SODA

Tokenization at Investment Banks Survey 2026

FINAL REPORT

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SODA Services Ltd. is a London-based research and information services firm focused on digital money and digital assets. Working with leading technology providers, global financial institutions, and international organizations, SODA delivers independent market intelligence, in-depth industry research, and thought leadership to support global finance.

Tokenization: transformation or distraction?

To progress beyond unscalable, experimental pilots, tokenization needs the wholehearted support of the world's largest banks. To get that support, it must now prove its economic value to the business and to the Board.

In other words, tokenization now has to compete like any other investment-bank initiative: measurable benefit, P&L logic, balance-sheet benefit, liquidity impact, risk reduction. A list of unrealisable, theoretical benefits no longer works.

Why does this matter? Because without adoption by the world's largest banks, it is hard to see how tokenization can become the significant part of financial market activity its supporters have assumed is inevitable. Tokenization will not develop simply because digital-asset firms, market infrastructures or technology vendors demonstrate that securities can be represented on distributed ledgers.

Unless the world's largest banks commit capital, technology, legal resources and business sponsorship to tokenized markets, those markets are likely to remain fragmented collections of pilots, bilateral networks and specialist applications.

The largest banks confer more than transaction volume. Their participation provides credibility, liquidity, legal scrutiny, operational discipline and, crucially, confidence that clients will have recourse when something goes wrong.

It encourages other banks, hedge funds, asset managers and corporate clients to participate. And it helps convert a technically functioning network into an investable and tradable market.

Yet the banks themselves are still wrestling with three overlapping questions.

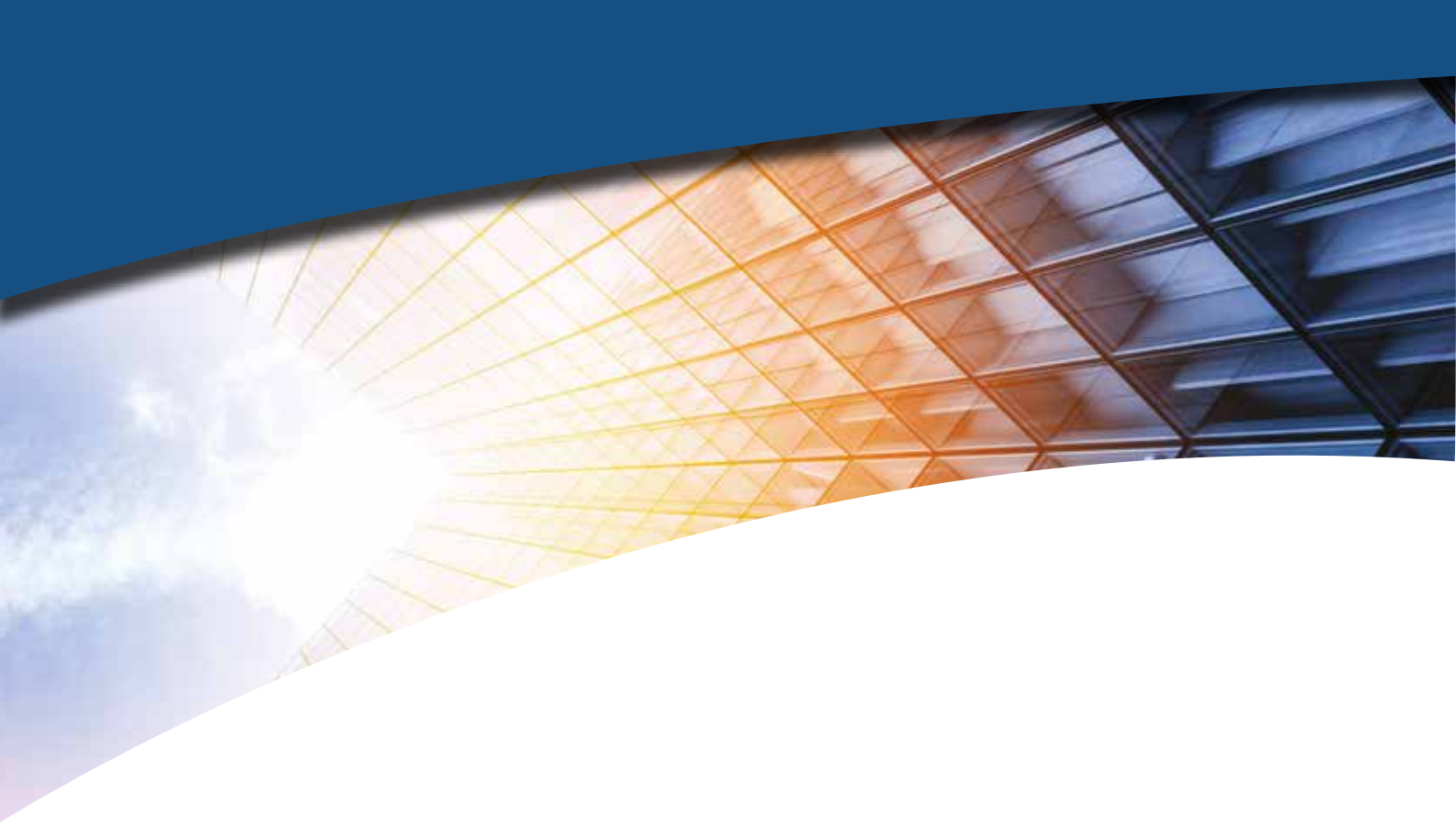
First, can tokenization deliver economic value sufficient to justify the expense and disruption of changing deeply embedded market infrastructure?

Second, can that value be captured by the business or function being asked to fund the transformation?

Third, can the technical, legal and organizational dependencies be resolved within a timeframe that senior management considers commercially credible?

"To be taken seriously on the management agenda at a serious investment bank, you have to be able to clearly articulate what you're doing and why, ideally in dollar numbers. Because the time for experimentation has been and gone, certainly in my organization," says the head of digital assets at one of the world's largest global banks.

"If you can articulate initiatives so they actually solve for the key commercial metrics and drivers that management are trying to solve, then you become relevant, and you get funded, and you can go and do what you want to do. And if you can't, you don't. That it's kind of new and shiny doesn't really fly anymore."



The SODA survey

To start to answer these questions, SODA has undertaken a two-stage survey of the progress of tokenization at the global markets divisions of the world's largest internationally active banks. We have identified the use cases in which these banks have invested time and resources **[Chart A]**, and from those we have isolated the four most commonly cited for in-depth analysis.

These are Collateral Mobility/Repo, Debt Capital Markets (primary/secondary, cash/derivatives), Equity Capital Markets (primary/secondary, cash/derivatives) and FX/Cross-border Payments. This report will cover each of those separately while acknowledging the significant overlaps between them.

The survey represents the views of 16 of the world's largest sell-side financial institutions and, big picture, those views were remarkably consistent across the surveyed population.

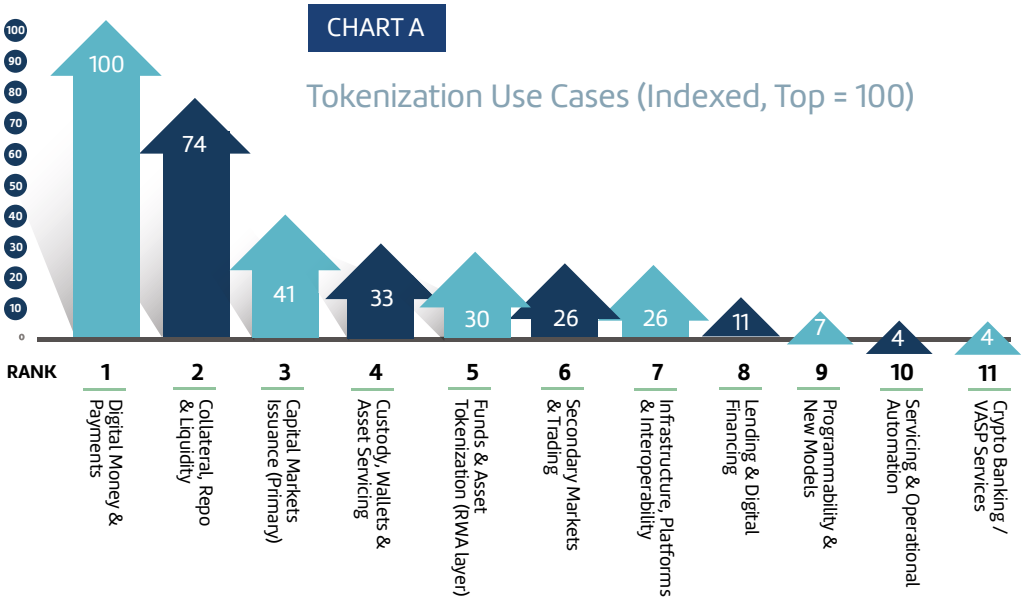
Our aim was to find out how far the world's largest banks have truly progressed their tokenization efforts away from the one-off transactions and press releases. Is tokenization viewed as a strategically critical market development? Do banks believe that it will transform wholesale financial markets and if so how, when and with what trajectory?

Some very broad answers to those questions are given in the box entitled 'Key Overall Takeaways'. The more detailed analysis can be found in the individual use case sections themselves.

But if you want a one-line explanation of why many of the banks in the survey are spending so much time and effort on tokenization, then take this from one head of macro doubling up as the point person for the development of digital assets across global markets: "The industry is moving from fiat rails to digital rails, and you need to be in that ecosystem if you're going to keep doing business with the clients that you currently do business with."

CHART A

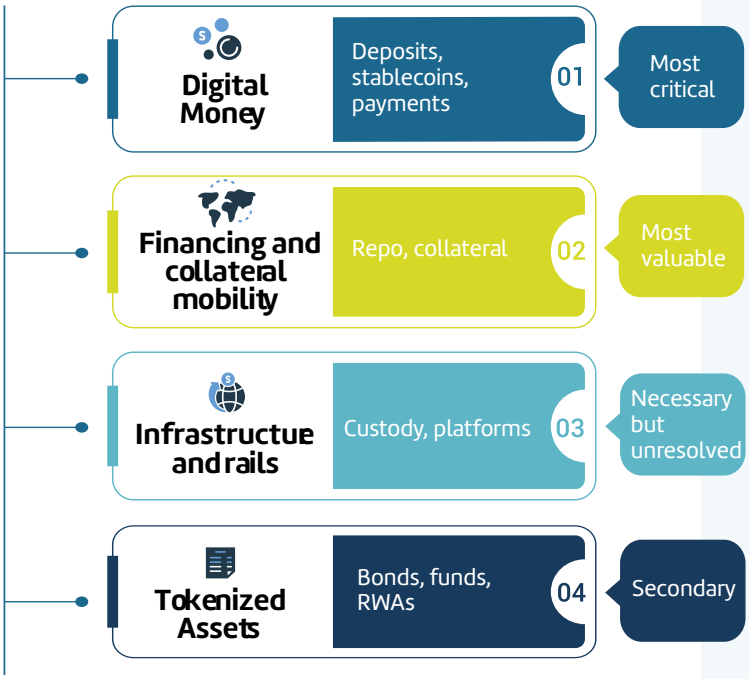
Tokenization Use Cases (Indexed, Top = 100)



The Big Picture

Asked to list their tokenization initiatives in order of priority **[Charts A, B]** large banks essentially point to two collections of activity: for some, tokenized deposits, stablecoins and smart contracts are pursued as the foundation of a strategic vision around cross-border payments, and FX.

For others, and there is overlap, those same building blocks, along with tokenized government bonds, are seen as the route to improved collateral mobility, 24/7 intra-day repo, and liquidity management use cases in general.



Beyond these two dominant categories, the rest of the landscape compresses into a distinctly secondary tier. Capital markets issuance, custody and servicing, asset tokenization, and secondary trading all remain important, but their relative weight diminishes once the leading categories are properly aggregated.

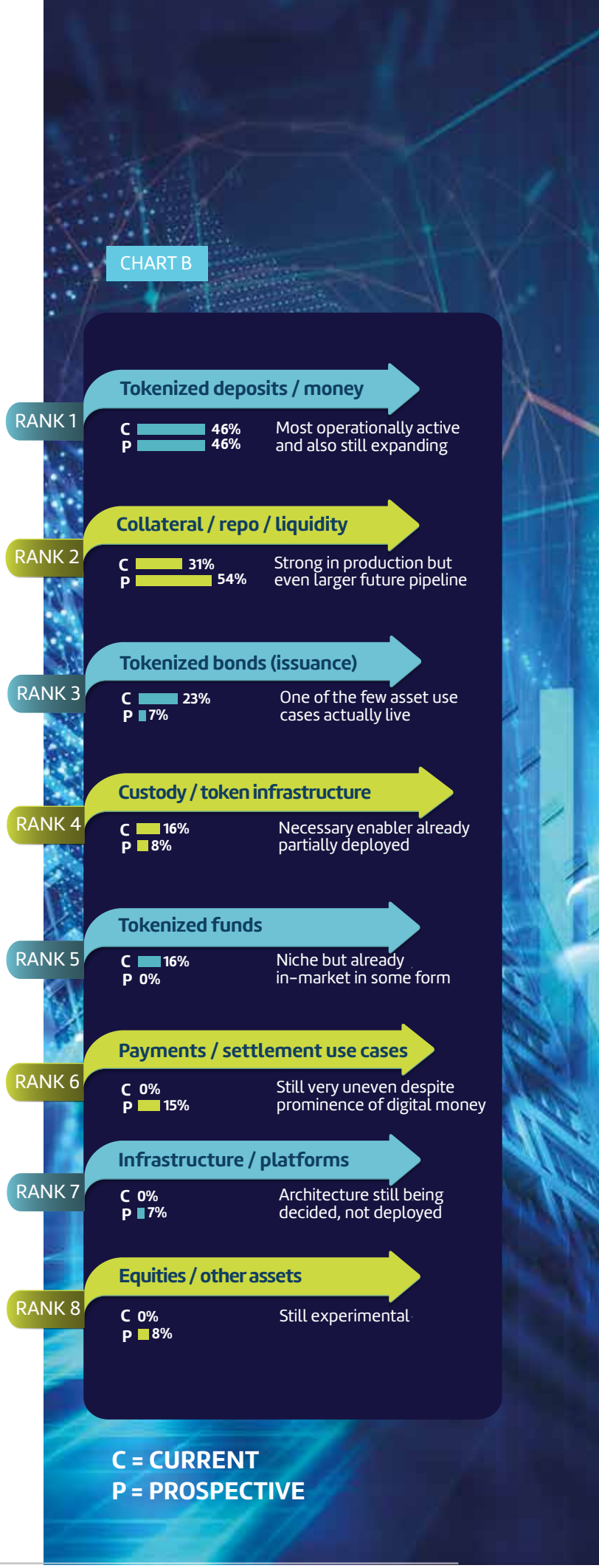
They appear less as independent strategic directions and more as extensions or consequences of developments in money and liquidity. In other words, they depend on the maturation of those foundational layers rather than driving the transformation themselves.

At the lower end of the ranking, aggregation further exposes how limited the long tail of use cases really is. Categories such as lending against digital assets, programmability, and operational automation shrink to marginal levels of activity. While they may be conceptually interesting or strategically important in the long term, they are not currently commanding meaningful attention or investment across the industry.

Focus on real economics

The same picture emerges from an analysis of which initiatives are defined as current and which as prospective **[Chart B]**: banks are not treating tokenization as a universal transformation story across all asset classes. They are clustering around use cases where tokenization can solve a concrete balance sheet, liquidity, settlement or infrastructure problem.

The standout areas are tokenized money and collateral/repo/liquidity. These are the two use cases where tokenization most clearly connects to real banking economics: settlement, liquidity mobility, intra-day funding, collateral optimization, reduced friction and potentially lower operational or balance sheet costs. The high prospective interest in collateral/repo/liquidity, at 54%, is especially significant because it suggests this is not just current experimentation but a growing pipeline.



Big Picture Takeaways

Collateral mobility/ intra-day repo is seen as by far the strongest use case: it is seen as having the most persuasive risk and economic transformation story. It also implies the development of the core stack of tokenization 'must haves': tokenized assets as collateral and a legal/regulatory framework around that; tokenized deposits or stablecoins for the cash leg; smart contracts/ programmability; a solution to several key issues in actually running 24/7 repo.

01

FX/payments comes second, and is more client-service and workflow driven than balance-sheet-transformational: 100% of respondents choose tokenized deposits for cross-border payments/ settlement as a top-three priority, and 100% also choose real-time/ intra-day cross-border payments. Programmable cross-currency payment/ settlement workflows are selected by 50%.

02

DCM is strategically interesting, but not yet economically compelling: many activities are still in the exploration or pilot stage and no respondent expects a transformational impact within three years.

03

ECM is the weakest and most speculative of the four areas: few banks considered their capabilities significant enough to answer the survey and initiatives stall at the pre-production/ scaling stage.

04

The business case is clearest where benefits accrue internally to the bank not the client: in the collateral data, two thirds say the current tokenized repo/collateral business is mostly internally driven, rather than client-driven.

05

Client demand is rising: in the collateral space, 90% say client demand has increased over the past 24 months, with 20% saying significantly and 70% moderately. But current client/ counterparty demand is still not overwhelming: 40% describe it as moderate, 40% as low, and only 10% as high.

06

Willingness to pay remains a major weakness: in no area are banks confident that clients would accept a clear pricing premium for enhanced capabilities delivered as a result of tokenization.

07

Infrastructure readiness is poor even in the best use case: in the best use case only 10% say internal infrastructure is mostly ready and 40% say not ready.

08

Tokenization is moving from innovation budgets into business-line ownership: for example, in collateral mobility, 50% say the build-out is funded by the business line — repo/ markets. In ECM, the few initiatives that exist sit within the business. In DCM, the drive is equally split between business and digital assets/ innovation.

09

There is a strategic conviction that tokenization will be transformative: 40% say tokenization of repo and collateral will fundamentally reshape liquidity management; 25% say tokenization of cross-border payments will fundamentally reshape FX markets; 60% say tokenization of fixed-income instruments will fundamentally reshape debt capital markets within five years.

10

Collateral Mobility and Tokenized Repo

1. Current Adoption, Use-Case Scope and Maturity

It is clear from the survey data that collateral mobility is emerging as the leading institutional use case. The theoretical benefits of tokenization in improving collateral mobility and usage, including its use in enabling intra-day repo, are well known.

Trapped capital release, reductions in over-collateralization, and the funding optimization of intra-day repo can all theoretically unlock billions in lost treasury income. Benefits can be tied directly to key banking metrics – instant monetization and continuous collateral recycling directly impact banks' Liquidity Coverage Ratio (LCR). Other benefits accrue to metrics from Risk Weighted Assets (RWA) to the Net Stable Funding Ratio (NSFR).

And it's clear that internally, digital asset heads have found these arguments around economic and risk transformation the easiest to pitch to get the resources they need to drive tokenization programs forward.

As one former treasury head, now heading up digital asset initiatives, admits,

> "My main concern was the impact of central bank digital currencies (CBDCs) and stablecoins to my funding plan. But I also understood the operational risks and costs in collateral management for treasury and so I could see that it made economic sense to upgrade the rails there, and perhaps build lower risk or even new journeys for customers. So, I tried to sell the story to the group and eventually I won the argument [for tokenization] from the narrow collateral mobility story rather than the more strategic funding concern I started with."

Governments and FMIs are also adopting tokenization on the basis of defensive, often repo market-related drivers. The JGB project in Japan is one example. The DTCC tokenization initiative is also motivated in large part by a desire to unlock capital efficiency through real-time collateral mobility. There are others.

Near-term practice versus long-term theory

Most large banks distinguish between near-term, concrete use cases and longer-term, more theoretical ambitions. The most concrete use case is intra-day repo. A number of banks have already executed an intra-day repo transaction and are working to industrialize that capability. They describe these as production-oriented projects, not merely proofs of concept.

As one head of liquidity management states,

> "The business objective is directly linked to liquidity ratios and liquidity buffer management. We expect to have functionality later in the year that could affect liquidity buffers and enable more frequent trading to reduce those buffers. This is where tokenization becomes economically relevant: it can support more precise, intra-day management of liquidity and collateral."

Longer term the leading banks are exploring the broader tokenization of traditional assets for collateral purposes. But they explicitly characterize this as theoretical. As one says,

> "We are speaking to vendors and proving various capabilities, but the main focus is first on understanding the economic and commercial impact of tokenizing traditional collateral."

Broad engagement, uneven maturity

So, within collateral mobility, banks are actively investigating the components needed for a working ecosystem. But the activity remains capability-by-capability rather than system-wide. There is no single, fully mature stack yet. The industry is still assembling the pieces: tokenized collateral, settlement cash, repo automation, custody and platform connectivity.

The strongest signal is around smart / tokenized repo contracts for automation. Yet even here, 78% are exploring and only 22% are in active pilot / POC.

The second major signal is around tokenized bonds for collateral. Here, the picture is more advanced: 44% are exploring, 44% are in active pilot / POC, and 11% are already in external production. This is probably the most encouraging line in the chart because it combines broad interest with a meaningful level of active testing.

Tokenized deposits / cash for settlement are less mature. 40% are exploring, 30% are in pilot / POC, 10% are in internal production, and 20% are in external production. This is a crucial result because collateral mobility cannot really scale without a credible settlement leg. The fact that cash/deposit tokenization has some production activity is positive, but the split across exploration, pilots and production also shows that the industry has not converged on a single settlement model.

The chart shows a sharp contrast between settlement-oriented money market funds and collateral-oriented money market funds. Tokenized MMFs for collateral attract serious interest: 40% exploring, 40% in pilot / POC, 10% external production, with only 10% not considering. By contrast, tokenized MMFs for settlement are much weaker: 60% are not considering and 40% are only exploring.

That reinforces the view of digital assets leads in the business, for whom tokenized MMFs cannot be seen as equivalent to digital money. Says one,

> "When I hear people talk about using tokenized money market funds to process institutional capital markets transactions, I know that they've never done that. I know that they've never worked in the business."

Stablecoins are being considered, but remain mostly at the exploratory or pilot stage. Only 10% are not considering them, while 50% are exploring and 40% are in pilot / POC. The absence of production activity is telling. Stablecoins are on the radar, but they do not yet appear to be the settlement answer for institutional repo and collateral mobility among these banks.

So, within the highest perceived value use case, most respondents remain in exploration or proof-of-concept stages—but the priority assigned to smart repo contracts indicates where banks believe the longer-term transformation lies. Tokenizing collateral is useful; making the entire secured-financing lifecycle programmable is the prize.

In terms of the highest priority component being worked on, smart/tokenized repo contracts for automation are by far the highest priority, at around 40%, while most other components sit at 0–20% **[Chart 2]**. That is, the market is prioritizing workflow automation over tokenized instruments and their associated custody platforms.

That suggests respondents do not primarily see this use case as "putting assets on-chain". They see it as a way to automate the repo workflow itself: trade execution, collateral allocation, substitution, margining, settlement timing, maturity, unwind, lifecycle events and possibly intra-day liquidity management.

So, the survey is probably revealing a pragmatic view: the pain point is not simply that collateral assets are not tokenized; it is that repo and collateral processes remain operationally heavy, time-bound, manually coordinated and poorly adapted to intra-day liquidity optimization. These issues have to be solved first – and indeed, if they are, then it is not strictly necessary for intra-day repo to be based on tokenization – as some banks interviewed for the survey make clear.

The results for stablecoins – no-one has them as their highest priority – does not necessarily mean banks are uninterested in them generally. It suggests that, within tokenized repo and collateral mobility, stablecoins are not seen as the highest-priority settlement leg. Repo is a highly regulated, balance-sheet-sensitive, liquidity-critical market. For that use case, respondents want settlement assets with clear legal status, prudential treatment, balance-sheet recognition, finality and integration into existing bank treasury and liquidity frameworks.

Stablecoin reserves also create balance-sheet and liquidity-cost issues and can negatively affect banks' LCR so even where stablecoins are regulated, the economics may not be straightforward for commercial banks. If the settlement asset creates balance-sheet drag, liquidity costs or leverage exposure, it may weaken the economic case for using it in financing markets.

There is even an ironic side effect of rising stablecoin reserves. Stablecoin issuers having to buy vast amounts of short-term government debt can drive down Treasury yields and reduce active liquidity in the repo market, making it harder for other financial institutions to source the collateral they need.

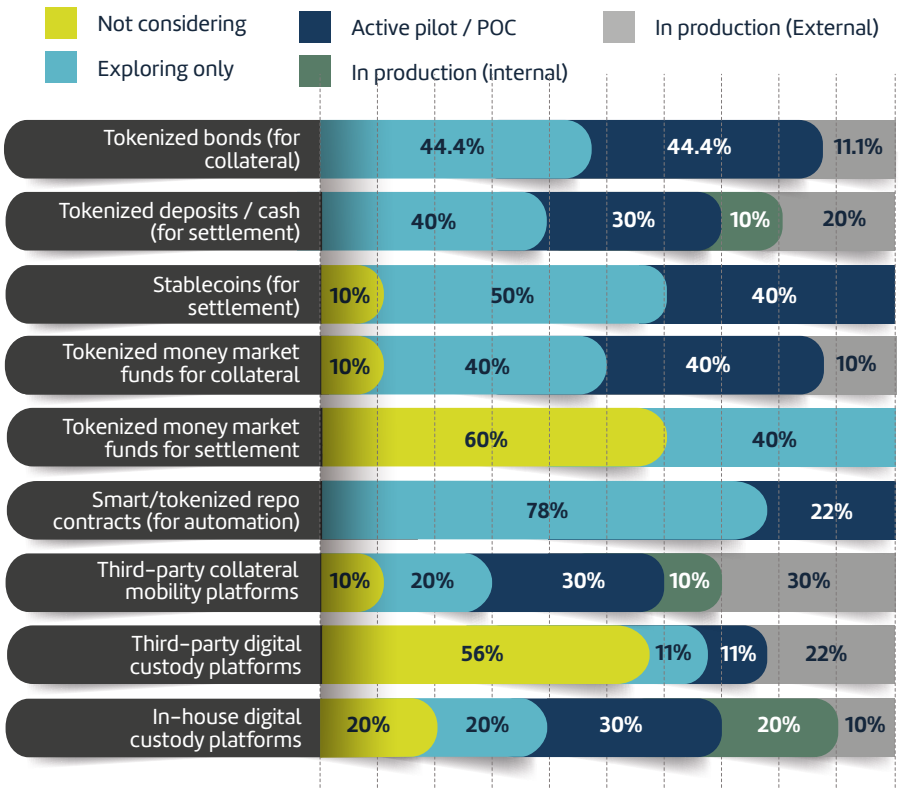


CHART 1

Which of the following capabilities are you currently pursuing as part of your tokenized repo and collateral mobility initiative?

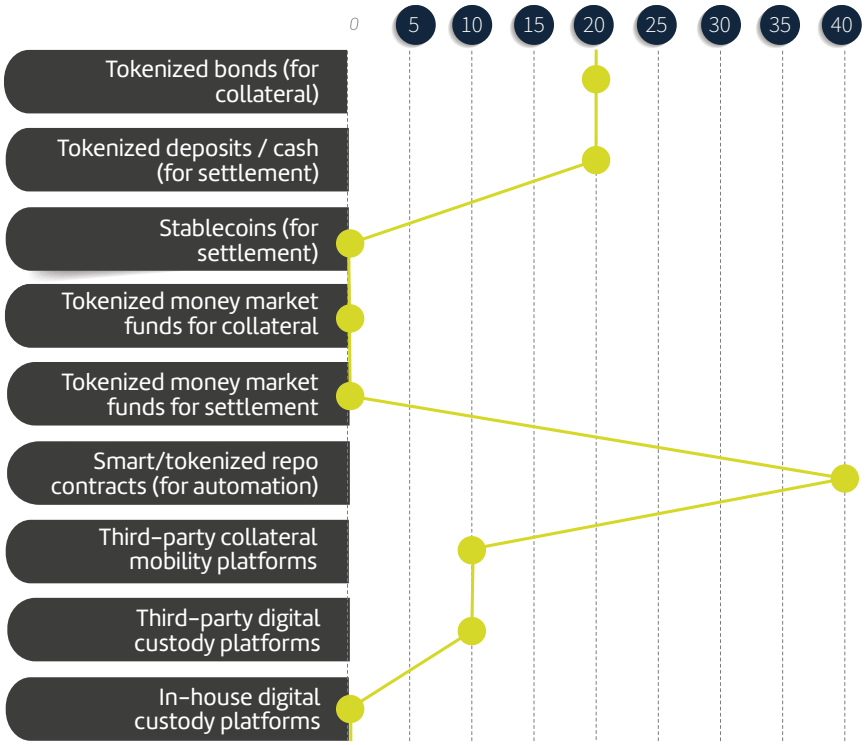


CHART 2

Which single use case is your institution's highest priority within this category (tokenized repo and collateral mobility)?

Stalled initiatives

Despite the interest in collateral mobility and its various components, it's clear that many of these initiatives are stalling before they make it into full production. In fact **[Chart 33]**, almost a fifth of initiatives stall in the POC phase, and almost half stall in pre-production at the point where the challenge is to scale from single transactions to some form of viable, real-world process.

This is where tokenization hits reality: tokenization initiatives are often built around private chains and consortium structures, which many banks now see as exceptionally difficult to scale in any meaningful way. If tokenized repo depends on closed private networks, adoption will remain fragmented. Repo and collateral mobility require many participants, not isolated bilateral or closed networks.

Persistent off-chain ledgers undermine the tokenization model. As one global head of digital asset risk management says,

> "even where tokenization is happening, there is often still an off-chain ledger maintained to keep regulators and other stakeholders comfortable. The market is in a crossover phase where firms may get some technological benefits, but still have to maintain off-chain databases. So, banks are duplicating costs and face duplicate recordkeeping, reconciliation, control and audit requirements."

The broader issue of moving between fiat/off-chain systems and tokenized/on-chain systems also presents reconciliation challenges and disrupts the precise, real-time synchronization between collateral, cash, legal records, risk systems and treasury systems needed by intra-day repo: if the tokenized leg settles instantly but the fiat, books, accounting, risk, liquidity or legal record lags behind, the bank has not solved the operational problem. It has created a new reconciliation layer.

Another reason initiatives fail at scale up is that neither banks nor the wider market are operationally set up for 24/7 markets. One head of repo gave the example of needing to liquidate collateral after hours on a Sunday evening and asking who would do that.

> "How many liquidation agents can perform the necessary activities 24/7 in the crypto/tokenized space? And how many meet your AML requirements?"

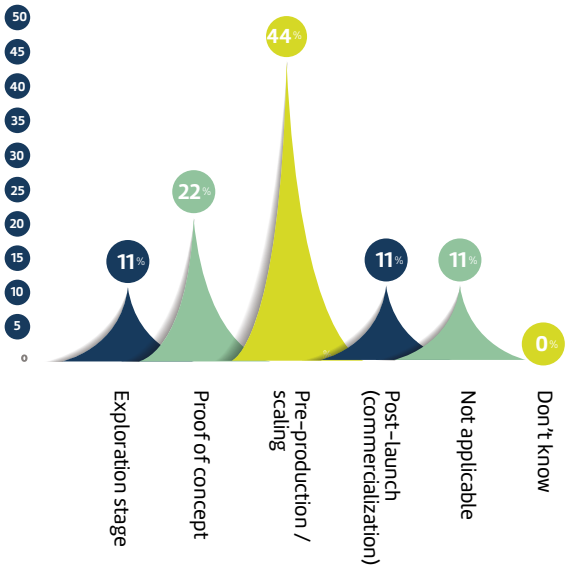
Other survey participants listed additional regulatory and legal obstacles. BCBS crypto-asset capital rules (BCBS d545 / SCO60) are a major barrier for regulated banks. Said one funding head,

> "for collateral mobility or anything longer-dated, the treatment is challenging because there is no favourable FASA [Forward Agreement/Settlement Amount] value attributable to the collateral and no netting." Poor capital treatment means banks may not scale the activity even if the operational case is attractive.

Tokenization is supposed to improve funding, liquidity and capital efficiency. If regulatory treatment removes netting or increases capital charges, it reverses the intended benefit.

CHART 33

At what stage do most initiatives stall?



One XVA head simply said,

> "when we start to look at this [tokenization and intra-day repo] the discussion just becomes 'legal, legal, legal, legal'." Intra-day repo needs enforceable transfer of title, collateral rights, settlement finality, netting and close-out rights. Legal enforceability, especially cross-jurisdictional, is a major stumbling block.

Risk reduction versus risk addition

There are also questions about how much risk the various collateral mobility initiatives will deliver given the risks they introduce. As well as the legal and regulatory risks inherent in tokenization, instant settlement removes the operational safety buffer built in to T+1/T+2.

As one global head of digital asset risk management says,

> "I'm partly joking but some people want to go back to T+2 because the delay gave firms time to uncover operational risks before settlement. With instant settlement, once it's gone, it's gone. You have to get your inputs right because you don't have any luxury of time to be able to remediate. So it creates operational risks further upstream that we didn't necessarily have before."

More generally, banks need new control processes for instantaneous workflows. "Our legacy systems and control models are not set up for 24/7 operations and neither are any other banks," says one head of digital assets.

Another added risk is the shortage of institutional-grade custody providers. As this survey implies **[Charts 1 and 2]**, institutional custody infrastructure also remains underdeveloped, presenting another problem.

> "Custody and collateral-management infrastructure is a major barrier," says the digital assets lead within one bank's collateral management function. "The infrastructure needed to adequately manage the collateral is very substantial and there are very, very few institutional custodian providers able to provide institutional-grade custody, control, settlement and collateral-management capabilities."

This also highlights the broader issue of third-party risk and concentration risk in the digital asset ecosystem. Tokenized repo depends on specialist vendors, chains, wallet providers, custodians, liquidation agents and technology firms. But many of these third parties are not regulated like banks or core financial market infrastructures, and if the ecosystem ends up depending heavily on a small number of providers, it will create operational resilience, outsourcing and systemic concentration concerns.

"Why would regulators allow banks to connect core financing, settlement or collateral workflows to entities that may not meet bank-grade regulatory expectations," asks one banker.

Net net, is it worth it?

The blunt truth is that while banks are able to define a set of positive risk and P&L impacts of tokenized intra-day repo, they can also identify an opposing set of negative risk and P&L impacts that make understanding the true economics of tokenization very hard to evaluate.

In fact, one global head of digital assets says in the current environment it is "prohibitive" to scale because of extra operating cost, extra legal work, extra controls, extra infrastructure, extra third-party risk and extra capital cost.

2. Strategic Intent, Sponsorship and Business Commitment

One of the key objectives of the survey was to discover whether banks' tokenization efforts are still being driven by digital assets or innovation teams, or whether the heads of the relevant businesses within Global Markets divisions are now engaged and are key stakeholders.

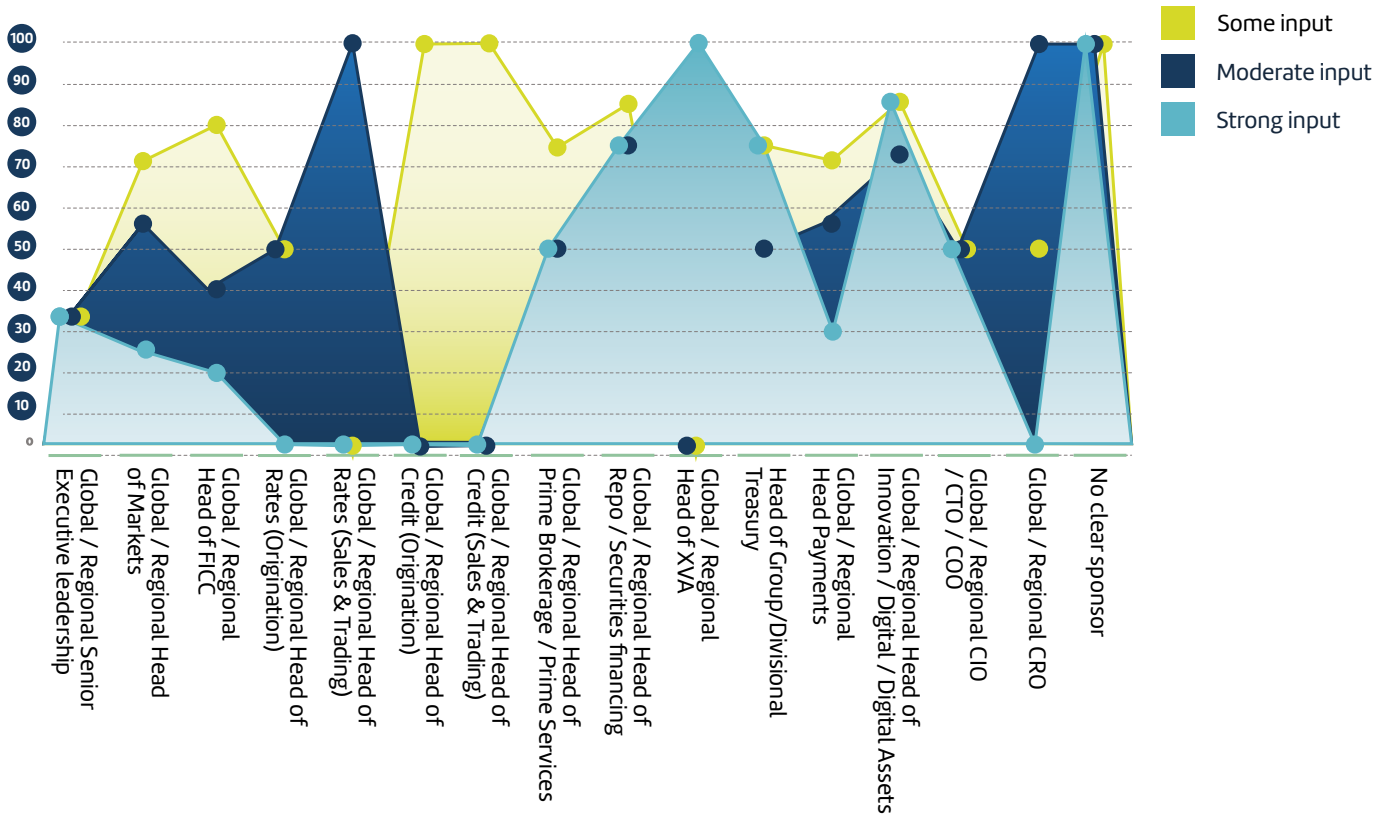
We believe that this is a critical indicator of the maturity of tokenization as a genuine business commitment rather than as an experimental test bed.

Earlier phases of wholesale tokenization were dominated by innovation teams seeking permission to test distributed-ledger technology, and by demonstrations of whether a bond could be issued on a blockchain, whether delivery-versus-payment could be executed using tokenized cash, whether two institutions could transfer a digital representation of collateral and so on.

The survey **[Chart 3]** suggests that, at least in the context of collateral management, tokenization has moved beyond being purely an innovation/digital-assets experiment but has not yet become consistently business-owned by Global Markets leadership.

CHART 3

Who/What are the primary sponsors of your tokenized repo and collateral mobility initiatives?



Collateral mobility/Repo

Asked who or what the primary sponsors of tokenized repo and collateral mobility initiatives are, respondents show meaningful engagement from Global Markets business heads. The Head of Markets, Head of FICC, Rates, Credit, Prime Services, Repo/ Securities Financing, XVA and Treasury all appear somewhere in the sponsor map.

That matters: tokenization is no longer just a technology lab topic. It is touching desks that understand funding, balance-sheet usage, collateral, trading and client economics.

However, Global/Regional Heads of Innovation / Digital Assets still score very highly, including on "strong input". That means the agenda remains heavily anchored in specialist digital-asset teams.

These teams are still acting as the internal engine, coordinator, and translator for many initiatives.

To give an idea of what that looks like at one of the most advanced global banks in this space, one digital assets lead embedded in the business describes their situation as,

> "In 2024, 100% of the flow was from our digital assets team into the lines of business with suggestions or recommendations or ideas for people to ponder. And now it's like maybe twenty or twenty-five percent the other direction... it's absolutely trending in the right direction."

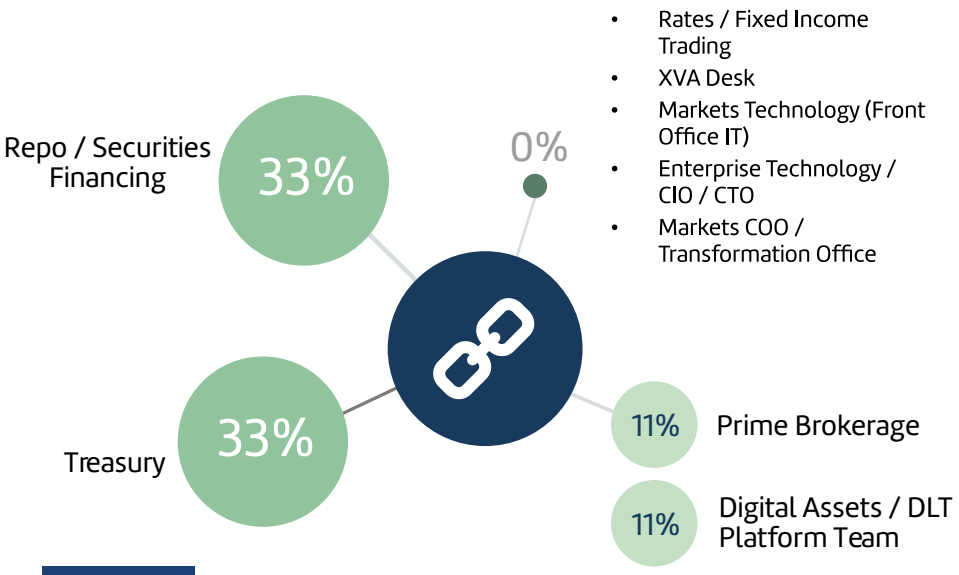


CHART 20

Which function has formal risk ownership of tokenized intraday repo initiatives?

Encouragingly, the strongest business-relevant signals sit around repo/securities financing, XVA, treasury and possibly prime services. Less encouragingly, at some banks 'no clear sponsor' is a sign that tokenization has not yet persuaded senior management or the business that it is worth a more focused commitment.

Risk-ownership is split

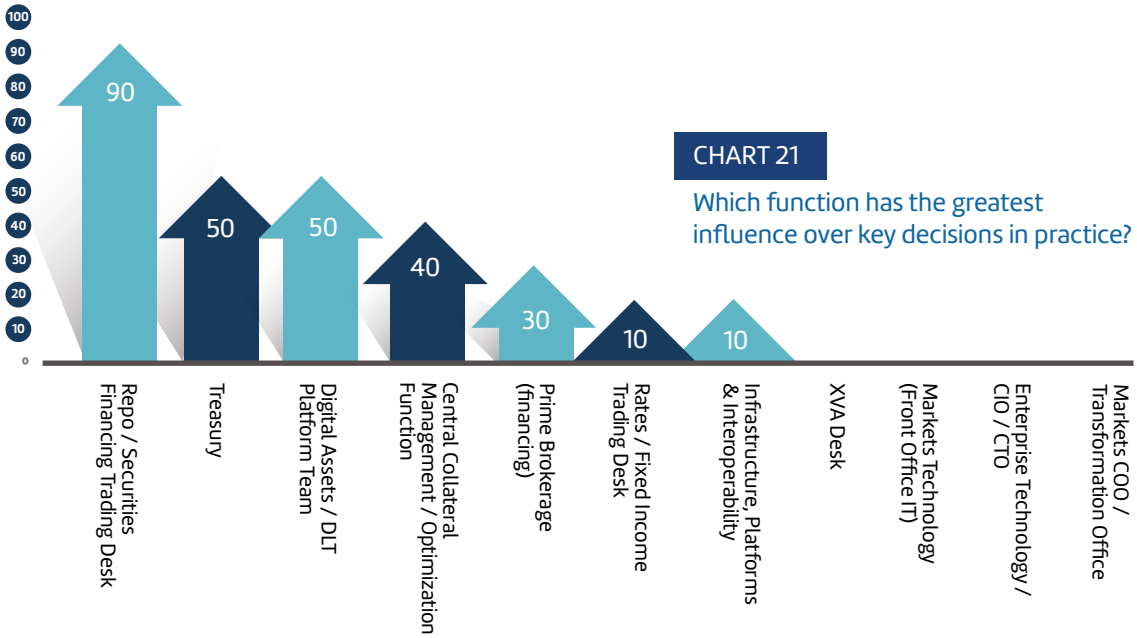
The ideal operating model requires specific ownership and accountability. However, the nascent state of the market and the number of affected stakeholders in collateral mobility necessitates distributed ownership is necessary.

The survey shows formal ownership split across functions and practical influence concentrated in different functions.

Chart 20 shows that tokenized intraday repo is not being treated as a pure technology risk. Formal ownership is concentrated in repo/securities financing and Treasury, the two functions closest to the product economics and liquidity implications. That is a positive maturity signal. However, the absence of a dominant owner also shows that the operating model is still unresolved. Tokenized intraday repo sits between front-office financing, Treasury liquidity management, collateral operations, platform technology and legal infrastructure. The risk ownership model is therefore business-relevant, but still fragmented.

CHART 21

Which function has the greatest influence over key decisions in practice?



Business increasingly engaged

Chart 21 shows that, in practice, tokenized intraday repo is being driven most strongly by the repo / securities financing desk, even where formal ownership may be shared with Treasury or other functions. This is a positive maturity signal: tokenized intraday repo is being shaped by functions close to the product economics, not just by innovation or technology teams. At the same time, the spread of influence across repo, Treasury, digital assets and collateral optimization confirms that the operating model remains cross-functional. The use case is business-led, but it still depends heavily on Treasury economics, platform architecture and collateral-management infrastructure.

So, the survey shows that the transition from experimentation to business ownership is underway, but it also emphasizes that there is a long way to go.

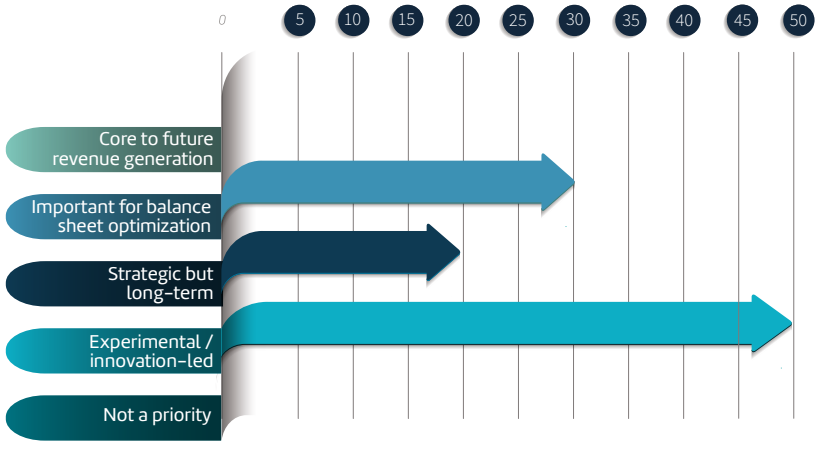
Global Markets on the fence?

That is emphasized by **Chart 25** which shows that 50% of Global Markets divisions still regard tokenized intraday repo as experimental/innovation-led, and 20% see it as strategic but long-term. No respondent calls it core to future revenue generation. But equally, no-one describes it as 'not a priority'.

A typical comment from a global head of digital assets runs, "Global Markets is interested but it's been very slow. The pieces that they're interested in are things like tokenized collateral, stablecoins, trade settlement. Those things are of interest. But... those things will have a longer gestation period because they require more network effect."

CHART 25

How does the Global Markets division perceive tokenized intraday repo?



Front office engaged with the technology

A significant positive signal of business involvement in tokenization efforts is that 70% report strong front-office involvement and 0% report no involvement or only limited involvement in the development of the technology stack **[Chart 24]**. Repo desks are not passive recipients of an innovation project. They are actively shaping requirements.

The absence of "fully embedded and leading" should not automatically be read as a negative. It reflects the normal operating model of a large bank: the business defines the commercial problem, use case, priorities and success criteria; technology and transformation teams design and implement the stack.

Tokenized repo appears to have moved beyond pure innovation ownership because repo / markets desks are strongly involved in shaping requirements. But the evidence does not yet prove full business ownership, because no respondents say the front office is fully embedded and leading, and **Chart 25** still shows a large experimental/innovation-led perception.

For one business head at least that is a good thing: "The industry is still... relatively immature and there's value in having a hub of expertise that can act as a consultancy... for the different lines of business."

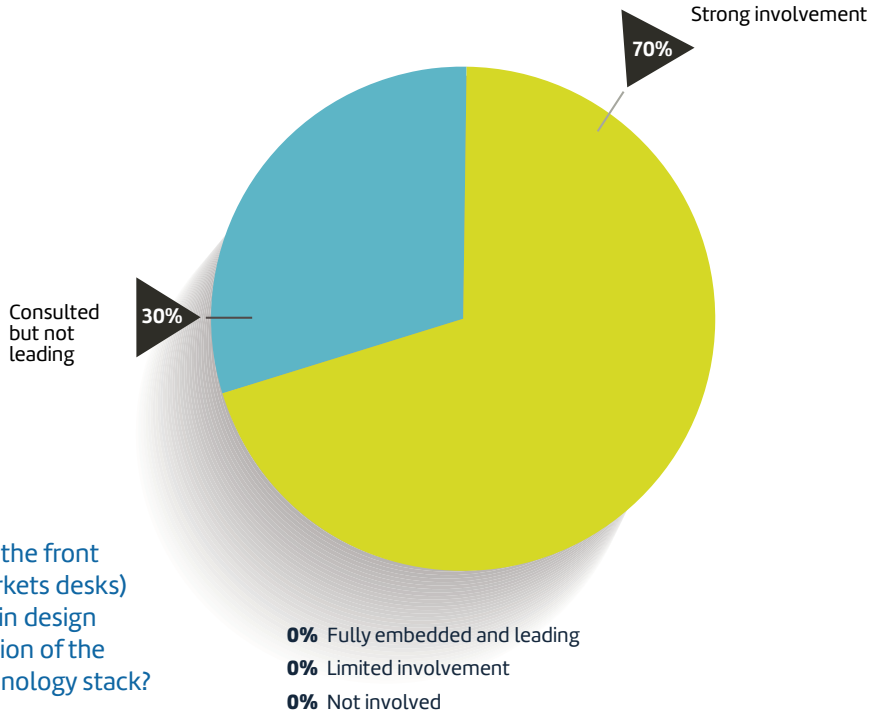


CHART 24

To what extent is the front office (repo / markets desks) actively involved in design and implementation of the tokenization technology stack?

3. Economic Case, Funding and Benefit Capture

The survey set out to understand how well-advanced banks' tokenization strategies are, how they are making an economic case for tokenization and where they see those financial benefits accruing. In the context of the most advanced use case, collateral mobility, the picture is still one of a market at the very beginning of its development.

Even at the leading edge of the banking sector, tokenization remains largely pre-scaling. The largest and most engaged banks have moved beyond having no strategy, but very few have reached the point of fully funded execution.

Chart 4 is one of the clearest indicators of the gap between strategic interest and institutional commitment. Among the largest banks with the most advanced tokenization programs, none report having no active strategy. Tokenization has clearly moved onto the strategic agenda. However, only 10% describe their strategy as fully defined and funded.

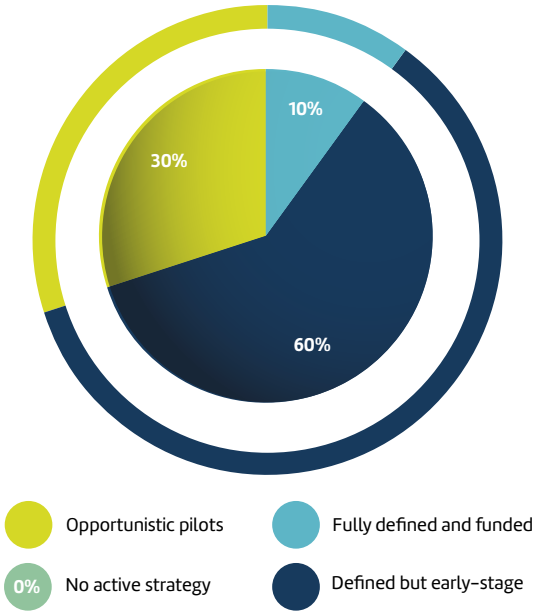


CHART 4 How would you describe your current strategy?

The dominant position, at 60%, is "defined but early-stage", while a further 30% remain at the level of opportunistic pilots. This is a sobering result: even among the leading institutions, tokenization has not yet become a fully resourced transformation program.

The sector's most advanced banks are no longer questioning whether tokenization matters, but most have not yet committed to it in the way they would commit to a mature business build-out.

Economic drivers in collateral mobility: no single business case

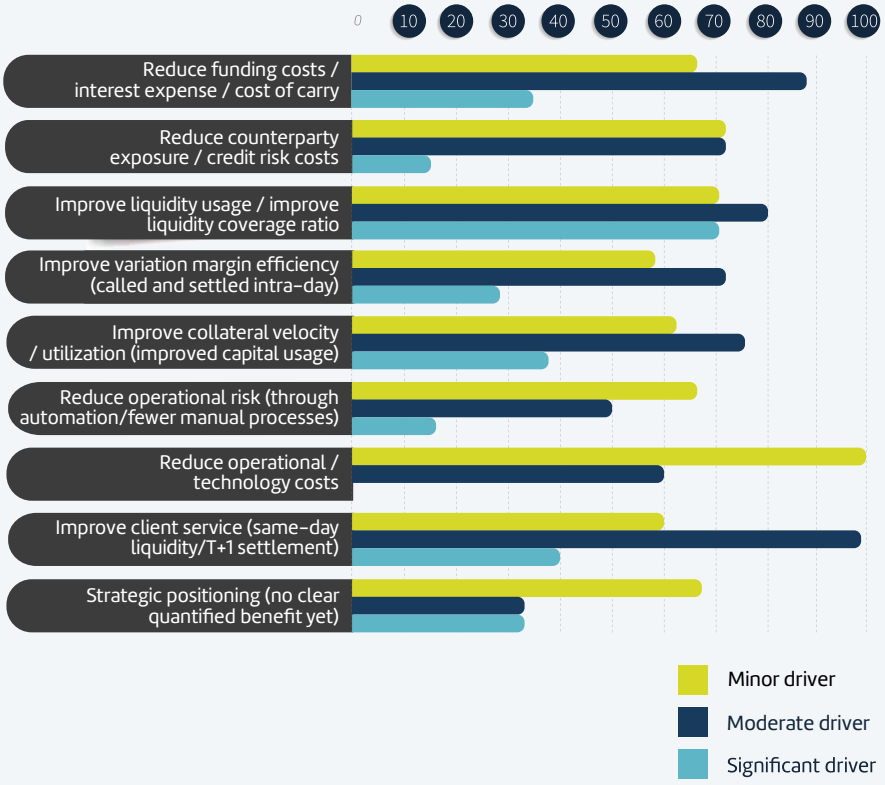
Chart 5 clarifies the economic logic behind tokenized repo and collateral mobility, but it does not show a single, settled business case. Respondents identify a wide range of potential objectives — funding cost reduction, liquidity usage, collateral velocity, margin efficiency, client service, counterparty exposure and operational efficiency — but the strength of conviction varies across banks: tokenized repo matters, but it does not matter for the same reason at every institution.

When the analysis is narrowed to the "significant driver" responses, the hierarchy becomes much clearer. The strongest signal is around improving liquidity usage and liquidity coverage ratio, which is the only objective that appears to command a clearly dominant level of significant-driver support. This suggests that the most compelling business case for tokenized repo is not generic technological efficiency, but liquidity optimization: reducing trapped liquidity, improving intraday availability of assets, and enabling banks to use collateral and funding capacity more efficiently.

The weakest significant-driver responses are also revealing. Operational risk reduction, counterparty exposure reduction and operational / technology cost reduction appear much less compelling as primary drivers. This undercuts any simple argument that tokenized repo is mainly an automation or cost-removal play.

CHART 5

What is the primary economic objective of your tokenized repo and collateral mobility initiative?



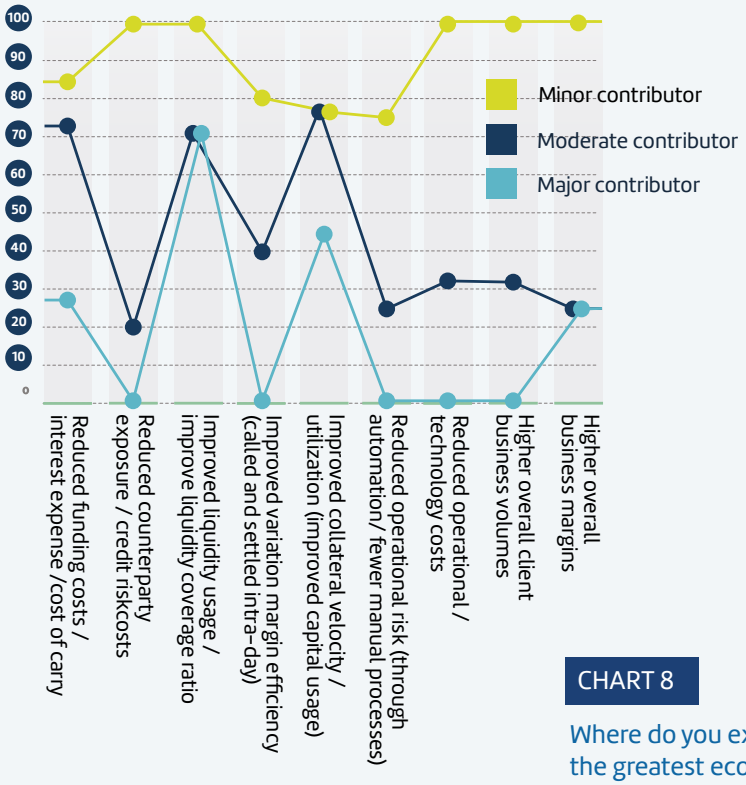


CHART 8

Where do you expect the greatest economic benefit to come from?

The most striking feature of **Chart 5**, however, is the dispersion of responses. One bank's minor driver is another bank's significant driver. That suggests tokenized repo has not yet crystallized into a single industry-wide ROI model. Instead, each bank is mapping the technology onto its own balance-sheet structure, liquidity profile, collateral inventory, client franchise and infrastructure gaps.

This makes tokenized repo commercially serious but difficult to scale collectively: the benefits are real, but they are institution-specific, distributed across several value pools, and not yet concentrated in one universally recognized business case.

If one bank thinks the value is in LCR/liquidity usage, another in client service, another in collateral reuse, and another only in strategic positioning, then market coordination becomes much harder. Everyone may be interested, but they are not necessarily trying to build the same thing for the same reason.

Another view

We asked a similar question in a different way **[Chart 8]** to try to dig further into why banks saw benefit in pursuing tokenization in the collateral mobility space.

Much of the message is the same. The chart shows that tokenized repo has many possible sources of value, but only a narrow set of them are seen as major economic contributors. The strongest case is around liquidity usage, collateral utilization and funding efficiency. Operational automation, technology cost reduction, counterparty-risk reduction and client-volume growth are present but secondary. This reinforces the view that tokenized collateral mobility is commercially credible only when framed as a financial-resource optimization tool — improving the use of liquidity, collateral and balance sheet — rather than as a generic digital-assets or cost-efficiency program.

A three-year-plus horizon

As **Chart 6** shows, respondents can identify real business drivers for tokenized repo and collateral mobility, but they do not yet expect those drivers to translate into transformational financial impact within three years. The dominant answer is 'moderate incremental improvement', at 40%, followed by 'significant clear measurable benefit, at 30%.

The good news then is that 70% of the banks believe that tokenization will generate at least moderate financial benefits within three years. That said, only 10% see it as 'transformational'. The clear implication is that it is an improvement rather than a wholesale reengineering of the economics of the repo business.

In addition, the presence of both 10% 'minimal' and 10% 'unclear' responses is significant. These are not banks with no tokenization interest; they are part of the more advanced respondent group. Their caution suggests that the business case is still unevenly understood and unevenly quantified. Some institutions may see the value clearly because of their liquidity profile, collateral constraints or client franchise; others may still struggle to isolate the financial benefit from broader infrastructure modernization.

CHART 6 How material do you expect the financial impact to be within 3 years?

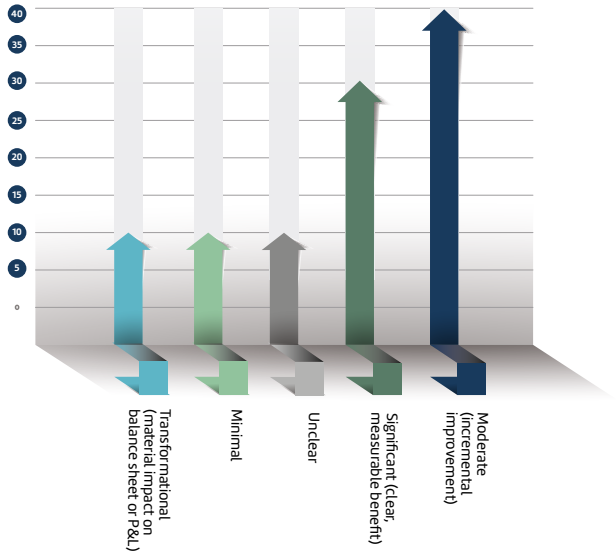
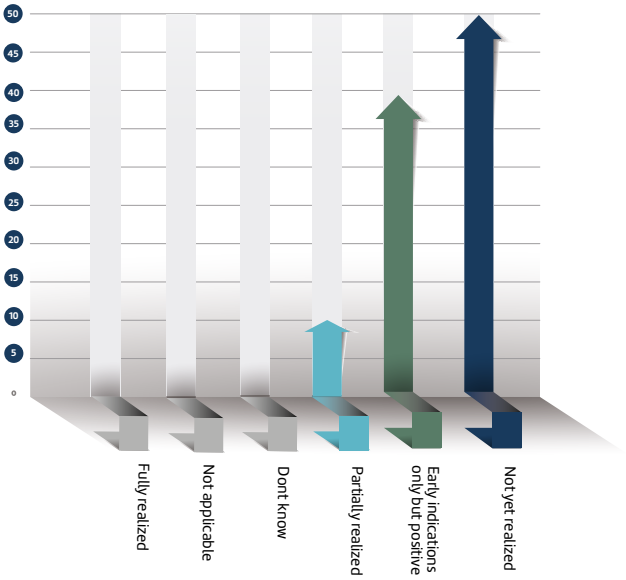


CHART 7 To what extent are these benefits currently being realized in practice?



Benefits unrealized

Chart 7 is the clearest reality check in the sequence. While earlier charts show that banks can identify credible economic drivers and expect some financial impact within three years, **Chart 7** shows that those benefits are still largely prospective rather than realized.

Given that these are institutions with some of the most advanced tokenization programs, it's clear that even in this use case, a functioning market capable of delivering the desired ROI is a long way away. Early pilots, proofs of concept, limited production use cases or internal testing may be producing encouraging signs, but not yet enough to claim realized financial or balance-sheet benefit at scale.

The chart also reinforces the fragmented business-case picture from **Chart 5**. If banks are pursuing different objectives — liquidity efficiency, collateral velocity, margin optimization, funding cost reduction or client service — then realized benefits will also emerge unevenly. Some banks may see early positive signals because the use case maps directly onto their balance-sheet or liquidity constraints, while others may find the benefit harder to isolate from broader infrastructure modernization.

Who owns the economics?

The survey earlier showed that tokenization initiatives in collateral mobility are beginning to move from innovation sponsorship into business commitment. **Chart 26** reinforces that with half of respondents saying the build-out of the capability is being funded by the business line — repo or markets.

The remaining responses underline the cross-functional nature of tokenized repo. Treasury, central technology and shared funding models each account for 10%. This dispersion is important because the economic benefits of tokenized repo do not sit cleanly in one place.

Liquidity efficiency, collateral mobility, balance-sheet optimization, settlement improvement and client service may accrue to different parts of the institution. That makes funding allocation more difficult, even where the business case is credible.

It is therefore interesting that **Chart 27** shows that respondents believe the expected benefit capture sits more centrally than with the business: Treasury/capital and balance-sheet efficiency is selected by 70%, business/repo/rates/markets revenue by 60%, operations/post-trade by 30%. However, this confirms that the value proposition is not being framed primarily as a technology saving or operational automation benefit.

This is potentially a good thing. Securing budget for complex IT projects that promise complex payoffs in three-plus years is hard. As one DCM and repo tokenization lead says,

> "The budget for a Wall Street trading desk is 70% of my 'do new things' budget goes to whatever the regulators tell me I have to do; the next 20% 'How can I make some more money?' And then there's 10% for 'How do I save some money?'. There's not a lot of budget for people to do new things that cut a couple basis points here and there... the threshold to get people interested in new product adoption that saves money is so much harder than new product adoption that makes the money or that the regulator mandates."

The bad news is that it is also possible to view the liquidity and capital efficiency gains through this lens too – particularly as there are numerous potential cost, risk and efficiency challenges with tokenization (as discussed earlier).

Again though, the overall picture is that tokenized repo is being viewed less as a new digital product and more as a potential tool for improving the financial resource management of the bank. This makes Treasury a key stakeholder without whose support the initiative may struggle.

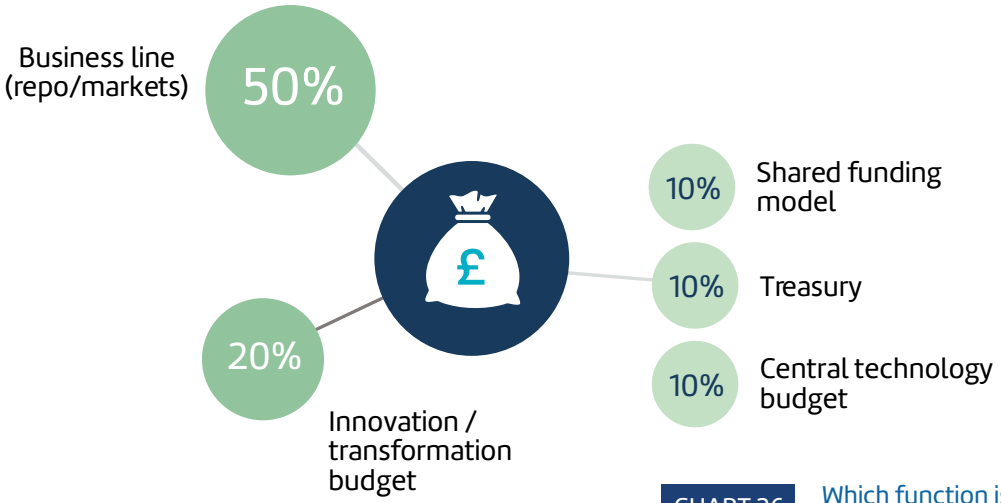
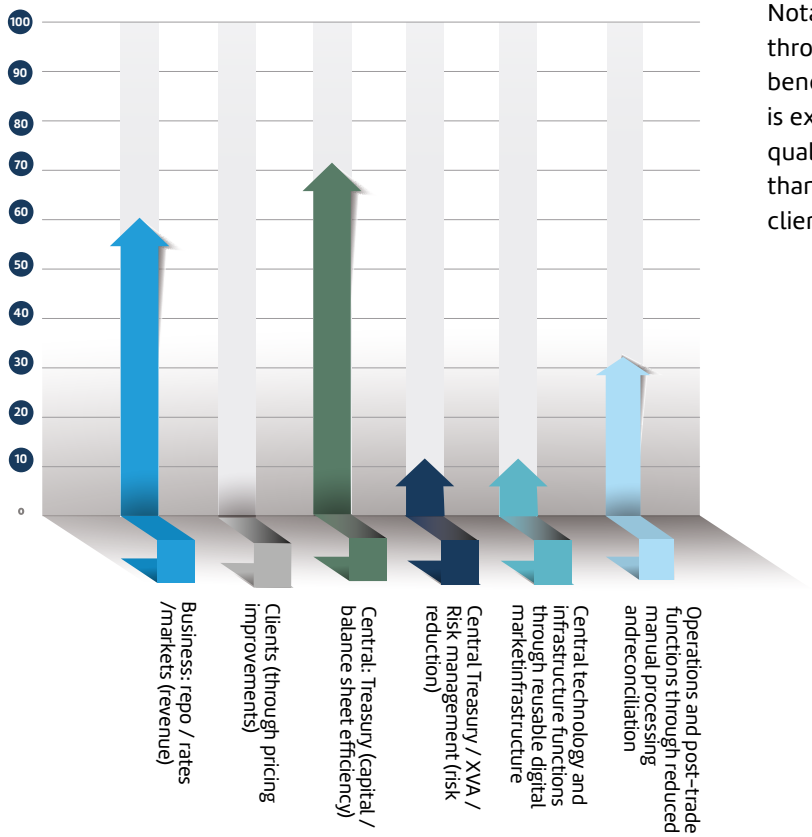


CHART 26 Which function is funding the build-out of this capability?

CHART 27 Who is expected to capture the primary economic benefits?



Notably, no respondent identifies clients, through pricing improvements, as the primary beneficiary, suggesting that any client benefit is expected to come indirectly through service quality, liquidity access or market capacity rather than immediate price pass-through. That is, if clients can expect any improvements at all.

The overall picture is that tokenized repo is being viewed less as a new digital product and more as a potential tool for improving the financial resource management of the bank. This makes Treasury a key stakeholder without whose support the initiative may struggle.

4. Client Demand, Commercial Pull and Client Adoption Barriers

One of the most striking findings across the survey is that even among the banks with the most advanced tokenization programs, there is little evidence of significant client or counterparty demand for enhanced collateral mobility / repo capabilities.

Tokenized repo and collateral mobility are network-dependent use cases. A bank can build an internal ledger or pilot a tokenized collateral movement, but the full value only emerges if counterparties, clients, custodians, tri-party agents, FMIs and other banks are willing to use or accept the asset, cash leg or workflow. Moderate or low external demand therefore could slow the whole adoption curve.

Sophisticated clients are interested

However, in this context, 'client' demand may not be the issue it is in other areas of tokenization. The critical components of the required ecosystem are clearly working towards it: the leading banks surveyed here; FMIs like DTCC; governments responsible for some of the world's largest markets; and the technology platform developers.

In addition, banks surveyed here also state that there are significant, sophisticated market participants who are interested in the development of this market.

> "Clients are not banging on the door for tokenized solutions but it does depend on which clients you mean," says the global digital asset head at a large European bank. "Some are very informed and very capable in this area. But yes, if clients are treated as a homogeneous group, it's still very early."
>
> The head of liquidity at another European bank refers to "calls with clients and market participants where they are coming to us with an 'ask' around collateral mobility."

The types of clients banks mention are major non-bank market liquidity providers, major leveraged players and also major crypto investors who need 24/7 capabilities around meeting margin calls when traditional markets are closed.

More good news comes in **Chart 10**. 90% of respondents report some increase in client demand over the past 24 months:

But the dominant answer is still "increased moderately", not "increased significantly". This suggests a gradual increase in curiosity, engagement and selective demand. Clients and counterparties are becoming more aware of collateral mobility, liquidity and tokenized asset possibilities, but are not yet demanding them.

CHART 9 How would you characterize current client / counterparty demand for enhanced collateral mobility / repo capabilities?

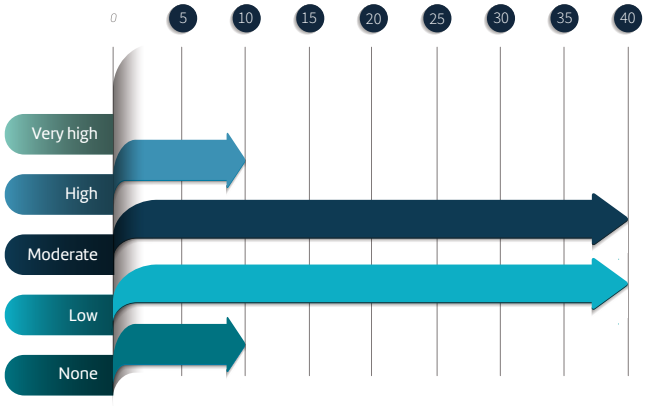


CHART 10 How has client demand changed over the past 24 months?

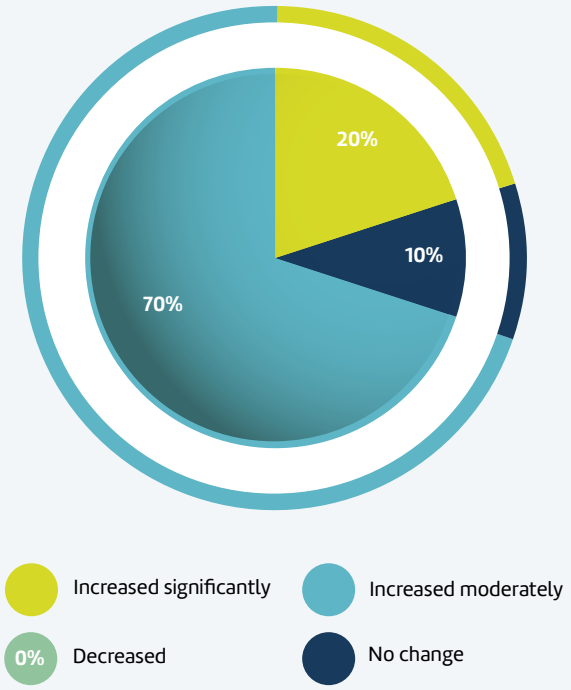
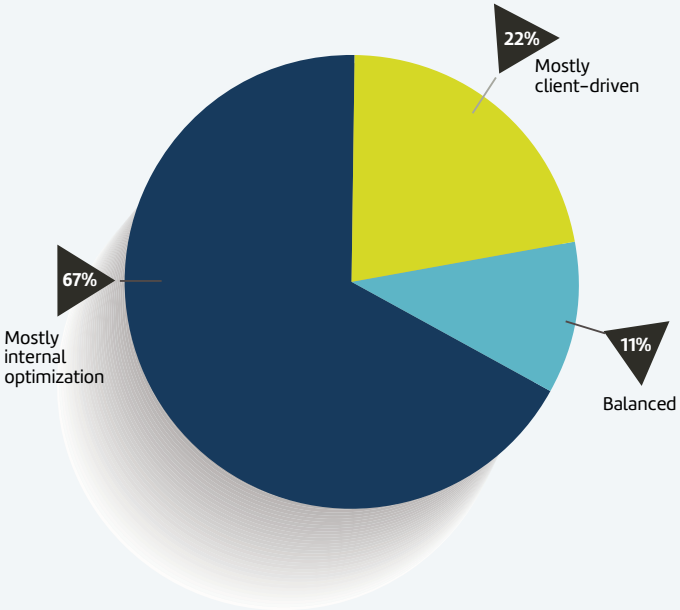


CHART 12 What proportion of your tokenized repo/collateral business is currently client-driven vs internally-driven?



Internal drivers still dominate

The survey confirms repeatedly that the collateral mobility use case is mostly internally driven. **Chart 12** continues that story.

Two-thirds of respondents say activity is mostly internally driven, compared with only 22% who say it is mostly client-driven.

This does not mean client demand is absent — other charts show that demand is rising — but it does mean that the principal current rationale is internal: liquidity efficiency, balance-sheet optimization, funding flexibility and collateral utilization. The client case is emerging, but the business case is still being built first inside the bank.

That fits the broader survey pattern. The strongest economic benefits identified elsewhere are not new client revenues or pricing improvements, but liquidity usage, collateral velocity, funding cost/cost of carry, and capital/balance-sheet efficiency. In other words, the core case is: can the bank use its own collateral and liquidity more intelligently? Client service may improve as a consequence, but it is not yet the dominant driver.

More good news comes in Chart 10. 90% of respondents report some increase in client demand over the past 24 months:

Will clients pay? Not yet

It's perhaps a good thing that clients are not the key driver because the survey also reveals that, today at least, client willingness to pay extra for the benefits of a tokenized 24/7 collateral market is limited.

Only 25% say clients are willing to pay a clear pricing premium. A further 12% say clients may pay, but only if the capability is bundled with other services. So, at most 37% see some identifiable revenue opportunity.

This reinforces the point that tokenized repo and collateral mobility remain primarily an internal optimization case, not yet a straightforward client-revenue case.

The chart also suggests a potential strategic trap. Banks may need to invest in these capabilities to remain competitive, improve service quality or defend client relationships, even if clients will not explicitly pay more. That makes the business case harder. It becomes less like launching a new paid product and more like funding infrastructure to protect margins, improve efficiency and avoid falling behind.

Adoption barriers are operational – so solvable

There is some final good news in the reasons clients are, in general, slow to adopt tokenization solutions.

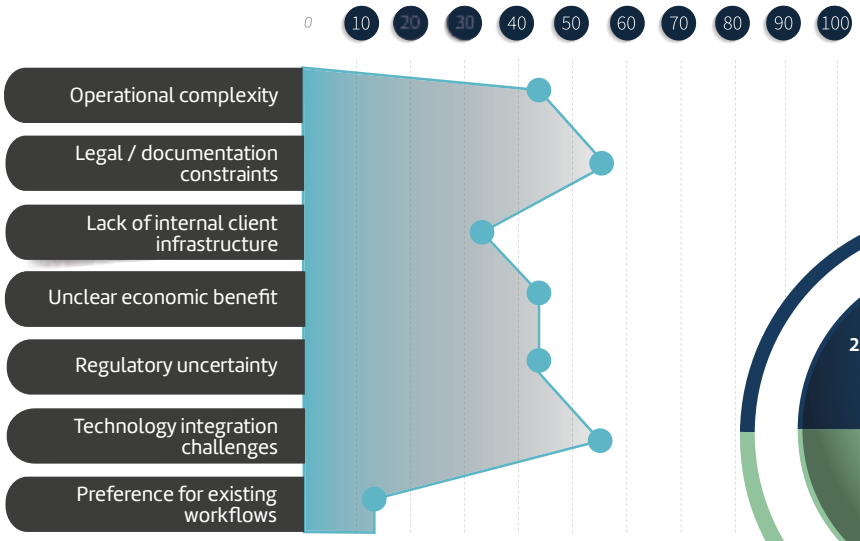
Chart 14 shows that the barriers to client adoption are practical and infrastructural rather than behavioral.

The biggest obstacles appear to be legal/documentation constraints and technology integration challenges, both around the mid-50% level. That suggests clients are not mainly resisting tokenized repo because they dislike the concept; they are constrained by whether contracts, custody arrangements, settlement processes, internal systems and operational workflows can actually support it.

Operational complexity, unclear economic benefit and regulatory uncertainty sit in the next tier, around the mid-40% level. That reinforces the point that adoption depends on proving the business case and making the operating model safe, governable and legally robust.

CHART 14

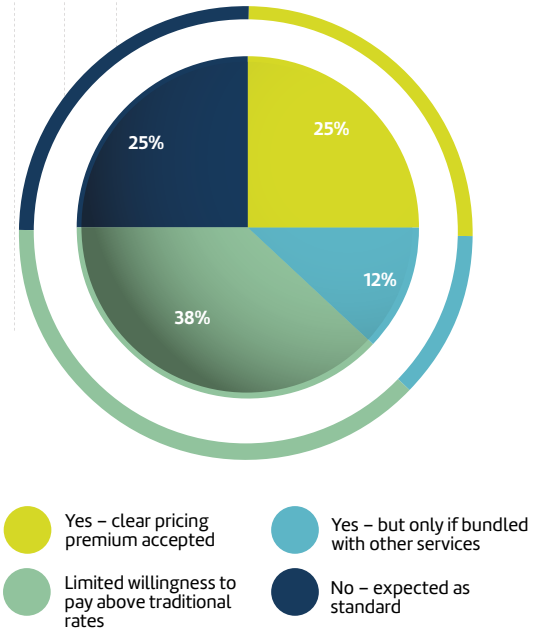
What are the main barriers to client adoption?



The lowest barrier is preference for existing workflows, at roughly 10–15%. That is important: inertia exists, but it is not the main problem. The main problem is that clients and counterparties need infrastructure, documentation and integration to catch up before demand can convert into adoption.

CHART 13

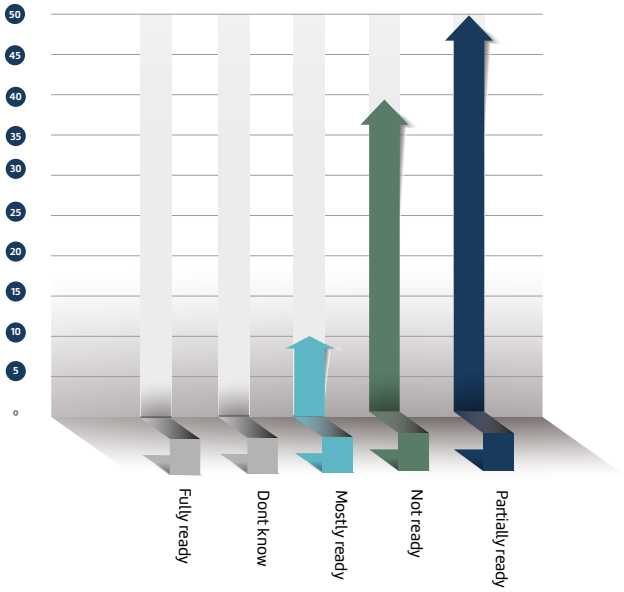
Are clients willing to pay for enhanced collateral mobility / intraday capabilities?



5. Infrastructure Readiness, Architecture and Platform Selection

CHART 15

How ready is your internal infrastructure to support tokenized collateral and repo at scale?



For any tokenization initiative to succeed, the technology and processes have to be in place as well as the economics and clients. Here again, the survey reveals work still to do.

No respondent considers internal infrastructure fully ready **[Chart 15]**. 10% say mostly ready, 50% partially ready and 40% not ready.

This says the internal infrastructure of even the most advanced banks is not yet ready to support tokenized collateral and repo at scale. This helps explain why the earlier charts show a gap between economic logic and realized benefit. Banks can identify the value proposition but those benefits cannot be captured unless the internal infrastructure exists to run the process.

The chart also reinforces the point from the transcripts: tokenization does not become scalable just because the token exists or because the external technology is available. The hard work is integrating it into the bank's existing operating model: collateral inventory, booking systems, settlement workflows, treasury systems, risk systems, custody, legal documentation, controls and reporting. Without that front-to-back readiness, tokenized repo risks remaining a pilot or a special process rather than a true business capability.

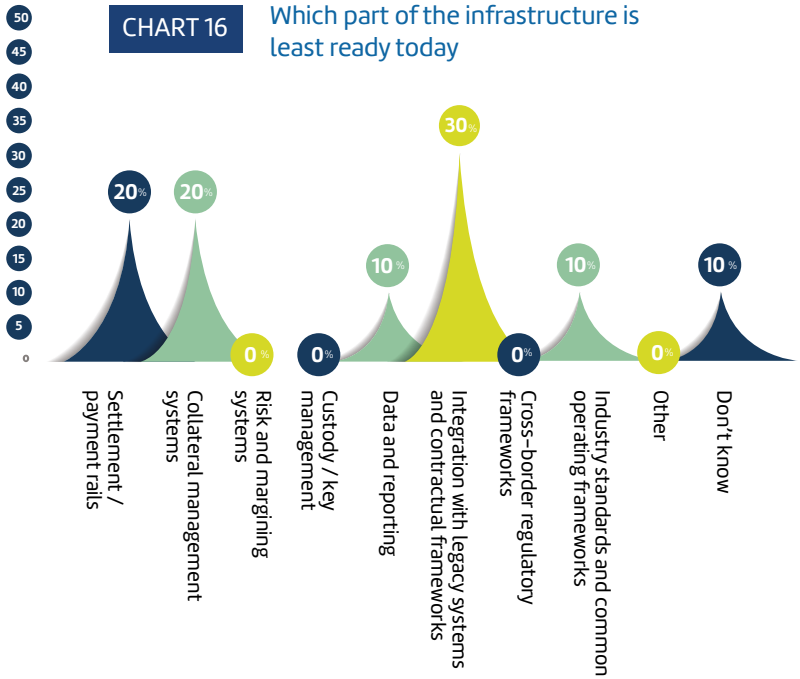
Legacy systems an obstacle

Chart 16 identifies where the infrastructure weaknesses are and the biggest problem is clearly integration with legacy systems and [legacy] contractual frameworks, selected by 30%.

Tokenized repo does not fail because a bank cannot create a token. It fails to scale because the tokenized workflow has to connect into existing booking systems, collateral inventories, settlement processes, legal agreements, custody records, risk systems, reporting, and client documentation. The least-ready point is therefore the interface between the new tokenized layer and the existing bank operating model.

Sometimes talking to the marketplace it is easy to conclude that the biggest challenges, are the

CHART 16 Which part of the infrastructure is least ready today



technology but the survey's emphasis on legal and contractual issues is borne out by conversations with bankers struggling to operationalize collateral mobility solutions today.

As one executive leading the collateral mobility tokenization effort at one of the world's largest global banks says, "One thing I would emphasize is that technology is only a part of the problem. The legal and operational environments are also a big part, and legal is typically a really big factor – not so much regulatory."

As well as the many such barriers to scaling discussed in section one, they mention a key challenge which is enforceability.

> "We trade with normal master agreements and those bodies have over time added digital asset annexes to those master agreements. But there are still questions over enforceability especially as the collateral universe may be expanding into tokenized forms that do not fit neatly into existing legal categories. We need to have legal certainty over an enforceability event and/or settlement." (The enforceability point is that no one has yet seen a real default / enforcement event under a digital asset or tokenization platform.)

Others point to the issue of settlement finality. In conventional markets, finality is often anchored in a CSD environment; on-chain settlement outside a CSD raises unresolved questions. So, as one banker asks,

> "Do we have finality of settlement in a non-CSD environment on a chain? On-chain, how is that finality of settlement really treated?"

The "don't know" response at 10% is also telling. Even among advanced banks, some respondents cannot clearly identify the weakest point in the infrastructure. That reinforces the broader point that tokenized repo is still not mature enough for all banks to have a clear front-to-back diagnostic of what must be fixed first.

CHART 17 How mature is external market infrastructure (CCPs, custodians, networks) for these use cases?

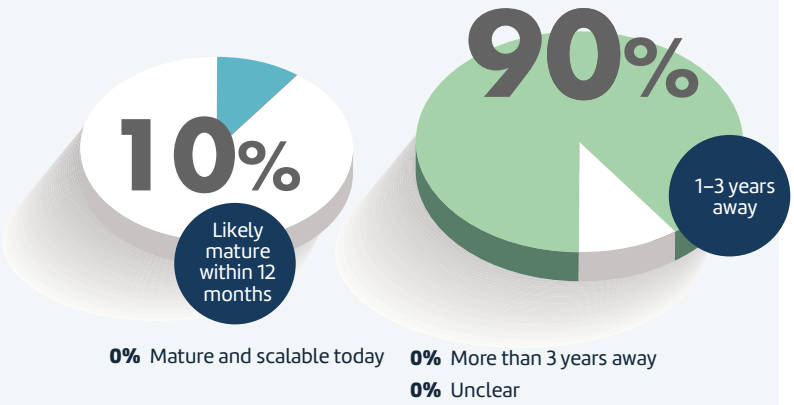


CHART 18 How fragmented is your current infrastructure across vendors and platforms?

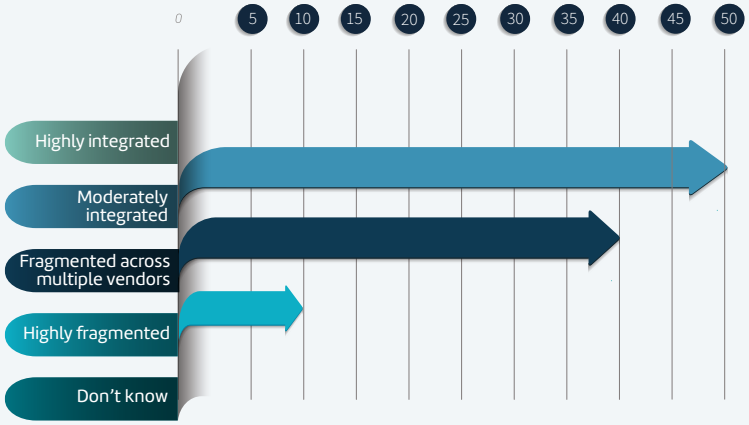
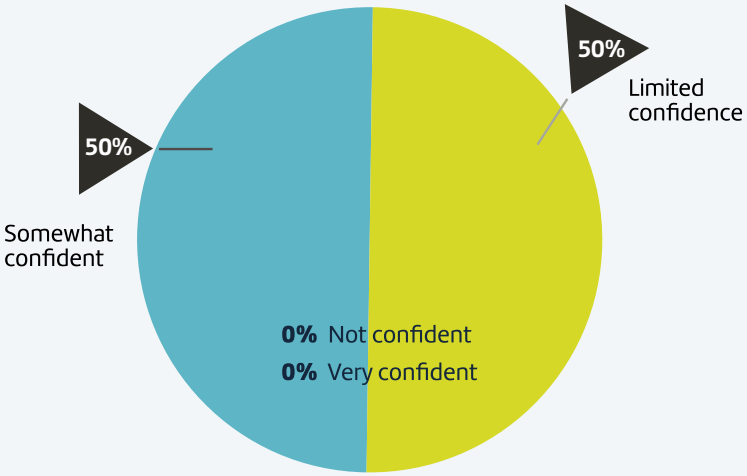


CHART 19 How confident are you in your ability to scale beyond pilots using your current architecture?



Three year horizon (again)

Looking at external infrastructure **[Chart 17]**, no-one says it is mature and scalable today, and just 10% say it is likely to mature within 12 months. 90% say it is one to three years away.

The chart reinforces why DTCC, CSD-level initiatives, tokenized government bonds, cash-leg solutions and legal continuity matter so much. The next phase is not simply more bank innovation; it is the maturation of shared infrastructure that can support real counterparty adoption.

And banks are concerned about the fragmentation of their platform estates **[Chart 18]**. Half of respondents describe their infrastructure as only moderately integrated, while the other half report fragmentation across multiple vendors or high fragmentation.

No respondent says their infrastructure is highly integrated. This suggests that the market is moving beyond isolated pilots but has not yet developed the unified front-to-back architecture needed for scale.

Tokenized collateral mobility will require interoperability across ledgers, vendors, custody, settlement, collateral management, risk, booking and reporting systems. At present, that infrastructure remains only partially joined up.

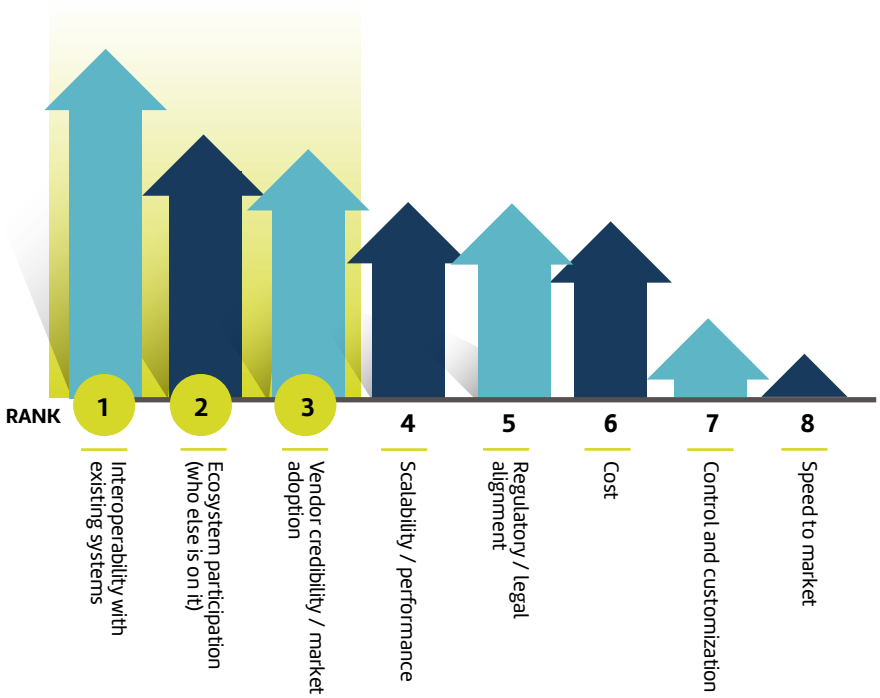
Cumulatively it is therefore unsurprising that no respondent is very confident of scaling beyond pilots on current architecture, with 50% somewhat confident and 50% having limited confidence. Banks have made enough progress to support experimentation and selected use cases, but not enough to support industrial-scale adoption.

Interoperability is the key criterion

One way to reduce platform fragmentation is to choose solutions that play well with others. So ,it is no surprise **[Chart 23]** that banks are selecting tokenization platforms on the basis of interoperability with existing systems, followed by ecosystem participation and vendor credibility.

This is a critical finding for tokenized repo and collateral mobility: the platform that wins will not necessarily be the fastest or most customisable, but the one that can connect into existing bank infrastructure and attract credible market participants. The result reinforces the wider survey theme that tokenized repo is no longer primarily a technology experiment; it is an integration, interoperability and network-adoption challenge.

CHART 23 What are the primary decision criteria when selecting a platform?



6. Technology choices, ownership and decision speed

While there are many non-technology challenges in this space, getting technology choices right is clearly critical.

So, who leads on those decisions?

Chart 22 shows that platform selection remains specialist-led rather than fully business-owned. Digital assets teams are the dominant decision-makers, supported by technology/operations and the repo/rates/markets business.

This is understandable at the current stage: because DLT/tokenization technology remains novel in this context, the business is still grappling with the complexities around the economics and the operational changes, and the digital asset teams have been involved in early-stage discussions on the technical minutiae – this is a core competence for them.

But these kinds of choices come with consequences. As one head of digital assets says, "platform choice also creates explicit risk ownership: business heads may not understand every technical detail, but they remain accountable for the product, continuity, risk profile and operational outcome."

In other words, the business is always the ultimate risk owner. While most business heads do not need to understand every technical detail of their operational technology, they do need to understand the major advantages, risks and constraints of core systems. In tokenization that is a big ask.

CHART 22 Who leads the selection of DLT / tokenization platforms?

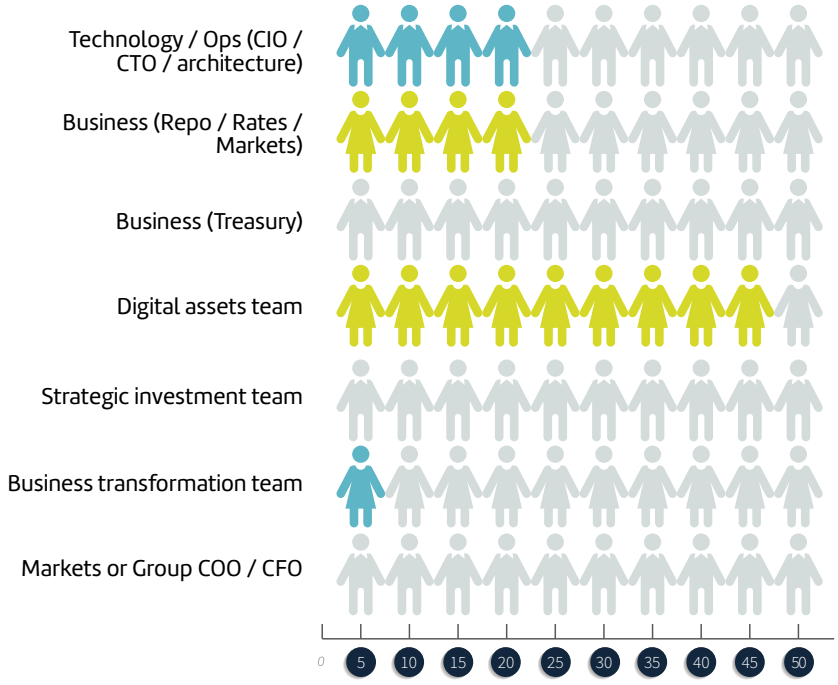
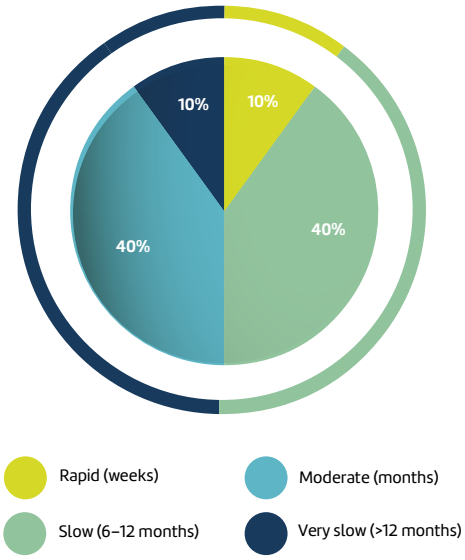


CHART 28 How quickly can key decisions (e.g. platform selection, funding approval) be made?



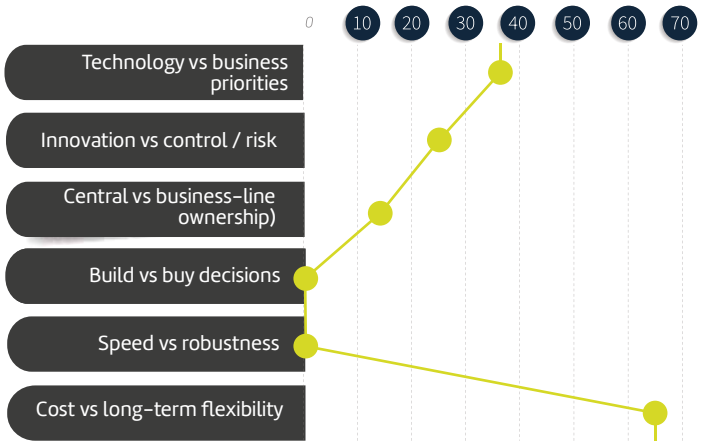


CHART 29 Where do the greatest tensions arise in decision-making?

Decision-making is (unsurprisingly?) slow

Decision-making around tokenized repo technology is similar to large banks' lack of agility in buying other systems. Only 10% of respondents say key decisions can be made within weeks, while 80% say decisions take months or six to twelve months. This suggests that tokenized collateral mobility has entered formal institutional governance, but has not yet become a standardized business build-out. The decision cycle remains slow because platform selection and funding approval require cross-functional alignment across business, treasury, technology, digital assets, legal, risk and operations. Decision-making is not paralysed, but neither is it moving at the speed associated with a mature, high-conviction product build.

> "It is still quite a tough journey to go and to go and get these through procurement and all the ops people that we need to involve... compliance, et cetera. These are painful, painful things," admits one head of digital assets.

Chart 29 shows that the biggest decision-making tension is cost versus long-term flexibility, at roughly 65%. That is a very important finding. It suggests banks are not mainly arguing about whether tokenized repo should be built, or whether speed should be prioritized over robustness. The dominant internal conflict is whether to choose a cheaper, narrower, more immediate platform/architecture, or invest in a more flexible solution that may be better suited to future interoperability, scale and market adoption.

The second-largest tension is technology versus business priorities, at around 40%. This fits the wider survey picture: repo and Treasury may care about liquidity, collateral mobility, balance-sheet usage and settlement benefits, while technology teams care about architecture, resilience, integration, vendor risk and implementation feasibility. Tokenized repo sits exactly at that fault line.

Innovation versus control/risk, at around 30%, is also significant. It suggests digital assets teams may want to move quickly and experiment with new infrastructure, while risk, legal, compliance and control functions are still cautious about enforceability, settlement finality, operational risk, custody, documentation and regulatory treatment. That is a natural tension in a use case that is both potentially valuable and still legally/operationally immature.

The relatively lower score for central versus business-line ownership, around 15%, suggests ownership tensions exist but are not the main source of friction. This is interesting because other charts show fragmented ownership and funding. It may mean that banks can broadly agree who should be involved but still struggle over what kind of platform and investment model to choose.

7. Scaling Barriers, Market Readiness and Future Outlook

In the first section of this Collateral Mobility part of the survey, we looked at some of the detailed reasons why tokenization initiatives fail before they grow to scale. Many of those were highly technical, legal or regulatory. They involved the complex risk and benefit trade-offs created by tokenization in collateral management caused by regulations on capital adequacy, liquidity coverage, netting and stable funding.

Later, in section 5, we also saw that there were significant legal obstacles in the form of problems with enforceability and settlement finality.

Here, asked in a different form about the barriers to scale, we see that banks are also struggling with the integration of legacy technology with the DLT rails needed to realize fully the benefits of tokenized collateral mobility.

Chart 32 shows that the most acute constraint is clearly integration with legacy systems. The standout finding is that 70% rate integration with legacy systems as a high challenge, with another 20% rating it medium. That makes it the most severe barrier in the chart.

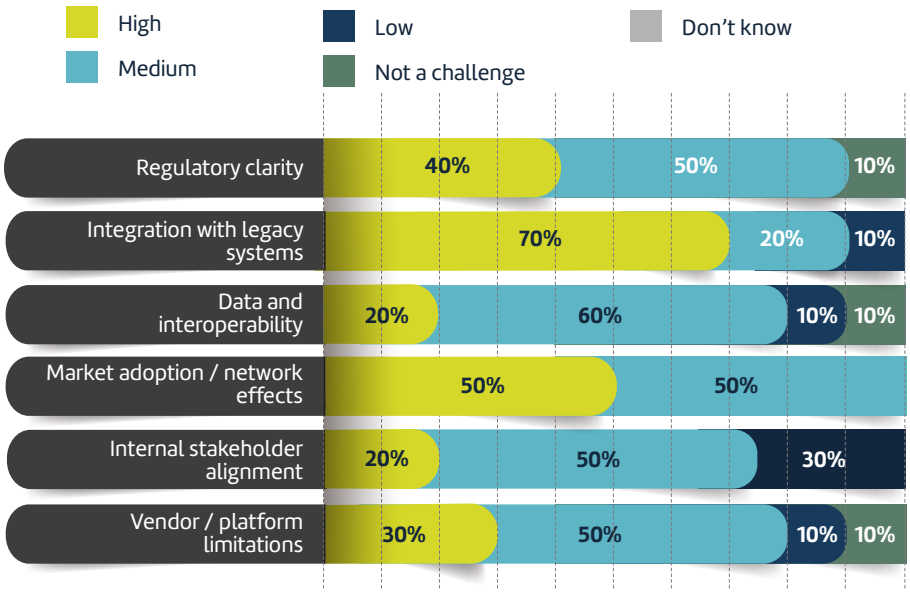
This reinforces the wider point that tokenized workflows must connect into existing collateral systems, settlement processes, booking platforms, treasury systems, risk engines, reporting, custody and legal infrastructure.

The second major constraint is market adoption / network effects, with 50% high and 50% medium. This is critical for repo and collateral mobility because the use case only works at scale if counterparties, custodians, FMIs, triparty agents, settlement platforms and other banks are willing to use the same or interoperable infrastructure. A bank can build internal capability, but it cannot create a functioning collateral mobility market alone.

Regulatory clarity is also a major issue: 40% high and 50% medium. That suggests uncertainty around legal treatment, enforceability, settlement finality, tokenized collateral status, prudential treatment and cross-border recognition remains a meaningful constraint. It is not the single largest obstacle, but it is close to universal as a concern.

Data and interoperability are mostly a medium challenge, at 60%, with 20% high. That is slightly

CHART 32 How significant are the following challenges in scaling tokenized collateral and repo?



different from legacy integration. It points to the need for common data standards, messaging, asset identifiers, lifecycle event treatment, valuation data, and interoperability between platforms. It is not as immediately painful as legacy-system integration, but it is essential for scale.

Vendor / platform limitations are material but not dominant. That suggests banks do see limitations in the current platform landscape, but they are not blaming vendors alone. The problem is less "no platform works" and more "platforms must fit into a highly complex bank and market ecosystem."

Internal stakeholder alignment is the least severe major category, with 20% high, 50% medium and 30% low. That is mildly positive. It suggests that while internal alignment is still a challenge, the larger problems are external and infrastructural: legacy integration, market adoption, regulatory clarity and interoperability.

And banks are making progress. As this head of liquidity management stresses,

> "We will have the functionality later this year, hopefully, to be able to impact our liquidity buffers... And we will be trading on a frequent, regular basis to reduce those buffers. So this is a production environment. We're doing something real."

Tokenization will materially reshape the market

Despite all of the challenges though, respondents overwhelmingly believe tokenized repo and collateral mobility will reshape liquidity management within five years.

50% say tokenization will moderately reshape liquidity management, while 40% say it will fundamentally reshape it. Only 10% say it is too early to tell, and 0% expect limited or no material impact. That is a very strong conviction signal, especially given how cautious many of the earlier charts are on realized benefits, infrastructure readiness and client demand.

The distinction between “moderately” and “fundamentally” is important. The dominant answer is moderate reshaping, not fundamental transformation. So, the safest reading is not “tokenization will revolutionize liquidity management within five years”; it is that a large majority expect it to become a meaningful part of liquidity management practice, with a substantial minority seeing something more structural.

The 40% “yes — fundamentally” is nevertheless striking. It suggests that a significant group of banks believe tokenized collateral and repo could change how liquidity buffers, collateral mobilization, intraday funding, settlement timing and balance-sheet resources are managed. That aligns with the economic charts showing the strongest value around liquidity usage, LCR, collateral velocity and funding efficiency.

Tokenized repo is therefore not yet a scaled liquidity-management tool, but it is increasingly viewed as a credible route to changing how collateral, funding and liquidity buffers are managed.

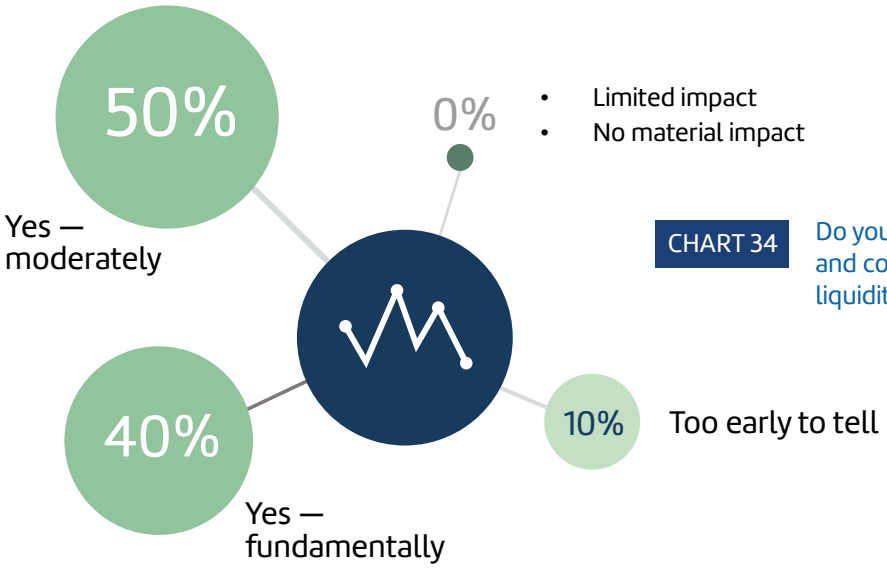


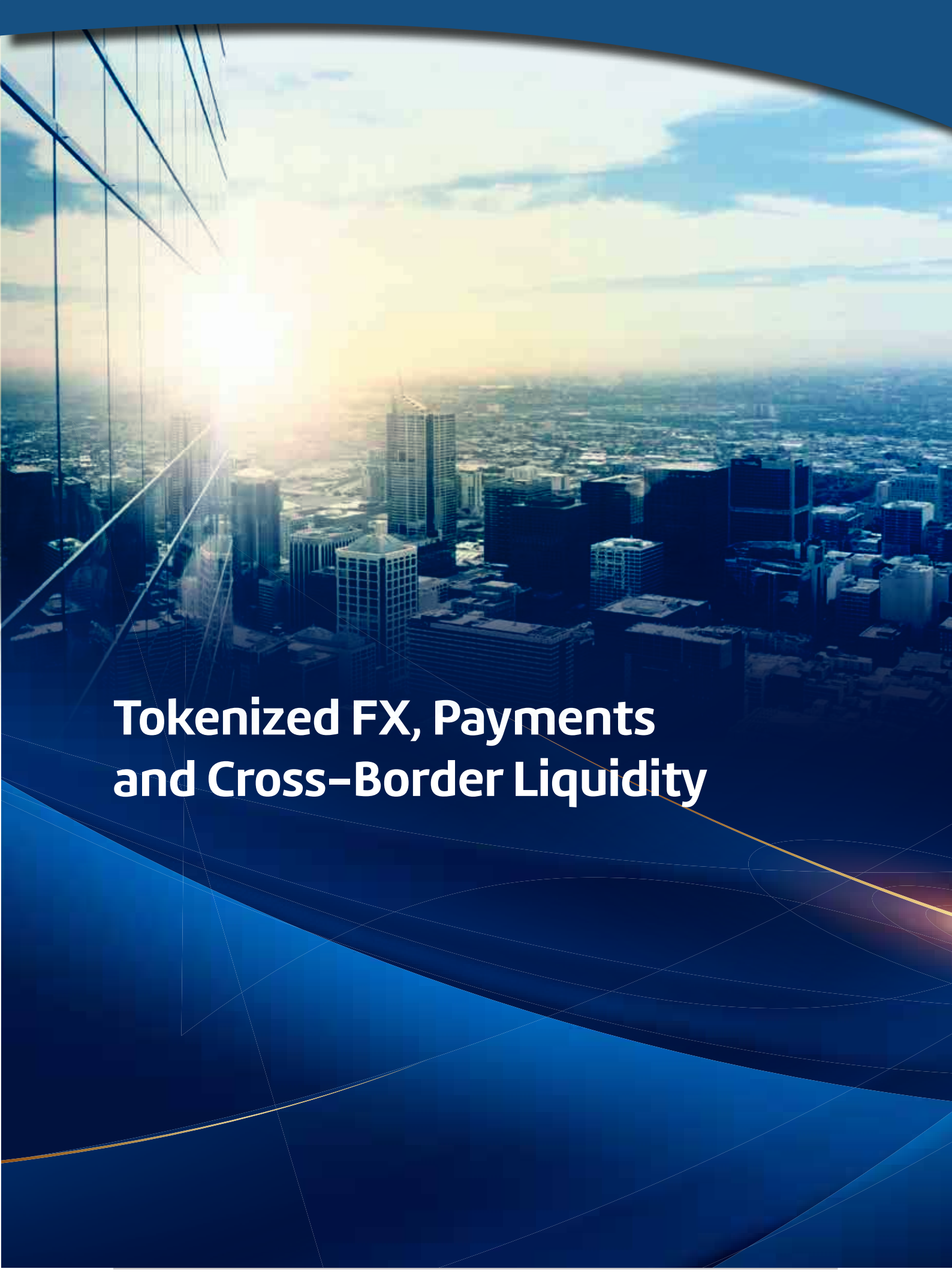
CHART 34 Do you believe tokenization of repo and collateral will materially reshape liquidity management within 5 years?

Conclusion

The survey supports a restrained conclusion. Tokenization in collateral mobility has moved from concept to institutional program. It has yet to move to significant in-production processes.

Collateral mobility remains the most credible institutional use case for tokenization because it addresses an existing balance-sheet and liquidity problem. The value proposition is not novelty. It is better use of collateral, cash and liquidity within secured funding and margin processes.

The next test is scalable integration. Banks must connect tokenized assets and settlement instruments to their legal, risk, Treasury, accounting, collateral and operational systems. Until that occurs, tokenization will remain a set of functioning components rather than a scalable market structure.



Tokenized FX, Payments and Cross-Border Liquidity

A Strategic Experiment Becomes Practical Infrastructure

The FX use case is possibly the original tokenization project undertaken by the wholesale divisions of banks. Take HSBC's "FX Everywhere" project which has been running for almost 10 years. This is a DLT solution for intercompany FX transactions between around eighteen different balance sheets and thirteen different currencies. It has processed over three million transactions and around $3 trillion in value since 2018 and helps reduce daily settlement limits, increase liquidity, reduce the bank's balance sheet.

Building on this, HSBC has expanded into the broader tokenization of corporate money and other global banks are similarly interested.

Multiple use cases, significant interest

In discussions, survey participants also mentioned many internal and client-facing use cases unlike the situation in collateral mobility.

For some banks the most interesting use cases are for their corporate clients.

> "We tokenize the deposits of our customers and we make it available on their chosen blockchain ecosystem and chosen blockchain use cases. The key part of commercial bank money token is a multi-bank tokenized deposit so that a customer who doesn't bank with us can accept our token and seamlessly receive the token of their bank," says one head of digital assets at a large European bank.

On this foundation banks are imagining a range of interesting and specific use cases. For example, one bank wants to replace off-chain retail POS payments with tokenization. Another sees an opportunity to use the programmability of tokenized transactions to design specific solutions for companies in the travel sector who face complex mismatches between cash instalments received and their payment obligations.

Others are looking at intra-day use cases of various kinds. Says one,

> "So there is the idea of intraday and instant-settling FX swaps which we are giving a bit of thought to to see as to whether there's an ability to help with intraday usage or consumption by switching in and out of a currency within a day, which is not typically done because it will normally take too long to do this in the traditional markets. You will hear from one or two of other banks that they are actively trying to build that market, but it's still very nascent."

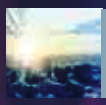
Another muses,

> "There are interesting FX edge cases like doing FX trades after close of business of traditional RTGS. That would be interesting for FX."

Cautious optimism

The survey backs up this long-term interest by giving a cautiously positive picture of tokenization in FX, payments and cross-border liquidity.

Large banks are clearly pursuing the space, and they are doing so around practical banking problems:



faster cross-border settlement, real-time treasury management, tokenized deposits, programmable payment workflows and intraday liquidity. This is not a purely conceptual agenda. Several capabilities are in pilot, proof of concept or even external production.

But the same charts also show that tokenized FX and payments are not yet a functioning institutional infrastructure. Benefits are expected, but not yet realized.

Client demand is rising, but moderately. Banks are not yet fully or mostly ready internally. External market infrastructure is viewed as one to three years away.

The barriers are less about clients refusing the idea, or legal uncertainty blocking adoption outright, and more about proving economic value, integrating with treasury and ERP systems, and achieving interoperability across networks.

The story, therefore, is one of serious institutional experimentation moving into practical build-out, with a clear centre of gravity around tokenized deposits, real-time cross-border payments and programmable settlement. The direction of travel is positive, but the infrastructure required for scale remains incomplete.

"There are interesting FX edge cases like doing FX trades after close of business of traditional RTGS. That would be interesting for FX."

A focus on tokenized deposits

The strongest signal in the capability data is that banks are actively pursuing tokenized deposits and real-time cross-border payments.

A typical comment from the head of digital assets at a large European player is,

> "We've spent a lot of time looking at tokenized deposits and there's two broad tracks. There's tokenized deposits that are basically internal ledgers for banks, and then there's shared tokenized deposit networks."

So, the survey shows that 100% of respondents are in active pilot / POC for tokenized deposits for cross-border payments and settlement **[Chart 1]**.

Chart 1 also shows strong activity around real-time / intraday cross-border payments, with 75% in active pilot / POC and 25% in external production. That is one of the most advanced lines in the chart. It suggests that banks are not simply experimenting with a blockchain representation of money; they are testing whether tokenization can improve the timing, speed and availability of cross-border payment flows.

So, banks are prioritizing two problems: how to create a credible tokenized settlement asset, and how to move value across borders faster and more continuously.

Programmable cross-currency payment / settlement workflows are also important, but secondary. **Chart 2** shows this capability at 50%, suggesting that programmability is an emerging next layer rather than the first point of convergence. Banks appear to be asking: first, can we create the tokenized settlement asset and real-time payment rail; then, can we automate and program the workflow around it?

Stablecoins and internal blockchain-based treasury transfer infrastructure both sit lower in the priority ranking, at 25% each in **Chart 2**. This reinforces the point that the institutional focus is not primarily on adopting public stablecoins or building blockchain systems for their own sake. The priority is practical: tokenized deposits and faster cross-border settlement.

It suggests that banks are not simply experimenting with a blockchain representation of money; they are testing whether tokenization can improve the timing, speed and availability of cross-border payment flows.

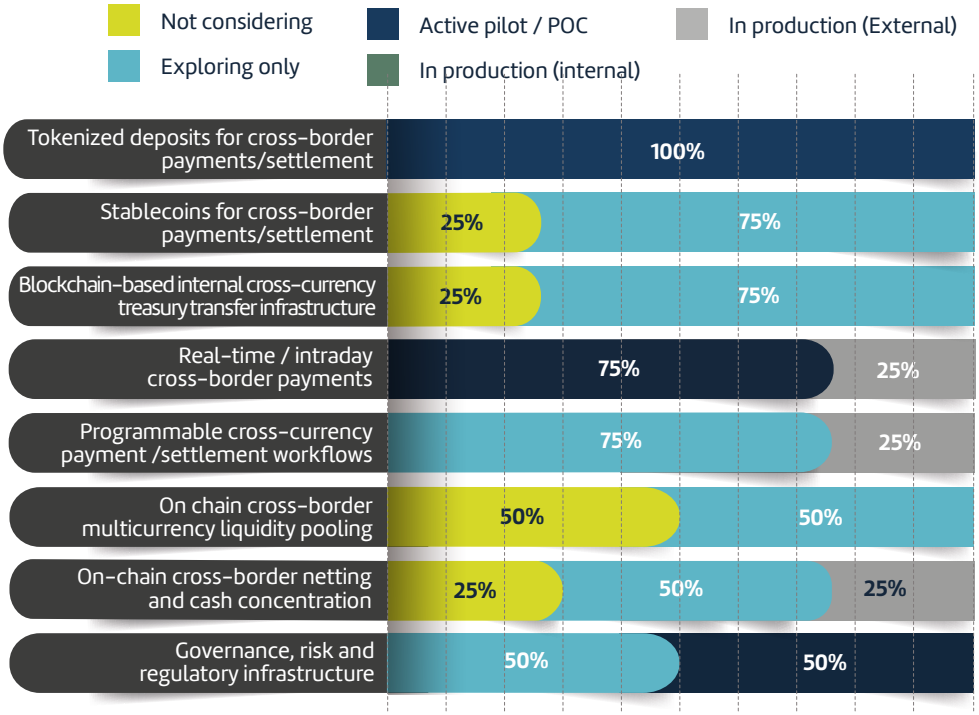


CHART 1

Which of the following capabilities are you currently pursuing as part of your tokenized FX, payments and cross-border liquidity initiative?

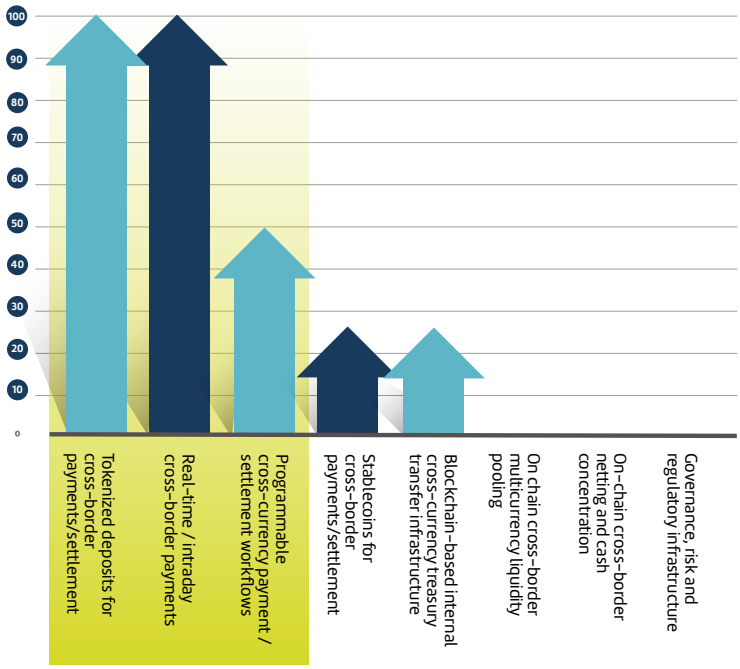


CHART 2

Which three capabilities are your highest priority within this category?

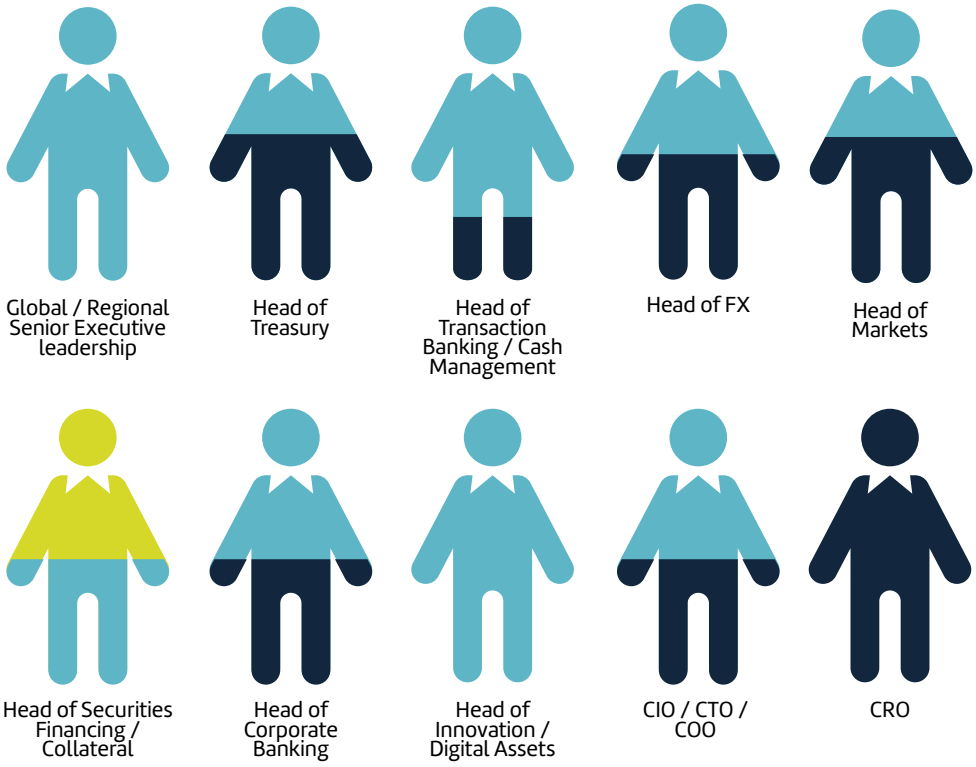


CHART 3

Who/What are the primary internal sponsors of your tokenized FX, payments andliquidity initiatives?

Still an innovation project?

Chart 3 shows that tokenized FX, payments and liquidity initiatives, as other tokenization initiatives, are complex enough to require multiple senior stakeholders.

The involvement of the Head of Treasury, Head of Transaction Banking / Cash Management, Head of FX, Head of Markets, CIO / CTO / COO and Head of Corporate Banking shows that the topic is genuinely cross-functional. And the interest from transaction banking is more evidence for that external client demand.

> "The transaction banking guys were looking to extend our services across many different banks because we'll need that connectivity into commercial bank money or uplifting the tokenized deposits that they've invested in and move them from just being Disney dollars to being something that can be used across multiple ecosystems," explains one banker.

However, the only functions with strong input are Regional Senior Executive Leadership and Head of Innovation / Digital Assets. This suggests that these projects could be described as experimental rather than truly driven by the business.

The fact that sponsorship is distributed rather than cleanly owned by one business line is both a strength and a weakness. It is a strength because tokenized payments and FX cannot be built in isolation. They require senior sponsorship, business involvement, treasury input, transaction banking knowledge, technology delivery and digital-assets expertise. But it is also a weakness because distributed sponsorship can slow decisions, blur accountability and make the business case harder to articulate.

Many benefits, more time needed

As some of the corporate use cases and the client demand data shows, there is no shortage of potential client benefits.

And as existing bank initiatives, as well as prospective use cases, also show, there are identifiable internal benefits for the banks as well, some of which involve costs to clients too.

> "We pay a lot in intraday liquidity costs with payments being withheld or not coming in at the right time. Our corporate customers suffer from this too, because we have to hold money for liquidity purposes," explains one large European bank.

> There are even possible enterprise strategic business benefits: "Our ability to grow volumes in the US will be impacted by how much liquidity we have to hold to support that. So something like this may actually help our corporate business to be able to support treasurers with US dollar flows," says one large UK clearer.

However, as with tokenization in collateral mobility, no business is generating real benefits from tokenization in the FX and payments space **[Chart 5]**.

Half expect significant, clear, measurable benefit and half expect moderate incremental improvement within three years. No respondent expects minimal impact, but no respondent expects transformational impact either. That said, three years is a long time in banking and 'three years' may simply mean 'at some indeterminate point in the future'.

This is one of the central tensions in the data. Banks believe tokenized FX and payments can produce real benefits, but those benefits are still prospective – and distantly so. The business case is plausible, but not yet proven through widespread production outcomes.

The stronger finding is the companion result in **Chart 5**: 100% say the benefits are not yet realized in practice. That is critical. Tokenized FX and payments are not failing, but nor are they yet delivering scaled financial benefits. They are in the build, pilot and validation phase.

This is one of the central tensions in the data. Banks believe tokenized FX and payments can produce real benefits, but those benefits are still prospective – and distantly so.

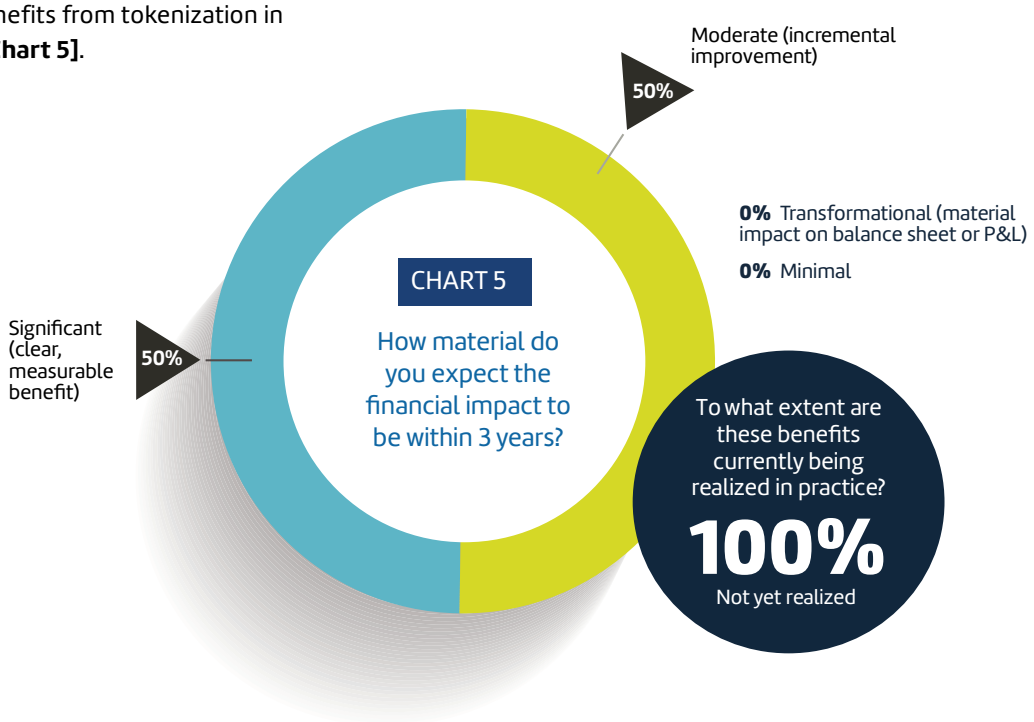


CHART 8

How would you characterize current client / counterparty demand for multi-currency / cross-border tokenized money / liquidity and the associated payment/settlement/other developments?

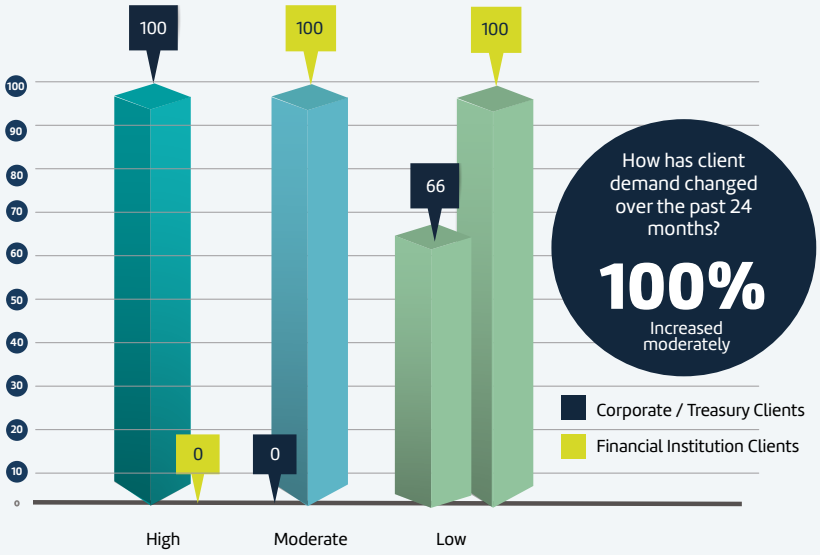
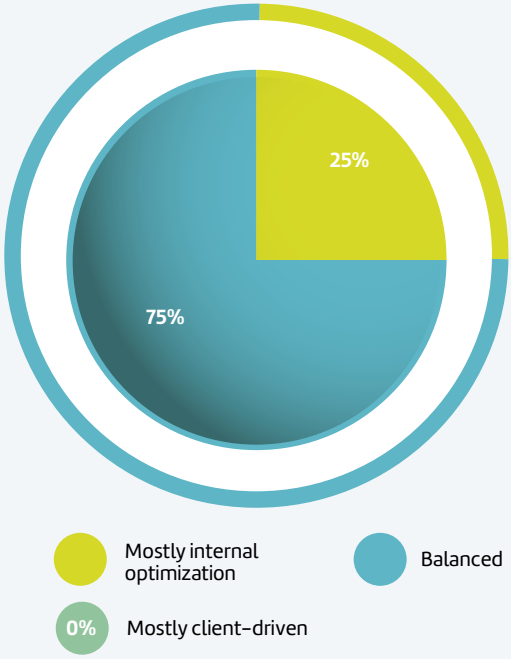


CHART 11

What proportion of your tokenized FX, payment / liquidity efforts are currently client-driven vs internally-driven?



Rising client demand

There is good news on the client side. Clients are becoming more aware of tokenized money, real-time cross-border payment infrastructure and liquidity solutions. Consequently, client demand has increased moderately over the past 24 months **[Chart 8]**.

This client demand potentially differentiates tokenized FX from tokenized collateral mobility. 75% of tokenized FX / payment / liquidity efforts are balanced between client-driven and internally driven objectives **[Chart 11]**, while 25% are mostly internal optimization and 0% are mostly client-driven. That is a more encouraging client-demand picture than in some other tokenization use cases, because banks are not saying the agenda is overwhelmingly internal.

A key driver of demand is the large corporate treasury. Explains a large European institution,

> "Corporate liquidity / trapped cash across time zones is a big driver. Some of our larger corporates have large amounts of liquidity in, say, Germany,

> but they need to fund their operations in the US. What happens today is obviously they set aside some buffers and then Germany's closed, the US continues and there's a funding need. For them it seems insane that they have the money but they just can't get it to the right place. So, the benefits of tokenization are more tangible in near term in the Corporate Bank than they are in Markets, which is why the Corporate Bank's doing the work."

The story is therefore balanced: client interest exists and is increasing, but banks are still building the business case around a mixture of client need and internal operating-model improvement.

Clients want speed and treasury utility

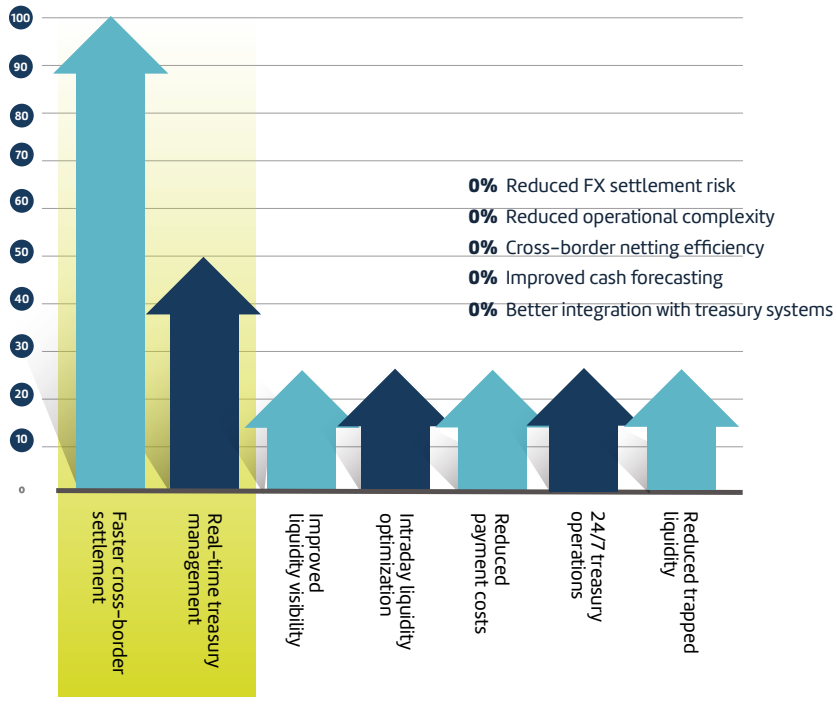
A tokenization lead at one of the world's largest global US banks, which has a highly targeted approach to tokenization as a whole, believe that

> "The ability for treasuries [i.e. corporate and also the bank's treasury] to substitute local currency buffers, is probably the strongest use case right now. Cash takes time to move. So, you have to pre-fund it locally. Treasuries cannot operate 24/7 today – So I think 3:30 or 4:00 PM is where people tend to stop treasury trades – so you end up with unnecessary buffers. So, if we can save our own money from a treasury perspective or the client can save money from an end user perspective, both will be very helpful in making the case for tokenization."

So where do clients see the benefits **[Chart 10]**? Their overwhelming priority is faster cross-border settlement, which scores 100%. That is the clearest client-value signal in the data.

CHART 10

What are clients primarily seeking from tokenized payment and liquidity infrastructure?



The second most important client objective is real-time treasury management, at 50% in **Chart 10**. Several other benefits — improved liquidity visibility, intraday liquidity optimization, reduced payment costs, 24/7 treasury operations and reduced trapped liquidity — sit lower, around 25% each.

This suggests that the client proposition should not be framed too broadly. Clients are not primarily asking for abstract tokenization, on-chain finance or blockchain-enabled treasury transformation. They want faster settlement and more useful treasury functionality.

Equally important are the zero scores in **Chart 10**. Reduced FX settlement risk, reduced operational complexity, cross-border netting efficiency, improved cash forecasting and better integration with treasury systems all show 0%. That does not mean these benefits are irrelevant in absolute terms. But they do not appear to be the primary benefits clients are seeking today.

The client story is therefore narrower and more practical than the full technology narrative. The immediate proposition is speed and treasury control. Broader improvements in forecasting, netting, integration and operational complexity may come later, but they are not yet the leading demand signal.

Barriers to client adoption

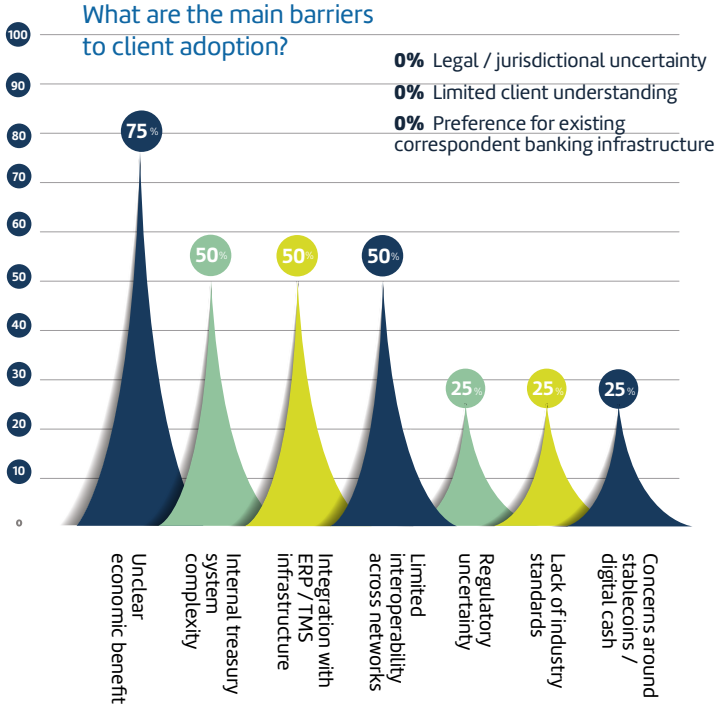
The key client adoption barrier is unclear economic benefit, not lack of client understanding **[Chart 13].** The leading barrier is unclear economic benefit, selected by 75%. This is a powerful finding. It suggests that clients and banks are not necessarily blocked by disbelief in the technology; they are blocked by uncertainty over the business case.

Three further barriers each score 50% in **Chart 13**: internal treasury system complexity, integration with ERP / TMS infrastructure, and limited interoperability across networks. These are practical implementation barriers. They show that even if clients want faster settlement or improved treasury management, they still have to connect the new infrastructure to existing treasury systems, enterprise resource planning tools, liquidity processes and payment operations.
Several barriers score lower but remain relevant. Regulatory uncertainty, lack of industry standards, and concerns around stablecoins / digital cash each score 25% in **Chart 13**. These issues matter, but they are not the dominant blockers in this chart.

The zero scores are also significant. Legal / jurisdictional uncertainty, limited client understanding, and preference for existing correspondent banking

CHART 13

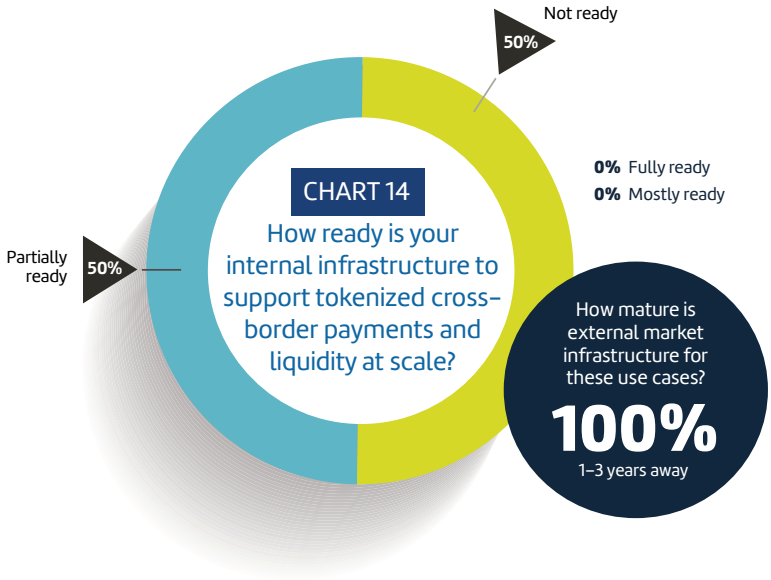
What are the main barriers to client adoption?



0% Legal / jurisdictional uncertainty
0% Limited client understanding
0% Preference for existing correspondent banking infrastructure

CHART 14

How ready is your internal infrastructure to support tokenized cross-border payments and liquidity at scale?



0% Fully ready
0% Mostly ready

infrastructure all score 0% in **Chart 13**. That implies that clients are not simply clinging to old correspondent banking models. Nor is the main problem that clients do not understand the concept. The harder issue is whether the economics are clear and whether the infrastructure can actually be integrated.

Internal and external infrastructure obstacles

Infrastructure is a key blocker **[Chart 14].** No respondents say internal infrastructure is fully ready, and none say it is mostly ready. Instead, 50% say partially ready and 50% say not ready.

That means no bank in the respondent group believes its internal infrastructure is ready to support tokenized cross-border payments and liquidity at scale. This is a major constraint. Tokenized FX and payment infrastructure cannot scale simply because a token exists or a pilot works. It has to connect into treasury systems, payment operations, risk controls, accounting, client channels, liquidity management, sanctions screening, settlement processes and enterprise reporting.

The external infrastructure picture is equally revealing. **Chart 14** shows that 100% say external market infrastructure is one to three years away. No respondent says it is ready now. This places the entire use case in a medium-term infrastructure-building phase.

Conclusion

Tokenized FX and payments are moving out of generic innovation and into targeted infrastructure build-out. But the transition from pilot to scale will depend less on token creation than on proving economic value, integrating into enterprise treasury architecture, and building interoperable market infrastructure.

The prize is faster settlement and programmable liquidity, but the bottleneck is integration
The charts tell a coherent story. Large banks are not treating tokenized FX and payments as a speculative side project. They are prioritizing tokenized deposits and real-time cross-border payments because those capabilities map directly onto practical business problems: settlement speed, treasury control, intraday liquidity and programmable payment workflows.

However, the market is still pre-scale. The strongest use cases are in pilot or early production, not fully industrialized. Client demand is rising but moderate. Benefits are expected but not yet realized. Internal infrastructure is not ready. External infrastructure is still one to three years away.

The strongest near-term thesis is therefore not that tokenization will immediately replace correspondent banking or transform FX settlement. It is more specific: tokenized deposits and real-time payment rails may become the foundation for faster, more programmable cross-border settlement and treasury management. To get there, banks must solve the practical problems identified in the data: economic clarity, treasury-system complexity, ERP / TMS integration and network interoperability.

But the real story is that FX and payments may be the place where real-world client use cases develop faster and sooner. As the CFO of one large European bank's investment banking operation says,

"This looks much more like it's a foundation we can build upon rather than a one-off pilot where we're not quite sure where we go from there."

Tokenized DCM: A Reality Check

"With tokenized securities, the problem is not even that we are pitching for investment in something that will just save you money some time in the distant future. It's also that we would look at having to completely relay the architecture for much of the cost savings to be realized. Your kids will probably be the ones that see the benefits out of it and not you, and that is quite off-putting," says the tokenization lead embedded in the DCM team at one of the world's most advanced banks in the tokenization space.

This perspective sums up much of the data around primary and indeed secondary market debt tokenization once we are talking about real capability and interest within the business. Very small teams are operating in a somewhat siloed fashion ("why do we have four teams negotiating with Circle?", asks one of these team members at a large US bank) and they have not got very far.

And teams understand that, as one head of digital assets says,

> "In general, tokenized securities face a harder business case because the benefits depend on large-scale infrastructure change, network effects and long-term market adoption."

So, despite the picture presented by the flurry of one-off deals and JVs made public, the charts presented here, taken together, tell a story that is markedly more sober than the prevailing market narrative around tokenized debt capital markets.

There is real activity in tokenization — but it is concentrated in a narrow band of issuance use cases, with a long tail of capabilities that have not moved off the drawing board. The secondary market is essentially absent. Clients are not paying for it. Internal infrastructure is universally unready. Benefits remain unrealized. And the financial impact most respondents expect over a three-year horizon is minimal, not transformational.

This is a market in which a small group of practitioners are running issuance pilots while the wider operating model — trading, settlement, custody, legal, demand and economics — has yet to catch up. The honest interpretation is that DCM tokenization is still in a proof-of-concept decade, not a production one.

We have decided to include only a subset of all the data we have collected on this use case. We will be publishing the rest electronically in due course.

Limited use cases

There is a narrow front of real activity, concentrated in tokenized sovereign / SSA bond issuance and tokenized corporate bond issuance **[Chart 1]**. A wide hinterland of capabilities that have not moved.

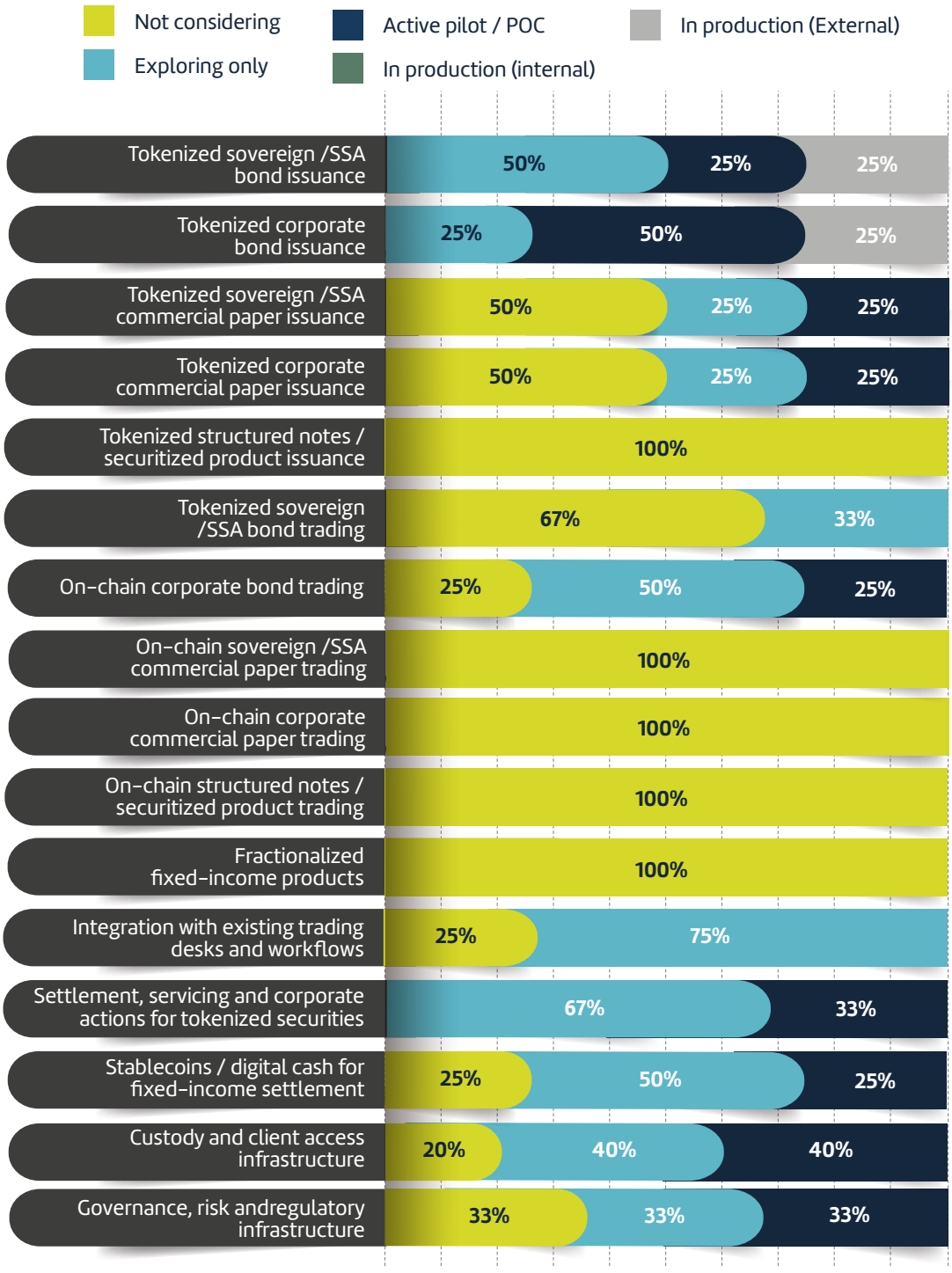
- On-chain sovereign / SSA commercial paper trading: **100% Not Considering**
- On-chain corporate commercial paper trading: **100% Not Considering**
- On-chain structured notes / securitized product trading: **100% Not Considering**
- Fractionalized fixed-income products: **100% Not Considering**
- Tokenized structured notes / securitized product issuance: **100% Not Considering**

Five entire capability rows show no institutional engagement at all. Even tokenized sovereign / SSA bond trading — the secondary-market mirror of the most-progressed issuance use case — has two of three respondents Not Considering and none beyond Exploring. Supporting infrastructure tells the same story and without it the issuance pilots cannot scale.

The story **Chart 1** tells is that the industry has done the easy bit (issue a tokenized bond as a one-off) and not the hard bit (build a market around it). Issuance is a controllable, point-in-time event. Trading, fractionalization, structured-product wrappers and full lifecycle servicing require an ecosystem, and the ecosystem is not there.

CHART 1

Which of the following market capabilities are you currently pursuing as part of your tokenized DCM / fixed-income digital assets initiative?



Current areas of focus

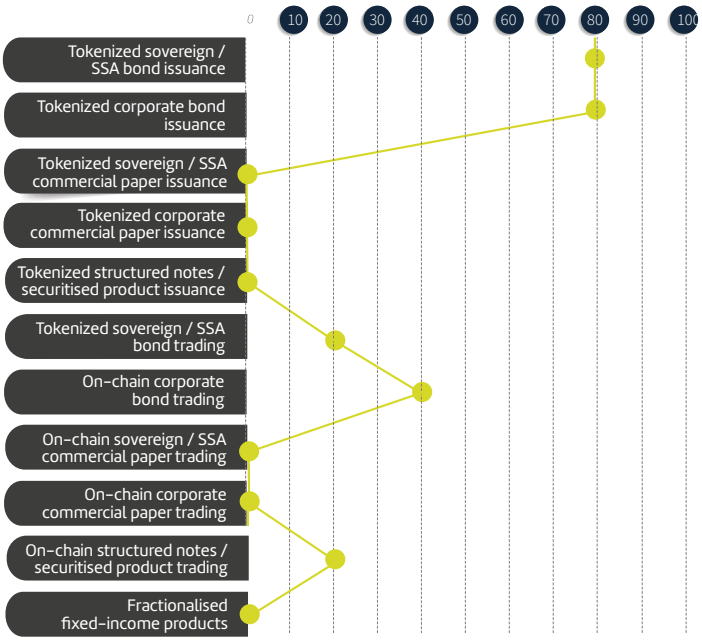
Banks' DCM tokenization priorities **[Chart 2]** are overwhelmingly concentrated on vanilla bond issuance, not on trading, commercial paper, structured products or fractionalized fixed-income products. Respondents are prioritizing tokenized sovereign/SSA bond issuance and tokenized corporate bond issuance far ahead of every other capability. That suggests banks still see the most credible near-term opportunity in digitizing the familiar primary bond process, rather than radically changing secondary trading or product distribution.

The second point is that secondary-market transformation is much less mature. On-chain corporate bond trading scores meaningfully, at around 40%, but sovereign/SSA bond trading is much lower, around 20%. That implies that while banks may recognize that the long-term value of tokenized bonds depends on trading, liquidity and lifecycle use, the immediate institutional priority is still getting issuance rails working.

The third point is that commercial paper is surprisingly weak. Both sovereign/SSA and corporate commercial paper issuance and trading appear to score around zero. That is interesting because commercial paper is short-dated, repeat-issued and operationally intensive, so in theory it should be a plausible candidate for tokenization. The fact that it is not a priority may suggest that banks either do not yet see sufficient client demand, do not see the economics, or are focusing first on higher-profile bond issuance use cases.

CHART 2

Which three capabilities are your institution's highest priority within this category (tokenized DCM / fixed-income assets)?



No benefits, no progress?

A key reason for the limited nature of initiatives and progress is simple: banks find it hard to come up with a viable economic rationale **[Chart 5]**. In short, most respondents do not expect tokenized DCM to have a major financial impact within three years.

The largest group — around half — expects the impact to be minimal. Another large group says the impact is unclear. Roughly 80%+ of respondents either see little financial impact or cannot yet quantify it.

But there is also a wider point here. As this head of digital assets at a large European bank says,

> "The only piece of the economic argument that you could even try and answer today is related to issuance. So you can answer, you can say it takes me four days to do it today, I did this in three hours, so I saved X amount of time, X amount of resource, et cetera. That's a very clear answer. But that's not why you issue a tokenized bond. You do it so that you can trade it quicker and faster – use it potentially as repo, or collateral, whatever it is... to get the full value of this technology, not only do you need the whole industry to move together, you need to move the whole trade lifecycle in this direction."

Off the record, DCM tokenization leads are hoping for regulators to create the impetus. As one says,

> "The moment regulators come out and say that everybody is expected to have this thing, my phone's going be ringing off the hook because it will no longer be optional It will be, 'I have to check this box so the regulator will allow me to keep doing the business that I want to do'." Until then, even they are sceptical about progress.

CHART 5

How material do you expect the financial impact to be within 3 years?

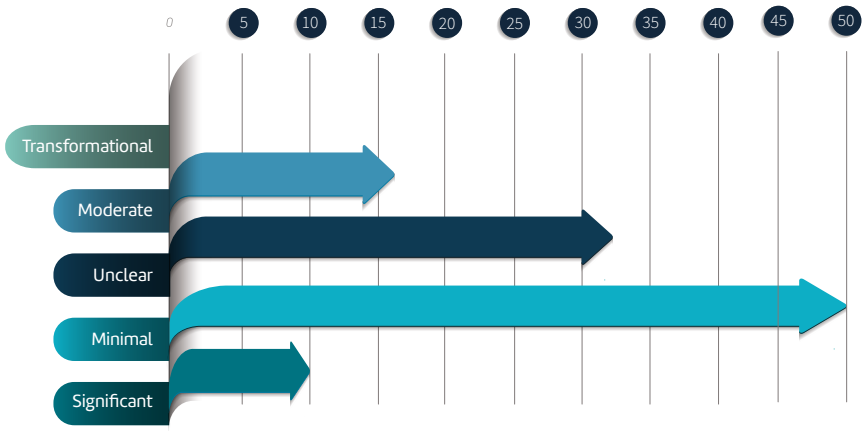
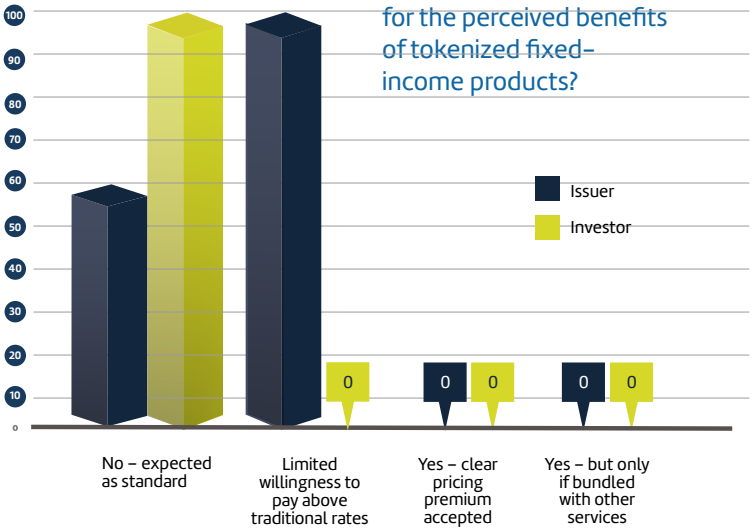


CHART 13

Are clients willing to pay for the perceived benefits of tokenized fixed-income products?



Who wants to pay?

If banks struggle to find internal ROI arguments for tokenization in debt capital markets, they also struggle to detect client willingness to pay any kind of premium for it either **[Chart 13]**.

Banks do not believe that issuers or investors will pay for the perceived benefits of tokenized fixed-income products. They appear to treat tokenization as something they should receive as part of normal market modernization, not as something they will pay extra for.

In other words, they may value faster settlement, better transparency, fractionalization, automation or improved asset servicing — but they do not yet see those benefits as justifying a separate fee or pricing premium.

This is a key chart because it attacks the business case directly. Even if tokenized bonds are technically feasible, the question is: who funds the transformation journey? This chart suggests the answer is: 'not the client.' So, does tokenization have to be regarded as a strategic loss-leader?

Client demand, or technology push?

It is not just that clients are unwilling to pay for tokenization, it's also that they do not seem to be demanding it. The reality **[Chart 15]** appears to be that most fixed-income clients are either not asking for tokenized products at all, or only a very small minority are doing so. This applies to both sides of the DCM market: issuers and investors.

So, while banks may be prioritizing tokenized sovereign, SSA and corporate bond issuance, that does not mean the market is being driven by broad client urgency. It is being driven by a mixture of strategic positioning, regulatory experimentation, infrastructure learning, and anticipation of future market structure change.

But again, this undermines the economic case the business would need to drive tokenization forward more aggressively. If clients are not actively demanding tokenized fixed income, and won't pay for it anyway, then banks cannot easily justify investment through immediate revenue growth or client-paid fees.

CHART 16

How ready is your internal infrastructure to support tokenized fixed income at scale?

One can reasonably say that tokenization is, at present, a supply-side push by banks and infrastructure providers into a market whose potential buyers are at best indifferent.

A problem of infrastructure

The fact that the economics of tokenization in this space are so hard to pitch internally is compounded by the fact that the need for infrastructure transformation is huge. No respondents **[Chart 16]** say their internal infrastructure is ready to support tokenized fixed income at scale. So, in a sense, it is also a good thing that clients are not ready either.

This highlights the gap between the publicly announced pilots and individual POC transactions in bonds and commercial paper and so on, which prove theoretical feasibility, and the reality of actually having none of banks' internal stack — the order-management systems, the books and records, the risk engines, the reporting and settlement plumbing — to the point where it could carry tokenized fixed income as a real business line.

The pilots are running adjacent to the bank, not inside it. This matters because it sets an absolute ceiling on near-term progress. Even if external market infrastructure (CSDs, exchanges, wallets) were ready tomorrow, no respondent would be ready to plug into it at scale.

CHART 15

What percentage of your fixed-income issuer clients are actively demanding tokenized fixed income solutions / products today?

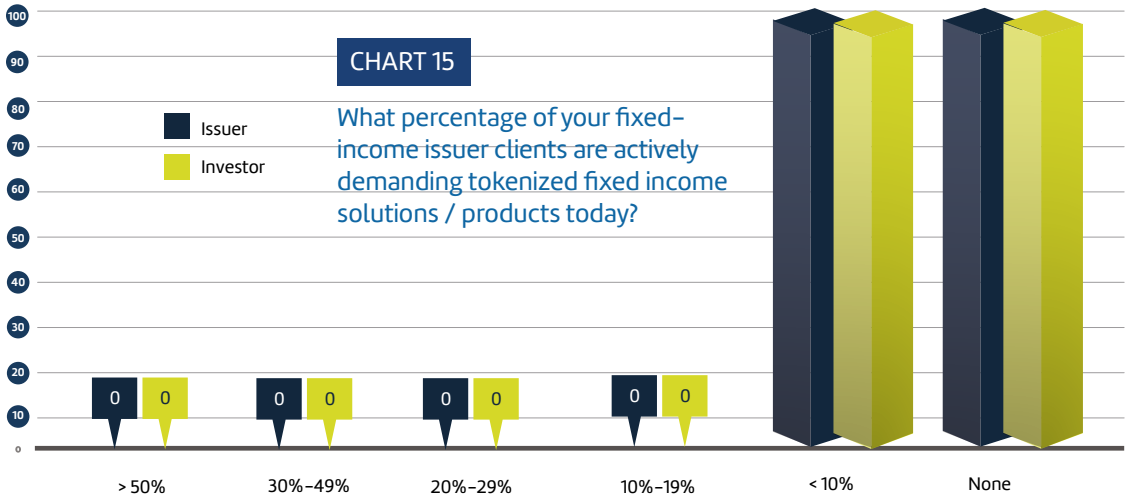


CHART 17

Which part of the infrastructure is least ready today?

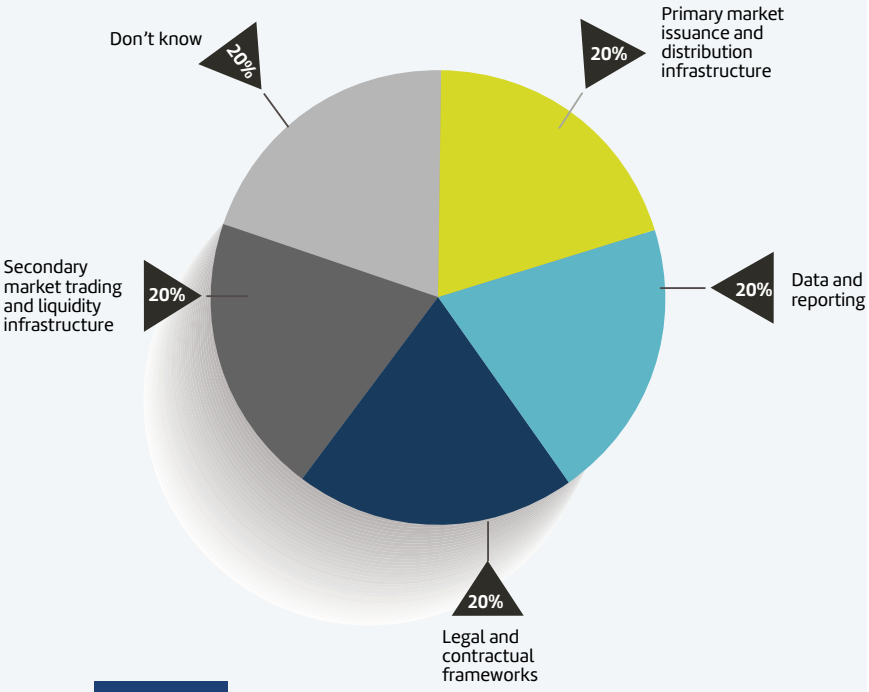
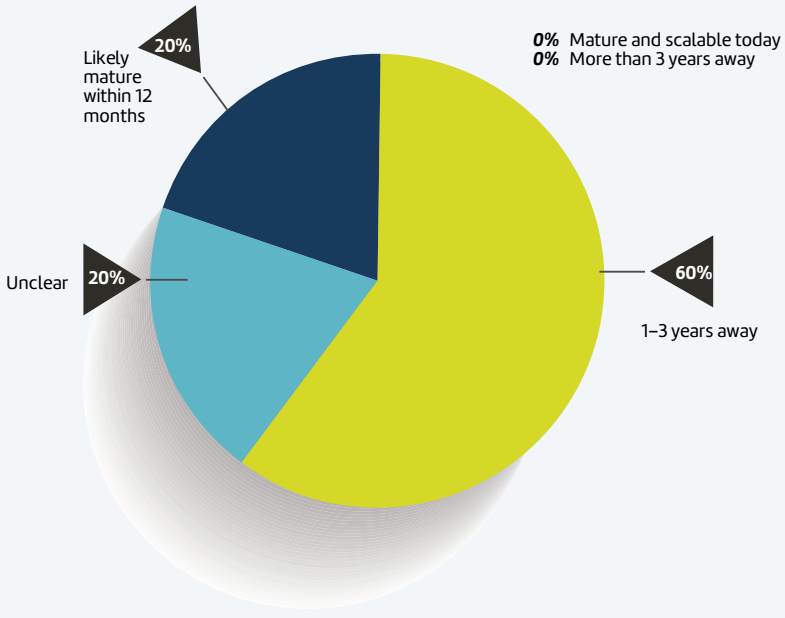


CHART 18

How mature is external market infrastructure for these use cases?



And the lack of readiness reaches across all lines **[Chart 17]**. distributes the "least ready" verdict evenly across four areas — primary market issuance (20%), data and reporting (20%), legal and contractual frameworks (20%), secondary market trading and liquidity (20%) — with another 20% answering Don't know.

There is no single weak link. Every layer is judged unready by some respondents, and no layer wins a vote of confidence from any. Tokenized DCM is not waiting on one fix (e.g. "if only the legal framework were sorted"). It is waiting on several interlocking fixes across the issuance pipeline, the secondary market, the data layer and the legal layer simultaneously.

The problem is not simply inside the banks **[Chart 18]** 60% of respondents say external market infrastructure is 1–3 years away from maturity. 20% say within 12 months. 20% say Unclear. Tellingly, zero say mature and scalable today, and zero say more than three years away.

The most optimistic read of this chart is that the market has converged on a "soon, but not yet" view. The danger of this kind of consensus is it has been true for several years and is at risk of remaining true for several more. "1–3 years away" is the standard answer the industry has been giving since at least 2021. The absence of any "mature today" respondents is the more important data point; the absence of any "more than 3 years away" respondents is more likely a function of confirmation bias than genuine optimism.

Good news on tech fragmentation?

40% of respondents report 'Highly integrated infrastructure' (single platform or tightly integrated stack). Only 20% report 'Fragmented across multiple vendors'. No-one reports high fragmented **[Chart 19]**.

On its face this is an encouraging chart. But the more accurate interpretation, is that integration is high because deployment is low. It is easy to keep a stack tightly integrated when it consists of one or two pilot platforms rather than a production estate. The 20% "Don't know" cohort suggests that even at this small scale, some respondents lack a clear view of their own architecture.

The real test of fragmentation will come when (or if) the issuance pilots scale into trading, custody, settlement and reporting. At that point, the unintegrated reality of the wider DCM stack will reassert itself, and today's clean architectural picture will fragment quickly.

However, this data does suggests that vendor sprawl is not perceived as the primary obstacle to scaling tokenized fixed income.

Ownership progress

We believe that a key indicator of the significance of tokenization initiatives is the extent to which the business is interested in them, and the extent to which it owns the risks, budgets and outcomes of the programs. Projects that sit in innovation hubs or strategy teams, or solely with digital assets groups, are more likely to take the form of pilots and POCs and are less likely to have the attention of the P&L owners with real power and market ambitions.

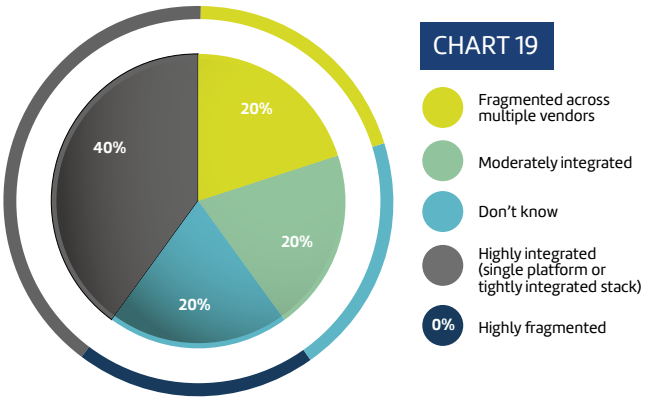
Of course, as with other tokenization efforts, it is an enterprise-wide effort.

> "DCM are involved in the market side. And then our trust and agency services function [is] involved in more traditional roles – paying agent, settlement agent, and in some cases transfer agent," explains one head of digital assets at a US firm. However, business buy-in and ownership are essential.

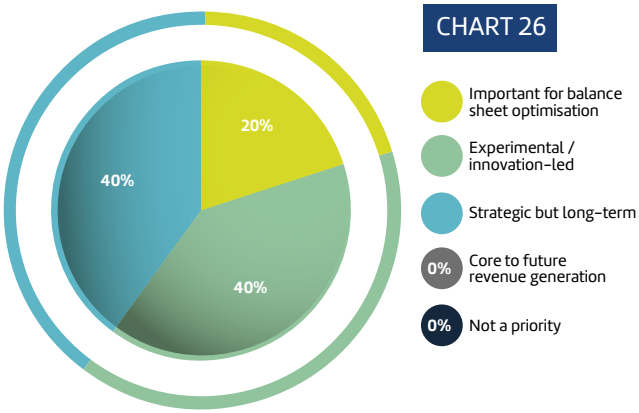
So, how do Global Markets divisions perceive tokenized fixed income **[chart 26]**. 40% say strategic but long-term, 40% say experimental or innovation-led, 20% say important for balance-sheet optimization.

Again, the lack of an immediate economic rationale is driving perceptions of tokenization as 'strategic' – something banks believe they need to understand, prepare for and perhaps participate in, but is not yet part of the P&L model of the fixed-income business.

How fragmented is your current infrastructure across vendors and platforms?



How do you believe the Global Markets division perceive tokenized fixed income?



As for ownership, in this case we see **[Chart 21]** that ownership sits mainly with three groups: Rates/Credit front office origination, Rates/Credit front office sales and trading, and the Digital Assets / DLT platform team.

This is good news. Tokenized DCM is not being treated purely as a technology project. Ownership is becoming business-linked, but it still depends heavily on specialist digital asset teams.

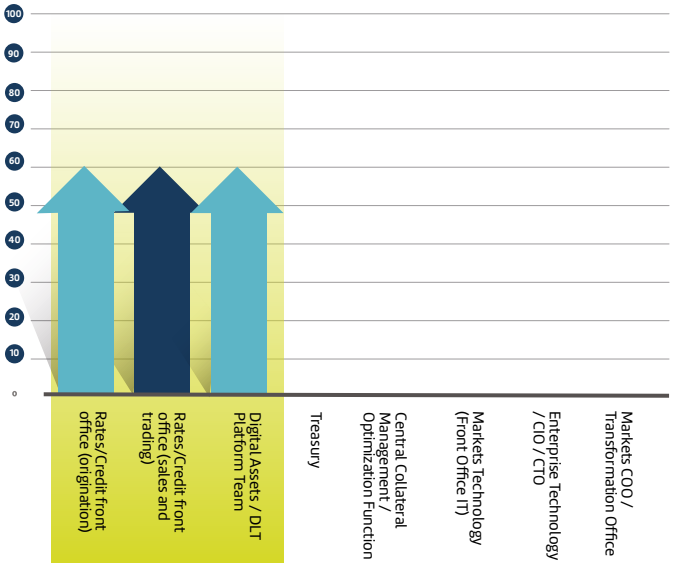
And when it comes to risk ownership, banks are keen to stress that tokenization is no different to any other initiative. Says one, "If you are issuing a bond, whether it's on [CREST] or Euroclear, or on HSBC Orion or whatever it might be, then you're still issuing a bond and the person who owns the issuance process for issuing a bond is the owner of that if you run bond issuance, you run digital bond issuance. If you run collateral management, you run the digital collateral management process."

That said, when it comes to technology selection **[Chart 23]** the answer is very clear: 80% say the digital assets team leads platform selection, while 20% say the business — repo, rates or markets — leads.

The advantage is expertise. Digital asset teams understand the platform landscape, interoperability issues, custody implications, blockchain design choices, security considerations and regulatory sensitivities better than most business teams.

CHART 21

Which function has formal risk ownership of tokenized fixed-income initiatives?



The disadvantage is business distance. If platform selection is too heavily controlled by digital asset teams, the business may not fully own the economics, workflow implications or client adoption challenge. That could slow commercialization. A platform can be technically impressive and still fail to solve a business problem.

So, what do platforms need to do to get the attention of those digital asset teams **[Chart 24]**. The highest-scoring factors are interoperability with existing systems, regulatory/legal alignment and ecosystem participation. Each appears around 60%. Vendor credibility and market adoption, and cost, sit around 40%. Speed to market is lower, around 20%. Scalability/performance and control/customization appear not to score.

This is telling. Banks are not selecting platforms primarily on technical performance or speed. They are selecting around institutional viability. Interoperability with existing systems matters because banks cannot replace their entire fixed-income architecture overnight. A tokenization platform must connect to legacy issuance, custody, settlement, risk, reporting and accounting systems.

Regulatory and legal alignment matters because fixed income is a highly regulated market. Tokenized bonds need legal certainty around issuance, ownership, settlement finality, custody, asset servicing and investor rights.

And ecosystem participation matters because DCM is a network market. A platform is valuable only if issuers, investors, dealers, custodians, FMIs and regulators can participate or at least recognize the model.

The relatively low score for speed to market may show banks prioritizing the platform's long-term institutional credibility. Of course, it may also be that in the absence of easily identifiable internal or external economic drivers, time is not of the essence.

CHART 23

Who leads the selection of DLT / tokenization platforms?

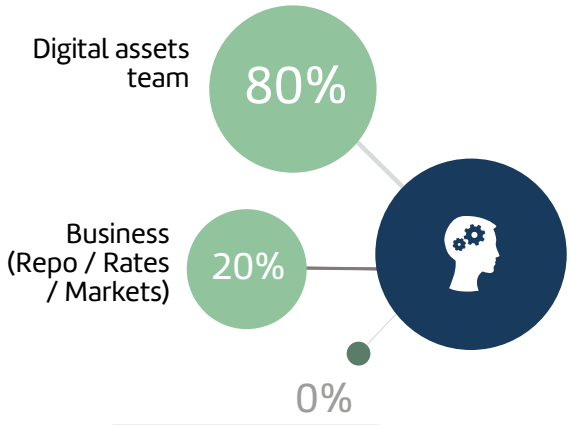
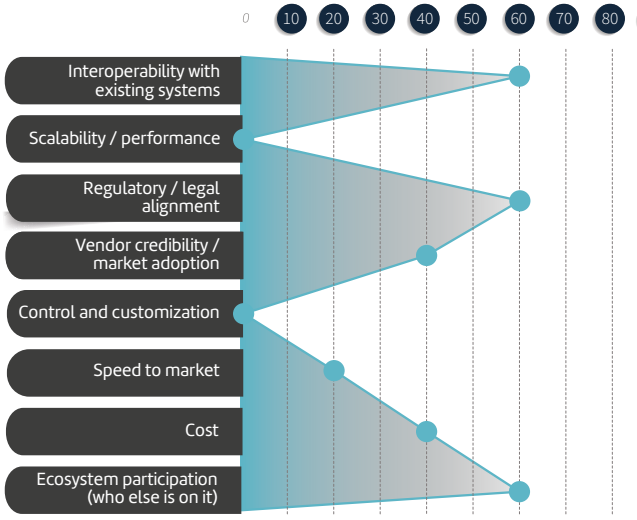


CHART 24

What are the primary decision criteria when selecting a platform?



This may also be reflected in answers to questions around the speed of decision-making in this space **[Chart 29]**.

Chart 29 asks how quickly key decisions — such as platform selection or funding approval — can be made. The answers are 60% slow, meaning six to 12 months, and 40% moderate, meaning months. No respondent says decisions are rapid, and no respondent says they are very slow, meaning more than 12 months.

That is partly understandable in large banks. Platform selection and funding approval for tokenized fixed income involve legal, regulatory, operational, technology, risk, compliance and business considerations. Banks cannot make such decisions in weeks if they involve market infrastructure, client assets and regulated securities.

However, it does also reflect the lack of agility demonstrated by large banks in many areas of operation: even where firms see opportunity, the procurement pathway is long.

Again though, it is not obvious that slow decision-making matters in a market where core economic arguments and client demand are missing.

Significant scaling barriers

In common with other areas of tokenization, there are a number of difficult scaling challenges in tokenized debt **[Chart 33]**.

The strongest high-impact barriers are integration with legacy systems and market adoption/network effects, both appearing around 80% high. Regulatory clarity also scores strongly, around 60% high. Data and interoperability appears as a major medium-to-high challenge. Internal stakeholder alignment is more mixed. Vendor/platform limitations do not appear to be a dominant concern.

Legacy integration is a top barrier because fixed-income markets are embedded in decades of existing systems: issuance platforms, settlement systems, custody infrastructure, risk engines, finance systems, compliance controls, books and records, and reporting processes.

Regulatory clarity remains important because legal certainty is central to securities markets. Respondents want clarity on ownership, settlement finality, custody, disclosure, investor protection, books and records, and the treatment of digital securities across jurisdictions.

Data and interoperability also matter because tokenized fixed income will need common identifiers, reliable reporting, connectivity across platforms and integration with existing market data and risk systems.

The lack of emphasis on vendor/platform limitations is telling. The issue is not that vendors cannot build tools. It is that the tools must fit into a complex and conservative financial ecosystem.

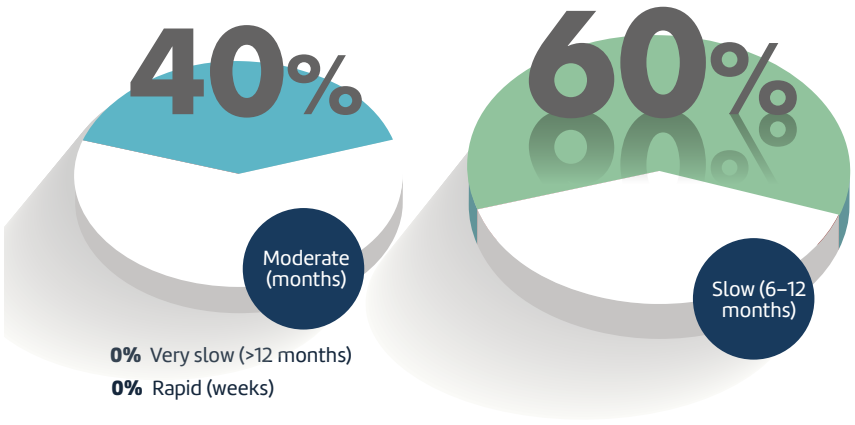


CHART 29

How quickly can key decisions (e.g. platform selection, funding approval) be made?

Cautious optimism

All of this may paint a very pessimistic picture of the progress of tokenization in the fixed-income space. But two things: first, it may well be that the real driver here will be the collateral mobility use case. If that succeeds, then many of the building blocks needed for broader fixed-income tokenization will be in place.

So, it may simply be that the best road to widespread adoption of tokenization does not start in the DCM divisions of large banks.

This is borne out by the comments of several tokenization heads within banks' DCM divisions. Typical is this one from a large US bank,

> "My original move into digital assets was driven by the belief that digital bonds would be the first serious institutional use case because of the initiatives by people like the EIB and HKMA, but that view has since evolved: I now see it as just one part of a broader market-structure shift."

Also, **[Chart 35]** asks whether respondents believe tokenization of fixed-income instruments will materially reshape debt capital markets within five years. The result is cautiously positive: 60% say yes, moderately; 40% say it is too early to tell. No respondent says yes, fundamentally. But equally, no respondent says limited impact or no material impact.

This is a crucial closing chart because it prevents the report from becoming too pessimistic.

Respondents are not saying tokenized DCM is irrelevant. They are saying the transformation will probably be moderate, not fundamental, over the next five years. A significant minority still thinks it is too early to tell.

This aligns with the rest of the survey. The market is not ready today. Internal infrastructure is not ready. Clients are not demanding or paying for tokenization at scale. But external infrastructure may mature within one to three years, and Global Markets sees strategic relevance. That combination produces a five-year outlook that is positive but restrained.

The last word goes to the head of digital assets at a large European bond house,

> "Tokenized bonds are not keeping our Global Markets guys awake at night, because there's basically no volumes. But we are a big bond house, so we have to pay attention. If there are going to be these digital issuances, we are going to have to take part — that does resonate – but it's not a top priority."

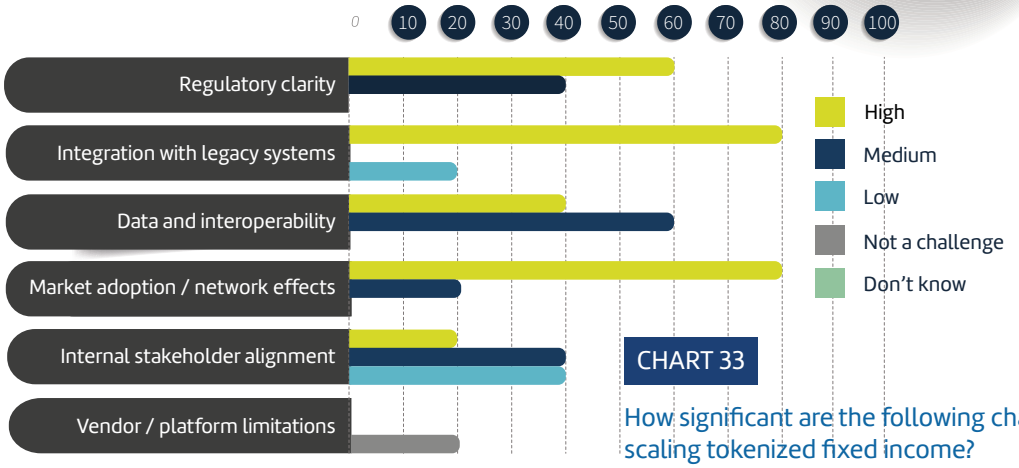
CHART 35

Do you believe tokenization of fixed-income instruments will materially reshape debt capital markets within 5 years?

0% Yes — fundamentally
0% Limited impact
0% No material impact

CHART 33

How significant are the following challenges in scaling tokenized fixed income?



Equities: low priority, low conviction, little traction

Equities: low priority, low conviction, little traction

Perhaps the most important data point in this section is not what the charts show, but who could answer them. Of the 16 banks who participated in the different stages of this two-phase project, only four were able to complete the equities section in a meaningful way. This suggests that tokenized equities remain peripheral, undefined or immature inside many large banks.

It also means that the charts should be read with care. The percentages are not statistically robust in the conventional sense. They simply indicate how the very small number of interested banks are thinking. For those not yet involved, they give a clue as to how their peers are starting this embryonic journey.

Of course, 'tokenized equity' covers a wide range of different use cases: a regulated security on-chain, a synthetic exposure, a fund or ETF-like wrapper, a private-company instrument, an SPV claim, or a derivative.

> "Buying an equity wrapper from, say, Bybit, is different than buying an SPV that gives you exposure to a stock, is different to a literal on-chain equity. The business case and legal treatment, and the risks and the potential buyers differ materially depending on which it is," says a tokenization lead at a large US bank with both retail and wholesale operations as well as crypto and institutional tokenization efforts.

This survey generally focuses on the non-crypto world and the questions refer to true native shares where the token is the legal security and represents a direct claim against the issuing company.

Beginning to explore equities

The banks that did respond describe a market at the furthest edge of exploration. Across the capabilities tested in **Chart 1**, no area appears to have moved into active pilot, proof of concept or production. Activity is confined to "not considering" and "exploring only".

This is striking because equities are among the most publicly discussed tokenization use cases. Tokenized stocks, fractional ownership, 24/7 trading, private market liquidity and wallet-based distribution are visible in the public market narrative. But within large-bank Global Markets and ECM franchises, the picture is far more tentative.

Conversations with banks reinforce the same conclusion: equities/tokenized ECM is far less compelling to large-bank desks than collateral mobility, repo, digital money, FX/payments or DCM.

One digital asset risk leader at a large G-SIB with sizeable, global retail and wholesale operations is blunt,

> "There is very little interest in the equity side of things from the business."

Another European digital asset lead says,

> "Digital equities ... we are looking at this, but it's very early stage."

Nascent priorities

Chart 2 asks respondents to identify their three highest-priority capabilities within tokenized ECM or equities.

At first glance, the fact that tokenized public equity issuance appears as a top priority seems to contradict **Chart 1**, where tokenized public equity issuance is 100% "not considering". The better interpretation is that the respondents recognize public equity issuance as strategically relevant in the abstract, but do not currently have active programs pursuing it.

The limited data shows that banks' equity tokenization priorities remain anchored in the institutional public-market stack. Tokenized public equity issuance and on-chain public equity trading dominate the responses, while private share trading, fractionalized products and standalone governance infrastructure receive no priority votes. The result points to an exploratory but conservative equity-tokenization agenda: banks are looking at tokenization as a possible enhancement to existing listed-market processes, not as a vehicle for creating a radically new equity market model.

This contrasts with the flurry of equity-related crypto initiatives which seem designed to create new types of investment opportunity, new client bases, and tap into different demand models than traditional securities markets.

Banks acknowledge these developments, but distinguish what they are doing from them.

> "Obviously, there's a lot of noise on what Kraken and IC Markets and others have done. But they and we are still far away from the final form of any tokenized equity marketplace. Things like wrapped stocks are not going to create any dent in the current market. But we do think that once it's DTCC tokenized and you have the legitimate shares, then things will start to become interesting. You can start doing create/redeem against ETFs in real time and other things," posits one tokenization head at a large US bank.

We will come back to DTCC below.

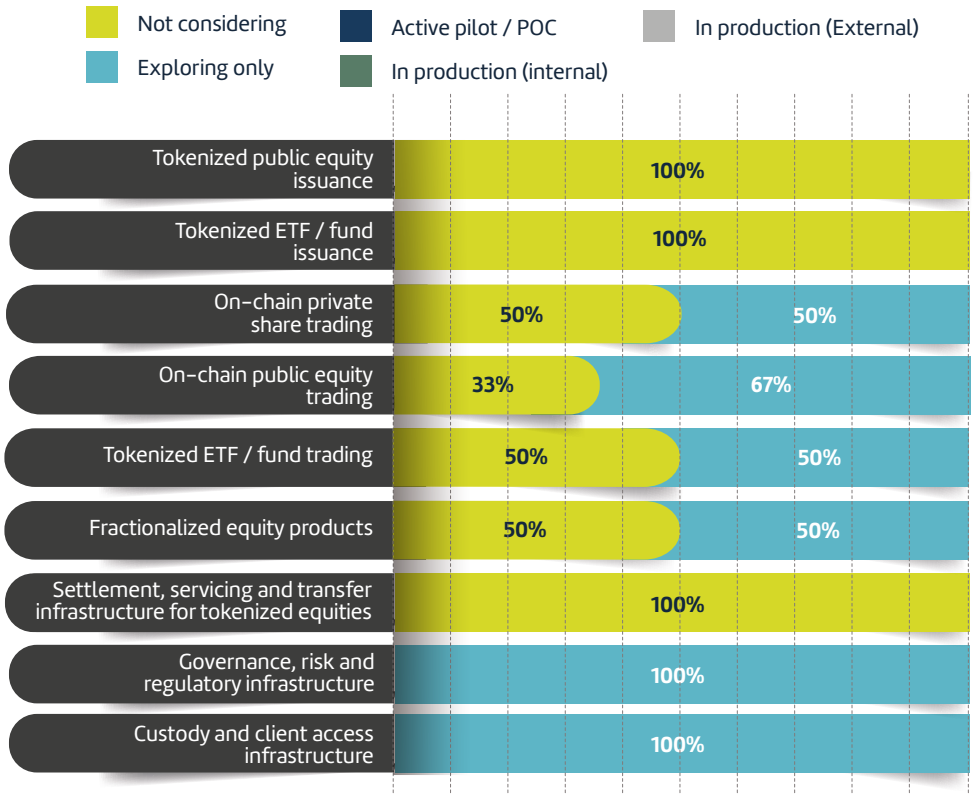
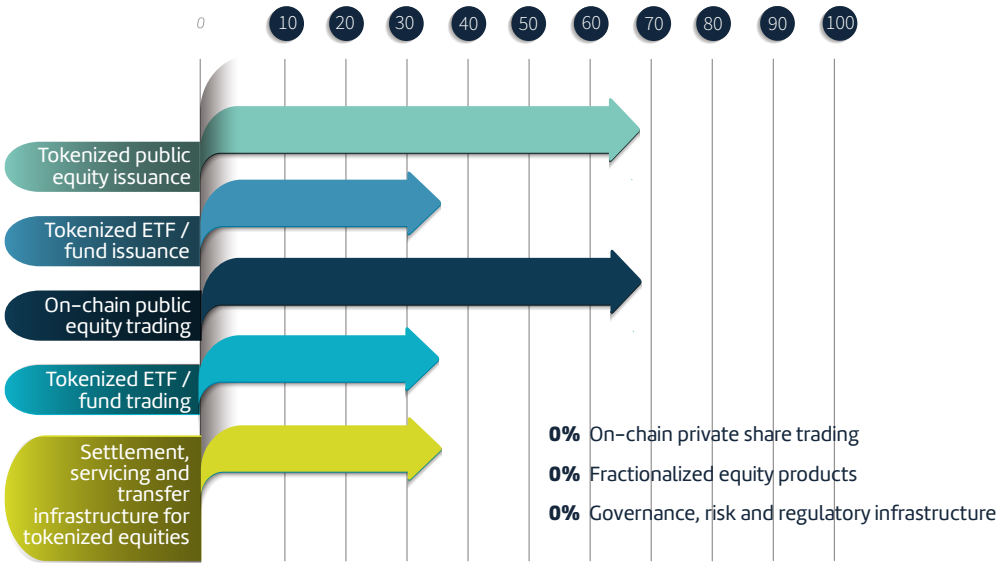


CHART 1

Which of the following public market capabilities are you currently pursuing as part of your tokenized ECM / equity digital assets initiative?

CHART 2

Which three capabilities are your institution's highest priority within this category (tokenized ECM / equity digital assets)?



Why bother with equities?

The single strongest objective **[Chart 5]** is not new revenue, increased issuance volumes, new trading flows or balance-sheet efficiency. It is operational risk reduction. In other words, banks are not yet treating tokenized equities primarily as a growth engine. They are more interested in whether digital asset infrastructure can simplify processes, reduce manual intervention, automate lifecycle events, and lower operational risk.

That is a plausible but limited business case. It is plausible because equity markets contain extensive post-trade, servicing, recordkeeping, reconciliation, corporate action and transfer-agent complexity. But it is limited because operational efficiency alone may not justify the full cost of tokenized market transformation unless the benefits are large, measurable and shared across the ecosystem.

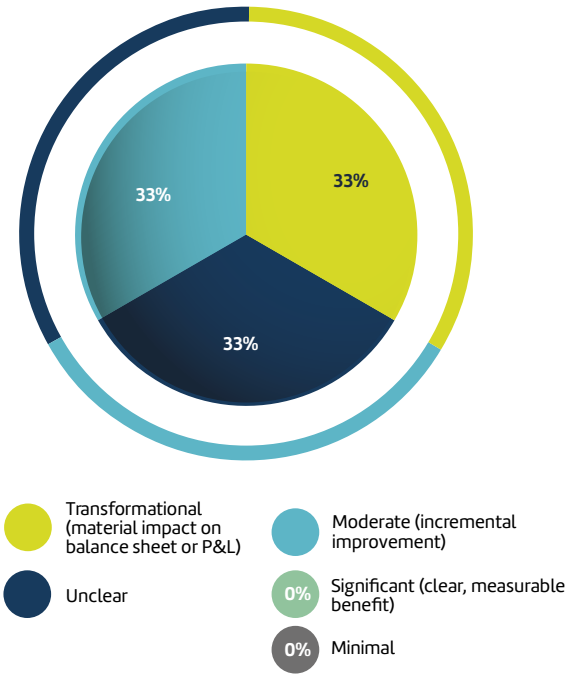
It also gives a clue to the difficulty of creating an internal economic pitch for equities.

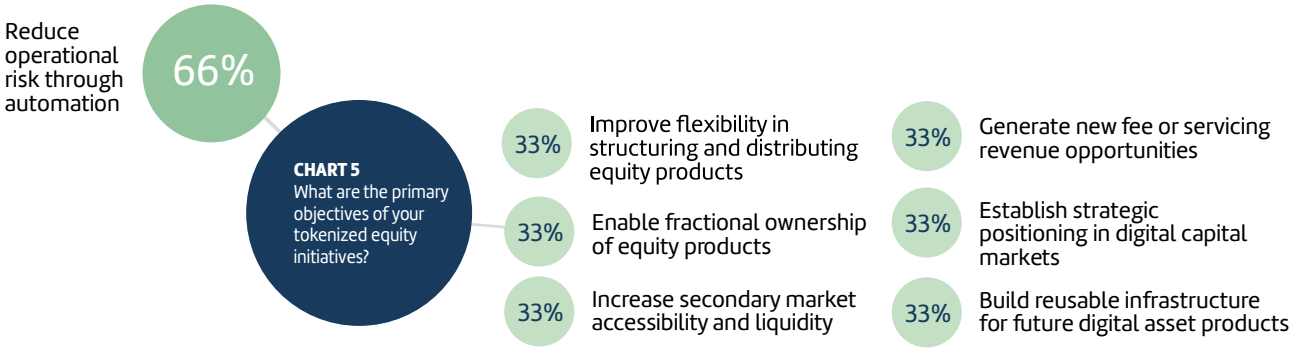
> "The economic and risk transformation arguments are easier to articulate in the collateral mobility space than in equities, in debt, and in cross-border FX," admits the head of digital assets at a large institution with a significant Asian franchise.

Limited financial impact in the medium term

Unsurprisingly, banks see little financial impact within the next three years and, essentially, the expected financial impact of tokenized equity initiatives remains unresolved **[chart 6]**. One-third of respondents expect transformational impact within three years, one-third expect only moderate incremental improvement, and one-third say the impact is unclear. No respondent characterizes the expected impact as minimal, suggesting tokenized equities are not being dismissed outright. But the absence of responses in the "significant, clear, measurable benefit" category is equally important: banks do not yet appear to have identified a robust, measurable business case between speculative transformation and modest process improvement.

CHART 6 How material do you expect the financial impact to be within 3 years?





Strategic positioning not current business driver

We have already seen **[in Chart 5]** that banks' leading objective in this use case was reducing operational risk through automation. But when asked directly where the greatest economic benefit will come from, the leading answer shifts to strategic positioning **[Chart 8].** That implies operational improvement may be the most practical near-term justification, while strategic optionality is the bigger perceived long-term rationale.

Respondents identify strategic positioning in digital capital markets as the greatest expected economic benefit, while more tangible benefits — lower issuance costs, improved investor access, secondary-market liquidity, automation, reconciliation reduction and reusable infrastructure — each attract only one-third support.

This again points to an immature and still speculative business case: banks see value in being present, informed and prepared, but they have not yet converged around a specific value pool that would make tokenized equities a compelling near-term commercial priority.

This aligns closely with **Chart 26**, where respondents describe how Global Markets perceives tokenized equities with 67% saying tokenized equities are strategic but long-term.

For senior business leaders, the message is clear: tokenized equities are on the radar, but they have not yet crossed the internal threshold from strategic monitoring to commercial mobilization.

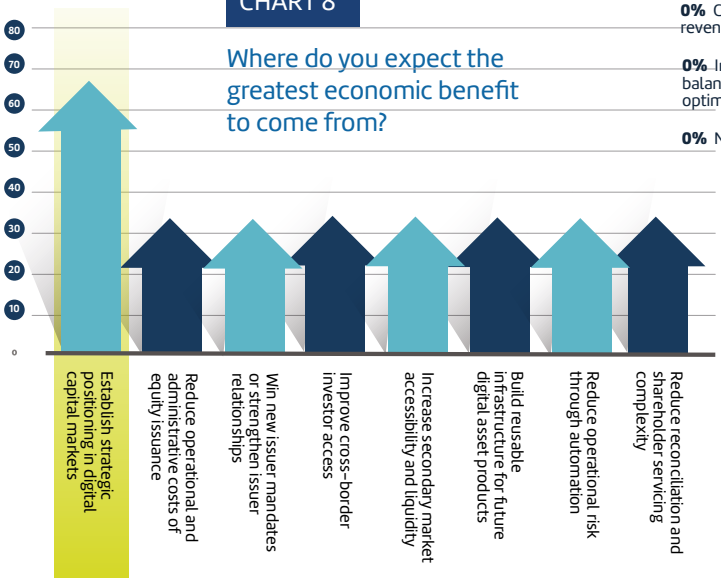
This also helps explain the low response rate. "Strategic but long-term" initiatives often survive in innovation portfolios, architecture discussions and small pilots. They struggle when asked to compete against areas with immediate regulatory, liquidity, capital or client revenue consequences.

As one digital assets leader embedded within Global Markets at a large US bank explains,

> "The problem in equities even more than in other use cases is that the investment requirement is immediate, but the structural benefits will arrive much later, potentially after the current decision-makers have moved on."

CHART 8

Where do you expect the greatest economic benefit to come from?



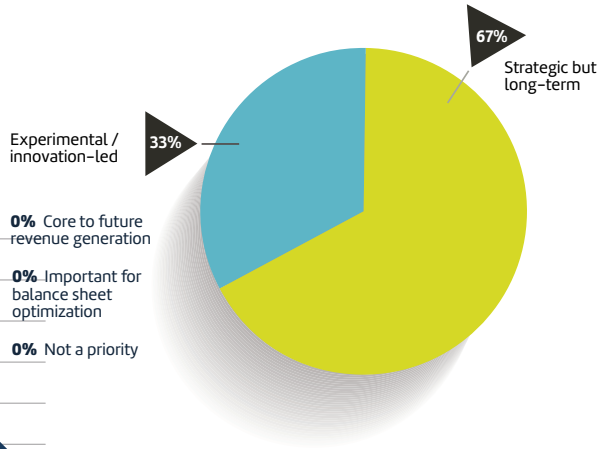


CHART 26 How do you believe the Global Markets division perceive tokenized equities?

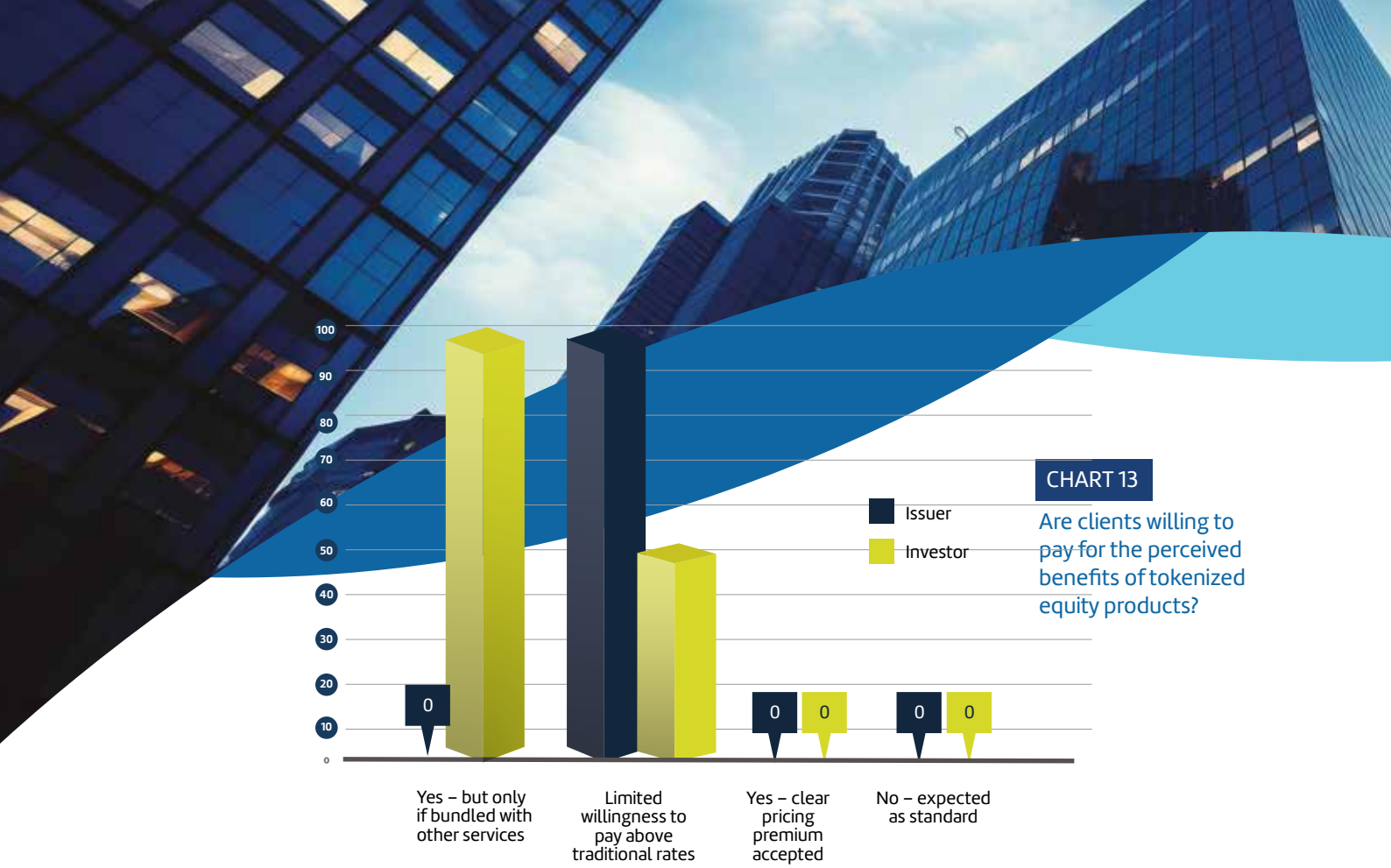


CHART 13

Are clients willing to pay for the perceived benefits of tokenized equity products?

Strategy: defined, but early-stage

Unsurprisingly, tokenized equity strategy remains formative rather than fully committed [Chart 9]. Two-thirds of respondents describe their current strategy as defined but early-stage, while one-third are still operating through opportunistic pilots. No respondent reports a fully defined and funded strategy. This places tokenized equities in a strategic limbo: too relevant to ignore, but not yet sufficiently proven to command full business-line funding and execution discipline.

To move forward, the next stage for tokenized equities is not simply more technology experimentation. It is institutional conversion: moving from "we have a strategy" to "we have a funded business case, accountable owner, delivery roadmap, risk framework and client adoption plan".

This may be a challenge.

Put bluntly, as this former head of tokenization efforts at one of the world's largest global banks says,

> "If you're looking at the revenue engines and available budget for them, it's hard because everyone's on a yearly basis. And if you are not making money, saving money, generating revenue on a yearly basis, then people go, 'well, what the hell are you doing?'."

Who pays the bills?

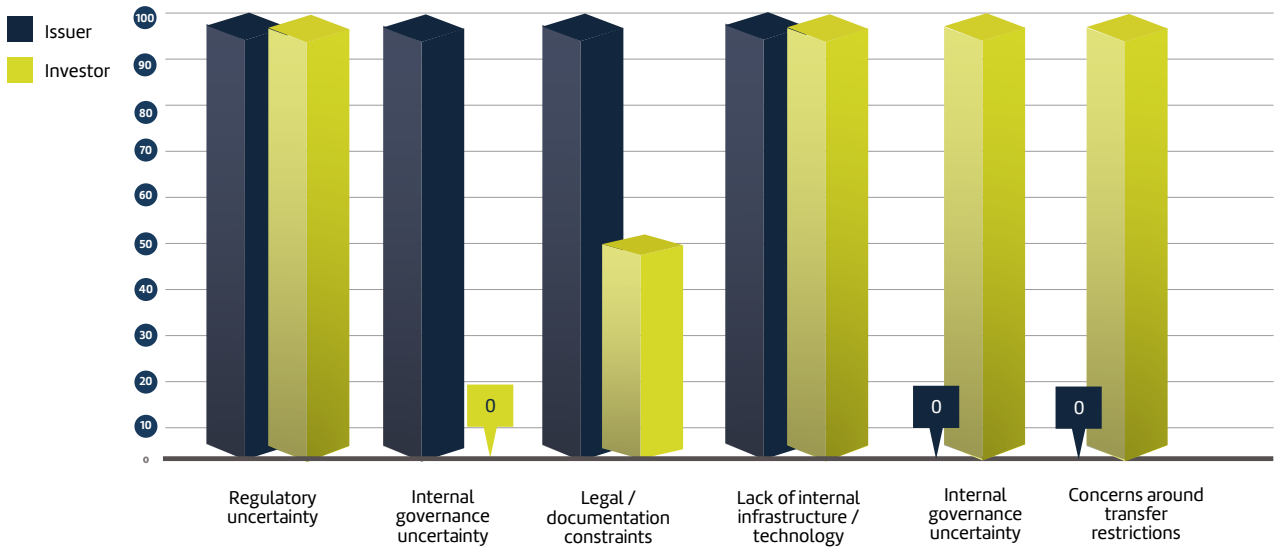
As with DCM, banks can look to both issuers and investors to pony up for the perceived benefits of tokenized equity products.

Chart 13 indicates that tokenized equities do not yet offer banks clear pricing power. Issuer willingness to pay appears constrained, with respondents indicating only limited appetite to pay above traditional rates. Investor willingness is more conditional: respondents see potential willingness to pay only where tokenized equity products are bundled with broader services.

Crucially, no respondent identifies a clear accepted pricing premium for either issuers or investors. This suggests that, at present, tokenization is not viewed by clients as a standalone value proposition, but as an enabling feature whose economics may need to be captured through adjacent services, infrastructure, access, custody, settlement or lifecycle servicing.

This confirms the difficulty of building an economic

CHART 14 What are the main barriers to client adoption?



case for institutional tokenized equities and chimes with some banks' perceptions that the main benefits will be seen in the retail and private wealth areas of the bank, not Global Markets.

> "My view is that tokenized equities may be retail-driven, with Robinhood, E-Trade, Charles Schwab, Fidelity and those guys as more natural distribution ecosystems rather than the big banks," says the head of digital assets at a large US investment bank.

Clients are not ready yet

Even if clients were willing to pay, it is not clear that they are ready to buy the products anyway **[Chart14].**

Client adoption of tokenized equities is constrained less by product appetite than by the institutional conditions required to make adoption safe and executable.

Regulatory uncertainty and lack of internal infrastructure are cited as major barriers for both issuers and investors, suggesting that the problem is not simply one of market education or product design. Issuers face additional governance and documentation hurdles, while investors appear particularly sensitive to transfer restrictions and internal approval constraints.

In particular, regulatory uncertainty is universal. That is unsurprising. Public equities are already embedded in highly regulated market structures: exchanges, CSDs, registrars, transfer agents, custody chains, settlement finality rules, short-selling rules, disclosure obligations, corporate action processes, beneficial ownership rules and market-abuse regimes. Tokenization does not bypass this complexity; it collides with it.

The infrastructure problem is equally important. Investors and issuers need custody, wallets, entitlement management, asset servicing, transfer controls, reporting and tax treatment that are institutionally acceptable.

For listed equities, tokenization also raises difficult questions about the relationship between the token and the legal share: is the token the security, a depository receipt, a contractual claim, an SPV interest, a synthetic exposure, or a recordkeeping representation?

A coming catalyst? DTCC is key

The survey may be a snapshot of a world that is about to change. A number of banks who filled out other survey sections but not equities made similar points about the developments needed to kick-start the market. Essentially, they had no interest in tokenized equities at all until the DTCC announced its initiatives.

A typical comment is this, from a digital asset head at a global US bank:

> "You won't see serious momentum in tokenized public equities unless DTCC is ready to move. There is no real business reason to tokenize equities that DTCC already custodies, because DTCC performs that role for a reason. Public listed equities will require coordination with the existing market infrastructure, and in the US that means DTCC. They have made a number of announcements about how they intend to approach this, so the market should follow that lead. But it is premature to talk about tokenized equities in the United States ahead of DTCC, or outside coordination with DTCC."

Another makes the point that this is true on the client side as much as it is on the bank side:

> "DTCC moving into equities and ETFs is important. Before those announcements, we had virtually no interest from our side or from clients in tokenized equities. But once DTCC began announcing pilots and proofs of concept with firms such as Chainlink and Canton, we started receiving inbound interest. That makes sense: counterparties generally want to meet at the source of the market infrastructure, not through another intermediary. If the core CSD or CCP is where settlement ultimately happens, that is where the market wants to connect. Given DTCC's scale, if it is moving to tokenize and fundamentally rewire post-trade settlement infrastructure, investment banks do not really have a choice. We have to be there and support it."

Even then, there are sceptics:

Says one US investment bank's digital asset head, "It's still a big question mark as to what tokenized equities alone will deliver. I think the ETF create/redeem is the obvious one. The ability to distribute more widely and allow trading to happen outside US time zone is the other one. But in terms of like actual institutional use cases like securities lending, I think that is still to be seen. A lot of our prime lending is still within our custody as well. We don't really transfer, you know, like Apple shares in real time. But we do think that, as markets move more 24/7, maybe there's a case for securities lending."

And even with CSD support, timelines are still going to be medium term, as this US G-SIB says:

"DTCC says they will be going live in October. But for any US G-SIB to be able to support this in terms of equities, there still needs to be significant uplift in terms of the front-to-back – the trade confirmation, the booking, the digital custody, the blockchain ID, the actual equity ID, reporting."

Conclusion

Show me the money

The survey was created to ask business questions of business leaders within the banks needed to drive tokenization from experiment to scalable execution.

We did not ask the technologists, the blockchain evangelists, the vendors or those with narrow interests in abstruse topics.

Why?

Because tokenization discussions too often collapse into the engineering of the rails rather than the economics of using them. Industry participants can spend enormous time in the weeds of interoperability — which chains, platforms and standards can communicate with each other — or in settlement-asset theology, debating stablecoins, tokenized deposits, wholesale CBDCs, tokenized MMFs and commercial bank money as if the instrument itself were the business case.

They can become absorbed by token standards and protocol design, public-chain versus private-chain arguments, smart-contract mechanics, custody and wallet architecture, and platform beauty contests between vendors, FMIs, consortia and bank-led networks. They can also overstate the inherent virtue of atomic settlement, without asking whether instant settlement improves liquidity and risk after the loss of operational buffers is taken into account.

Legal-form debates matter — whether the token is the asset, a representation of the asset, a claim or a register entry — but they only become commercially relevant when translated into finality, enforceability, netting, bankruptcy treatment and capital impact. The same is true of on-chain/off-chain purity: a beautiful on-chain workflow loses much of its force if banks still need duplicated off-chain records, reconciliation, audit trails and controls.

Privacy and confidentiality engineering, from permissioning to selective disclosure, is essential for institutional adoption, but it is still a precondition

rather than a value proposition. And the broad "tokenize everything" narrative risks obscuring the narrow reality that banks care most where tokenization touches funding cost, liquidity usage, collateral velocity, settlement risk, operational efficiency, capital treatment, client revenue or market share.

The decisive question is therefore not whether an asset can be tokenized, whether two ledgers can interoperate, or whether a smart contract can automate a lifecycle event. It is whether tokenization produces a measurable financial benefit large enough to justify the legal, operational, infrastructure, control and adoption costs of changing the rails.

That is what we set out to start to discover and, like the subject we are surveying, it is a work in progress.

We found that tokenization in global markets has moved (just about) beyond technical curiosity, but it has not yet crossed into broad industrial adoption: the world's largest banks are no longer asking whether tokenization matters, but whether it can deliver measurable economic value, attract business-line funding, and scale through real market infrastructure.

The strongest evidence of progress is concentrated in tokenized money, collateral mobility and intra-day repo, where the link to liquidity, balance-sheet efficiency, settlement and operational automation is clearest. FX and payments have strategic appeal, but are more workflow- and client-service-led; DCM is promising but not yet economically decisive; and ECM remains the weakest, most speculative area.

Overall, the survey shows an industry at the point where experimentation is no longer enough: tokenization will only become transformative if it can prove hard financial benefits, overcome legal and infrastructure barriers, and move from fragmented pilots into bank-backed, scalable production.

Most of all, the survey is a reminder that banks are businesses and technology is just a means to a business end.

Banks are refreshingly open about what they do and why and it cannot be summarized better than this comment by one embedded digital assets leader in the Global Markets division of one of the world's most sophisticated and profitable global banks:

"The cycle we've been in has been one of such capital constraints that nobody is going to just say, 'Hey, yeah, sure, you can have some money and just let us know if things work out.' That time is long gone. Everything starts with what's the business case?"

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