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TRADE LENS

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CRYPTO INSIGHT / No.01

Research at the boundary of digital assets and banking

If Bank Deposits Become Tokens, Do We Still Need Stablecoins?

How tokenised deposits are reshaping payments and settlement—and the conditions for stablecoins to remain relevant

**Speed can be matched.
Who you can pay is a different question.**

Separating the potential return of corporate funds to banks from the durability of public wallet networks—and asking who captures the business opportunity when banks issue tokens.

01 / RESEARCH VIEW

Yes—but the reason they are needed is changing

Reachable counterparties and the time money remains in a system matter more than the speed gap with banks.

TradeLens view | Role reallocation is more convincing than wholesale replacement

We see substantial substitution potential for tokenised deposits in corporate treasury and bank-linked settlement. Yet payment tokens retain a role in connecting participants across wallets, exchanges and chains. Stablecoins' competitive edge is shifting from simple round-the-clock transfer to **recipient reach, liquidity and confidence in conversion back to cash**.

Market segment	Assessment	Rationale and remaining condition
Corporate funds and institutional settlement	A favourable path for tokenised deposits	Payments can be automated while retaining banking relationships and treasury functions. The counterparty must also be connected. [4]
Public wallets and crypto markets	Stablecoin utility persists	The ability to receive funds from parties outside the same bank network matters. Redemption and custody risks remain separate. [7]
Interbank and cross-border payments	Connectivity is the decisive next step	Agora's real-value tests are progress, not an always-on commercial network for every currency. [2]

The assumption to revisit

"Banks are slow; crypto is fast" is no longer enough to explain the market ahead. Banks also use tokens and public blockchains, and issue separate stablecoins. What matters is not the issuer's name but the holder's rights and the network's openness. [\[5\]](#) [\[6\]](#)

The report's takeaway

As bank deposits become easier to move, stablecoins' role may narrow. But **the two structures are likely to coexist until their ability to reach counterparties outside bank networks is comparable**.

Scope: tokenised bank deposit liabilities and reserve-backed payment stablecoins. This is distinct from valuing Bitcoin or algorithmic tokens.

02 / LIVE EVIDENCE

Real money has moved. Adoption is a separate test.

Distinguish live services, real-value pilots and future plans in recent announcements.

On 24 September, UK Finance announced the completion of GBTD customer pilot transactions, including two remortgage completions and conditional payments in peer-to-peer transactions. The change is not merely faster transfer: deposits can be reserved and released when contractual conditions are met. [1]

Case and scope	Stage supported by the evidence	What it does not establish
GBTD / sterling	Live customer pilots completed across multiple financial institutions. [1]	Not a fully commercial service open to all customers in the UK.
HSBC / corporate treasury	TDS offered in participating markets to eligible customers. [4]	Not unconditional interoperability with every bank or wallet outside HSBC.
Agora / multi-currency wholesale payments	Interbank payments tested with real value in July 2026. [2]	A controlled test is not evidence of 24-hour commercial processing capacity.

Agora's real-value testing: what was completed matters more than scale

30 Test transactions	6 Participating currencies	~80 sec Average initiation-to-settlement time
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17 scenarios; total value of approximately CHF 800,000 equivalent. These are controlled test results—not capacity limits, commercial volumes or evidence of superiority over other payment networks. [2]

Analysis | Look for end-to-end connectivity, not the number of announcements

The stronger commercial evidence is not “a token was created”, but whether payment reaches another institution, returns to a fiat account and is used again by the same customer. The next test is repeat use and changes in actual fees and operating costs—not simply more participating banks.

03 / CLAIMS & MONEY

Who owes the money matters more than the token

Tokenisation changes how value is recorded and transferred—not automatically who must repay it or what protection applies.

In this report, tokenised deposits represent bank deposit liabilities recorded and transferred as tokens. Reserve-backed stablecoins are linked to an issuer's redemption undertaking and reserve assets. Both can move digitally, but they are not the same claim. [\[4\]](#) [\[7\]](#) [\[9\]](#)

Comparison	Tokenised deposits	Payment stablecoins
Who is liable?	The bank that maintains the deposit relationship.	The issuer or redemption entity identified in the terms.
Interest and income rights	Depend on the deposit type and contract.	USDC does not give holders rights to interest earned on reserves. [7]
Asset and protection basis	The bank's balance sheet and liquidity management, and applicable deposit rules.	Segregated reserves and redemption arrangements; structures vary by product. [8]
Access conditions	Bank/service enrolment and the counterparty's participation and account conditions.	Support by wallets, chains and platforms; direct redemption has separate eligibility conditions. [7]
Deposit insurance	Coverage depends on jurisdiction, depositor, currency and limits.	Bank issuance alone does not make a token deposit-insured. [6]

“Available 24/7” can mean three different things

Being able to transfer a token does not mean an FX counterparty and usable cash in a bank account are available at the same time. For the user, the relevant clock ends when spendable money arrives—not when a block is produced.

Caution | The word “deposit” does not remove every risk

HSBC's service information differentiates deposit-protection conditions by market. Tokenised deposits should not be described as unconditionally protected in full; nor should stablecoins be described as instantly redeemable with the issuer by anyone. [\[4\]](#) [\[7\]](#)

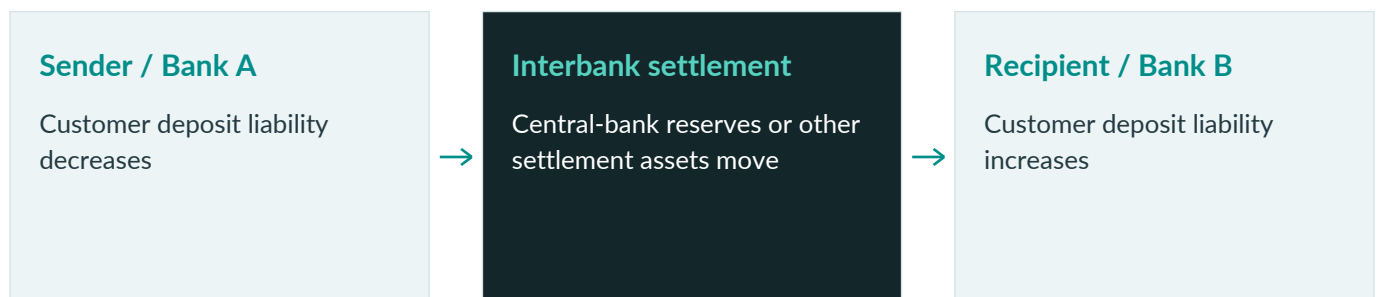
04 / INTERBANK SETTLEMENT

The challenge changes at the next bank

Moving balances inside one app is not the same as settling obligations between banks.

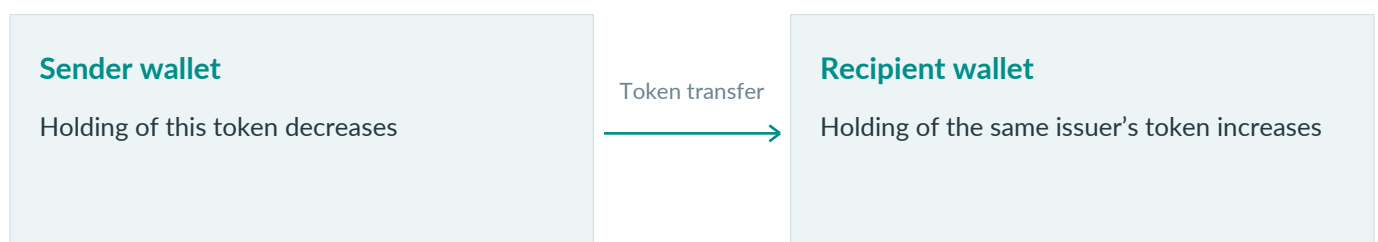
Interbank tokenised deposits require more than token transfer: the design must link customer deposits to interbank settlement assets. BIS analysis emphasises settling interbank payments in central-bank money. The following diagrams simplify Agora and the related discussion. [3] [9]

Bank deposit transfer: from Bank A to Bank B



Linking deposits and settlement assets on one platform can support conditional and simultaneous processing. Banks, accounts, permissions and local payment rules still apply.

Same-issuer stablecoin transfer: from Wallet A to Wallet B



Simple transfer of the same issuer's token on the same chain. Bridges, exchange internal ledgers, issuance and redemption are excluded. Line length does not represent time or cost. [7] [8]

Analysis | A common token is convenient—and creates common-issuer dependence

If the recipient accepts the same issuer's token, a stablecoin can connect parties with different banking relationships. That also creates dependence on a common issuer and redemption route. Tokenised deposits preserve bank relationships, but require broader rules linking multiple banks.

05 / COMPETITIVE MAP

Competition starts with corporate cash awaiting payment

Assess substitution by the use of funds, rather than declaring one winner for the entire market.

Starting point | Is there a reason to retain the bank relationship before paying?

Corporate funds awaiting payroll, supplier payments or securities settlement are tied to accounting, treasury and banking relationships as well as payment functionality. With comparable recipient reach and convenience, the incentive to retain deposits instead of converting into a separate token increases. This is a business-model assessment, not a market-share estimate.

Demand segment	TradeLens assessment	What competition turns on
Intragroup treasury	A relatively clear use case for tokenised deposits.	Affiliate and bank coverage; linking interest, accounting and 24-hour operation.
Institutional securities and FX settlement	Significant potential for deposits, conditional on interoperability.	Simultaneous settlement, cash availability, finality, customer approval and legal structure.
Public wallets, exchanges and DeFi	Stablecoins are likely to retain utility in acceptance and liquidity.	Actual protocol/trading-pair acceptance; reaching parties without the relevant bank account.
Small domestic retail payments	Cost and convenience matter more than whether a token is used.	Actual improvement in total cost, errors and processing compared with existing payments.
Cross-border remittances	Competition varies by corridor; neither has an unconditional advantage.	Onboarding, rules and FX liquidity in both countries; local cash-out access.

Qualitative market segmentation, not market share, adoption rates or investment ratings. TradeLens analysis based on institutional services, pilot transactions and redemption structures. [1] [2] [4] [7]

The counterargument: without a recipient, a good deposit is not a payment method

Interest and confidence in a bank cannot by themselves replace a network. If the counterparty accepts only a particular token or cannot join the bank service, the deposit must first be converted. That conversion point is both a remaining opportunity for stablecoins and an added cost.

A new pressure | More transactions need not mean proportionately larger reserves

If funds remain on deposit until immediately before payment, transaction growth may outpace growth in average token balances. The issuer's challenge is to turn recurring payments into lasting reserve balances. This is conditional analysis, not evidence that balances have already fallen.

06 / BANKS ON PUBLIC NETWORKS

“Banks versus crypto” is already an incomplete frame

Bank deposits on public blockchains and bank-issued stablecoins can coexist.

Case A | Bank deposits can operate on a public blockchain

In a January 2026 announcement, Lloyds described the purchase of tokenised UK gilts from Archax using tokenised deposits issued on Canton. Funds subsequently returned to a conventional Lloyds account. The case shows that a public network and a bank deposit relationship can coexist; it does not establish broad availability to all customers. [5]

Case B | A token issued by a bank may still not be a deposit

On 27 May, SoFi announced that SoFiUSD was available within its banking app. It separately presented conversion into tokenised deposits as a future feature subject to distinct deposit terms. The launched stablecoin and the planned deposit-conversion feature are at different stages. [6]

Case	Network and product	Interpretation
Lloyds	Public blockchain / tokenised deposit	Using a public chain does not make a product permissionless.
HSBC	Bank-operated private blockchain / tokenised deposit	Deposits can differ in access and participation scope. [4]
SoFiUSD	Public blockchain / bank-issued stablecoin	A bank issuer does not make the token itself a deposit. [6]

Analysis | The unit of competition is the claim and its reach—not the issuer’s category

A financial institution may offer both deposits and stablecoins, allowing customers to switch according to purpose. Rather than converge on one form of money, the market may move towards interfaces that manage several different claims.

SoFi states that its payment token is not a deposit and is not protected by the FDIC or SIPC. Bank issuance should not be interpreted as a guarantee of protection. [6]

07 / ECONOMICS LAB

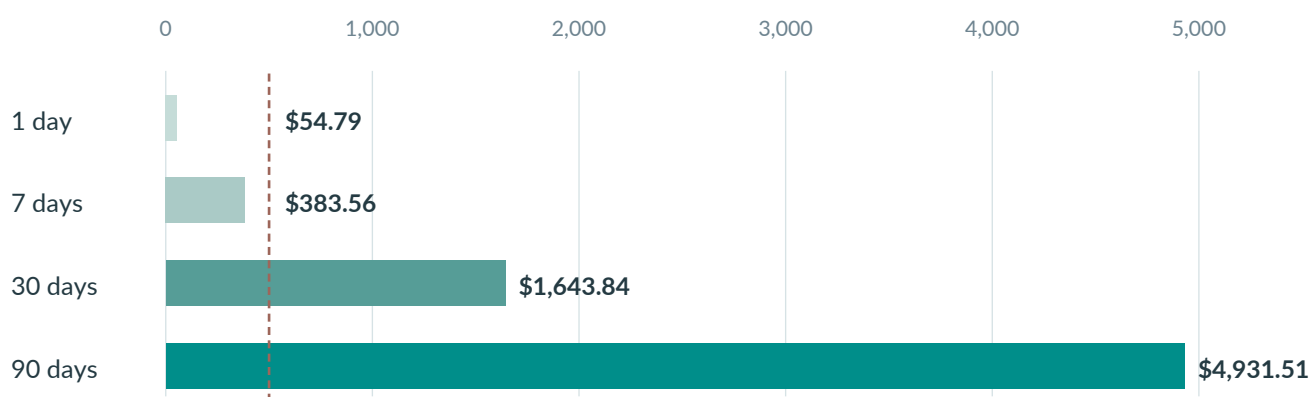
A 2-point yield advantage shrinks over a short holding period

Illustrative model: a pure economic comparison requires equivalent payment functionality and access.

Assumptions | The same USD 1 million; a 2-percentage-point annual net yield spread

Assume funds move temporarily from a non-yielding payment token into a deposit, then back into the token. The incremental round-trip conversion cost is 5 basis points (0.05%) of principal, or USD 500. Compare that cost with the additional interest earned over different holding periods. These are not actual deposit rates or product fees.

Additional interest by holding period versus round-trip conversion cost



Dashed line: \$500 round-trip cost | Bars: additional interest before conversion costs

Additional interest = $\text{USD } 1,000,000 \times 2\% \times \text{holding days} \div 365$. Every bar starts at zero. The categorical bar spacing does not represent equally spaced dates.

How long does it take to recover conversion costs?

Round-trip cost	1-point spread	2-point spread	3-point spread
5 bp	18.3 days	9.1 days	6.1 days
10 bp	36.5 days	18.3 days	12.2 days
20 bp	73.0 days	36.5 days	24.3 days

Break-even holding days = $365 \times \text{conversion-cost ratio} \div \text{annual yield spread}$. Taxes, price changes, enrolment fees, credit risk and liquidity differences are excluded.

Interpretation: Under the 2-point/5-bp assumptions, break-even is about **9.1 days**. Yield matters more for funds waiting longer; access and conversion friction may matter more for imminent payments. If the recipient cannot be reached, the model's premise does not hold.

08 / SETTLEMENT & LIQUIDITY

Simultaneous settlement reduces risk. Cash is a separate issue.

Payment failure, pre-funded liquidity and the time fiat cash becomes usable are different problems.

Simultaneous settlement is designed so that linked payments either all complete or none is executed. Immediate gross settlement and net settlement, however, require different amounts of liquidity. The BIS Agora report treats round-the-clock operation, liquidity management and connections to external payment systems as distinct design tasks. [3]

Stage	Question technology alone does not settle	Cost that remains
Customer and transaction checks	Must customer due diligence, sanctions and anti-money-laundering checks be completed before payment?	Screening, controls and staff handling exceptions.
Funding and FX	Are the required currencies and collateral available now?	Pre-funded liquidity and FX spreads.
Legal settlement finality	When does a ledger change acquire final legal effect?	Legal work, contracts and operating rules.
Verification of conditions	Who reliably confirms delivery of goods, securities transfers or other external conditions?	External data, disputes and error handling.
Use of cash	Can the recipient immediately use the funds in a bank account?	Cash-out routes, operating hours and limits.

Where the timing starts and stops matters

Agora's real-value tests ran within specified time windows and used operating procedures that included prior compliance checks and manual FX confirmation. The approximately 80-second test interval is not a universal end-to-end time from customer onboarding to local cash withdrawal. [2]

Analysis | The advantage is a completed transaction at lower total cost

Reducing errors, reconciliation, exceptions and settlement risk is a valid direction. But economics become clear only after including residual liquidity and bank-connectivity costs. The label "24/7" alone does not establish lower fees or operating expenses.

09 / KOREA & CURRENCY

Won-payment innovation is not the same as dollar demand

Separate a change in the form of money from a change in the currency people want to hold.

The Agora real-value tests included the Korean won and the Bank of Korea. Listed financial participants included Hana, KB Kookmin, NH NongHyup, Shinhan and Woori Bank. This shows Korean institutions examining multi-currency settlement—not a service fully open to domestic users. [2]

Question	What changes	What must not be treated as equivalent
Tokenising won deposits	Conditional won payments and the settlement of digital assets.	Replacing the desire to hold dollar-denominated assets.
Tokenising dollar deposits	Moving and managing bank-held dollars and connecting counterparties.	Automatic eligibility for Korean users, or exemption from FX and protection rules.
Using dollar stablecoins	Access to dollar-denominated payment tokens through supported wallets and platforms.	A fixed value in won, or the elimination of conversion and custody risks.

The new variable is how far intermediaries can reach

The Bank of Korea's September research summary explains that fiat-stablecoin trading pairs and global-intermediary participation can change price integration and shock transmission to FX markets. In the study's Korean sample, demand pressure was reflected mainly in the token premium rather than the exchange rate. That is a finding for the studied market structure, not an immutable rule for every future setting. [10]

Analysis | A won token does not by itself eliminate demand for dollar tokens

The Korean market should be assessed through who can join, which currencies are supported, whom users can pay, and how they convert and withdraw funds—not simply whether a bank has issued a token. Better won payment infrastructure and demand for dollar access overlap, but are not the same market.

The empirical findings cited are from the Bank of Korea's public summary. FX, eligibility and protection rules apply according to the individual service and jurisdiction.

10 / VALUE CAPTURE

Does bank adoption create returns for token holders?

Separate industry adoption, service-provider earnings and the economic rights of a public-network token.

Core assessment | The first effects are in payments, custody and connectivity

Even when institutional usage rises, contracts determine who earns the revenue. Economics change first for banks retaining customers and deposits, issuers providing redemption and distribution, and firms supplying connectivity and settlement. Commercial adoption does not establish an automatic link to the price appreciation of a particular token.

Participant	Potential revenue channel	Costs and conditions to verify
Banks	Retaining corporate treasury and payment relationships; transaction and service fees.	Deposit funding costs, capital and liquidity, integration, operations and compliance.
Stablecoin issuers	Reserve income and distribution/service revenue from payment networks.	Distribution incentives, redemption and custody costs, average balances and realised yields.
Wallet, exchange and payment platforms	Customer access, FX conversion, cash-out and treasury functions.	Retention, liquidity, total fees and the ability to connect different forms of money.
Connectivity technology and service firms	Implementation, usage-based and operating contracts.	Paid contracts, renewals, repeat use, customer concentration and maintenance costs.
Public-network tokens	Design-dependent demand for fees, network security or other functions.	Whether the token is necessary and whether greater use translates into value.

The table is an analytical framework for revenue channels, not confirmed revenue or margins for any named provider.

A company's role is not the token holder's income right

Quant participated in developing the GBTD platform. That establishes a technology-business role, but the public material does not quantify cash flows payable to QNT holders or committed demand for QNT. The same test applies to every network and token used by a bank. [\[1\]](#)

11 / OUTLOOK & FALSIFICATION

Stablecoins' defence is connectivity, not speed

The growth thesis is not rejected. The question is which utility banks cannot readily replicate.

TradeLens overall assessment

The base case is **coexistence and a division of roles** between tokenised deposits and stablecoins. Deposit-based settlement is attractive for corporate and institutional users with sufficient banking connectivity. Payment tokens retain utility across public wallets and separate participant networks. Competition is likely to centre on persistent balances and customer relationships, not just total issuance.

Scenario to monitor	Evidence supporting it	Implication
Greater substitution by bank networks	Repeated interbank transactions, wider currency coverage and actual paid use of conditional payments.	Less reliance on stablecoins for institutional cash awaiting payment.
Participant networks remain fragmented	Onboarding, currency and operating-hour constraints; recipient coverage stays limited.	Tokens and cash-out services continue to connect otherwise separate networks.
Several forms of money in one app	Actual use of deposit-token conversion and lower total costs.	The platform controlling the customer interface matters more than a single winning instrument.

These are analytical scenarios, not probabilities or price forecasts. Announced plans must be distinguished from actual operating results.

Three pieces of evidence that could change this view

- 01** Does a deposit network enter commercial operation with comparable access and cash-out across multiple banks, countries and wallets?
- 02** Where stablecoins lose a role, how do average balances, customer retention and profit after costs change?
- 03** As conversion between bank money and tokens becomes easier, does revenue shift from incumbent issuers to connectivity platforms?

The report's answer

Stablecoins remain necessary—but being faster than banks is not enough. They must keep demonstrating their ability to connect counterparties and markets that bank deposits cannot reach.

12 / SOURCE REGISTER

Connecting the analysis to its sources

Select a teal reference number, a source title or “Open source” to open the underlying material.

01. UK Finance | Completion of Live Customer Transactions Using Tokenised Sterling Deposits

24 Sep 2026 · GBTD pilots, participating institutions and conditional payments · [Open source](#)

02. BIS | Project Agora — Real-Value Testing

July 2026 tests; public material as of the analysis date · Results, currencies, institutions and test conditions · [Open source](#)

03. BIS | Project Agora: A Shared Programmable Platform

May 2026 report · Settlement, liquidity and prototype scope; report pp. 12, 82 and 86 · [Open source](#)

04. HSBC | Tokenised Deposit Service

Service information as of 29 Sep 2026 · Institutional clients, networks, currencies and protection · [Open source](#)

05. Lloyds Banking Group | Lloyds–Archax Deposit Transaction on a Public Blockchain

Published 20 Jan 2026 · Tokenised gilt purchase on Canton and return to a conventional account · [Open source](#)

06. SoFi | Launch of SoFiUSD Within the Banking App

27 May 2026 · Launch scope, planned deposit conversion and product-risk disclosures · [Open source](#)

07. Circle | USDC Terms

Terms as of 29 Sep 2026 · Redemption eligibility, reserve-interest rights and access restrictions · [Open source](#)

08. Circle | Transparency & Stability

Public material as of 29 Sep 2026 · Reserve assets, segregation and disclosure framework · [Open source](#)

09. BIS Bulletin No. 73 | Stablecoins Versus Tokenised Deposits

11 Apr 2023 · Singleness of money and an analytical framework for interbank settlement · [Open source](#)

10. Bank of Korea, BOK Issue Note | Stablecoin–FX Linkages

Published 3 Sep 2026 · Intermediary participation and FX linkages; official public summary · [Open source](#)

Scope of source use

Institutional and company materials are cited as those organisations’ descriptions and service conditions. UK Finance’s September announcement, BIS’s July tests and the earlier Lloyds and SoFi announcements are not treated as simultaneous new events. Older research is used to explain structure, not to infer current market size.

13 / METHODOLOGY & USE

Methodology, disclaimer and conditions of use

Distinguish facts, institutional/company plans, TradeLens interpretation and illustrative calculations.

Item	Basis applied
Information cut-off	29 September 2026. Institutional/company announcements and public service information. Event dates and publication dates are distinguished.
Analytical scope	Tokenisation of bank deposit liabilities and reserve-backed payment stablecoins. Institutional/retail users, currencies and network access are treated separately.
Sources	Ten official sources. Tests, commercial services and future plans are distinguished; adoption and earnings are not extrapolated beyond institutional statements.
Illustrative model	The principal, yield spread, round-trip cost and holding periods on page 8 are explanatory assumptions—not actual product rates, fees or return forecasts.
Service scope	Market and business-structure analysis. No buy/sell recommendations, trading timing, fair-value or target prices, or personalised investment advice.

1 bp = 0.01 percentage point. The interest model uses simple interest on a 365-day basis and excludes taxes, credit risk, liquidity, price changes and enrolment fees. Tables and diagrams were prepared by TradeLens; the originating institutions do not endorse or guarantee them. Comparisons of legal rights are limited to the specified products and sources and are not legal advice on individual services.

Preparation notice: Generative AI was used in the research, analysis and drafting of this report.

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