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WHITEPAPER

The Real Pace of Change: Institutional Views on Alternative Payment Rails

An Expert Survey on Alternative Cross-Border Payment Rails

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The Real Pace of Change: Institutional Views on Alternative Payment Rails

Executive Summary

Cross-border payments move trillions of dollars annually, yet the infrastructure underneath remains slow, fragmented, and expensive. A new generation of payment rails promises to change that. But are institutions actually moving, or is the hype running to far ahead of the reality?

To find out, we surveyed more than 50 senior payments executives across traditional banks and new-wave institutions. The findings reveal a market in transition, but one where adoption is measured, conditional, and divided sharply by institution type

Four findings stand out

Stablecoins dominate institutional experimentation, with 64% of executives reporting active exploration, while tokenised deposits remain significantly underexplored despite half of respondents rating their potential as comparable.

Capital efficiency is a mainstream concern with 80% of executives rating the reduction of pre-funding and trapped liquidity as important or critical to their cross-border strategy.

Regulatory uncertainty is the single biggest barrier to adoption by a wide margin, outweighing technology, standards, and compliance concerns combined.

Timelines diverge sharply: new-wave institutions are moving now, while traditional banks are largely pointing to a three-to-five year horizon.

The gap between the public narrative around alternative rails and actual institutional decision-making is the central story of this whitepaper.

The chapters that follow examine that gap across three lenses: the **drivers** pulling institutions toward alternative rails, the **barriers** holding them back, and and the **triggers** that will tip institutions into action.

Closing the Gap Between Interest and Action

Foreword

Cross-border payments is an industry that talks a great deal about transformation. New rails, new technology, new possibilities, the narrative is everywhere. But when we looked for hard data on what institutions are actually doing, as opposed to what they say they are planning, we found surprisingly little.

That is why Centiglobe partnered with FinanceX on this survey. We wanted an independent, data-driven picture of where the market really stands – not filtered through product marketing or sales rhetoric, but grounded in the views of senior practitioners who make infrastructure decisions for a living.

Several findings resonated with what we see in our own work. The fact that 80% of executives rate capital efficiency as important or critical matches the conversations we have every week with banks and payment providers struggling with scattered prefunding and trapped liquidity. The regulatory barrier is real and we are seeing major progress in many areas and geographies, but of course, this will take time to resolve. And the gap between awareness and action on using tokenised deposits for cross-border payments – where half of respondents see the same potential as stablecoins, yet almost none are actively exploring them – tells us that the category needs better articulation, not better technology.

Centiglobe is a member-based cross-border payments network for regulated financial institutions, powered by bank-agnostic tokenised deposits on a permissioned-based distributed ledger network (DLT). Our mission is to help these institutions unlock new business value through instant, predictable, and cost-efficient payments and improved capital efficiency. We believe the shift from intermediary-heavy correspondent banking to direct, peer-to-peer payments is inevitable. But it requires trust, governance, regulatory clarity, and collaboration across the ecosystem, not just better technology.

This whitepaper maps where that journey stands today. We hope it contributes to a more grounded conversation about what comes next.

Petter Sandgren
CEO, Centiglobe

Centiglobe

Centiglobe provides a member-based payment network powered by bank-agnostic tokenized deposits, designed to simplify cross-border payments and reduce reliance on legacy correspondent banking structures.

Key Findings

1. Awareness exists, but deep understanding remains limited
50% of respondents described themselves as "very familiar" with alternative rails, while 32% were only "somewhat familiar" and 18% had merely heard of the concept. This indicates that surface-level awareness has spread, but true technical and strategic understanding remains concentrated among a narrower group of experts.

2. Stablecoins dominate exploration; tokenised deposits lag despite comparable potential
64% of executives report active exploration or evaluation of stablecoins, making them the clear frontrunner in institutional experimentation. By contrast, tokenised deposits rank lowest in active work, despite 49% of respondents believing they have the same potential as stablecoins but are simply "less known." One in five respondents could not assess tokenised deposits at all, pointing to a significant knowledge gap that is holding back adoption.

3. The value proposition centers on operational efficiency, not innovation for its own sake
When asked about the biggest benefits of alternative rails, executives prioritized faster settlement and lower transaction costs by a wide margin. Strategic benefits such as market access, liquidity management, and risk reduction ranked lower. The message is clear: adoption will be driven by measurable commercial outcomes, not abstract blockchain narratives.

4. Capital efficiency is a strategic concern, not a niche issue
80% of respondents rated the reduction of pre-funding and trapped liquidity as "important" or "critical" (29% critical, 51% important). This confirms that capital tied up in nostro/vostro accounts is a core pain point across both traditional and new-wave institutions, and may be an even stronger adoption driver than transaction speed or cost alone.

5. Regulatory uncertainty is by far the biggest barrier
Over 65% of respondents cited regulatory uncertainty as the main obstacle to adoption, far outweighing technology integration challenges, lack of standards, or even AML/compliance risks. Despite recent progress such as MiCA in Europe and the GENIUS Act in the United States, executives remain cautious about legal treatment, cross-jurisdictional alignment, and supervisory expectations.

Key Findings (Continued)

6. Demand for tokenised deposits exists, especially if delivered through regulated institutions
While active exploration of tokenised deposits remains low today, 77% of respondents said they would be "likely" or "very likely" to explore them if offered through regulated financial institutions (46.7% likely, 31.1% very likely). This reveals a major mismatch: interest is high in principle, but credible, visible, and trusted offerings do not yet exist at scale.

7. Adoption depends on three triggers in near-equal measure: regulatory clarity, cost reduction, and ecosystem readiness
No single factor dominates the adoption decision. Instead, executives identified three co-equal triggers: regulatory approval or clear guidance, visible cost reduction, and partnerships/ecosystem availability. Adoption will require simultaneous progress across policy, economics, and implementation infrastructure, not technology breakthroughs alone.

8. Traditional institutions prefer permissioned networks; new-wave players are more flexible
Traditional organizations show a clear preference for permissioned networks with vetted participation and strong governance. New-wave institutions, by contrast, are more evenly split and show greater comfort with both permissioned and open models. This suggests the market will not converge on a single network type, making interoperability a critical design principle.

9. Adoption timelines diverge sharply by institution type
New-wave institutions expect to add DLT-based payment rails in the near term: 24% imminent, 33.3% within 1–2 years. Traditional institutions mostly point to a 3–5 year horizon, with only a minority considering shorter-term pilots. This indicates that early adoption will be led by a concentrated group of fast movers, while incumbents require longer cycles for budgeting, compliance alignment, and legacy integration.

10. SWIFT is expected to endure, but views differ by institution type
Traditional institutions overwhelmingly expect SWIFT and existing incumbent systems to remain the dominant infrastructure over the next 3–5 years. New-wave institutions, however, predict stablecoins will overtake SWIFT as the leading model. Both groups show low confidence in CBDCs, suggesting that private-sector innovation, not central bank projects, is viewed as the main driver of cross-border transformation.

Current Environment

Today's business environment still runs on rails built for stability. In payments, that means value moves through trusted networks of intermediaries and message standards, but the same design choices now create friction, opacity, and cost that are increasingly hard to justify at scale.

Most firms experience "payments" as a product, but the operating reality is an ecosystem: banks, payment processors, card schemes, messaging layers, compliance controls, and reconciliation tooling stitched together over decades. Cross-border flows typically depend on correspondent banking chains, where each additional handoff adds checks, fees, and time, and where non-overlapping operating hours and local holidays can delay completion.

Even when parts of the system get faster, the end-to-end experience often remains inconsistent, because the slowest participant sets the customer's outcome.

Traditional rails optimise for risk management through batching, netting, and layered controls, which is why settlement commonly takes days rather than minutes. Standard ACH settlement remains in the 1-3 business day range, acceptable for routine payroll or billing, but punishing for liquidity-sensitive operating models. International wires sent via SWIFT can take multiple business days, in part because payments may pass through several intermediary banks before reaching the beneficiary.

The correspondent model is also under structural strain, with BIS commentary noting a sustained decline across many corridors, reducing access and increasing costs where alternatives are limited.

Stablecoins, tokenised deposits, and other distributed ledger-based infrastructure now offer credible, if still maturing, answers to the inefficiencies above.

Whether institutions are genuinely moving toward them, or whether the interest remains more rhetorical than real, is precisely what this survey set out to establish.

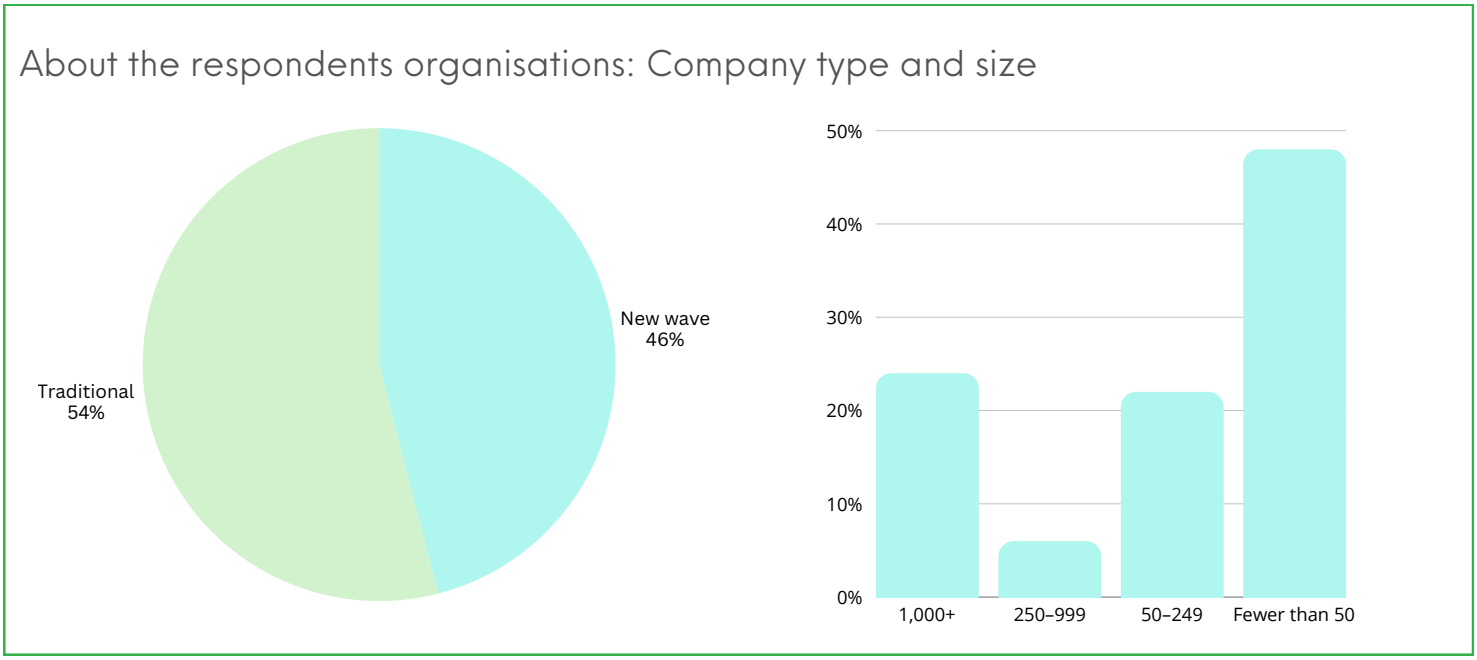
> The infrastructure underneath global payments was built for stability, not speed, transparency, or capital efficiency.

Survey

This whitepaper set out to understand what senior experts and decision-makers really think about alternative payment rails. Drawing on a survey of over 50 industry experts, we tested whether talk of rapid, wholesale change reflects reality in major institutions.

The findings show a measured stance: stakeholders are interested in new rails and actively exploring them, but large-scale rollout remains cautious and tied to clear business cases, operational readiness, and regulatory comfort. Rather than a sudden shift, we see controlled pilots, gradual integration with existing infrastructures, and a focus on proven outcomes over marketing claims.

This gap between the public narrative and actual implementation is key to understanding how alternative payment rails will develop from here.



Survey Methodology

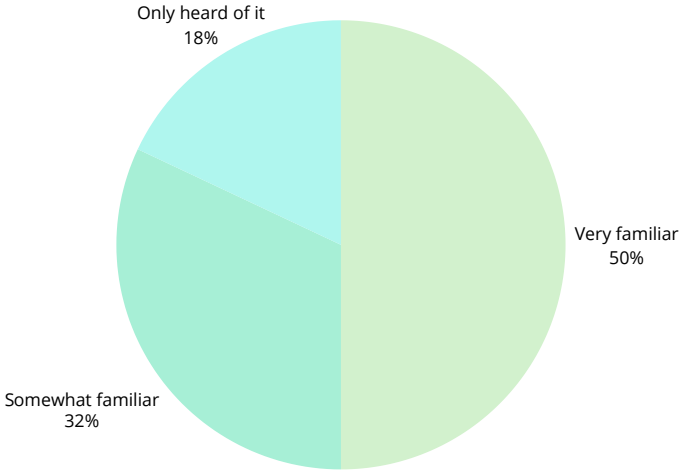
We surveyed over 50 Senior Payments Executives from two distinct organizational categories:

- **Traditional Organizations** – Established banks and financial institutions with conventional payment infrastructure
- **New Wave Organizations** – Modern payment institutions and fintech companies with direct exposure to stablecoins and innovative payment technologies

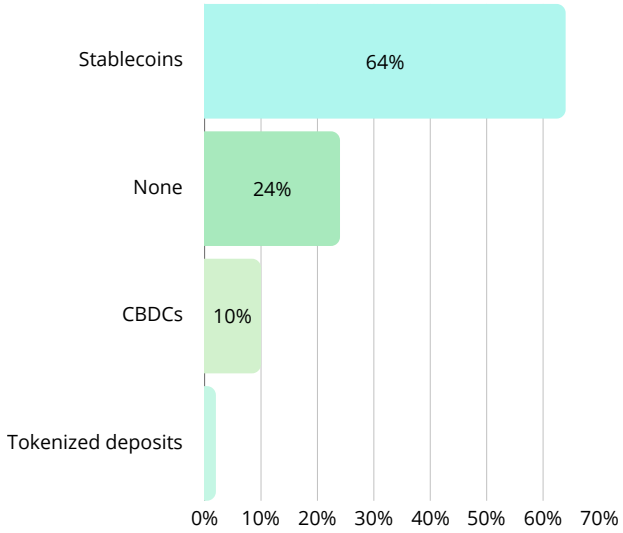
This balanced representation enables comparative analysis of perspectives across legacy and emerging players in the payments ecosystem.

This was also reflected by company size with over 52% of respondents working in companies that employed over 50 people. 24% of them employing over 1, 000.

How familiar are you with alternative cross-border payment rails?



Which of the following have you actively explored or evaluated for cross-border payments?



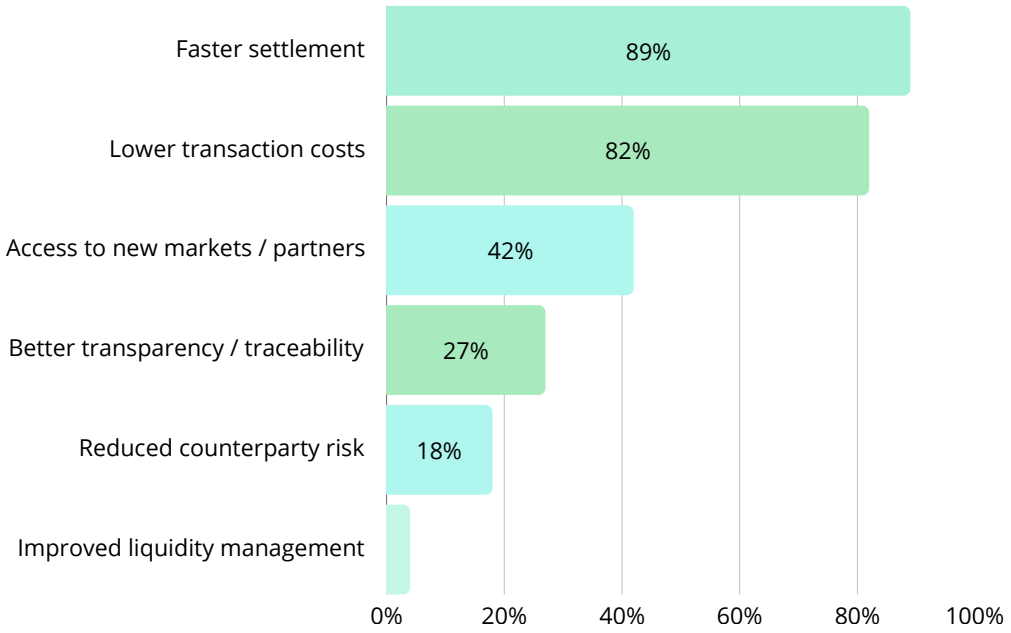
Alternative rails have entered the executive agenda, but understanding remains uneven and engagement is concentrated in a narrow set of use cases. Half of respondents described themselves as very familiar with alternative rails, while 32% were only somewhat familiar and 18% had only heard of the concept, indicating that awareness is broader than true understanding.

Stablecoins are the clear leader, with more than 60% of executives reporting some level of active exploration or evaluation. By contrast, one quarter of respondents had done no active work on new rails, while CBDCs and tokenised deposits remained materially less explored.

tokenised deposits are the clearest example of this disconnect. Despite growing discussion of their long-term relevance, they ranked lowest on active evaluation and were referenced by only a very small number of respondents. This suggests the category is still not being understood as a scalable market infrastructure layer, but rather as a set of isolated, proprietary bank-led initiatives such as JPM Coin or limited pilot programs.

> Institutional awareness of alternative rails is increasing faster than deep operational understanding and active implementation.

In your view, what are the biggest potential benefits of alternative rails compared to traditional correspondent banking? (Choose top 3)



When executives were asked to identify the biggest potential benefits of alternative rails, two themes stood out clearly: faster settlement and lower transaction costs. Together, these responses reinforce a simple point: the primary value proposition is operational efficiency. Executives are not prioritizing abstract innovation; they are looking for measurable commercial outcomes, particularly improved processing speed and a lower cost to serve.

A second tier of benefits is more strategic in nature.

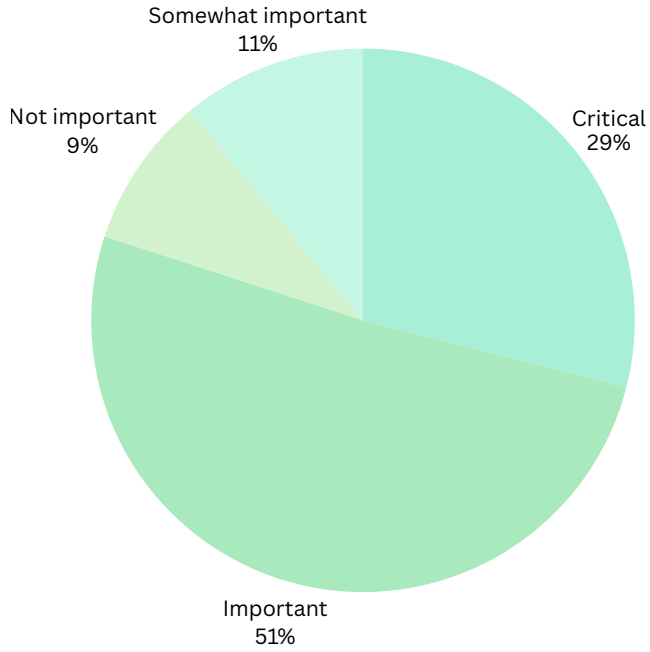
Around 40% respondents pointed to market access as a meaningful advantage, suggesting that alternative rails are also being viewed as tools for geographic expansion, new partnership models, and access to underserved customer segments. This is especially relevant in cross-border commerce, where certain corridors remain difficult to serve efficiently through traditional banking infrastructure, including parts of Africa and Latin America.

Beyond growth, some respondents also highlighted treasury-related benefits, particularly liquidity management. This suggests that at least part of the market sees alternative rails not only as a payments innovation, but also as a mechanism for improving working capital efficiency and reducing frictions associated with moving funds across institutions and jurisdictions.

In practice, the market appears to split into two layers of value: near-term adoption is driven by efficiency, while broader strategic benefits such as growth, treasury optimization, and risk reduction remain secondary and may require clearer articulation to gain traction.

The primary value proposition is operational efficiency: faster settlement and lower transaction costs

How important is capital efficiency (reducing pre-funding and trapped liquidity) in your organization's cross-border payment strategy?



Capital efficiency should be viewed as a core driver of adoption rather than a secondary benefit

Capital efficiency emerged as one of the clearest pain points in cross-border payments strategy. Eighty percent of respondents rated the reduction of pre-funding and trapped liquidity as important or critical, confirming that this is not a niche concern but a mainstream priority across the market.

The strength of this response is significant because it cuts across both traditional incumbents and newer market entrants. For large institutions in particular, the burden of maintaining fragmented nostro and vostro account structures continues to tie up capital, increase operational complexity, and reduce balance sheet flexibility.

While faster settlement and lower transaction costs are often the most visible benefits, the ability to move value with less pre-funding and lower liquidity friction may be even more strategically important for many institutions.

In other words, the appeal of new rails is not only about improving payments performance, but also about releasing capital that is currently trapped in legacy correspondent banking structures.

Taken together, the results suggest that capital efficiency should be viewed as a core driver of adoption rather than a secondary benefit.

Expert Interview with Petter Sandgren

Petter Sandgren, CEO, Centiglobe

Global finance leader with 27+ years across capital markets, treasury management, and institutional client strategy. Former Head of Markets Asia and Head of Emerging Markets at SEB, he brings deep experience from international banking. Petter sets the long-term vision and oversees Centiglobe's engagement with stakeholders including investors, regulators, and industry leaders, ensuring the company delivers both innovation and tangible results for its members.

Which finding feels most accurate and which feels most questionable?
It is clear that alternative payment rails are on most people's mind and that there is a serious thought process on how the cross-border payment infrastructure is about to change from SWIFT/correspondent banks/pre-funding to DLT solutions in the coming years. It is also interesting to see the limited knowledge related to solutions involving tokenised deposits.

What specific uncertainties do people mean by "regulatory uncertainty"?
My assumption is that it is connected to stablecoins and the implications of new local legislation such as MiCA, GENIUS Act etc. However, in many other markets in the developing world there is no legislation or the stablecoins might even be illegal. It becomes complex to use stablecoins from a legal perspective.

Are speed and cost really the primary benefits, or is something else driving board-level discussions?
There is high cost pressure from clients across the board and new technologies can alleviate that. In particular there is a lot of potential cost to take out from scattered prefunding and capital efficiency that can dramatically improve the profitability of the payment business. Speed is probably more linked to predictability. In many cases instant is not necessary but predictability is. When a corporate treasurer sends a cross-border payment, the question is rarely "can it arrive in seconds?". It is "will it arrive when I expect it to, at the cost I was quoted, without being held up by an intermediary I cannot see?" That predictability gap is what makes the current system so expensive to operate, because uncertainty forces institutions to over-provision liquidity as a buffer.

Where do you see the biggest trapped-liquidity problem?
The prefunded model for PSPs/EMIs is unsustainable. Not only do you need to scatter your liquidity at high cost all over the world but it also implies high counterparty risks on individual banks that are unacceptable. The new technology and the ability to net and centralise capital with DLT, combined with a innovative governance model, will disrupt this old model, in particular in emerging markets.

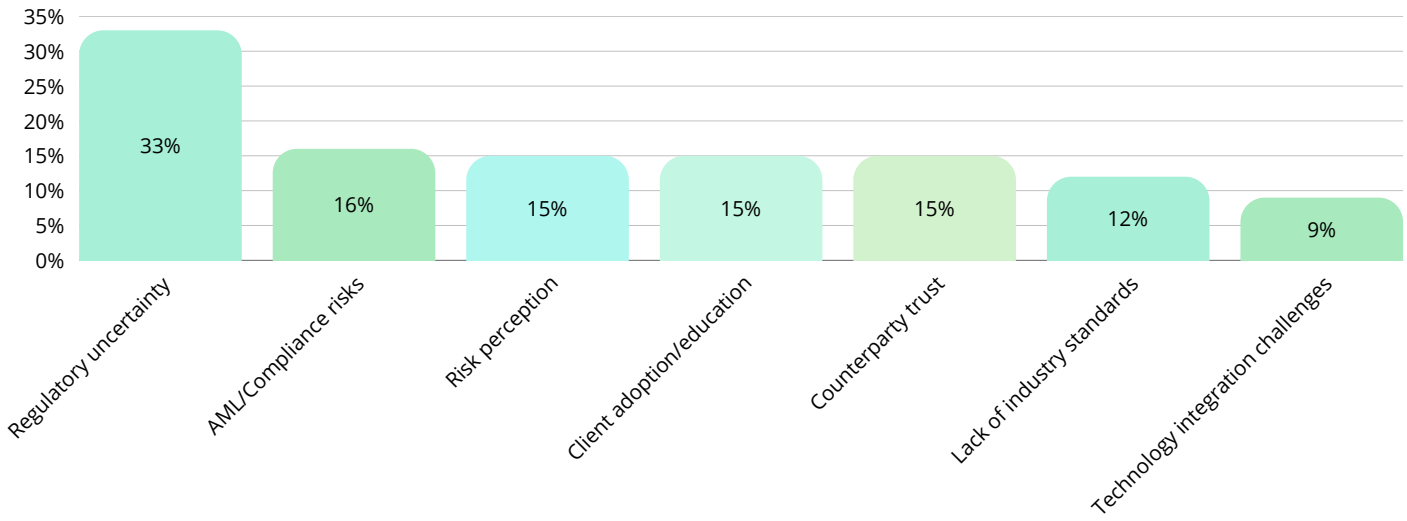
What explains the tokenised deposit paradox of low exploration but high willingness?
For many participants tokenised deposits are relatively unknown and mainly linked to "single-bank" tokens such as JPM or Citibank. Many struggle, rightly so, to see how they can use this. However, there is an awareness that this is more compliant and with less regulatory issues than the stablecoins. As awareness increases of network-based tokenised deposits, where you get the leverage of blockchain technology but still operate within the existing banking system, the exploration rate is likely to increase. The distinction matters. A single-bank token only works within that bank's own ecosystem, it does not solve the cross-border problem for the broader market. A member-based network, where multiple regulated institutions share permissioned infrastructure and a common collateral framework, creates the interoperability that institutions actually need. That is where we see the real potential, and it is also why the willingness is there once the concept is properly understood.

What partner types are actually decisive?
Many see regulatory and compliance risk challenges operating on public networks. On the other hand, to work on a private network requires a critical mass to find the network effects. The ideal scenario is a private network with the critical scale and liquidity. For this to work you need to find a network of peers of banks, PSPs, market makers and where the regulatory implications are crystal clear.

What would "success" look like for a pilot in year one (KPIs you'd insist on)?
Success in year one is not about volume. It is about proving the model works end to end. The KPIs I would focus on are: live corridors with real transactions flowing, time from onboarding to first payment, and whether the collateral and rebalancing model performs as designed under real conditions. If you can demonstrate that a payment completes instantly between two regulated members on different continents, that the prefunding requirement is a fraction of what correspondent banking demands, and that the operational overhead is manageable – that is a successful pilot. Volume builds up gradually, sometimes surprisingly rapid, and the beginning is usually about removing doubt.

Looking 12–24 months out, what do you believe would encourage FIs to update their roadmap materially in favour of alternative rails?
FIs need to realise that continuous cost pressure will mean that ultimately rails need to be modernised. It does not mean you have to be the first mover but it is very important to have built up an awareness of the development. This means taking the first steps and actively evaluating and testing new technology and alternative governance models, and ensuring that you are not the last mover either. Network-based tokenised deposits is a good, low risk and low touch way of adapting distributed ledger technology (DLT) to be on top of the developments. The institutions that start with a single corridor pilot now will be the ones with operational confidence and internal buy-in when the market moves at scale. Waiting for perfect conditions is itself a risk.

What do you see as the main barriers to adopting alternative rails such as stablecoins or tokenised deposits?



When respondents were asked about the main barriers to adopting alternative rails, one issue stood well above the rest: regulatory uncertainty.

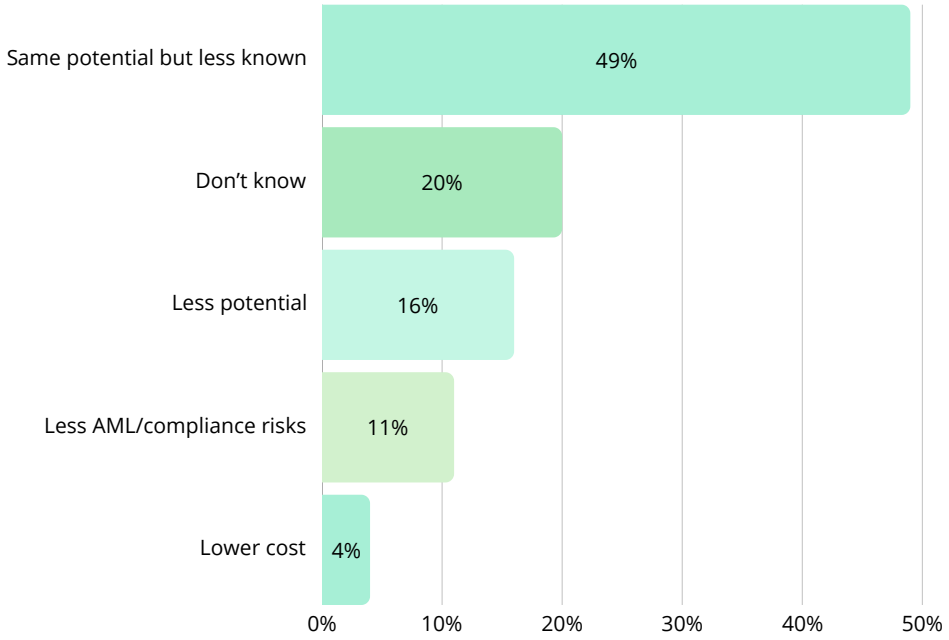
A second tier of barriers reinforces that conclusion. AML and compliance risk, broader risk perception, and client adoption (education) all ranked highly, suggesting that institutions remain concerned not only about whether the rules are clear, but also about whether they can use these rails in a way that is operationally safe, reputationally sound, and valuable to clients. Firms are not convinced that adoption automatically translates into lower risk or better client outcomes.

What is particularly notable is what did not rank as highly. Technology integration challenges and lack of standards were present, but they trailed regulatory and risk-related issues by a meaningful margin. That suggests the market is increasingly comfortable that the infrastructure itself is workable.

In Europe, MiCA has moved stablecoins into a more formal licensing and supervisory regime, while in the United States the GENIUS Act established a federal framework for payment stablecoins.

Despite this, uncertainty remains high, particularly around cross-jurisdictional treatment, intermediary obligations, and AML enforcement expectations.

How do you perceive tokenised deposits compared to stablecoins?



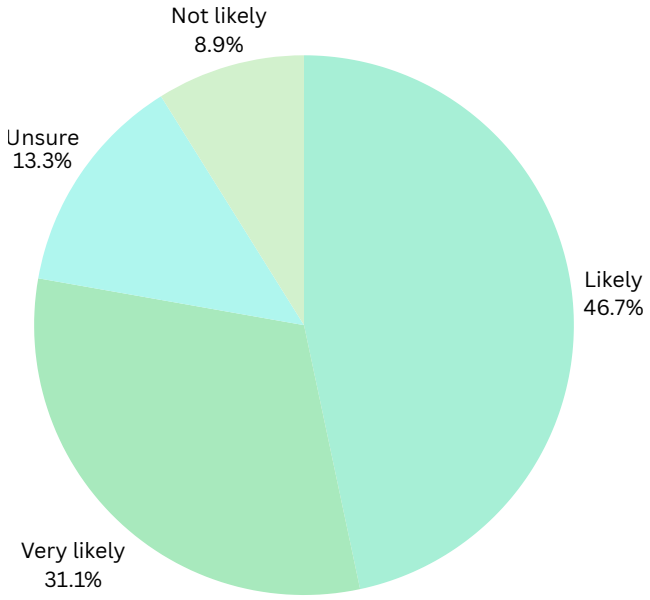
Stablecoins may dominate today's public conversation, but the findings suggest that tokenised deposits are not being dismissed on capability grounds. Instead, they are being held back by a much simpler issue: limited understanding. Roughly half of respondents said tokenised deposits have the same potential as stablecoins, but are less well known.

The knowledge gap is material. One in five respondents said they did not know enough to offer a view, pointing to ongoing confusion around the definition, structure, and practical role of tokenised deposits. This helps explain why the category continues to lag stablecoins in both awareness and active exploration.

The issue is not necessarily skepticism about the model itself, but a lack of market clarity around what tokenised deposits are and how they differ from both stablecoins and other digital money formats such as CBDCs.

Roughly half of respondents said tokenised deposits have the same potential as stablecoins, but are less well known.

If tokenised deposits were available through regulated financial institutions, how likely would you be to explore using them for cross-border transactions?



The survey results point to a clear mismatch between current activity and underlying market appetite for tokenised deposits.

When respondents were asked how likely they would be to explore tokenised deposits for cross-border transactions if they were offered through regulated financial institutions, 77% said they would be likely or very likely to do so. That is a strikingly positive result, particularly when set against the very low level of actual experimentation seen elsewhere in the research.

This gap suggests that the core issue is not lack of interest. Instead, it appears to be a problem of market readiness and product visibility. tokenised deposits remain poorly understood and often associated with isolated bank-led pilots rather than with a clear, scalable proposition that institutions can realistically adopt.

The importance of regulated delivery also stands out. Respondents appear materially more open to tokenised deposits when they are framed within the perimeter of regulated financial institutions, which implies that trust, governance, and legal clarity are central to adoption.

Tokenised deposits may benefit from being perceived as more institutionally credible and more aligned with existing banking and compliance frameworks than stablecoins.

The core issue is not lack of interest. Instead, it appears to be a problem of market readiness and product visibility

Expert Interview with Simon McFeely

Simon McFeely – Managing Director, Finvisor Fintech Partners
A chartered accountant and compliance professional with over 20 years of experience in risk, assurance and compliance, including a decade in senior roles at global FinTechs. Previously at PwC, Flutter Entertainment, Western Union, TransferMate and TransferGo, Simon brings deep regulatory insight and a practical, results-driven approach to every client engagement.

Which finding above feels most accurate to you and which feels most questionable?
The finding that resonates most is that regulation is the primary barrier, but I would frame it as regulatory complexity and fragmentation rather than uncertainty. Any rail aspiring to operate globally must plug into dozens of regimes simultaneously, each with its own licensing and supervisory expectations. That said, regulation should not be viewed purely as a barrier. Once firms navigate this complexity, compliance becomes a competitive moat. The most questionable finding is the emphasis on speed and cost as primary benefits. Important, but rarely sufficient on their own to drive institutional adoption.

When you hear "regulatory uncertainty," what specific uncertainties do you believe people are referring to?
What people describe as regulatory uncertainty is often uncertainty created by evolving interpretations, rather than a lack of rules. The interaction between PSD2 and MiCA is a good example: both frameworks are well-defined, yet ESMA still had to step in with a No Action Letter on e-money tokens. Similarly, the EBA has revisited e-money classification, prompting some national regulators to ask firms they previously authorised to justify that status.
The core issue is not the absence of regulation, but the fact that regulatory definitions are still being stress-tested by new technologies and business models, and supervisory interpretations are continuing to evolve in response.
The real uncertainty is not "what is the rule?" but "how will the rule be interpreted tomorrow versus how it was interpreted yesterday?"

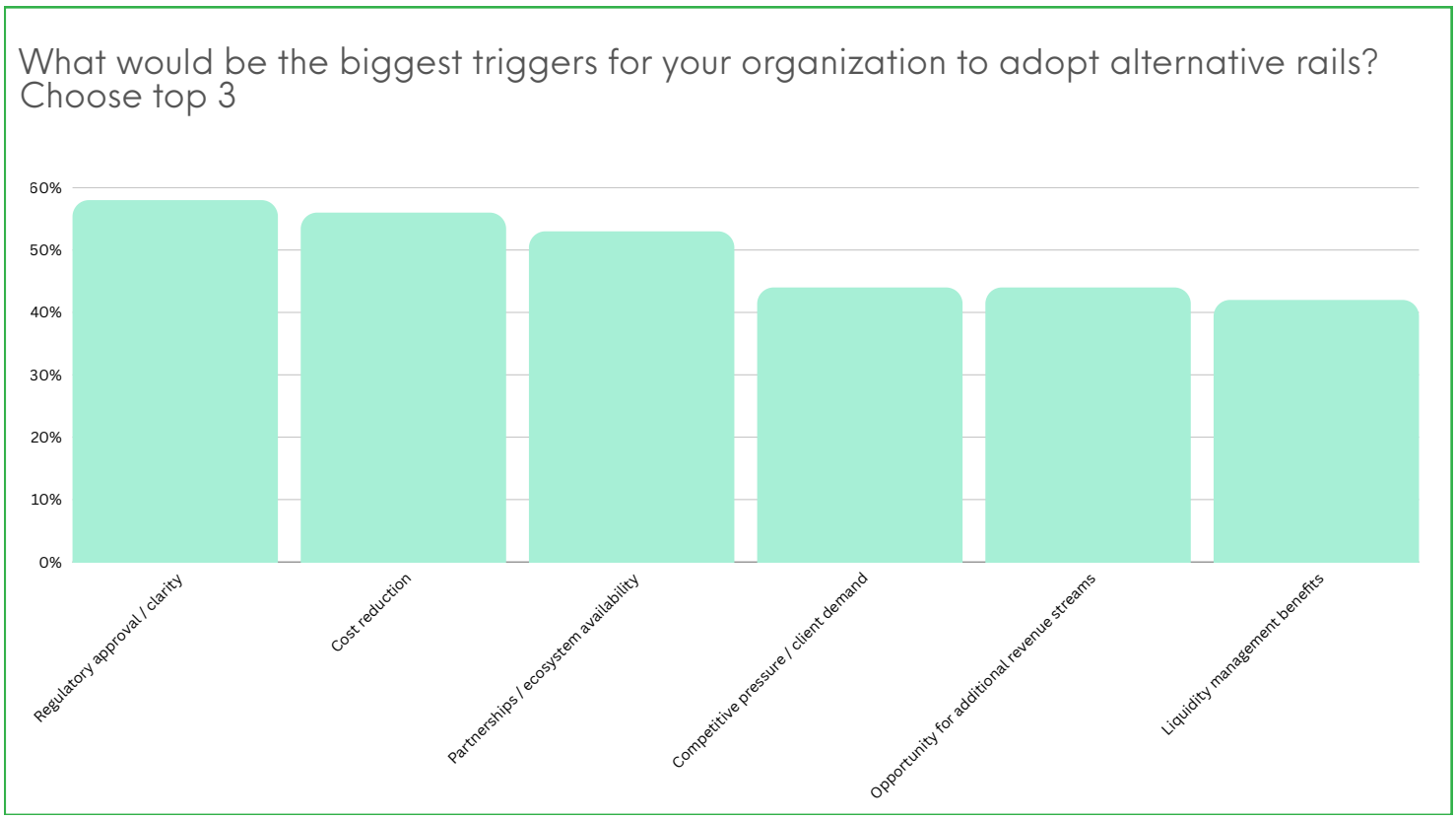
Do you agree that speed and cost are the primary benefits of alternate payment rails today? If not, what is the real driver in board-level discussions?
Speed and cost are the most visible benefits, but not what drives institutional adoption. At board level, the focus is on risk-adjusted economics, control, and trust. Payments are fundamentally a trust product. In supplier payments, predictability matters more than immediacy. In payroll, reliability matters more than speed. Safeguarding is equally central: corporates still prefer to anchor treasury with banks. Adoption depends on whether new rails can deliver predictable settlement, robust safeguarding, and trust comparable to existing infrastructure. The real board question is whether efficiency can improve without weakening trust or control.

Capital efficiency scored high in our survey. Where do you see the biggest trapped-liquidity problem (corridors, customer segments, operating model)?
This is much more an operating model problem than a corridor issue. Firms offering near-real-time payments across multiple currencies still rely on correspondent banking, local clearing constraints, and in-country partners, ending up holding idle liquidity in too many places. The under-discussed angle is the balance sheet. Firms should look harder at how to use their wider balance sheet, including unlocking receivables as collateral. The real question is not how to move money faster, but how to reduce trapped liquidity without adding operational complexity.

What do you think explains the tokenized-deposit paradox (low exploration, high stated willingness to try)?
The paradox is logical: tokenised deposits feel familiar. They map to regulated bank money, fit existing treasury policies, and rely on known counterparties. Exploration remains low because the market is still in its infancy: limited live issuance, no standardisation across platforms, no clear corporate operating model, and fragmented internal ownership. If banks scale tokenised deposits, integrated into treasury portals and APIs, the impact on CFOs could be profound: real-time liquidity management, less prefunding, and tighter integration of payments and treasury.

Partnerships and ecosystem ranked as a top trigger. What partner types are actually decisive (banks, PSPs, market makers, wallets, regulators, infrastructure vendors)?
The industry overstates the idea that we need entirely new ecosystems. Payments have had a functioning global ecosystem for decades. Banks, PSPs, schemes, and infrastructure providers have long enabled cross-border commerce. Banking-as-a-service and embedded payments have shown the building blocks exist. The harder problem is orchestration. Connecting financial infrastructure into ERPs, platforms, and marketplaces remains complex. Banks stay critical for trust and settlement; PSPs enable connectivity. The real differentiator is integrating and operationalising the ecosystem end-to-end, abstracting complexity behind strong API and orchestration layers.

Looking 12 to 24 months out, what do you believe would encourage FIs to update their roadmap materially in favour of alternative rails?
The biggest shift will come from how FIs use agentic AI to simplify payment processing for the end user. Most friction sits not in the movement of money itself but in initiation, routing, approvals, reconciliation, and integration. AI that reduces that complexity will materially change product design. Stablecoins will also play a growing role in real-time, always-on settlement, if integrated within regulated frameworks. Technology alone will not drive adoption. Institutions will update roadmaps only where they see clarity in rule application, trust and control, and a credible business case.



When organizations were asked what would trigger adoption of alternative rails, three factors stood out and were almost evenly weighted: regulatory approval or clear guidance, visible cost reduction, and partnerships or ecosystem availability., which points to a strong market consensus on what must be in place before adoption moves from interest to execution.

The pattern is revealing. Institutions appear to be asking three basic questions before they move.

1. Is the legal and regulatory position clear?
2. Is there a credible business case, particularly in the form of measurable cost savings?
3. Is there a practical implementation path through partners, networks, and ecosystem infrastructure? In other words, adoption depends on confidence in legality, economics, and execution.

This also aligns closely with the barrier findings elsewhere in the research. Regulatory uncertainty was already identified as the single biggest obstacle to adoption, so it is unsurprising that regulatory clarity now emerges as the leading trigger as well.

When respondents were asked which network model their institution would be most interested in, the overall preference leaned toward permissioned networks. That preference was driven primarily by Traditional institutions, which placed clear value on control, vetted participation, and regulatory comfort.

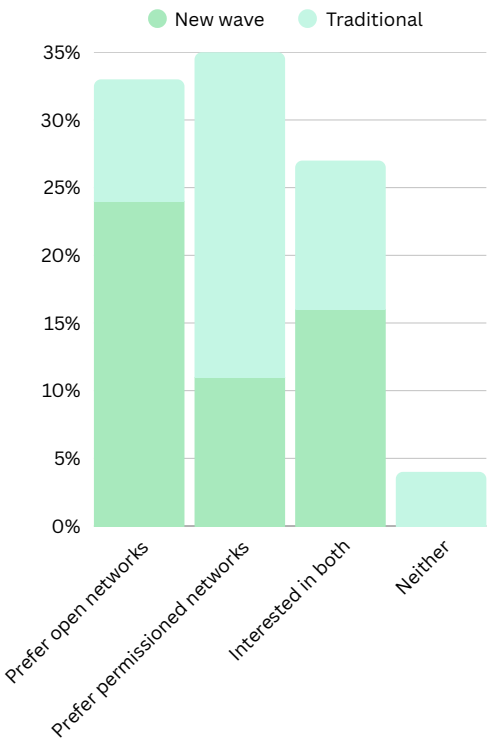
The result is broadly consistent with how banks typically evaluate new infrastructure: not only on functionality, but on governance, accountability, and the ability to operate within established compliance frameworks.

New Wave institutions were more flexible. Rather than aligning strongly with a single model, they were more evenly split between permissioned and open approaches, suggesting greater comfort with optionality and a stronger willingness to participate across multiple ecosystems.

This is important because it points to a market that may not converge around one model alone, but instead evolve toward interoperability across different network types.

There are two emerging models for alternative cross-border rails: Open networks and Permissioned networks.

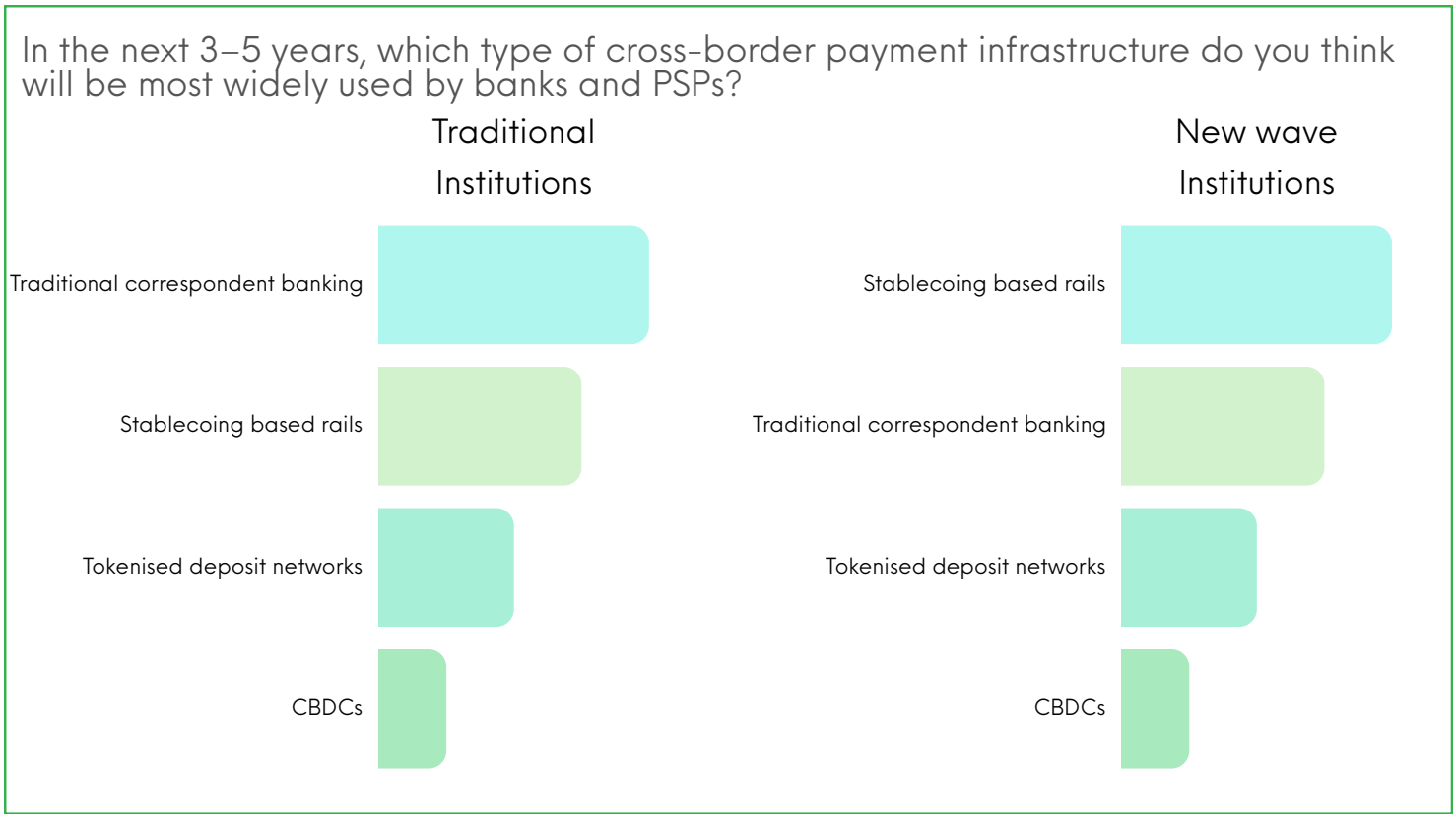
Which of these models would your institution be most interested in?



Explanations

Permissionless networks, such as most stablecoin platforms, are open to any participant with the right technology.

Permissioned networks restrict access to vetted, approved members and are more closely aligned with existing compliance and governance frameworks.



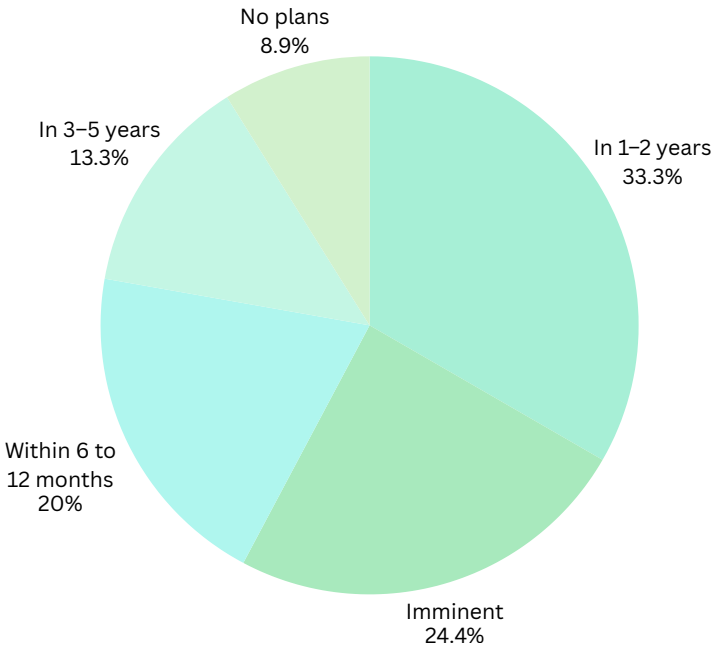
When respondents were asked which infrastructure is most likely to dominate cross-border payments over the next three to five years, the split between Traditional and New Wave institutions was clear.

Traditional institutions continue to see SWIFT and incumbent systems as the primary backbone of cross-border payments. That perspective is consistent with the broader reality that major financial infrastructure transitions often take years to de-risk, standardize, and scale.

Most of the new wave institutions see stablecoins as the leading future model, with SWIFT moving into a secondary role. This suggests they view private-sector digital payment infrastructure as more capable of delivering near-term transformation, especially in corridors where speed, availability, and cost are already putting pressure on traditional models.

A further point of alignment across both groups is the relatively low confidence in CBDCs. Despite the policy attention they continue to attract, respondents do not appear to believe that central bank-led models will drive meaningful cross-border change over the next few years.

If your institution were to add additional cross-border payment rails based on DLT, in what timeframe do you see this initiative starting?



When asked, "If your institution were to add additional cross-border payment rails based on DLT, in what timeframe do you see this initiative starting?", the responses revealed a market moving at two different speeds. New Wave institutions largely expect action in the near term, with most pointing to imminent implementation or a 12-month horizon and only one respondent indicating no plans.

Traditional institutions, mostly placed adoption in a 3 to 5 year timeframe, with a smaller number considering shorter-term pilots. This suggests that while interest is broad, readiness is concentrated in a narrower group of faster-moving players.

New Wave institutions are the most credible near-term adopters and therefore the most important targets for immediate commercial engagement. They are more likely to generate the first live use cases, operational proof points, and referenceable case studies that can help validate the model for the wider market.

Traditional institutions require a different approach. A 3 to 5 year horizon in banking typically signals that the opportunity is recognized, but not yet budgeted or operationally prioritized. For that segment, the practical objective should be to secure limited pilots, corridor-specific experiments, and internal sponsorship now, while building toward broader deployment over a longer adoption cycle.

Taken together, the findings provide a useful conclusion to the broader analysis. Alternative rails are no longer being dismissed, but neither are they yet on an inevitable path to rapid universal adoption. The market is real, the interest is visible, and the strategic logic is increasingly understood.

Expert Interview with Vincent Brennan

Which finding above feels most accurate to you and which feels most questionable?
The findings on speed and cost as key benefits, the focus on trapped liquidity as a pain point / key driver and the acknowledgement of level of regulatory uncertainty as a key challenge align with industry discussions. I would have expected that the programmable functionality on alternative rails would have been called out as a key benefit, as this is a real value-add feature which is key to the further development of digital commerce. I'm surprised by the very low number (2%) of respondents who have explored Tokenised Deposits, as Accenture's 2026 Banking Trend Report reports 87% of 208 Banks surveyed are exploring them. Whatever the level of exploration to date, I expect it is accelerating.

When you hear "regulatory uncertainty," what specific uncertainties do you believe people are referring to?
Alternative payment rails are a relatively nascent development, operating globally, with regulatory frameworks still evolving. Although important frameworks such as the GENIUS Act and MICAR, etc.) have emerged, the approach by regulators is not consistent or harmonised globally, thus leading to a lack of regularity clarity/regulatory uncertainty. Examples of uncertainties include how instruments are legally classified (e-money, crypto assets, payment instruments), who regulates them (central banks, banking regulators, securities regulators) and from a capital/reserve perspective what assets can back tokens, what capital requirements apply and if central bank reserves are required. For banks and payment firms, that means that cross-border operations may need to be jurisdiction-specific, rather than globally standardised.

Do you agree that speed and cost are the primary benefits of alternate payment rails today? If not, what is the real driver in board-level discussions?
It's no surprise that speed and cost are cited as the main benefits of alternative rails, and that transparency and counterparty risk reduction rank behind these. From a banking perspective, these mirror the top two objectives of the G20 Cross-border payment roadmap – speed and cost reduction. Alongside speed, the 24/7/365 always on availability of alternative payment rails is a key benefit. Whereas at national or local jurisdiction level (e.g., EU, USA) these 24/7/365 benefits can be accessed through Instant or Real-Time payment schemes, there are no global "traditional" clearing systems. This makes the 24/7/365 availability of alternative rails really attractive to firms/entities operating across borders such as global merchants, crypto exchanges and treasury operations.

Vincent Brennan - Industry Authority in Payments & Banking
A senior financial services leader with 41 years of banking experience, combining deep expertise in payments, governance and large-scale transformation with board-level perspective from Bank of Ireland, Accenture EMEA and the Euro Banking Association. Currently an Independent Non-Executive Director at NBGPay and Specialisterne Ireland.

Capital efficiency scored high in our survey. Where do you see the biggest trapped-liquidity problem (corridors, customer segments, operating model)?
Traditional payment rails require pre-funding across many accounts to manage settlement risk, as a result of which liquidity sits idle or trapped in the system. This is particularly true in traditional cross border payments owing to the combination of cross-border settlement complexity, slow settlement cycles and intermediary risk management requirements. Reflecting their operating models, the biggest pools of trapped liquidity are typically found in cross-border correspondent banking (precautionary balances, peak flow coverage, time-zone settlement risk), securities settlement and collateral systems (settlement cycles, collateral buffers) and large payment intermediaries (pre-funded accounts in local banking systems, peak flow coverage). The problem is amplified for certain segments - multinational corporates, global banks, cross-border PSPs and FX market participants. With the current dominance of USD balances in international payments trapped liquidity is particularly large in major currency corridors (USD-Europe, USD-Asia, USD-Emerging markets).

What do you think explains the tokenized-deposit paradox (low exploration, high stated willingness to try)?
There is an imbalance between the huge volume of global stablecoin issuance (currently estimated at over $300 billion) when compared to tokenised deposits (estimated as low billions of dollars in circulation). Tokenised deposits solutions are less widely available, with large global institutions (JP Morgan, BNY, Citi, HSBC and others) offering client solutions. However, the exploration trend is accelerating as key features of tokenised deposits are appreciated, including that they represent direct claims on regulated deposits - protected by banking law, supervision and deposit insurance. They leverage established liquidity, capital and compliance frameworks, which enhance assurance that the same standards as apply traditional funds, apply in digital form. These confidence/trust factors underpin the findings on "willingness to try" and will be important in driving adoption.

PSPs, market makers, wallets, regulators, infrastructure vendors)?
Like traditional payment systems, alternative rails operate across a number of functional layers (issuance, custody, liquidity provision, transaction access, infrastructure and oversight). The system works through multi-party partnerships as no single institution or player controls the entire stack. As crypto trading remains the largest use case for stablecoins, the partnerships between stablecoin issuers, exchanges, market makers (liquidity) and wallet providers are the largest and most active. As the use of alternative rails extends into cross-border commerce, global merchant payments and digital platform payments, the partnerships between stablecoin issuers and payment platforms/fintechs grow in importance.

Banks are key partners for reserve management (custody, fiat settlement, regulatory credibility), and as bank-led tokenised deposit networks emerge and grow, the partnerships between banks and infrastructure providers will be key. Meanwhile, banks are collaborating on crypto enabled cross-border payments (e.g. Partior from JPMC, DBS, Temasek), while in Europe banks have formed a consortium to launch a MICAR-compliant Euro-denominated stablecoin.

Looking 12-24 months out, what do you believe would encourage FIs to update their roadmap materially in favour of alternative rails?
I expect that stablecoins and tokenised deposits will coexist as enablers of the alternative rails. Citigroup projects that stablecoins will continue to have a foothold in crypto-native ecosystems, and will grow in cross border commerce and emerging market use cases. In parallel, tokenised deposits, are expected to grow in importance, volume and value, in institutional and corporate flows (trade settlement, treasury and tokenised assets). Improvements in speed, cost and liquidity as well as leveraging programmable functionality will continue to be key benefits. Reverting to the paper headlines, I expect developments that will influence FIs roadmaps will include greater regulatory certainty, development of the tokenised deposit ecosystem through regulated institutions and permissioned networks.

"I expect that stablecoins and tokenised deposits will coexist as enablers of the alternative rails. Citigroup projects that stablecoins will continue to have a foothold in crypto-native ecosystems, and will grow in cross border commerce and emerging market use cases"

Conclusion: The Transition Has Begun

The payments industry is not on the verge of overnight transformation. What this survey shows is a market in transitions, the direction of travel is clear but the pace is uneven and the conditions for scale have not yet fully arrived.

Alternative rails are on the executive agenda, backed by a commercial logic that is increasingly hard to argue with. Faster settlement, lower costs, and the release of capital trapped in pre-funding structures represent a concrete operational case for change that finance and business leaders can evaluate on its own terms.

Technology readiness is no longer the central obstacle. The infrastructure works The bigger constraints are regulatory clarity, ecosystem maturity, and organisational readiness. Until those conditions align, most institutions will continue to watch, pilot, and prepare rather than commit at scale.

The near-term story will be written by faster-moving players, predominantly new-wave institutions, whose early deployments will generate the proof points and regulatory precedents that incumbents will need before moving in volume.

The question is no longer whether alternative rails will play a meaningful role in cross-border payments.

The more relevant question is sequencing: which institutions move first, in which corridors, and with which partners.

Technology readiness is no longer the central obstacle. The infrastructure works.

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Appendix

Stablecoins

Stablecoins are digital assets designed to maintain a stable value relative to a reference asset, typically a fiat currency. In policy terms, the BIS defines a stablecoin as a cryptocurrency that aims to maintain a stable value relative to a specified asset, or a pool or basket of assets.

Their appeal as a rail comes from being token based and transferable on distributed ledgers, which can enable near real time movement and new forms of integration with on chain applications, but their reliability depends on governance, reserves, and redemption mechanics rather than a central bank balance sheet.

How are they used?

Stablecoin usage combines high-frequency retail payments with large institutional settlement flows. Data from Tether shows that roughly 88% of transfers using Tether (USDT) are under $1,000, suggesting heavy use by individuals and small businesses for remittances, online payments, and cross-border transfers. In many markets, stablecoins also function as a digital dollar substitute, offering easier access to stable value outside traditional banking systems.

Alongside this retail layer is a smaller number of high-value transfers, typically driven by trading firms, exchanges, and treasury operations. Although transactions above $100,000 are rare, they move disproportionate value. Reflecting this mix, monthly stablecoin settlement volumes exceeded $1 trillion during 2025, demonstrating both mass-market usage and institutional liquidity flows.

Tokenised Deposits

Tokenised deposits are bank deposits represented on distributed ledger technology rather than only on a bank's traditional ledger. The European Banking Authority frames this narrowly as recording the deposit claim of a depositor against a credit institution on DLT instead of a traditional ledger, and notes that this does not, by itself, change the instrument's regulatory qualification as a deposit.

As a rail, tokenised deposits aim to keep the familiar economic substance of commercial bank money while enabling improved automation, atomic settlement with tokenised assets, and better interoperability with digital workflows, subject to the bank's operating model and the surrounding settlement arrangements. We can split tokinsed deposits into two catgeories.

Single-bank tokenised deposits: tokenised deposits issued and used within a single bank's own infrastructure. They enable faster internal transfers and improved treasury visibility for that bank's clients, but do not extend across institutions.

Network-based (bank-agnostic) tokenised deposits: tokenised deposits issued within a network to be used by the members on a shared, permissioned DLT infrastructure. Because the tokens are bank-agnostic, not tied to any single issuing institution, they can move peer-to-peer between members of the network, for example enabling cross-border payments.

How are they used?

tokenised deposits are primarily used by institutional clients and large corporates rather than retail users. These users include banks, treasury teams, and financial market participants seeking faster settlement and improved liquidity management while keeping funds within the regulated banking system. Because tokenised deposits remain bank liabilities with the same regulatory protections as traditional deposits, they appeal to organisations that require compliance certainty alongside operational efficiency.

Usage volumes are growing but remain concentrated in specific institutional applications. Platforms such as JPMorgan Chase's Onyx/Kinexys infrastructure process hundreds of billions of dollars in tokenised repo transactions, largely among financial institutions managing collateral and short-term liquidity.

Corporate treasury flows are another emerging use case: services from banks like HSBC enable 24/7 internal transfers between corporate wallets, improving real-time cash visibility and cross-entity payments. Overall, the volume profile reflects fewer transactions than stablecoins but much higher average ticket sizes, driven by institutional treasury and capital-market activity.

CBDCs

A central bank digital currency, or CBDC, is digital money issued and backed by a country's central bank, just like the cash in your wallet but in electronic form. It allows people and businesses to hold and spend money digitally while keeping the same trust and legal protections as traditional banknotes.

It is government-backed money designed to make payments faster, safer, and more convenient, especially for online transactions, cross-border payments, or areas where banks are less accessible.

CBDCs: How are they used

Central bank digital currencies (CBDCs) are largely in early deployment, and actual usage varies by jurisdiction. China's e-CNY, the most advanced large-scale CBDC, has processed billions of transactions and trillions in value, yet it still represents a very small share of overall money usage.

As of recent data, e-CNY in circulation accounted for only about 0.16% of China's cash money supply, underscoring that even widespread technical availability hasn't yet translated into dominant everyday use. In other markets like the Bahamas and Nigeria, CBDC adoption is also modest, reflecting the challenge of shifting consumer behaviour and merchant acceptance.

Author, Sean Murphy

Sean Murphy is Editor in Chief of FinanceX Magazine and a longstanding voice in fintech. He has spent the last ten years as a fintech founder, operator and consultant, working at the intersection of financial institutions, regulators and the technology firms reshaping how money moves.

He writes and speaks regularly across a wide range of topics in fintech, from payments and open banking to lending, digitalisation and tokenisation. The Real Pace of Change is his first published whitepaper under the Finance X masthead.

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Finance X is an independent media platform covering the institutions, infrastructure and ideas shaping the future of money. Through long-form journalism, executive interviews, surveys and original research, we examine how payments, banking and digital asset infrastructure are evolving, and what that evolution means for the institutions building, regulating and using these systems.

Our audience is senior: bank executives, payments and treasury leaders, fintech founders and operators, regulators, investors and the advisors who work alongside them.

We focus on the questions that matter at board level rather than the noise that dominates the news cycle, and we work to surface perspectives from across the industry rather than from any single corner of it. Our editorial work is supported by a programme of whitepapers, webinars and live events that bring practitioners together around the issues defining the next chapter of financial services. The Real Pace of Change is the first in a series of institutional research reports produced by Finance X in partnership with industry leaders.

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For editorial enquiries, research partnerships or to discuss the findings in this report, contact Sean Murphy at: sean.murphy@financexmagazine.com.