposits must comply with standard capital adequacy, liquidity, and deposit insurance requirements. This approach aligns with the "technology neutrality" principle—the method of recording deposits (traditional ledger vs. DLT) does not alter their fundamental regulatory classification.

The shift enables fractional reserve banking for digital yuan, allowing banks to lend against tokenized deposits and offer interest on holdings—capabilities that were not available under the original CBDC model where e-CNY represented direct central bank liabilities.

4.4.2 Hong Kong: The e-HKD Pilot Programme

The Hong Kong Monetary Authority (HKMA) has taken a phased approach to digital money regulation through its e-HKD Pilot Programme. Phase 1, completed in 2023-2024, tested use cases including programmable payments, tokenized deposits for settlement, and offline payments. Phase 2, launched in 2025, expanded the scope to include cross-border applications and interoperability with other digital currencies in the region. The HKMA has indicated that any future e-HKD would operate alongside existing payment systems rather than replacing them, and has emphasized the importance of maintaining the stability of the Hong Kong dollar's peg to the US dollar. The authority has also established a regulatory sandbox for stablecoin issuers, with licensing requirements expected to be finalized by late 2026.

4.4.3 Singapore: A Structured Stablecoin Framework

The Monetary Authority of Singapore (MAS) has positioned itself as a leader in digital asset regulation in Asia. In August 2023, MAS finalized its stablecoin regulatory framework, which requires single-currency stablecoins pegged to the Singapore dollar or any G10 currency to meet strict reserve, capital, and disclosure requirements. Issuers must maintain reserves in cash or cash equivalents held with licensed financial institutions, and must provide daily attestations of reserve adequacy. The framework explicitly distinguishes between stablecoins and tokenized deposits, with the latter remaining under existing banking regulations. MAS has also been an active participant in cross-border CBDC experiments, including Project Dunbar and Project Ubin+, which explore the use of wholesale CBDCs for international settlement.

4.4.4 Japan: Yen-Backed Stablecoins Under Banking Law

Japan's regulatory approach to stablecoins, established through amendments to the Payment Services Act in 2023, requires that yen-denominated stablecoins be issued exclusively by licensed banks, money transfer agents, or trust companies. This effectively makes Japanese stablecoins a form of tokenized deposit, as they must be backed by yen held in trust or as bank deposits. The Japan Financial Services Agency (JFSA) has approved several domestic stablecoin projects under this framework, while foreign-issued stablecoins face significant restrictions on domestic distribution. Japan's approach reflects a preference for integrating digital money within the existing financial regulatory perimeter rather than creating new categories of regulated entities.

4.4.5 Cross-Border Initiatives

Several Asia-Pacific jurisdictions are participating in cross-border digital currency experiments that have implications for tokenized deposits. Project mBridge, a collaboration between the central banks of China, Hong Kong, Thailand, and the UAE, is testing a multi-CBDC platform for cross-border payments. The project has completed initial pilot transactions totaling over $22 million in value during its early testing phase, with cumulative platform volumes subsequently growing to exceed $55 billion by late 2025 and is exploring how tokenized commercial bank money could interact with wholesale CBDCs on a shared platform. These experiments suggest that the future of cross-border payments in Asia may involve a hybrid model combining tokenized deposits, CBDCs, and regulated stablecoins operating on interoperable infrastructure.

4.5 United Arab Emirates: A Multi-Track Digital Currency Strategy

The UAE's regulatory approach to digital currencies operates across multiple jurisdictions and regulatory bodies, creating a layered framework that accommodates different use cases while maintaining oversight.

4.5.1 Federal Regulatory Foundation

Federal Decree-Law No. 6 of 2025 provides the statutory foundation for digital currency activity in the UAE, recognizing "currency in digital form" as a legitimate category of central bank-issued money. The Central Bank of the UAE (CBUAE) exercises federal oversight for payment tokens, CBDCs, and bank-issued stablecoins, setting technical standards and licensing requirements for entities operating in this space.

4.5.2 Multi-Regulator Structure

Beyond the CBUAE's federal authority, the UAE's digital asset regulation operates through several specialized regulators:

- Virtual Assets Regulatory Authority (VARA): Regulates digital assets in onshore Dubai, having issued one of the world's first dedicated virtual asset regulatory frameworks
- Abu Dhabi Global Market (ADGM): Has proposed new fiat-referenced token regulations within its international financial center jurisdiction
- Dubai Financial Services Authority (DFSA): Oversees crypto tokens within the Dubai International Financial Centre (DIFC)

This multi-regulator structure allows the UAE to accommodate institutional, retail, and cross-border use cases under appropriate oversight regimes. For a detailed discussion of the UAE's tokenized deposit and stablecoin initiatives, see Section 3.7.

Feature	United States	European Union	United Kingdom	Asia-Pacific (Select Jurisdictions)
Primary Framework	Existing banking laws for deposits; GENIUS Act (2025) for payment stablecoins.	Ambiguous; CRR/CRD & DGSD for deposits vs. MiCA for e-money tokens (EMTs).	Existing banking laws for deposits; FSMA (Cryptoassets) Regulations 2025 for stablecoins.	Varies: Payment Services Act (Japan), PBOC guidance (China), MAS Framework (Singapore).
Regulatory Distinction	Clear Separation. Tokenized deposits are treated as traditional bank liabilities. Stablecoins are regulated as a distinct instrument.	Ambiguous. The EBI and EBA have highlighted the legal challenge in classifying tokenized deposits, which may sit between deposit and EMT regulations.	Clear Separation. The regulatory approach explicitly distinguishes between bank deposits issued on DLT and stablecoins issued by other entities.	Varies. Japan treats yen-backed stablecoins as a form of tokenized deposit. China treats restructured e-CNY as commercial bank liabilities (tokenized deposits).
Eligible Issuers	Licensed banks (under existing banking regulation).	Credit Institutions (for deposits); Licensed EMT Issuers (for stablecoins).	Authorized banks (under existing banking regulation).	Licensed banks, registered money transfer agents, or trust companies (varies by country).
Deposit Insurance	Yes (FDIC).	Yes (National Deposit Guarantee Schemes).	Yes (FSCS).	**Yes** (where applicable, e.g., China, Japan).
Interest on Holdings	Yes (for tokenized deposits). No (for stablecoins under GENIUS Act).	Yes (for tokenized deposits). No (for EMTs under MiCA Art. 50).	Yes (for tokenized deposits).	Yes (e.g., China's restructured e-CNY).
Key Timeline	GENIUS Act implementation phase (2026-2027).	MiCA fully effective (2027); PONTES launch (Q3 2026); Digital Euro preparation phase ongoing.	FCA authorization window opens (Oct 2026); Full stablecoin regime effective (Oct 2027).	Ongoing: HK e-HKD Phase 2 (2025); Japan DCJPY live; China e-CNY restructure live.

Table 3: *Comparative regulatory frameworks for tokenized money across major jurisdictions.*

Part 5: Transforming Cross-Border Payments and FX

5.1 Project Agorá: A New Vision for International Settlement

One of the most promising applications of tokenized deposits is in the area of cross-border payments. The current system, which relies on a complex network of correspondent banks, is slow, expensive, and opaque. According to Deloitte, remittance fees remain above 6% globally, driving adoption of stablecoins and tokenized deposits as faster, lower-cost, and FX risk-mitigating alternatives [26]. Project Agorá, a joint initiative of the BIS Hub and seven central banks, aims to address these challenges by creating a common platform for the settlement of cross-border payments using tokenized deposits and tokenized central bank money. The project, which involves over 40 financial institutions, will explore how a shared, programmable platform can enable faster, cheaper, and more transparent international payments [1].

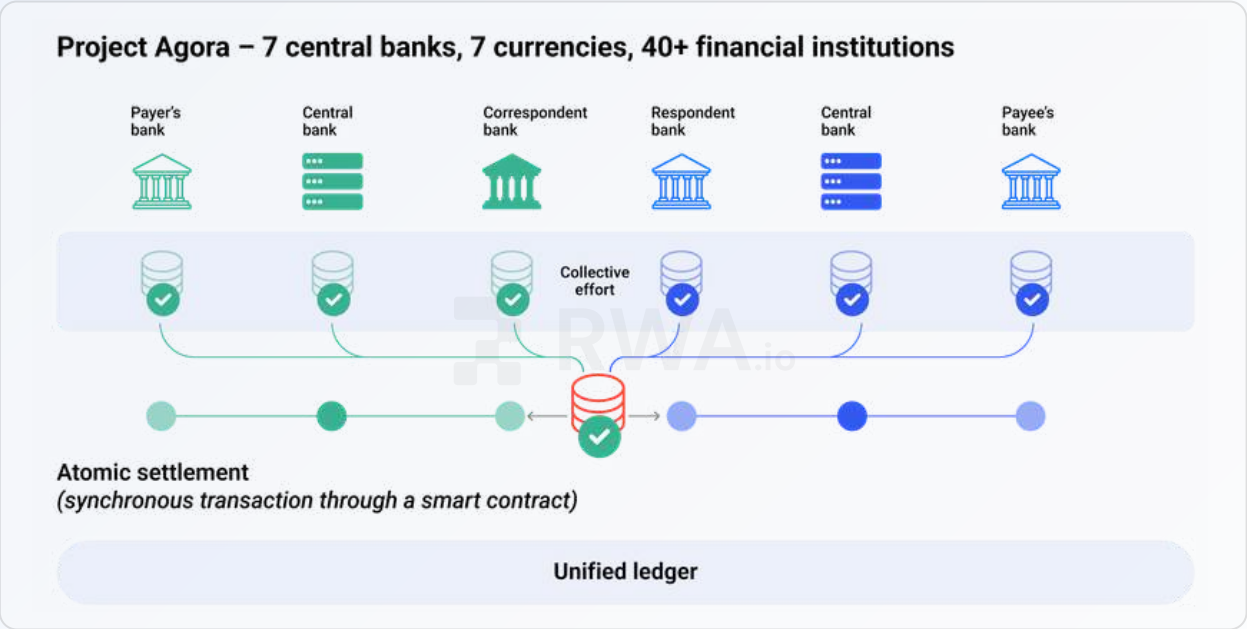


Figure 7: *Project Agora atomic settlement diagram showing Payer's bank, Central bank, Correspondent bank, Respondent bank, Central bank, Payee's bank on a unified ledger with atomic settlement via smart contract. Source: BIS Annual Economic Report 2025, Chapter III, Graph 6; adapted from Garratt et al. (2024).*

> *One of the biggest challenges for tokenised deposits is the implementation and scaling of the inter-bank settlement network to ensure that they can be effectively used for inter-bank transactions. This has been the objective of several industry initiatives including Partior (starting with JP Morgan, DBS and Temasek, with other banks such as Deutsche and Standard Chartered), BIS's Project Agorá and the RLN initiative in the UK. Institutional adoption will in large part be determined by the use cases supported by these networks, as well as achieving the necessary network effects to effectively scale.*
>
> **Keith Bear,**
> **Fellow, Cambridge Centre for Alternative Finance, Judge Business School**

5.1.1 mBridge as a Complementary Platform

Complementing Project Agorá, the mBridge platform has demonstrated the viability of multi-CBDC cross-border settlement. While Project Agorá focuses on integrating tokenized commercial bank deposits with wholesale CBDCs, the mBridge platform—developed by the central banks of China, Hong Kong, Thailand, and the UAE—operates as a pure multi-CBDC bridge. In November 2025, the CBUAE processed its first live cross-border payment using the Digital Dirham via mBridge, with platform volumes now exceeding $55 billion. The coexistence of these platforms suggests that future cross-border payment infrastructure may accommodate multiple settlement mechanisms, with tokenized deposits and CBDCs serving different corridors and use cases depending on counterparty preferences and regulatory requirements.

5.1.2 Swift's Shared Ledger Initiative

Reinforcing this trend toward upgrading existing infrastructure, the global financial messaging network Swift announced a major evolution of its platform at Sibos 2025. The initiative involves integrating a blockchain-based shared ledger into its core infrastructure to enable real-time, 24/7 cross-border payments and the regulated movement of tokenized value. The project, developed in its initial phase with Consensys and over 30 financial institutions—including J.P. Morgan, HSBC, Citi, and Deutsche Bank—aims to connect existing payment rails with emerging digital networks. By positioning itself as a neutral orchestrator using smart contracts to embed compliance directly into payment flows, Swift is building a bridge for its network of 11,000+ institutions to interact with tokenized assets without leaving the trusted and secure environment [43].

5.2 Tokenized Deposits in Emerging Markets

While the majority of tokenized deposit deployments to date have been concentrated in developed markets — the United States, Europe, and parts of Asia-Pacific — the technology holds particular promise for economies where traditional banking infrastructure remains limited or where cross-border payment corridors are slow and costly. In many emerging markets, international settlements can take two to five business days, with multiple correspondent banking intermediaries adding cost and friction at each step. Tokenized deposits, operating on a 24/7 basis with near-instant finality, have the potential to compress these settlement windows significantly, reducing both the time and cost of moving funds across borders.

The opportunity extends beyond speed. In regions where mobile money and digital wallets have already achieved high adoption — particularly in Sub-Saharan Africa, South Asia, and Southeast Asia — tokenized deposits could serve as the institutional-grade settlement layer that connects global banking rails with local last-mile distribution. Rather than replacing existing payment infrastructure, tokenized deposits would function as a bridge, enabling commercial banks to settle cross-border flows in real time and distribute funds through established local channels. However, this potential must be weighed against the reality that regulatory frameworks in many emerging markets are still developing, and existing capital controls and foreign exchange regulations will continue to govern tokenized deposit flows just as they do with traditional fiat payments.

Contributor: standard chartered

We are pragmatic about the near-term challenges. The regulatory framework in many emerging markets is rapidly evolving, and existing capital and foreign exchange controls as well as cross-border payment regulations will continue to govern tokenised deposit flows just as they do with traditional fiat payment flows. Where Tokenised deposits currently excel is in enhancing efficiency and transparency within regulatory compliant frameworks.

Tokenised deposits present a compelling opportunity for emerging markets to leapfrog traditional banking infrastructure, dramatically reducing settlement times to and from these countries by forming a cross-border settlement layer that allows for 24x7 movement of funding to last-mile payment options such as mobile money or digital wallets for fiat and/or digital currency pay-outs.

Mahesh Kini,
Global Head of Cash Management, Standard Chartered Bank.

5.3 Circle's StableFX: An Institutional-Grade Solution

In addition to central bank-led initiatives, private sector firms are also developing solutions for on-chain FX and cross-border payments. Circle, the issuer of the USDC stablecoin, has launched StableFX, an institutional-grade stablecoin FX engine that enables 24/7, on-chain settlement of stablecoin currency pairs. The platform, which is built on the Arc blockchain, uses a PvP escrow smart contract to mitigate settlement risk and provides an RFQ-based execution engine for competitive pricing [11].

StableFX addresses a key limitation of traditional FX markets: the reliance on sequential, time-zone-dependent settlement windows. By enabling atomic, payment-versus-payment settlement on-chain, the platform reduces counterparty risk and eliminates the need for pre-funding in multiple currencies.

Important Distinction: *It should be noted that Circle's StableFX is a stablecoin-based foreign exchange solution, not a tokenized deposit product. While StableFX demonstrates the potential for blockchain-based FX settlement, it operates using USDC and other stablecoins rather than bank-issued tokenized deposits. This distinction matters: stablecoins are bearer instruments transferable on secondary markets, while tokenized deposits remain account-based claims against issuing banks. The inclusion of StableFX in this report illustrates the specialized roles that stablecoins and tokenized deposits each play, rather than serving as an example of tokenized deposit implementation.*

5.4 Case Studies: Corporate Treasury Applications

5.4.1 Siemens' Treasury Optimization

The corporate treasury benefits of blockchain-based solutions are already measurable. According to Accenture, Siemens achieved a 50% reduction in bank accounts, 70% less management effort, 80% automation of cash application, and more than $20 million in annual savings through its implementation of J.P. Morgan's blockchain-based treasury solution [13].

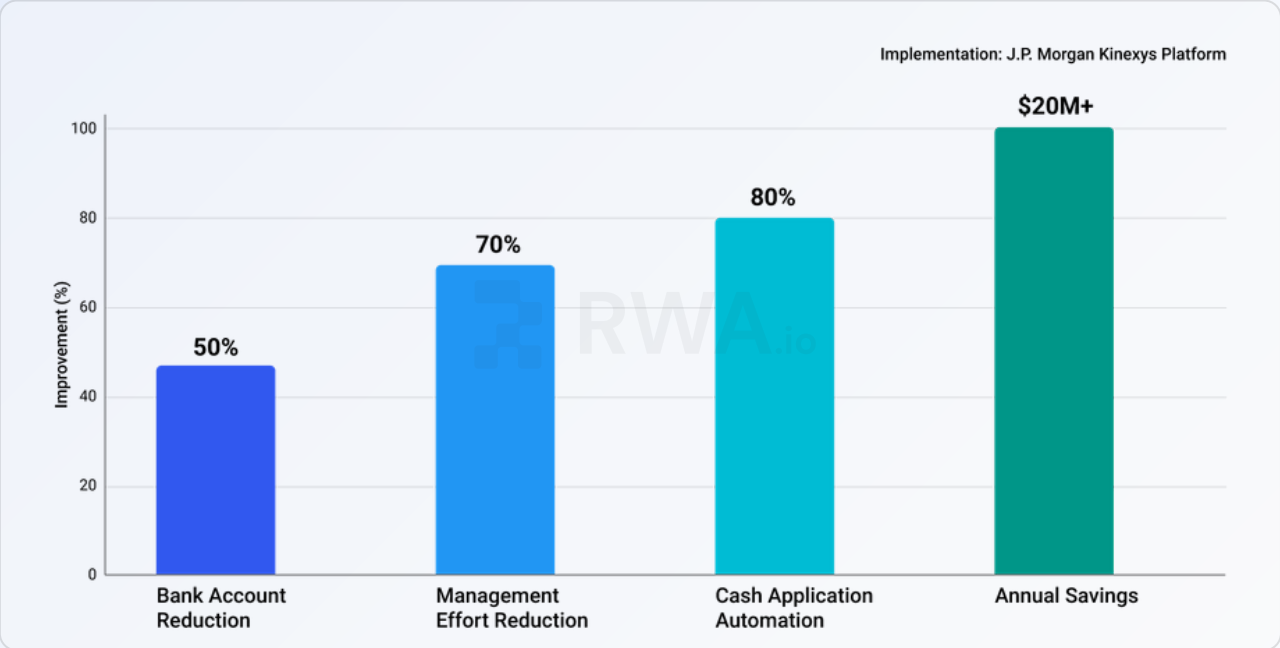


Figure 8: *Siemens tokenized deposit implementation result.*

5.4.2 BMW's Automated FX Transfers

In December 2025, BMW Group became one of the first major corporates to execute a fully automated, pre-programmed FX transaction using tokenized deposits on J.P. Morgan's Kinexys platform [3].

Contributor: BMW GROUP

The Kinexys-based FX transaction evidences the ongoing digitalization of BMW Group Treasury. It is one puzzle piece in the company-wide transformation toward broad automation and digital-first operations. Together with several capable partner banks, we pursue diverse approaches to realize our stringent roadmap for real-time treasury—on the basis of blockchain technology and other innovation tracks. Our very first fully automated, programmable payment marks a leap forward and enables faster, more seamless payment processes. The ability to allocate liquidity swiftly and accurately to the appropriate account, in the required currency, and at the right time strengthens BMW Group's financial stability, maintaining liquidity at all times and facilitating timely funding for BMW Group entities.

The transaction automated the full FX lifecycle via pre-programmed instructions—balance checks, conditional auto-deposits, and real-time EUR-USD conversion—and executed within minutes and outside traditional cut-off windows, reducing operational friction and latency while improving liquidity optimization through 24/7/365 settlement.

Tokenized deposits complement our "Right tool for the job" approach, coexisting with APIs, cloud, and AI. They support our "Roadmap to Real-Time Treasury" and our vision of "moving money anytime, anywhere," enhancing end-to-end automation in cash and liquidity management.

Our Kinexys/J.P. Morgan transaction has been one deployment among others. For our pioneering transactions, we work with multiple capable banks, testing varied technologies and near-time processes to identify scalable, high-value use cases across global treasury.

Part 6: A Framework for the Future

6.1 Path to Interoperability

While the development of individual tokenized deposit platforms is a significant step forward, the full potential of the technology will only be realized when these platforms are able to interoperate with each other. The BIS has identified four architectural models for achieving cross-bank settlement of tokenized deposits, representing a progression from fragmented to fully integrated systems [1]:

01 **Multiple-Fragmented:** Banks operate their platforms independently with no interoperability—the current state for most institutions.

02 **Multiple-Interoperable:** Individual tokenized deposit platforms are made interoperable across institutions through cross-platform links and bridges.

03 **Common-Combined:** Banks share a common programmable platform with tokenized central bank reserves (TR) providing the settlement asset.

04 **Common-RTGS:** A common platform is linked to traditional real-time gross settlement (RTGS) systems, using central bank reserves for final settlement.

The BIS emphasizes that "to ensure singleness of money at scale, tokenized deposits will need a tokenized risk-free settlement asset"—either through tokenized central bank reserves on a shared platform or via linkage to existing RTGS infrastructure [1]. All of these options are being actively tested by central banks, including through BIS Innovation Hub projects such as Project Agorá.

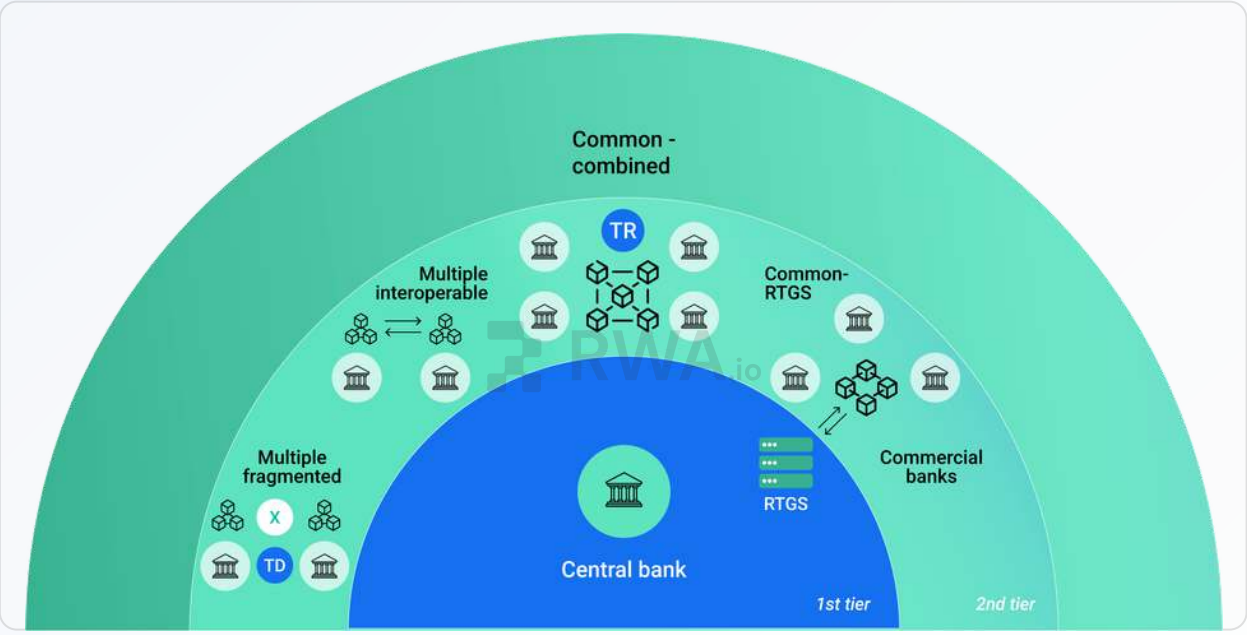


Figure 9: *Four interoperability models for tokenized deposits: Multiple-Fragmented, Multiple-Interoperable, Common-Combined, Common-RTGS. Source: Maechler, A. (2025). 'How deposits can harness tokenisation,' BIS, Graph 5 [1].*

As detailed in the RWA.io State of RWA Tokenization 2026 report, technology providers are developing solutions that map to the BIS architectural models [20]. These can be categorized into three primary approaches:

01 **Cross-Chain Messaging Protocols (mapping to BIS "Multiple-Interoperable"):** Protocols such as Chainlink CCIP, LayerZero's neutral cross-chain interoperability protocol, and Wormhole connect disparate blockchain networks, offering flexibility but each introducing security and liquidity considerations, depending on the specific design implemented (e.g., native transfers, burn and mint, lock and mint).

02 **Common Messaging Standards (mapping to BIS "Multiple-Interoperable"):** Standards such as ISO 20022, SWIFT gpi, and ERC-3643 enable cross-platform communication with broad compatibility and regulatory alignment, though without atomic settlement guarantees.

03 **Unified Settlement Layers (mapping to BIS "Common-Combined" and "Common-RTGS"):** Platforms such as Canton Network, Fnality, Zero, and Project Agorá provide a single source of truth for multi-network transactions, enabling true atomic settlement but requiring coordinated participation and governance frameworks.

A tokenized ecosystem will also require integration into the existing financial system. As the BIS notes, this will demand more than technical connectivity—it will require merging real-time, tokenized platforms with legacy systems built for wholesale settlement, and reconciling account-based architectures with distributed ledger environments [1].

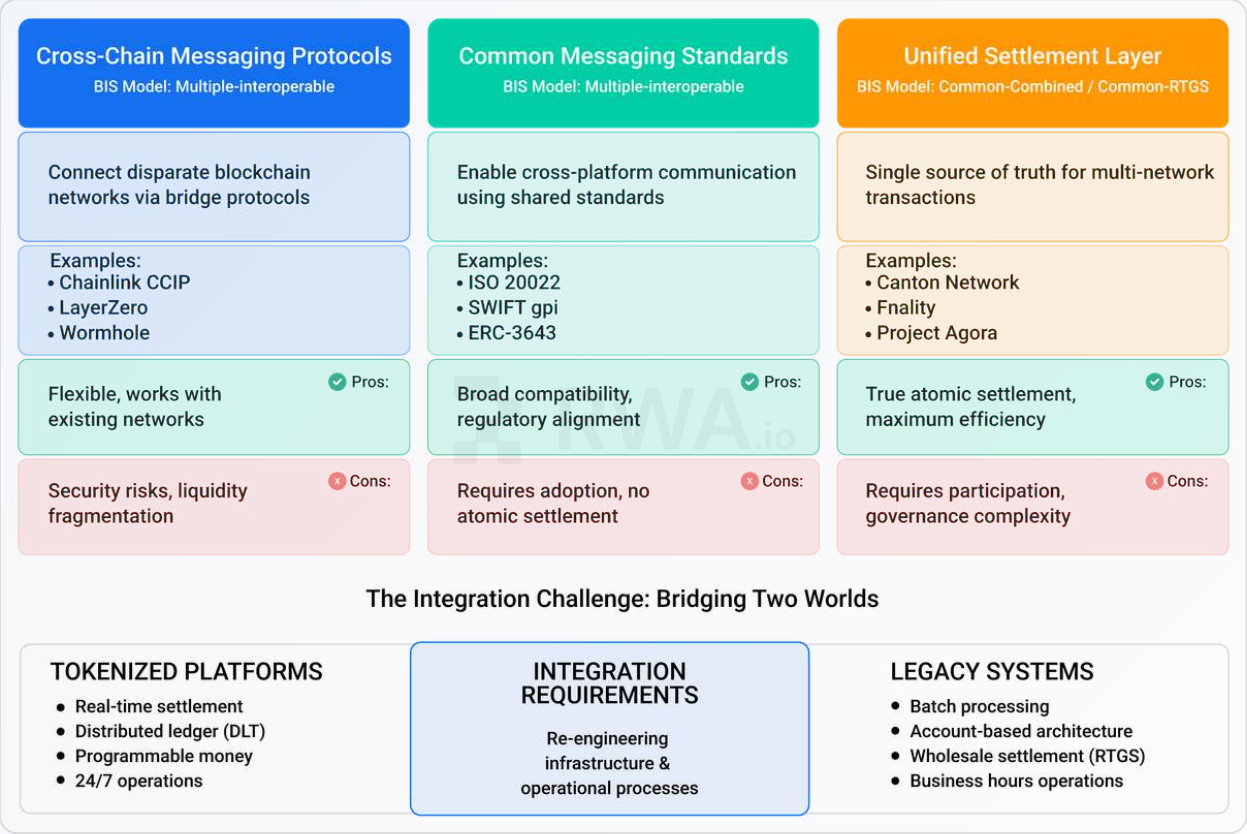


Figure 10: *Industry solutions for tokenized deposit interoperability.*

Contributor: ERC3643

Regulators have made one point unmistakably clear, changing the underlying technology does not change the rules of assets.

ERC-3643 was built for this reality. Unlike approaches that manage permissions at the blockchain level, ERC-3643 embeds compliance directly into the token itself using digital identity. Issuers can define who is allowed to hold a deposit and under what conditions it can be transferred. Because identity and authorization live on-chain with the token, compliance does not depend on reconciling wallet addresses or maintaining off-chain records. Even if a platform fails, compliance does not break. Ownership records remain intact through digital identities, allowing issuers to determine who owns what at any time through established legal processes.

Without full interoperability, both technical and operational, tokenized assets remain locked in silos. That's where ERC-3643 comes in. Tokens can carry their compliance rules and asset data across any ERC-20-compatible application, and interactions remain as seamless as standard ERC-20 tokens. At the same time, banks and issuers can work with providers across the value chain who already understand how to handle ERC-3643 compliant tokens. Supported by 140+ ecosystem participants within the non-profit ERC3643 Association, the standard offers a shared, trusted framework that allows institutions to plug into an existing ecosystem rather than build from scratch.

ERC-3643 enables exactly what banks need for tokenized deposits. They retain control while allowing deposits to circulate, be used as collateral, and access 24/7 liquidity without compromising compliance.

Contributor: LayerZero.

Stablecoins proved the utility of on-chain cash, but the next step for financial markets is bringing commercial bank money on-chain. Deposit tokens are transferable, programmable records of a commercial bank liability issued on a blockchain. Deposit tokens are digital representations of deposits held at a licensed depository institution, carrying the same legal protections (e.g., deposit insurance) and capable of atomic settlement for institutional payments, securities settlement (DvP), and cross-border payments.[1] The future belongs to interoperable deposit tokens that move seamlessly across blockchains to serve institutional needs.

LayerZero enables this transition. As a permissionless protocol connecting 167+ chains (including Stellar, Canton, EVM, and Solana) and securing $220B+ in value, it allows banks to manage deposits not just as asset movements, but as the atomic coordination of liabilities. Using the Omnichain Fungible Token (OFT) Standard, a bank can "burn" a liability on a private ledger and "mint" an equivalent claim on a public chain (e.g., Base) without fragmenting liquidity, while also persisting any relevant token permissions (KYC, etc.). LayerZero's OFT standard can be incorporated into any token standard, as exemplified by work led by The Capital Markets and Technology Association (CMTA) to integrate the OFT standard with the CMTA Token Standard (CMTAT) via the ERC-3643 and ERC-7802 interfaces for Ethereum and other EVM chains.[3]

[2] Modernizing Financial Markets with Wholesale Central Bank Digital Currency (wCBDC). World Economic Forum, Feb. 2024, https://www.weforum.org/publications/modernizing-financial-markets-with-wcbdc/.
[3] The Capital Markets and Technology Association (CMTA). (2026, March 2). CMTAT Integrates LayerZero's OFT Standard. https://cmta.ch/news-articles/cmtat-integrates-layerzero-s-oft-standard

Implementing this requires navigating two key hurdles:

- **Smart Compliance:** Public chain contracts must inherit private ledger controls. The OFT standard ensures destination tokens retain "admin keys," allowing banks to freeze assets or enforce sanctions globally.
- **Basel III Alignment:** To maintain "Group 1a" capital treatment (low risk), the cross-chain token must preserve strict legal equivalence to the underlying cash. Banks must prove the interoperability layer introduces no new counterparty risk that would trigger a punitive "Group 2" downgrade.

LayerZero's cross-chain messaging protocol enables institutional use cases such as repo trades and cross-chain DvP, with an end-to-end security stack that can be owned entirely by the issuing bank — as demonstrated by Google Cloud, Deutsche Telekom, and the Fidelity Center for Applied Technology, each hosting their own Decentralized Verifier Network. Ultimately, omnichain infrastructure upgrades deposit tokens from isolated intranet tools to internet-scale utilities, allowing banks to extend their balance sheets into the global on-chain economy.

Cameron Nili,
Banking & Capital Markets Lead, LayerZero

6.2 Market Forecasts and Growth Potential

Market forecasts point to strong growth potential for tokenized money, though most projections to date have focused on stablecoins. J.P. Morgan projects a stablecoin market capitalization of $500 billion by 2028, Standard Chartered places the figure closer to $2 trillion, and Bernstein extends the outlook to $4 trillion by 2035 [16]. The addressable market for tokenized deposits is potentially far larger. Global customer deposits totalled $103 trillion in 2024, and the global broad money supply (M2) surpassed $140 trillion by late 2025. If even a fraction were to migrate into tokenized form, the eventual market could dwarf current stablecoin projections [51][52].

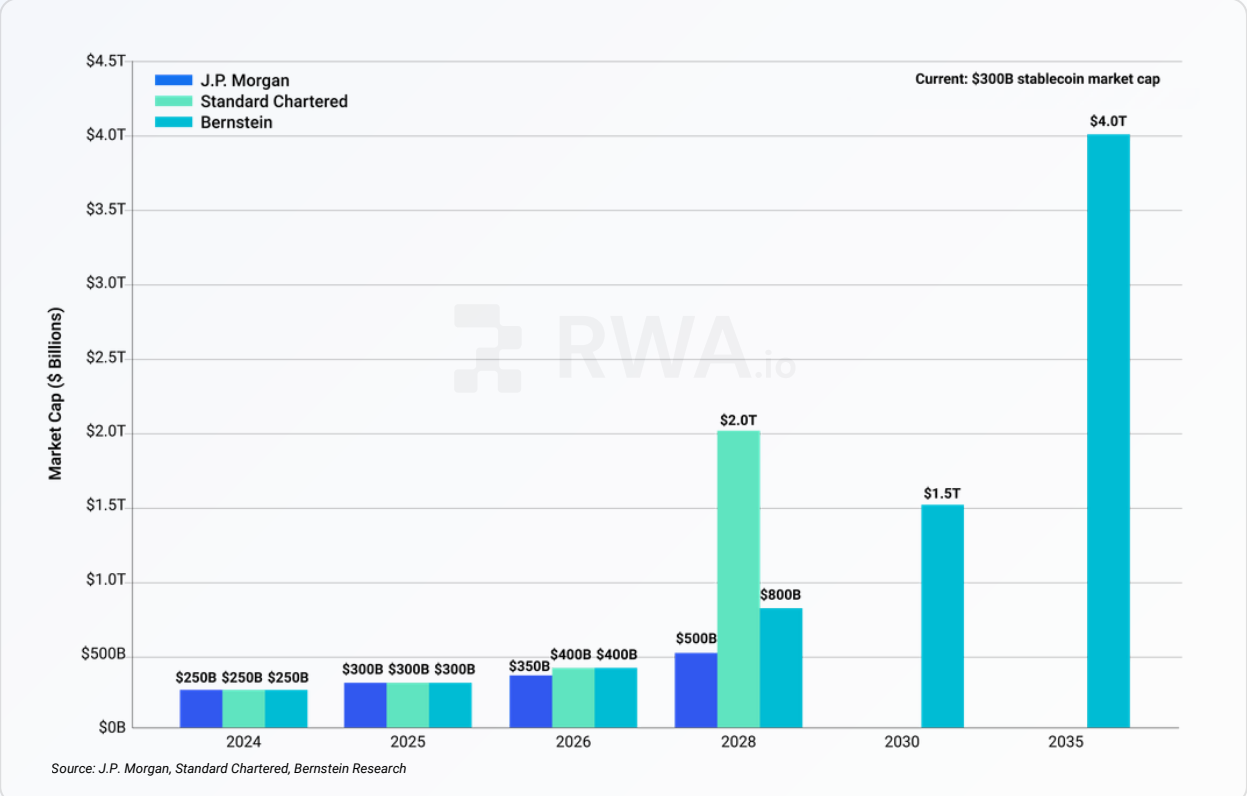


Figure 11: *Stablecoin market projections.*

6.3 Strategic Implications for the Financial Industry

The rise of tokenized deposits has significant strategic implications for all participants in the financial industry. For commercial banks, it represents an opportunity to modernize their infrastructure, upgrade their product offerings, and strengthen their role in the payment system by serving both institutional clients through tokenized deposits and the broader digital asset ecosystem through infrastructure services for stablecoins and CBDCs. For fintechs and technology providers, it creates new opportunities to partner with banks and develop solutions for the digital asset ecosystem. For corporations and investors, it offers the promise of a more efficient, transparent, and accessible financial system.

According to Accenture, 69% of corporate clients want digital currency wallets, and 57% of business leaders believe agentic commerce will become mainstream within 3 years [13]. Banks that fail to develop tokenized deposit capabilities risk losing market share to more agile competitors.

Contributor: alchemy

Most of the tokenized deposit conversation centers on regulation, interoperability, and which banks are moving first. But there's a more fundamental question that doesn't get enough attention: is the blockchain infrastructure actually ready for institutional money?

Traditional systems are built around one non-negotiable principle: when a transaction settles, it's final. The financial system doesn't tolerate ambiguity about whether a payment went through. Tokenized deposits inherit that same expectation. If a bank is offering 24/7 programmable payments, the infrastructure underneath needs to deliver that same certainty, including when markets are volatile. During the $19 billion liquidation event that stress-tested on-chain infrastructure across the industry, we saw how fast things can break when it matters most. The systems that stayed up were built for resilience from day one, and proven at scale over years.

This should inform how banks think about their infrastructure choices. The pace of innovation is accelerating, and the institutions taking it most seriously are thinking in years, not quarters. We've seen them approach infrastructure as a long-term journey rather than a procurement decision — opting for composable and extensible building blocks on proven and compliant infrastructure that integrate into their existing systems over out-of-the-box solutions they'll outgrow.

Joe Lau,
Co-Founder & President of Alchemy

> *Stablecoins and deposit tokens are rapidly becoming the consumer and enterprise layers of the modern internet-native financial system. With this foundation, money can move with the safety of the banking system and the speed of the internet.*
>
> **Joe Lau,**
> **Co-Founder & President of Alchemy**

6.3.1 The Rise of Agentic AI and Autonomous Payments

Deloitte's 2026 payments outlook identifies agentic AI as a major force reshaping the payments industry. Unlike generative AI, which is prompt-based and dependent on human input, agentic AI can autonomously perform multistep tasks and make decisions without continuous intervention. In payments, this means handling everything from routine bill processing to high-value transactions with minimal human oversight [26].

Agentic AI is accelerating the shift from a "push" payments model, in which consumers initiate transactions, to a "pull" model, in which software agents can initiate payments and perform related tasks on behalf of users. Mastercard's Agent Pay and similar frameworks are pioneering this space. If agentic AI solutions require embedded payment mechanisms, tokenized deposits offer a programmable, always-on engine that can support the growth and scalability of autonomous payments ecosystems [26].

6.3.2 Real-Time Payments as the New Standard

The global shift toward real-time payments is accelerating. J.P. Morgan forecasts that the value of transactions processed using real-time payments will increase by 289% from 2023 to 2030 [30]. In Europe, SEPA Instant is expected to account for 75% of all SEPA credit transfers by 2035, totaling 47 billion transactions. The tipping point is likely to come as soon as 2030, when instant payments are set to surpass traditional credit transfers [44].

This shift toward real-time, 24/7 settlement aligns with the core value proposition of tokenized deposits. As traditional batch processing becomes obsolete, tokenized deposits are positioned to become the preferred infrastructure for institutions requiring continuous liquidity management and instant settlement.

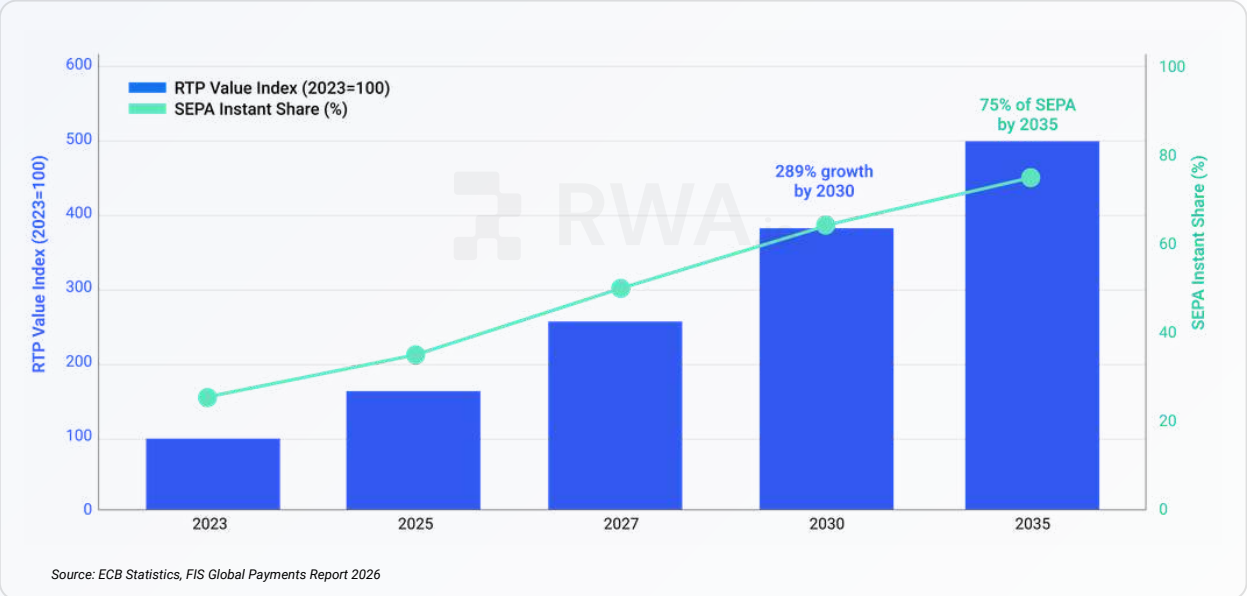


Figure 12: *Real-time payments growth trajectory.*

Conclusion

The tokenization of commercial bank deposits represents a defining moment in the evolution of money. It is not a radical break from the past, but a technological upgrade that preserves the core principles of the two-tier banking system while enabling new levels of efficiency, programmability, and transparency. The developments of the past year — from major bank launches and the formation of regional banking consortiums to regulatory clarity and ambitious cross-border initiatives — signal that tokenized deposits are moving from proof-of-concept to production.

The digital money ecosystem of the future will not be a monolith. It will be a diverse array of complementary instruments, each serving the use cases for which it is best suited. Tokenized deposits, as regulated, bank-issued liabilities, are positioned to become the backbone of institutional finance on the blockchain, providing a secure and reliable settlement asset for the tokenized economy. Stablecoins will continue to serve as vital bridges to the permissionless, retail-facing digital world. Central bank digital currencies will provide the ultimate, risk-free settlement asset at the wholesale level.

For commercial banks, this new environment presents a strategic opportunity. By embracing their role as issuers of tokenized deposits and as service providers to the broader stablecoin ecosystem, they can position themselves at the center of the digital asset economy. The path forward requires continued collaboration between banks, regulators, and technology providers to build the interoperable, resilient, and trusted infrastructure that will underpin the future of money.

> *In traditional banking, meaningful upgrades are rare. Systems tend to evolve slowly, often under regulatory pressure, and almost never in ways that simplify the underlying architecture. Having worked across these environments, I have seen firsthand how resistant the system is to change — which is what makes the current momentum around tokenized deposits so significant. Institutions are not being compelled forward; they are choosing to move. That is a step change.*
>
> *Tokenized deposits upgrade money itself — from static and opaque to programmable, auditable, and capital-efficient. They enable continuous audit and real-time compliance by design.*
>
> *For real-world assets, they represent the missing foundation: the settlement layer that allows tokenization to scale from concept to core financial infrastructure.*

Sharif Bouktila
Co-founder and CEO,
RWA.io

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