Deposits, Payments, and Data Under Pressure:

financial institution strategies for a tokenized money future

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contents

executive summary

A hybrid monetary ecosystem is emerging, requiring financial institutions to operate across both traditional and tokenized financial rails.

Stablecoins, tokenized deposits, real-time payments, and blockchain-based settlement networks are reshaping how consumers and businesses store value, move money, and access financial services. While adoption remains uneven across accountholder segments, the underlying trend is clear: accountholders expect faster payments, greater flexibility, and seamless access to both traditional and emerging financial ecosystems.

For financial institutions, the opportunity isn't choosing between traditional finance and digital assets. It's determining how to participate in both while preserving trusted accountholder relationships, protecting deposits, and maintaining visibility into payments activity.

As more funds move across digital-asset ecosystems, understanding accountholder behavior becomes just as important as retaining deposits and transaction volume. Financial institutions that succeed won't necessarily be the first to launch stablecoin offerings. However, they'll be the ones with the infrastructure, data visibility, and strategic relationships necessary to support use cases as adoption grows.

This eBook explores the strategic implications of tokenized money, outlines the risks and opportunities facing financial institutions, and provides a practical framework for assessing exposure, modernizing infrastructure, and preparing for a future where traditional and blockchain-based financial systems inevitably coexist.

where deposits and payments are headed

Retail Deposit Flight

As traditional and decentralized accounts are more frequently displayed side by side within centralized financial experiences – and businesses move funds into digital-asset platforms – new competitive pressures are emerging. Deposit migration can affect the liquidity your financial institution relies on to fund lending and support local economic growth, potentially turning historically stable funding sources into more rate-sensitive liabilities.

Because stablecoin reserves are typically held in government money market funds or short-term Treasurys rather than recycled into local lending markets, financial institutions may face additional pressure to increase deposit rates or adjust lending strategies. Over time, this can affect competitiveness, profitability, and the ability to deliver highly personalized accountholder experiences.

Accountholders are now exploring DeFi platforms and tokenized assets as alternative ways to earn returns beyond traditional savings accounts.

Recent data shows:

- **Nine in 10** surveyed community banks have active pathways to Coinbase.[1]
- For every **$2.77** that leaves a community bank, only **$1 returns**.[2]
- Cross-chain transfers handle between **$1.4 billion** and **$2.5 billion** in monthly transaction volume.[3]

Business Payments Risk

Direct consumer stablecoin payments remain early in their adoption journey. However, meaningful momentum is emerging in the B2B market.

Because stablecoins can address inefficiencies in cross-border payments, including high wire-transfer costs and multi-day settlement delays, early adopters are using them to streamline supplier payments and improve liquidity management.

Commercial accountholders are beginning to move operational cash into digital asset ecosystems to support faster settlement and access new treasury management capabilities. Large corporations are also beginning to explore blockchain networks and multi-CBDC (Central Bank Digital Currency) platforms as alternatives for international value transfer.

Industry estimates indicate growing adoption:

- Corporate B2B merchant settlement has reached **multibillion-dollar** volumes.[4]
- B2B stablecoin payments could exceed **$1 trillion** by 2030.[5]

When commercial and retail accountholders move cash or make payments through decentralized networks, your financial institution may lose transaction visibility, fee income opportunities, and engagement touchpoints.

The risk is gradual but compounding. Financial institutions that assess their exposure and build a strategy today will be better positioned to respond as adoption expands.

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tokenized money

As accountholders explore new ways to earn returns, move money, and manage financial assets, now is the time to develop a strategy for serving them in a connected traditional and digital financial ecosystem that is rapidly growing. Use this framework to evaluate practical tokenized-money opportunities across key audience segments and lines of business.

Stablecoin Use Cases

Use Case to Enable	Ideal Accountholder Audience	Your Strategy
Deposits & Wallet Enablement • Send/receive capabilities • Fiat ⟷ stablecoin conversion	• Digital-native retail investors • High-net-worth individuals • Cross-border businesses	Integrate secure wallet features directly into your existing mobile banking app and web portal through APIs or a hybrid ledger. This lets your accountholders easily exchange cash for stablecoins and gives them a simple way to move money in and out of the digital world.
Treasury & Liquidity • Real-time cash positioning • Instant sweeps and settlement • Programmable payments	• Corporate treasurers • Global supply-chain businesses • International logistics companies	Enable a bridge between your traditional ledger and a secure blockchain network through an API or hybrid ledger. Then offer 24/7 instant cash transfers between your corporate clients' own global accounts.
Payments • Cross-border • Settlement and reconciliation • Competition to SWIFT/wires • Vendor management options	• Import-export businesses • Global gig economy platforms • Multinational corporations	Enable domestic instant payment rails like FedNow® or RTP® to fund transactions in real time. Then use an automated API engine to instantly swap U.S. dollars for stablecoins. Launch a pilot with a single high-volume, high-cost international corridor.
Retail & Merchant • Agentic meets programmable payments • Stored value/prepaid models • Cross-border commerce and foreign currency control avoidance	• Digital marketplace sellers • Global gig economy workers • E-commerce merchants operating in emerging markets	Integrate wallet features directly into your existing mobile banking app and web portal through APIs or a hybrid ledger. Deploy a white-labeled, prepaid digital wallet feature within your app, allowing your accountholders to hold, send, and spend stablecoins.
Programmable Money • Access to new rails • Composable services built around specific needs • True "next gen" payments	• Fintech innovators • Neobanks • Embedded finance platforms • Enterprise software developers	Establish a controlled innovation environment where emerging payment and digital asset use cases can be evaluated, tested, and refined without introducing operational, compliance, or financial risk. This approach enables your financial institution to build expertise while preparing for future adoption.
Capital Markets & Trading • Collateral mobility • Margin automation • DeFi integration and settlement • Custody and stablecoin infrastructure	• Hedge funds • Asset managers • Institutional trading firms	Start by building an institutional-grade, secure digital custody system, utilizing a combination of advanced cryptographic software and tamper-proof hardware, to safely hold client assets and digital cash in one place.

Your Path Forward

A successful tokenized money strategy should be driven by accountholder needs, institutional priorities, and your desired level of participation.

Financial institutions that modernize foundational infrastructure early will be best positioned to capitalize on future opportunities while managing risk thoughtfully.

If your financial institution serves globally connected businesses:

- Evaluate emerging payment capabilities that support faster cross-border settlement and help preserve valuable commercial relationships.
- Secure integration through trusted fintech vendors can provide a practical path to experimentation and adoption.

If your financial institution primarily serves local consumers and businesses:

- Focus first on modernizing foundational infrastructure while monitoring demand patterns and regulatory developments.
- Investing in cloud-native, interoperable technology today can position you to respond quickly as new use cases mature.

system and architecture risks of stablecoins

If there is a run on stablecoin, how does the system hold up, what are the risks, and what else can go wrong? Stablecoin stability and financial risk play out across three distinct, interconnected layers: balance sheet and deposit attrition, plumbing and infrastructure, and current regulations.

Balance Sheet and Deposit Attrition

The GENIUS Act mandates payment stablecoins maintain 1-to-1 reserve backing with liquid assets. Issuers capture the spread by earning Treasury interest while paying zero yield to holders. For your financial institution, this threatens significant deposit attrition, shifting local liquidity to national megabanks that custody major issuer assets.

While regulated, stablecoin issuers carry distinct structural liquidity risks compared to commercial banks. Lacking central bank backstops or lender-of-last-resort access, an issuer facing a run must rely entirely on cash reserves and immediate secondary market sales of Treasury bills.

The danger of an uncollateralized run was proved by the May 2022 collapse of algorithmic stablecoin Terra (UST).[6] Panic triggered mass redemptions, breaking the 1-to-1 dollar peg and causing a hyperinflationary death spiral with its sister token, Luna.

Plumbing and Infrastructure

Operationally, consider how quickly assets can be sold.

The core friction is structural: stablecoins operate on 24/7/365 rails, but traditional markets operate on banking hours. If billions in digital tokens are burned on a weekend, the issuer cannot liquidate physical Treasury bills until Fedwire reopens on Monday. A massive redemption surge could easily overwhelm primary broker-dealers and freeze market liquidity. To meet instant, out-of-hours redemptions, issuers rely on pre-positioned cash buffers at commercial banks.

If those buffers are exhausted during a panic, attempting to force large-scale, weekend liquidations through private repo markets triggers severe settlement friction and asset fire-sales. Lacking central bank lender-of-last-resort access, even a 100% Treasury-backed asset faces significant de-pegging risk due to this plumbing mismatch.

Current Regulations

The GENIUS Act eliminates these spirals by restricting domestic issuance to authorized permitted payment stablecoin issuers (PPSIs), such as federally chartered banks or OCC-supervised firms. It mandates 1-to-1 cash or Treasury backing and strict licensing, forcing offshore operators to onshore – as demonstrated by Tether partnering with Anchorage Digital Bank for USAT.[7] **Stablecoins are now standardized financial infrastructure executives must plan around.**

Operations and Technology

The technology layer introduces new operational considerations as transactions move onto blockchain networks and distributed execution environments. While smart contracts can automate processes and improve efficiency, software vulnerabilities, governance weaknesses, and interoperability challenges can disrupt transaction flows or create unintended outcomes.

To address tech layer risks, your financial institution can form a committee and establish a rigorous due-diligence framework that covers code audits, governance reviews, fail-safe redundancy, and strict bridge restrictions.

Side-Core Architecture Risks

Side-core integration introduces critical operational, security, and compliance risks by running an isolated digital asset system alongside a financial institution's primary ledger. It requires a complex dual-ledger environment, with continuous manual or batch reconciliation that increases errors and fragility. Because the systems are fundamentally disconnected, you must rely on vulnerable API overlays to sync data, expanding your cyber-attack surface and increasing dangerous vendor supply-chain dependencies.

Compliance suffers because data sits in silos, causing severe friction for real-time BSA/AML screening and delaying the identification of suspicious transaction patterns. It forces auditors to manually parse fragmented records across separate systems. Side cores degrade internal visibility by operating as a limited-visibility environment regarding asset custody, leaving risk management teams blind to processing bottlenecks and slowing down incident identification.

How Failure Has Played Out

The 2024 collapse of Synapse Financial Technologies demonstrated these critical risks, where a third party maintains master sub-ledgers for pooled deposits.[8] When Synapse shuttered, vendor banks held cash but lacked visibility into ownership, causing an $85 million discrepancy and prompting new FDIC rules requiring banks to maintain direct control over account data. This incident shows that when financial institutions outsource their ledgers, they lose control over their own systemic risk.

When building your strategy, avoid unnecessary layers that expose your financial institution to operational risk and lost control. Instead, prioritize digital asset architectures that preserve transparency, maintain direct oversight, and provide a unified view of activity across both traditional and emerging payment ecosystems.

Side-core environments can reduce operational visibility, making it more difficult to monitor asset movement, identify bottlenecks, and manage risk effectively.

how you can win: modernize and connect

As demand for real-time liquidity and 24/7/365 money movement grows, traditional and blockchain-based financial ecosystems will continue to converge. Your opportunity isn't to replace existing infrastructure; it's to modernize it so your financial institution can support emerging payment models while maintaining trusted accountholder relationships in a single control pane.

Financial institutions that delay modernization may find it increasingly difficult to meet evolving accountholder expectations and compete with more agile market participants.

Think of your financial institution as a trusted transportation hub for money movement. Traditional payment rails remain essential, but tokenized money introduces new pathways that allow value to move faster, with greater flexibility and programmability. A hybrid infrastructure layer acts as the interchange between these environments, allowing funds to move seamlessly between traditional accounts and blockchain-based networks while maintaining the unified identity infrastructure, compliance controls and operational integrity that real-time payments require.

Your role does not disappear. Instead, you become the trusted guide helping accountholders navigate both systems safely, securely, and efficiently.

The future isn't fiat versus blockchain. It's fiat and blockchain working together.

By working with a technology provider that understands your accountholders, regulatory requirements, fraud concerns, security expectations, and operational realities, you can confidently evaluate new opportunities while maintaining control and transparency.

With the right foundation in place, you can introduce tokenized money capabilities when and where they create the greatest value while building a scalable platform for long-term innovation.

A hybrid infrastructure layer acts as the interchange between environments, allowing funds to move seamlessly between traditional accounts and blockchain-based networks.

understand and prevent attrition

To stem the tide of deposit outflows, your data analytics, risk, and treasury teams should look beyond high-level balance trends and actively hunt for specific “fingerprints” of digital asset outflows.

Two steps to uncovering deposit and payment drains:

1. **Uncover the slow bleed of capital moving to digital platforms by auditing exit ramps:**
    - **ACH and Wire Triggers:** This is the most common deposit drain for fiat-to-crypto on-ramps. Pull transaction logs associated with major brokerages and exchanges (e.g., Coinbase, Kraken, Binance, Circle, and Gemini Exchange).
    - **Card-Based Activity:** Retail accountholders sometimes use debit cards for stablecoin or crypto purchases. Audit card processing logs for transactions flagged as quasi-cash/ cryptocurrency, or for securities brokers.
    - **Commercial Sweeps:** Corporate clients often seek yield-bearing or reward-eligible stablecoin alternatives. Monitor large corporate accounts initiating outbound wires to institutional trust companies (like Anchorage or BitGo) or institutional stablecoin issuers.
2. **See if payments are being made elsewhere by looking at drop-offs:**
    - **B2B Supply Chain:** If an industrial or logistics client suddenly reduces their traditional international wire volumes or FX activity, they may be settling directly on-chain. Look for drop-offs in historical wire volumes from cross-border clients.
    - **Crypto-Backed Debit Cards:** When a consumer uses a crypto debit card, the transaction completely bypasses your ledger. Look for periodic ACH pulls from checking accounts to crypto exchanges.
    - **Inter-Chain and P2P Subscriptions:** Merchants may opt for P2P digital wallet settlements to avoid standard credit card processing fees. Look for a contraction in merchant services processing volume and a decline in consumer transfers via traditional rails like Zelle.

A generic report won't give you the insights you need. To get proper data, orchestrate a structured, cross-departmental data exercise. Instruct your staff to execute a four-step framework:

1. Establish a "Digital Asset Entity" Master Directory
2. Conduct a Cohort Penetration Analysis
3. Map the "Velocity of Attrition"
4. Quantify the Lost Economic Value

You can't compete against an invisible adversary. Before you can build a counter-strategy – whether that involves launching pilots, adjusting pricing, or enhancing tools – first quantify the exact dimensions of your balance sheet leak.

To get proper data, orchestrate a structured, cross-departmental data exercise.

Is It Time to Act?

Digital asset attrition isn't a single massive threat. As discussed by Celent[9], it requires a targeted approach, as the drivers of account churn for crypto differ drastically from attrition in tokenized bank deposits or digital wealth management. Act on the insights from your accountholder data to execute strategies based on your level of exposure:

- **High Exposure: Act Now (Play Offense)**
  If data reveals significant liquidity draining to crypto platforms, mobilize a multi-disciplinary team to capture lost yield and defend balances. Following Celent's framework for high-urgency use cases, prioritize accountholder outreach, evaluate pilots, and deploy high-yield treasury alternatives to intercept outflows before they leave your financial institution.
- **Moderate Exposure: Collaborate + Pilot (Build the Bridge)**
  When exposure is notable but not yet critical, teams should focus on mitigating risk and testing the waters through strategic, low-friction entry points. Instruct your product and IT teams to talk with vetted tech providers to discuss how to enable use cases based on the accountholder segments you serve.
- **Low Exposure: Monitor + Modernize (Prepare the Plumbing)**
  If the data reflects minimal attrition, the mandate is to ensure you don't get caught flat-footed as regulatory clarity and usage accelerates. Focus on modernizing your tech infrastructure to support programmable, real-time banking rails (like FedNow or RTP) while continuously tracking the velocity of digital asset outflows against established risk thresholds.

Inaction is the only wrong choice. It will only put you at a disadvantage once accountholders start asking for services from you. Be prepared to act quickly once adoption increases.

Data shows high exposure: Evaluate pilots now and communicate with your accountholders.

Data shows moderate exposure: Talk with tech providers on how to enable low friction entry.

Data shows moderate exposure: Modernize your tech infrastructure to support use cases in the near future.

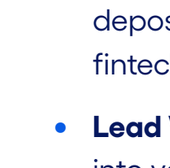
Competing in a No-Yield Stablecoin World: Fee and Value-Based Models

The federal GENIUS Act strictly prohibits non-bank stablecoin issuers from paying interest. While fintechs attempt to bypass this with "activity-based rewards" that require users to constantly move money to earn, you hold an immense advantage.

Instead of chasing raw yield matching, work with your teams to deploy relationship-centric value models and defend core deposits through key actions:

- **Incentivize Balances With Real-Time Rails:** Offer commercial clients zero-fee, real-time payments (via FedNow or RTP) or automated wire discounts contingent upon maintaining target primary operating account balances.
- **Monetize Compliance Advisory:** Charge flat, subscription-based fees to advise and monitor local businesses navigating stablecoin B2B payments under the strict compliance frictions of the CLARITY Act, if enacted and implemented.
- **Deploy Tokenized Deposits:** Leverage shared, multi-institution utility networks and consortiums to issue and exchange programmable tokenized deposits or deposit tokens, keeping capital on your balance sheet.
- **Execute Cross-Subsidization:** Bundle waived transaction fees, cash-management tools, and preferred credit terms directly with core deposit relationships – something standalone fintechs cannot legally match.
- **Lead With Psychological Safety:** Lean heavily into your FDIC/NCUA insurance paired with passive interest, protecting the "idle liquidity" that fintechs can't attract.

Competing in this changing landscape is entirely doable when you hold these advantages. Analyze your data to locate your exact risk, build a targeted response strategy with your team, and act decisively. A transparent and innovative technology provider will be ready to collaborate with you to move your financial institution's digital strategy forward.



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technology strategies for a hybrid future

As tokenized money and digital asset adoption evolves, financial institutions need infrastructure that preserves existing strengths while enabling future innovation.

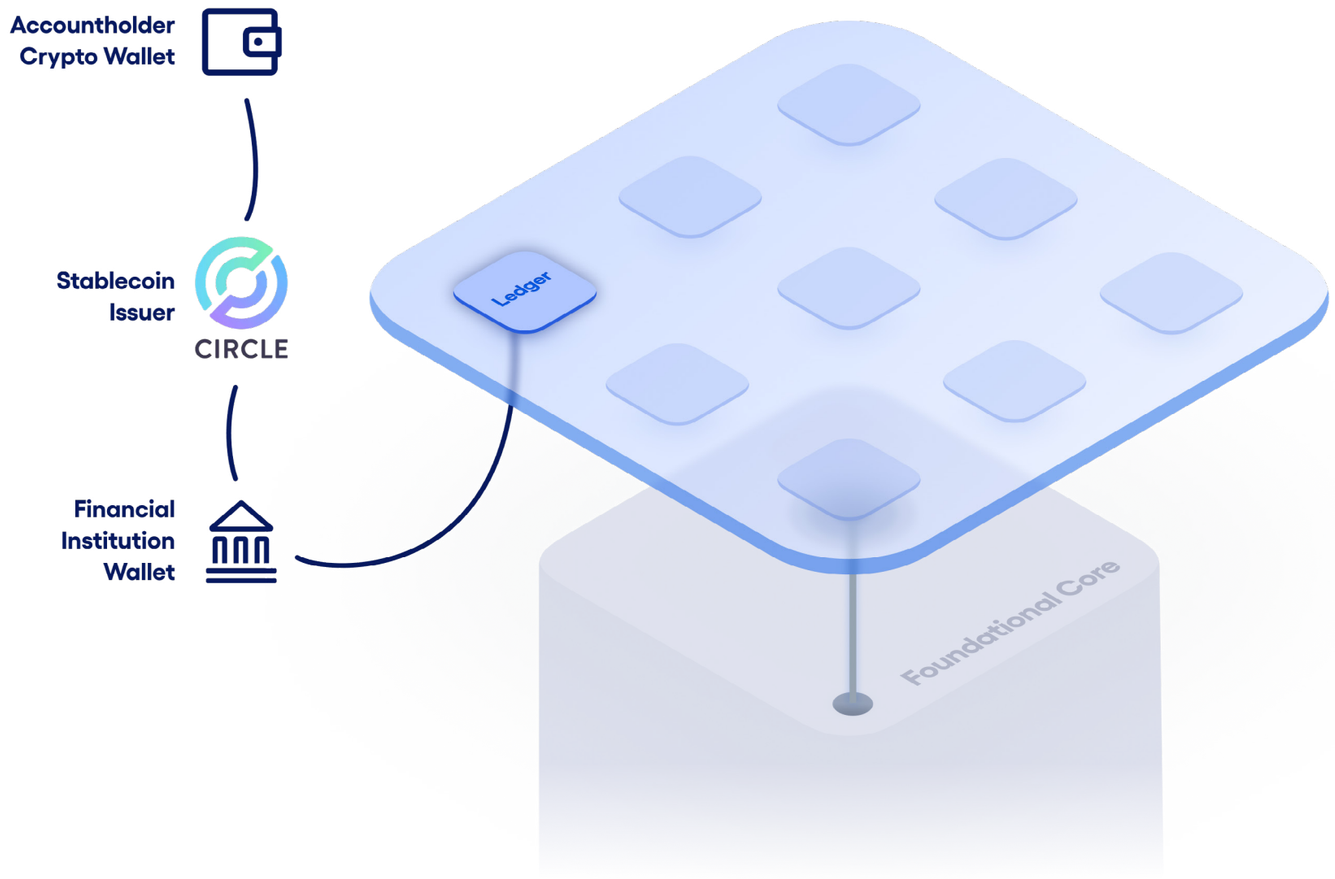
A modern hybrid architecture can help you:

- Maintain deposit relationships and liquidity visibility.
- Preserve unified compliance, audit, and reporting controls.
- Support real-time and programmable payment use cases.
- Reduce the operational complexity of disconnected side-core environments.
- Enable future tokenized-money and digital-asset services through a common operating framework.

A hybrid ledger serves as a single control pane, bridging foundational core systems with on-chain networks. Rather than introducing another silo, this approach creates visibility across environments while enabling secure settlement back to the core.

The result is a seamless accountholder experience that unifies traditional banking, digital wallets, tokenized money, and blockchain networks within a connected ecosystem.

A Hybrid Ledger Is Your Monetary Bridge



choosing the right technology provider

When evaluating technology providers for your stablecoin and digital asset roadmap, ask the following questions to ensure they protect your franchise rather than bypass it:

- Are they helping keep financial institutions at the center of the relationship?
- Are they helping protect and grow your deposit base?
- Are they preserving transaction visibility and revenue opportunities?
- Do they offer secure integration with trusted stablecoin and wallet providers through open APIs?
- Are they making their platforms digital-asset ready through modern, cloud-native infrastructure?
- Are they actively participating in industry conversations, strategic partnerships, and innovation initiatives shaping the future of money?

In a hybrid monetary ecosystem, technology vendors will play a critical role in determining how quickly and effectively financial institutions can respond to changing market dynamics.

The right vendor will offer capabilities that support tokenized money while natively maintaining the compliance posture, stability, auditability, and settlement controls of your foundational core. This ensures your operational controls and reporting structures remain entirely intact.

Look for technology built on established rails that allow accountholders to seamlessly send, receive, on-ramp, and off-ramp stablecoins through an integrated vendor model – so you can safely bridge TradFi with DeFi networks and offer instant, 24/7/365 programable payments.

The right vendor will offer capabilities that support tokenized money while natively maintaining the compliance posture, stability, auditability, and settlement controls of your foundational core.

win the next era of banking

Tokenized money is no longer a theoretical concept. Payment networks, fintechs, digital asset providers, and financial institutions are actively building the infrastructure that will support the next generation of money movement.

As regulatory frameworks mature and accountholder expectations evolve, you have an opportunity to strengthen your financial institution's position by modernizing infrastructure, protecting deposit relationships, and preparing for greater interoperability between traditional and on-chain financial systems.

The goal isn't simply to respond to change. It's to remain the primary financial relationship for the accountholders you serve.

By investing in the right strategy, data visibility, and technology foundation today, your financial institution can help define the next era of banking.

Modernize your infrastructure to remain at the center of your accountholders' financial lives in the next era of banking. Download the 2026 Strategy Benchmark for additional winning strategies.

For more information about Jack Henry, visit jackhenry.com.

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