You Say You Want a Revolution: The Developing Payments Landscape

Greg Baer[1] | Oct. 8, 2026

This note explores developments in payment systems, and in particular efforts to use distributed ledger technology to make payments more efficient and speedy.

Three strong incentives motivate firms to process payments. The first is the ability to generate fee income by playing a role in moving money from one place to another. The second, for those who issue a payment instrument, is to earn interest on the assets backing that instrument that exceeds the interest paid to the holder; this incentive to issue money-like instruments is age-old. The third is to occupy a place in the payments chain that allows for expansion and establishment of other client relationships. Thus, software providers to merchants look to expand along the payments spectrum, and banks try to leverage their payments and deposit-taking businesses to provide additional services.

Currently, numerous efforts are underway to move payments onto blockchains, with the promise of enabling payments that are instantaneous and can occur at any time of day. For any payments system to gain acceptance, though, it must offer robust technology, regulatory acceptance, a strong legal framework and investment return; it must offer benefits to both payors and payees. For all the press releases announcing new projects in the most glowing, revolutionary terms, the tough question is how many can meet that standard.

Furthermore, even a new payment system that meets that standard must demonstrate that it is preferable to existing systems, which are continuously being improved. For DLT payment systems, numerous technical challenges, security concerns and interoperability obstacles make the movement of payments onto blockchains a difficult process. The potential benefits also vary considerably by type of payment instrument, between retail and commercial payments and among countries, depending on the state of their existing payments systems.

Set out below is an assessment of where things stand and some modest and hesitant predictions about the future.

[1] This note expands on remarks delivered at the Federal Reserve Bank of Philadelphia Fintech Conference on September 24, 2026.

The Case for Humility: Real-Time Payments and CBDCs

A little history on payments innovation highlights important challenges.

In 2017, The Clearing House launched RTP, a new payments rail allowing payments within seconds, as opposed to same-day or next-day ACH. The Federal Reserve launched a competing system in 2023, called FedNow. The era of instant payments was upon us.

Years later, FedNow has failed to meet expectations. In the second quarter of 2026, FedNow processed only 5 million payments (versus 142 million for RTP).[2] That compares with 9.3 *billion* transactions on ACH and 30 *billion* U.S. transactions on Visa-branded credit and debit cards. It is highly unlikely ever to reach the ubiquity of ACH and Fedwire. While RTP has proven helpful for some payment types, it too has failed to meet the high expectations set by advocates for faster payments. Volume is driven by the sender's preference, and the simple fact is that for most payments, a cheap and reliable ACH system continues to be the preferred option.[3] While RTP offers immediacy and the ability to transmit data along with the payment, these attributes are not sufficient for customers to shift many types of payments off existing rails.

Furthermore, these new rails also are increasingly at risk of being leapfrogged by other payment mechanisms — e.g., tokenized deposits — long before they reach the ubiquity and low cost necessary to being a viable option.

In short, those advocating for real-time payments presumed that if it were built, people would come, but real-world use cases have been slow to develop where alternatives already exist, as in the United States. (The story is different in Brazil, Thailand, India and other countries where a satisfactory payments network had not already been developed.)

A similar arc has been seen with respect to central bank digital currencies. As noted five years ago (rather prophetically):

> [O]ver the past few years, a principal reason that central banks have given for exploring issuance of a CBDC was the fact that . . . other central banks were exploring the issuance of a CBDC. A central bank FOMO. What has happened? In sum, central bankers are taking greater notice of significant and unavoidable costs that would come from a CBDC; at the same time, the theoretical benefits that adherents have claimed for a CBDC have proven hard to identify in terms of practical use cases. Thus, this shrug may soon become a collective one.[4]

At this point, the shruggers now include the United States, Canada and Australia, which have all effectively decided against a CBDC; the UK remains in a "design phase" with no prospects of that becoming an actual project.[5] Project mBridge, launched with much fanfare by the BIS Innovation Hub in 2021, has been effectively abandoned by everyone (including the BIS) except for China, Hong Kong, Thailand and the UAE. The lone Western enthusiast for a CBDC is the European Union. Even there, launch is not projected until 2029 (though one might doubt that date). Leaving aside well-documented financial stability concerns,[6] the key problem is that there is not an attractive use case for either retail or commercial customers. The primary motivation at this point appears to be avoiding dependence on U.S. payment system providers.

With this history in mind, we can proceed to look at how blockchain-based payments may be used in different parts of the U.S. financial system.

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[2] RTP, Fed race on fast payments, PAYMENTS DIVE (Sept. 8, 2026).

[3] For example, while companies could pay their employees on the 15th of the month by making an RTP payment on that day, it is less expensive to initiate a Next Day ACH payment on the 14th; of course, the recipient is indifferent to the rail chosen for payment.

[4] Greg Baer & Paige Pidano Paridon, *The Waning Case for a Dollar CBDC*, Bank Pol'y Inst. (Feb. 18, 2022), https://bpi.com/the-waning-case-for-a-dollar-cbdc/.

[5] Akin to the Great British Tokenized Deposits Network, described below, Australia is looking at tokenized central bank money, but not a CBDC for use in retail payments. The story is much the same among Caribbean nations who had launched ambitious CBDC projects. Nic Wirtz, *Caribbean Central Banks Ditch CBDCs for Fast Payment Systems*, Glob. Fin. (Oct. 1, 2026).

[6] Gregory Baer, Central Bank Digital Currencies: Costs, Benefits and Major Implications for the U.S. Economic System (Bank Pol'y Inst. Staff Working Paper, Apr. 7, 2021).

Onto the Blockchain: Overview

Transacting on distributed ledgers has the potential to substantially increase the speed and efficiency of commerce: real-time/"atomic" settlement of transactions; intra-day liquidity management; smart contracts executing transactions 24/365; and eventually a system of agentic commerce comprising all those features.

That said, a company whose stock is tokenized and moved onto a blockchain will see no increase in its earnings. Shorter settlement times and irreversibility will decrease counterparty credit risk but might also hasten runs and facilitate fraud. Settling foreign exchange transactions or delivery-versus-payment securities transactions atomically is unlikely to significantly affect bond pricing or reduce systemic risk. The canonical settlement failure, by Herstatt Bank over 50 years ago, did not cause a financial crisis and required no governmental financial support. And even the supposed reduction in operational risk, at least for certain instruments like stablecoins, is highly debatable: for now, the cybersecurity risks of cross-chain transfers on distributed ledgers appear far more significant than with legacy payment systems.

Thus, again, every use case must be evaluated according to the costs and benefits it offers, and less as an absolute matter than relative to the existing payment systems in its relevant space.

Perhaps more important is the environment facing DLT projects. Cybersecurity is in a dangerous state of revolution, as frontier AI models reveal potentially fatal weaknesses across all systems. An entirely new way of defending systems and ensuring recovery will need to be developed. In addition, the black swan of quantum computing is coming closer to shore. Equally concerning, we are in the midst of an explosion in online fraud — incredibly sophisticated crimes frequently committed by criminal gangs.[7] AI has made this fraud much more effective, and we are not even in the early innings of AI-enabled fraudsters' ability to socially engineer and imitate — we are at batting practice. The ability of agents like Meta's Muse to transact on behalf of a customer will further complicate anti-fraud efforts.

Thus, on the cost side, such projects must compete for resources with other major technology demands, including the need to fortify, even rethink, data storage and processing in light of cyber and quantum risks. And new platforms have the potential to make cyber defense and anti-fraud efforts more difficult. Second, on the opportunity side, such efforts must compete for resources with efforts to use AI to dramatically improve service and reduce costs across the enterprise. Those efforts include using AI to improve service, reconciliation and liquidity management within existing systems. There is thus a lot of competition for the marginal dollar of technology spending.

U.S. Retail

The U.S. retail payments system gives consumers multiple options for payments that allow them to make purchases and transfer money in ways that are effectively real-time. At point of sale, consumers can "tap and go" with a credit card or debit card or use a wallet on a phone to pay by near-field communication. Online, similar options exist, with card data generally pre-populated or easily accessed by a fintech provider. For peer-to-peer transfers, Venmo and Zelle allow for instant availability of funds for the recipient, even if the clearance and settlement process is via ACH or another rail in the background that takes longer.

Credit card transactions are seamless and offer holders the benefit of rewards, float and purchase protections; debit card transactions are seamless and offer the benefit of deposit insurance. The current competitive focus in card-based payments involves attempts by software providers and merchants to capture more of the rents in the payments process, while banks attempt to provide more payment services.

(Of course, for merchants who support credit card rewards indirectly through interchange payments, the calculus is quite different, and stablecoins offer an attractive alternative. But these merchants would need to offer

[7] According to FBI data, reported U.S. internet crime losses were $20.9 billion in 2025, rising 26 percent since 2024. The largest sources of fraud were investment scams ($8.6 billion) and business email compromise ($3.0 billion). FBI, Internet Crime Complaint Ctr., *2025 Internet Crime Report* 6, 9 (2026).

substantial incentives in a consistent way to incentivize customers to forsake the benefits and protections of existing payment mechanisms.)

Finally, while Americans take such things for granted, there is not significant inflation or currency volatility or the threat of capital controls that would motivate an individual or company to move money onto a blockchain or into a dollar-denominated stablecoin at a crypto exchange.

As a result, there does not appear to be any emerging use case for stablecoins as a retail payments mechanism in the U.S. or other developed markets that is sufficiently attractive to both payors and payees to move payments from existing systems. The numbers bear this out. Total stablecoin supply has been essentially flat since October 2025, peaking at roughly $322 billion in May 2026 before contracting to about $300 billion by September 2026.[8]

And very little of what circulates is used to pay for anything: of roughly $35 trillion in stablecoin transactions in 2025, payment-related flows were an estimated $390 billion, or about one percent.[9] The largest share of stablecoins are held on the Ethereum network, where they are used primarily as institutional treasury and settlement holdings (with companies and large holders maintaining USDC reserves on Ethereum as the global settlement layer); DeFi lending protocols (Aave, Morpho, Compound, Spark); and collateral when traders borrow stablecoins against crypto collateral (ETH, liquid staking tokens, wrapped BTC) to make leveraged bets. Stablecoins are also the principal quote currency for crypto trading on offshore exchanges such as Binance, where most pairs are priced in USDT, and serve as a dollar substitute on U.S. exchanges such as Coinbase, whose order books are denominated primarily in U.S. dollars. Balances held for trading are smaller than those deployed in DeFi, but they turn over far faster.

And of course, particularly overseas, stablecoins are used as the coin of the realm for ransomware, money laundering, sanctions evasion and terrorist financing.[10]

Thus, as I wrote *five years ago:*

> Assuming stablecoins will not offer anonymity in furtherance of illegal conduct, it is difficult to understand as a business matter what is gained by consumers paying each other for their pizzas or concert tickets, or a business paying a supplier, with a stablecoin rather than an instantaneous bank transfer. Perhaps more importantly, as a policy matter, it is difficult to understand what societal benefits they offer that could possibly offset their potential costs.[11]

In an area supposedly undergoing revolutionary change, not much has changed in five years.[12]

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[8] *See* Stablecoins, DefiLlama, https://defillama.com/stablecoins (last visited Oct. 1, 2026); Stablecoin Supply Growth Tracker, Spark, (last visited Oct. 1, 2026) (reporting an all-time high of $322.4 billion on May 17, 2026, and supply of approximately $301.7 billion by early September 2026); McKinsey & Co., *Stablecoins in Payments: What the Raw Transaction Numbers Miss* (Feb. 2026); Francesca Carapella, Arazi Lubis & Alexandros Vardoulakis, *Stablecoins in 2025: Developments and Financial Stability Implications*, FEDS Notes (Bd. of Governors of the Fed. Rsrv. Sys.), Apr. 8, 2026.

[9] Pablo Hernández de Cos, Gen. Manager, Bank for Int'l Settlements, Stablecoins: Framing the Debate (Apr. 20, 2026),

[10] See Fin. Action Task Force, Targeted Report on Stablecoins and Unhosted Wallets: Peer-to-Peer Transactions (Mar. 2026) (finding that money launderers, terrorist financiers and state-linked cybercriminal groups, including DPRK actors laundering ransomware proceeds, have adopted stablecoins as a preferred vehicle, and that Iranian actors use stablecoins to finance proliferation); Fin. Action Task Force, Targeted Update on Implementation of the FATF Standards on Virtual Assets and Virtual Asset Service Providers 20 (June 2025) (reporting increased stablecoin use by DPRK actors, terrorist financiers and drug traffickers, and that "a majority of all on-chain illicit activity is now transacted in stablecoins"); Press Release, U.S. Dep't of the Treasury, Treasury Sanctions Cryptocurrency Exchange and Network Enabling Sanctions Evasion and Cyber Criminals (Aug. 14, 2025) (describing the ruble-backed A7A5 token, issued by a Kyrgyz firm for customers of a Russian cross-border settlement platform used for sanctions evasion).

[11] Greg Baer, "Making Stablecoins Stable: Is the Cure Worse than the Disease?", Bank Policy Institute, September 27, 2021

[12] Brooke Dirtzu, Geena Panzitta & Peter Zimmerman, *Will US Firms Adopt Stablecoins? Survey Says They're Not Enthusiastic*, Fed. Rsrv. Bank of Cleveland, Econ. Commentary No. 2026-22 (Sept. 28, 2026) ("We surveyed 148 firms active in the Fourth District about whether they had plans to use stablecoins. Responses were overwhelmingly negative, with only eight of our contacts expressing any such plans. Asked why they did not plan to use stablecoins, respondents cited satisfaction with existing payment methods, unfamiliarity with the new technology, and a lack of demand from clients and suppliers to pay using stablecoins.")

U.S. Commercial

Currently, there is no material volume in large dollar, on-chain payments by commercial companies. Again, demand might increase if moving on-chain would provide benefits compared to current systems, such as improving collateral mobility or operating-hour constraints. Looking forward, should demand increase for these payments, the presumed candidates for the cash leg of such payments — whether payment versus payment or delivery versus payment for securities transactions — are stablecoins; tokenized deposits, which can be thought of as commercial bank money in digital form; and tokenized money market mutual funds.

Stablecoins. The case against using a stablecoin for large-value commercial transactions is very strong. While crypto traders may be highly tolerant of risk in the cash leg of their trades or holdings, commercial customers have zero tolerance for risk in this area. The emerging U.S. framework for stablecoins suffers from four fundamental flaws that create substantial and almost certainly unacceptable risk for stablecoin holders.[13]

First, stablecoin issuers run serious operational and credit risks —including dependence on third-party custodians, disruption to redemption processes and cryptographic infrastructure hacking — as well as credit risk (as seen when Circle required the largest bailout of all uninsured depositors at Silicon Valley Bank). Additionally, stablecoins account for roughly 84 percent of illicit cryptocurrency transaction volume, although illicit activity remains under 1 percent of all on-chain volume.[14] The run risk for a U.S.-regulated dollar issuer thus lies less in its own coin's use by criminals than in the confidence shock that a major hack or illicit-finance revelation can deliver to the stablecoin sector.

While the GENIUS Act was intended to establish a dependable regime for payment stablecoins, it falls short in numerous ways. The OCC's proposed implementing rule included an "operational backstop" to reduce some (but not most) of these risks but requires holding of only 12 months of backward-looking expenses. This requirement creates perverse incentives to minimize compliance costs and fails to capture forward-looking risk.

Second, the lack of inherent interoperability among blockchains introduces substantial additional operational risk. A USDC token on Ethereum is not the same as one on Solana. Moving between chains requires either a third-party bridge or an issuer-run mechanism such as Circle's Cross-Chain Transfer Protocol (CCTP), which burns the token on one chain and mints it on another. Bridges depend on smart contracts that have repeatedly been exploited. CCTP removes the third-party bridge but depends instead on Circle's off-chain attestation service and its own smart contracts, so an outage or exploit could halt or corrupt transfers. Where native USDC or CCTP is unavailable, users may hold a bridged variant that is not redeemable with Circle at all.

Cyber risk is growing, to put it mildly. As capacity constraints grow on one blockchain, users migrate to competing, less crowded blockchains, resulting in fragmentation and use of bridges that compound operational risk at precisely the worst time — when significant transfers or redemptions are occurring.

Third, the GENIUS Act's redemption framework will make destabilizing runs more likely. Under the OCC's proposed rule, issuers have up to two business days to redeem, but during stress periods when redemptions exceed 10 percent of outstanding issuance in 24 hours, the period extends to seven calendar days and issuers are prohibited from satisfying requests absent regulatory approval. This redemption gate would increase first-mover advantage and hasten runs. Furthermore, issuers can honor redemptions in any order, with no pro rata obligation, enabling preferred counterparties to exit before retail holders, who are thus incentivized to run at the first sign of trouble. Moreover, most stablecoin holders possess no redemption rights at all, as major issuers maintain direct relationships with only hundreds of verified accounts; other holders must sell at Coinbase or some other exchange,

[13] For a detailed analysis of all the risks described below, see Bank Policy Inst., Built on Fault Lines: Four Sources of Instability in Stablecoins (June 11, 2026). *See also* Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act, 91 Fed. Reg. 10,202 (proposed Mar. 2, 2026) (to be codified at 12 C.F.R. pt. 15); GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions, 91 Fed. Reg. 18,534 (proposed Apr. 10, 2026) (to be codified at 12 C.F.R. pts. 330, 350); Christopher K. Odinet, Andrea Tosato & Yesha Yadav, *The Moneyness of Stablecoins*, 136 Yale L.J. (forthcoming 2026); Hyun Song Shin, *Tokenomics and Blockchain Fragmentation* (Bank for Int'l Settlements, Working Paper No. 1335, 2026); Elizabeth C. Klee et al., *The Fragility of Perfectly Safe Digital Money* (Fin. & Econ. Discussion Series No. 2026-037, Bd. of Governors of the Fed. Reserve Sys., 2026).

[14] Chainalysis, *The 2026 Crypto Crime Report* 7, 39 (2026)

where the bid for the stablecoin may be less than par. The analogy would be a bank that would not return a deposit but rather require the depositor to sell it on the New York Stock Exchange or NASDAQ.

Fourth, many stablecoin issuers are choosing uninsured national trust bank charters, which fall outside the Bankruptcy Code and are instead resolved under 19th-century receivership law not used in nearly a century. The insolvency framework creates perverse incentives that would make orderly resolution impossible, leaving stablecoin holders to recover losses through protracted litigation under archaic legal standards and resolving fundamental questions of priority using case law concerning bills of exchange and banker's acceptances rather than carefully crafted modern statutory frameworks.[15] Of course, this uncertainty further increases the incentive to run and thereby avoid having to participate in this process.

Furthermore, stablecoin issuers in the United States and other major jurisdictions cannot pay interest to compensate for these risks. While crypto exchanges pay rewards in lieu of interest, that evasion will not work if the stablecoin is not held at a venue willing to subsidize.

In sum, it is hard to believe that trillions of dollars of commercial payments or securities transactions will shift to using as the cash leg an instrument that sometimes does not trade at par and carries substantial run risk and an unknowable resolution regime.

Tokenized Deposits

Tokenized deposits suffer from few of the major problems of stablecoins and are therefore the subject of numerous current initiatives. They are technologically feasible and legally permissible; to the extent the deposit is insured in ledger form it is also insured in token form. [16] And most importantly, tokenized deposits are currently in use, and in some volume — in repo trading and for intra-company, cross-border, cross-affiliate transfers. Operational risk is minimized by proven resilience and a mature AML/KYC regime; issuers (banks) have access to a central bank line of credit in the event of a run; redemption rights are clear and easily exercised; resolution procedures are clear and tested. Capital and liquidity requirements and intensive examination of banks also provide some comfort to holders. And of course they can earn interest.

The greatest challenge of tokenized deposits is interoperability — how to convert a deposit token representing a claim on the sender's bank into a deposit token representing a claim on the receiver's bank. The Clearing House is expected to roll out in 2027 a system whereby tokenized deposits can be used for payments among its members with settlement occurring through an RTP or CHIPS payment.[17] Transactions are expected to settle via Fedwire or, during Fedwire closing hours, the Federal Reserve's FedNow Liquidity Management Transfer System, which is a Federal Reserve tool for transferring funds between participants' Federal Reserve master accounts and a Reserve Bank joint account that backs a private-sector instant payment service such as RTP.[18] This hybrid approach retains most of the benefits of on-chain payments while settling them through an existing, off-chain rail.

It seems, though, that for tokenized deposits to serve as a purely on-chain payment mechanism, there is a need for settlement in central bank money. (Language is important here, as one could describe that payment mechanism as a central bank digital currency, but it creates none of the major policy problems of a CBDC, because it is not substituting for commercial bank money. Commercial bank money remains the same, and assets currently funded by deposits continue to be funded by deposits.)

There are multiple initiatives underway to solve this problem, but none appears to be close to fully solving the challenge:

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[15] *See* Christopher K. Odinet, Andrea Tosato & Yesha Yadav, *The Moneyness of Stablecoins*, 136 Yale L. J. (forthcoming 2026) at 56-58.
[16] See FDIC Notice of Proposed Rulemaking, 91 Fed. Reg. 18534 (Apr. 10, 2026)
[17] In June 2026, The Clearing House announced its On-Chain Money Initiative, a network for interbank clearing and settlement of tokenized deposits, with launch targeted for the first half of 2027 on technology provided by Quant. TCH has said the network will connect on-chain activity to its existing fiat rails, including RTP and CHIPS, so that token transfers and the corresponding dollar movements occur in a synchronized manner.
[18] *See* Bd. of Governors of the Fed. Res. Sys., *About the FedNow Service*.

- SWIFT, the global messaging network, is building a permissioned shared ledger that records and synchronizes interbank payment commitments among tokenized deposits issued by multiple banks. A live pilot with 17 banks was launched in July 2026. However, it is an orchestration layer, not a settlement mechanism.
- The Great British Tokenized Deposits Network includes Barclays, Lloyds, NatWest, HSBC, Nationwide and Santander. It is a common ledger akin to SWIFT but also will require a settlement mechanism, which it hopes will be the Bank of England, using a form of digitized central bank money. Three digital bonds are planned for 1Q27.
- Canton is a blockchain network whose governance is co-chaired by DTCC and Euroclear and whose members include large global banks. It seeks to facilitate delivery versus payment with tokenized deposits or MMMFs against Treasury securities and eventually other assets. While it will allow any one participant bank's tokenized deposit to be used as the payment leg, it does not provide for payments among those banks.

Most market participants agree that a substantial boost to innovation would come if the Federal Reserve made Fedwire a 24/7 facility. Current operations are 22/5, less holidays. Thus, until the Federal Reserve shifts its priority and resources from FedNow — which has already cost taxpayers over $1.5 billion and is far from achieving the necessary ubiquity — to Fedwire modernization, there will be no way for banks to settle on-chain tokenized deposit payments with central bank money at all times.

Tokenized MMMFs

While the least attention has been paid to tokenized MMMFs — in particular, government MMMFs — at least in theory they have strong attributes as collateral for on-chain trading, as an alternative to cash margin, and perhaps as a payment mechanism. Tokenization allows them to trade in bespoke sizes; government funds carry less risk than uninsured bank deposits; and unlike stablecoins, MMMFs pay yield and are subject to more established regulation.

While the collateral use case is clear, any payment use case runs into an interoperability problem akin to tokenized deposits. And while there are pilots attempting to clear and settle tokenized deposit transfers among banks, doing so for shares in different funds is a next-level problem.

Ex-U.S.

As noted, this analysis focused on the United States and to some extent other developed markets. Other markets may present very different costs and benefits. Just as a stablecoin, however risky, looks pretty good as a relative matter to a crypto trader, so too it may be seen as quite stable indeed by someone in a country experiencing hyperinflation or capital controls. Thus, the Treasury Department has quite reasonably argued that there is a use case for stablecoins as a store of value for overseas investors looking to hold the U.S. dollar as an alternative to physical cash. And while the Treasury pays interest on the bills that back the stablecoin but not the physical cash and thus receives less seigniorage benefit, it nonetheless expands the universe of bill buyers.

Cross-Border

In any debate about the viability of stablecoins as a means of exchange, the default option is to claim that the one clear use case is cross-border payments — either retail remittances or wholesale transfers. The remittance market has long been criticized for including high fees and low speeds, and thus it has been identified as a use case for stablecoins. (Also, it is really fun, and makes one sounds quite knowledgeable, to refer to a "stablecoin sandwich.") However, experience to date and the risks and rewards of cross-border payments appear to suggest that such an offering is unlikely to be digested.

In recent years fintech entrants in the remittance market — most notably, Wise and Revolut — have substantially decreased the cost. In a welcome, real-world exercise, staff at the Bank of Italy set up actual accounts and measured the cost of transferring money between Italy and five other jurisdictions using Wise versus a "stablecoin sandwich" using Circle's USDC on Ethereum as the stablecoin.[19] Wise was cheaper than USDC in four of the

[19] Alberto Di Iorio, Enrica Di Stefano, Michele Mascioli & Giorgio Trebeschi, Are Stablecoins Efficient for Remittances? Evidence from a Mystery Shopping Exercise by the Bank of Italy, Banca d'Italia Markets, Infrastructures and Payment Systems Papers No. 86 (July 2026).

corridors and more expensive in three, though one of those three was the product of a jurisdictional anomaly rather than intrinsic efficiency. The authors conclude, “Our empirical evidence confirms that stablecoins do not offer a systematic cost advantage; efficiency depends critically on the specific corridor, operator choice, and funding method.” The result should not be surprising: as with actual sandwiches, the calories are in the bread: the on-ramp (sending fiat to stablecoin) and off-ramp (stablecoin to receiving fiat), which include the costs of AML and sanctions compliance.

That said, some companies may see a use case for stablecoins for netting currency transactions internally on permissioned networks, as effectively a back-office function. That would not be a major change to the payments landscape, however.

Much attention has been paid to Project Agorá, an effort to combine tokenized commercial bank money with tokenized central bank money into an interoperable network; the goal is to allow cross-border wholesale payments using tokenized money and smart contracts. Participants include eight major central banks, over 40 financial institutions, and payments companies such as VISA, Mastercard and SWIFT. For those with concerns about the potential for a CBDC to drain deposits away from banks, Agorá raises no such concerns, as central bank money retains its current purpose; using a U.S. analogy, it envisions a tokenized Fedwire.

That said, and while testing has been ongoing in recent years, there is no current use case, and no announced plans for one. Commercial demand has not materialized and an operating model developed. Meanwhile, some global banks are using their own private, permissioned networks to enable transfers of tokenized commercial bank money among their clients.[20] Whether banks will decide to combine efforts is an open question.[21]

Conclusion

You say you want a revolution
Well, you know
We all want to change the world
You tell me that it's evolution
Well, you know
We all wanna change the world
When you talk about destruction
Don't you know that you can count me out
Don't you know it's gonna be alright?
Don't you know it's gonna be alright?
Don't you know it's gonna be alright?
You say you got a real solution
Well, you know
We'd all love to see the plan
You ask me for a contribution
Well, you know
We all doing what we can….[22]

[20] *See, e.g.*, Press Release, JPMorgan Chase & Co., *J.P. Morgan Launches USD Deposit Token, JPMD, Proof of Concept for Institutional Clients on Base, a Public Blockchain Built Within Coinbase* (June 24, 2025), https://www.jpmorgan.com/payments/newsroom/kinexys-usd-digital-deposit-tokens (noting that, since 2015, Kinexys has provided "onchain blockchain deposit accounts to clients on its private permissioned blockchain"); Press Release, HSBC Hong Kong, *HSBC Launches Tokenised Deposit Service for Corporate Cash Management in Hong Kong* (May 22, 2025), https://www.about.hsbc.com.hk/news-and-media/hsbc-launches-tokenised-deposit-service-for-corporate-cash-management-in-hong-kong (describing a service "[b]uilt on HSBC's own network" that supports real-time HKD and USD payments between a client's corporate wallets); Press Release, Citigroup Inc., *Citi Token Services Marks New Milestone in Delivering Next Gen Transaction Banking Services to Institutional Clients* (Oct. 10, 2024), https://citigroup.com/global/news/press-release/2024/citi-token-services-marks-new-milestone (describing Citi Token Services as built on "a private and permissioned blockchain that is solely owned and managed by Citi").

[21] That question is similar to the question of whether banks would combine their card networks, which they ended up doing when they created both Visa and Mastercard.

[22] The Beatles, *Revolution* (Apple Records 1968).

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