UOB

Digital Assets

Stablecoins in Regulated Finance

Right By You

Foreword

The evolution of money is entering one of its most significant phases since the advent of digital payments. We are moving away from a world of siloed, closed loop networks where value moves only within rigid systems, without embedded programmability or interoperability. In its place, a new era is emerging where interconnected digital networks and smarter forms of money enable value to move seamlessly, autonomously, and with programmable logic. Stablecoins, once associated primarily with early crypto markets, now sit at the forefront of this transformation.

Regulatory clarity is strengthening across major markets, institutional adoption is accelerating, and real-world applications are moving from experimentation toward production grade deployment. What is emerging is not a single dominant model for tokenised money, but a diverse, multi-rail environment in which fiat-backed stablecoins, tokenised bank deposits, and CBDCs coexist, each suited for different purposes, each with distinct safeguards, and each contributing to a more flexible, efficient financial ecosystem.

The rise of stablecoins with their always-on availability, programmability and interoperability offer meaningful advantages in cross border payments, liquidity management, and settlement of tokenised assets. At the same time, tokenised deposits preserve the trust, balance sheet integration, and familiarity of commercial bank money, while CBDCs anchor the system with safe settlement assets. Together, these instruments form a richer and more capable landscape for supporting economic activity in the digital age.

The future of money will be determined not by technology alone, but by thoughtful integration and sustained delivery. As the tokenised money landscape expands, UOB's priority is to help our clients navigate this transition confidently, providing the trust, orchestration, and compliance assurance necessary to harness faster, more connected, and more intelligent ways of moving value. By acting as a trusted orchestrator across different emerging money rails and bridging the tokenised ecosystem with the existing fiat world, we strive to enable customers to benefit from the speed, programmability, and flexibility of new digital payment rails without compromising trust or operational integrity.

This report comes at a pivotal moment. As the momentum behind tokenised money accelerates, our hope is that this report provides readers with a clear, grounded understanding of the state of play. By outlining the opportunities, risks, and practical considerations shaping this new tokenised money landscape, we aim to spark meaningful dialogue on how industry participants can work together to harness these advancements responsibly. We look forward to partnering with our clients, regulators, and ecosystem stakeholders to jointly realise the benefits of this shift while ensuring that safety, compliance, and resilience remain at the core of every innovation.

Yip Kah Kit
Executive Director
UOB Blockchain & Digital Assets (BCDA)

CONTENT

Information as of 27 March 2026

1 Demystifying stablecoins

Stablecoins have become one of the most prominent forms of digital money. Their role is practical: they address long standing frictions in how value moves, settles, and integrates across increasingly digital financial systems.

What are stablecoins

At their core, stablecoins are digital representations of value designed to maintain a stable reference, typically to a fiat currency, while operating on distributed ledger technology. Their purpose is utility: a reliable medium of exchange and settlement where speed, programmability, and interoperability matter.

Not all stablecoins are alike. Mechanisms for maintaining stability differ, with direct implications for trust, resilience, and real world usability. In mainstream financial contexts, fiat backed stablecoins are the most relevant. These are backed by reserves denominated in the reference currency and are redeemable under defined terms, distinguishing them from other designs that rely on algorithms or volatile collateral.

In practice, these design differences matter. The table below summarises how different stablecoin structures translate into differing risk profiles and applicability in real world financial activity.

Diagram 1 – Types of stablecoins

Type	Fiat-backed	Commodity-backed	Crypto-backed	Algorithmic
Backing mechanism	1:1 reserves in fiat held by issuer/custodian	Physical commodities eg: gold, oil	Over collateralised crypto	Supply rules, no direct collateral
Key features & examples	Transparent; redeemable for fiat eg: USDC, USDT	Tracks commodity prices eg: PAXG, XAUT	Smart contract governed; exposed to crypto volatility. eg: DAI	Experimental; prone to instability eg: UST
Relevance to regulated finance				

Source: UOB Blockchain & Digital Asset

USDC (USD Coin): A widely used USD-pegged stablecoin issued by Circle
USDT (Tether): A widely used USD-pegged stablecoin issued by Tether
PAXG: A gold-backed token issued by Paxos (tracks physical gold)
XAUT: A gold-backed token issued by Tether (tracks physical gold)
DAI: A crypto-collateralised stablecoin issued via the MakerDAO protocol (not fiat-backed)
UST (Terra USD): An algorithmic stablecoin which collapsed in May 2022 after losing its peg

The stablecoins gaining traction today resemble payment instruments rather than investment products. They are not legal tender, do not carry sovereign backing, and do not eliminate the need for trusted intermediaries. Instead, they represent a digital form factor for money, optimised for on chain transfer and automation within defined guardrails.

Why fiat backed stablecoins are gaining traction

Fiat backed stablecoins share a set of characteristics that make them particularly suited to real world usage across payments, settlement, and treasury operations, especially where legacy rails introduce friction.

Stablecoins today account for only a very small share of global payments. Current estimates suggest that real economy stablecoin payments - covering transactions such as payments for goods and services, remittances, payroll, and supplier settlement, while excluding crypto trading and protocol driven flows - represent well below 1% of total activity. At a global level, stablecoins therefore do not yet constitute a systemically important payments rail, even though their impact can be meaningful in specific corridors or use cases.

Despite this small starting base, stablecoin usage in payment activity is expanding, particularly in environments where incumbent rails face structural frictions such as cross border settlement delays, high remittance costs, constrained access to US dollar liquidity, or underdeveloped domestic banking infrastructure. This pattern aligns with the broader diffusion of tokenised money beyond crypto trading into more conventional use cases, where adoption typically begins with cross border payments and then extends into treasury and liquidity workflows. In parallel, the outstanding supply of stablecoins has risen to well over USD 300 billion, up from less than USD30 billion in 2020, increasing their capacity to support settlement, liquidity management, and treasury workflows.

In practical terms, real economy use cases are becoming more established and increasingly diverse. Activity is concentrated primarily in B2B cross border settlement, with additional usage emerging across remittances, peer to peer transfers, digital services and platform based commerce, and business to consumer payouts. While these use cases still represent a minority of overall stablecoin activity, their breadth and continued expansion indicate that stablecoins have moved beyond experimentation and are now supporting production level payment use cases in parts of the real economy.

Diagram 2 – Core characteristics of fiat-backed stablecoins

Value stability

- pegged 1:1 to a fiat currency
- reserves held in cash or cash-equivalent assets by an issuer or custodian

Transparency

- issuers typically provide regular reserve reports
- some provide third-party attestations of reserves or real-time reserve data

Programmability

- can be integrated into smart contracts and digital financial services for automated payments, settlements, and treasury operations
- used in DeFi, programmable payments

Redeemability

- users can redeem stablecoins for fiat currency, subject to issuer terms and KYC/ AML checks

Regulatory compliance

- issuers operate under financial regulations, subject to AML/CFT, licensing, and reporting requirements
- varies by jurisdiction

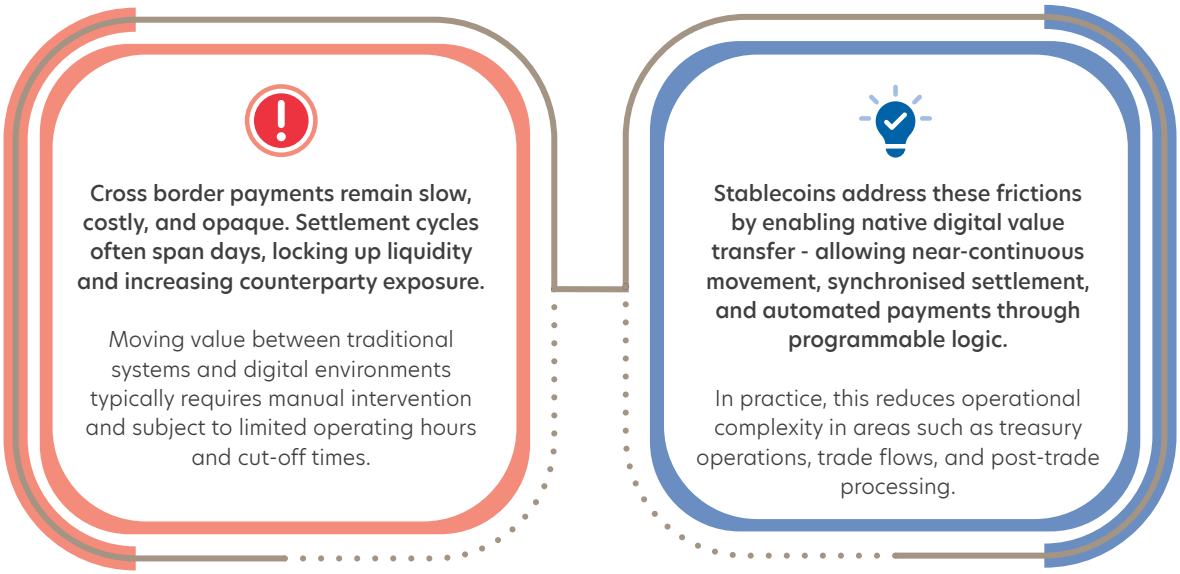
Interoperability

- built on widely adopted blockchain standards (eg. ERC-20 for Ethereum), enabling transfer across platforms and exchanges
- multi-chain support

Source: UOB Blockchain & Digital Asset

The problems stablecoins are designed to solve

The renewed focus on stablecoins reflects persistent inefficiencies in global finance rather than a sudden shift in monetary thinking.



Crucially, realising these benefits, do not require replacing existing infrastructure. Stablecoins are increasingly deployed as complementary settlement rails, layered alongside established payment systems to improve speed, flexibility, and reach where it matters most.

2 Taxonomy of tokenised money and assets

At high level, digital representation of value on a programmable platform can be grouped into two broad categories: tokenised money and tokenised assets, both utilize tokenisation technology to create digital representations of value, but they differ significantly in purpose, backing, and function.

Tokenised money

Tokenised money consists of digital representations of fiat currencies or cash equivalents, designed to facilitate programmable payments and settlement within tokenised financial markets.

Diagram 3 – Key features of tokenised money

Tokenised money

- Digital representation of fiat money on distributed ledgers
- Liability based instruments
- Price stability
- Institutional and regulated frameworks

Type	Description	Key features	Primary use
Central Bank Digital Currency (CBDC) 	▪ central bank money ▪ legal tender status	▪ legal and settlement finality ▪ designed to support the broader payments ecosystem ▪ use for payments and settlement infrastructure	▪ interbank settlement ▪ wholesale payments ▪ retail payments to advance financial inclusion
Tokenised deposits 	▪ commercial bank deposits ▪ claims on the issuing bank	▪ supports on-chain settlement of securities and funds ▪ regulated banking framework ▪ use for banking and capital market settlement	▪ wholesale payments ▪ trade finance ▪ treasury management
Fiat-backed stablecoins 	▪ private tokens ▪ not legal tender	▪ pegged to fiat currency ▪ 24/7 global transferability with automated settlement ▪ use for digital payments and crypto markets	▪ cross-border payments ▪ DeFi liquidity

Source: UOB Blockchain & Digital Asset

Stablecoins are one of several ways money is represented and used in tokenised form. Tokenised bank deposits and central bank digital currencies are advancing in parallel, each addressing different economic and policy needs. Rather than competing for dominance, these forms of tokenised money are evolving to coexist. Value is routed across multiple rails depending on use case requirements, control considerations, and operating context

Tokenised assets

Tokenised assets are digital representations of ownership rights for tangible or intangible underlying assets.

By utilising a programmable ledger, tokenisation mirrors real-world and financial assets in a digital format, enabling the asset to be issued, transferred and settled using Distributed Ledger Technology (DLT). Tokenised assets include bonds, equities, funds, commoditites, real estate and more.

Several central banks and financial regulators have conducted trials for tokenised deposits, funds and bonds using institutional-grade blockchain networks. The primary goal seeks to determine if combining financial instruments and money on a single programmable platform can streamline markets operations.

Project Guardian, led by Monetary Authority of Singapore (MAS), is one of the examples of testing the feasibility of tokenised assets within regulated liquidity pools and market infrastructures.

Diagram 4 – Key features of tokenised assets

Tokenised assets

- Digital representations of underlying assets
- Fractional ownership - assets can be divided into smaller digital units
- Tokenisation apply across both traditional financial assets and real-world assets

Type	Description	Key features	Primary use
Tokenised Financial Assets	▪ tokenised version of financial assets	▪ representation of regulated financial instruments ▪ issued by regulated financial institutions or market infrastructures ▪ integration with existing financial markets and regulatory frameworks	▪ bonds ▪ funds ▪ equities
Tokenised Real World Assets (RWA)	▪ tokens representing ownership in real world assets	▪ digital representation of tangible or intangible assets ▪ blockchain transfers and ownership tracking ▪ links to legal ownership structures or custodial arrangements	▪ real estate ▪ commodities ▪ art
Crypto-assets	▪ unbacked assets existing only on-chain	▪ not a liability of any institution ▪ no direct claim on an underlying physical or financial asset ▪ market-driven value determined by supply and demand ▪ high volatility	▪ store of value ▪ speculative investment

Source: UOB Blockchain & Digital Asset

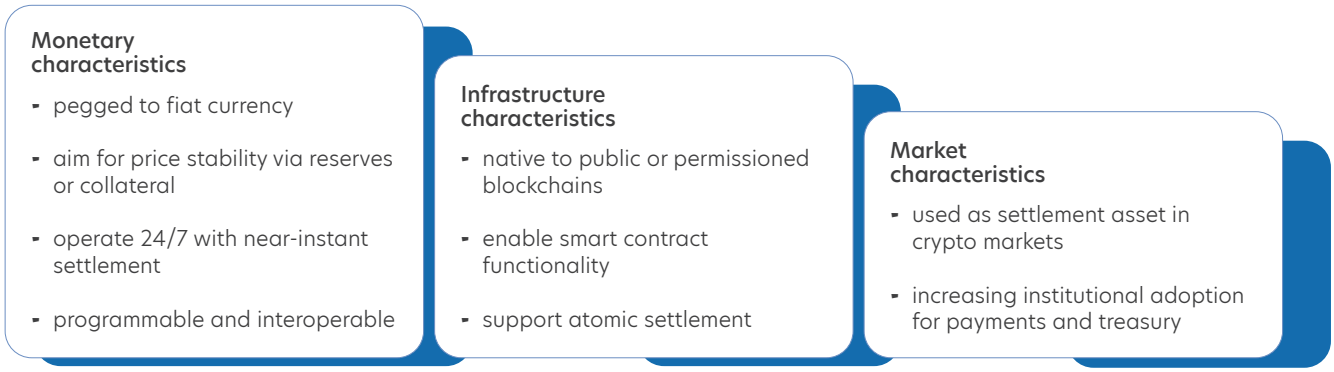
In summary, tokenised money acts as the instant programmable payment rail for block-chain based financial systems, enabling more efficient payments and settlement. Tokenised assets build on this by digitising financial and real-world assets on-chain, making it easier to issue, trade and own fractional units of the assets in digital markets.

3 Stablecoins in the context of tokenised money

As stablecoins move closer to the core of payment and settlement activity, the central question is no longer whether stablecoins can operate in real world settings, but how they can be adopted safely and sustainably as part of a broader tokenised money ecosystem.

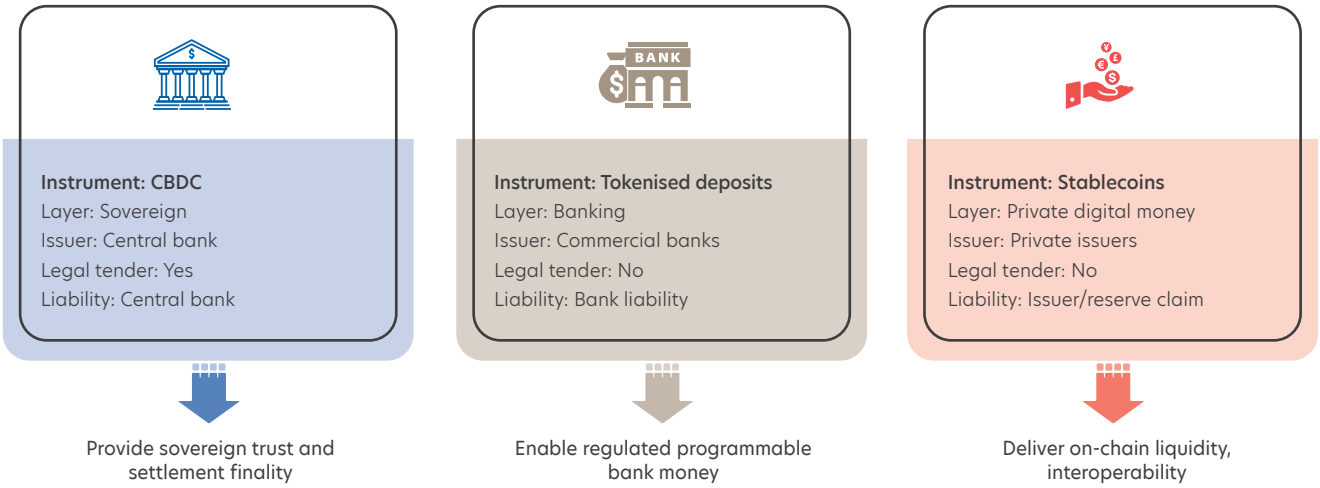
Many of the challenges associated with stablecoins are not new. They reflect familiar financial, operational, and governance considerations, expressed through new technical architectures and market structures. What differentiates successful adoption is therefore not the absence of risk, but the ability to identify and manage these risks consistently across different forms of money within established financial frameworks.

Diagram 5 – Core features of stablecoins as tokenised money



Source: UOB Blockchain & Digital Asset

Diagram 6 – Understanding stablecoins role vs tokenised deposits and CBDC



Source: UOB Blockchain & Digital Asset

Key risk dimensions

Adopting stablecoins introduces several interrelated risk dimensions that require coordinated oversight.

- **Value stability and redemption risk** sits at the core. Confidence in a stablecoin depends on the credibility of its stabilisation mechanism, including the quality, liquidity, and accessibility of reserves, as well as the enforceability and operational effectiveness of redemption under stress.

- **Liquidity and concentration risk** arise from market structure. Stablecoin activity is concentrated in a small number of widely used tokens which support deep liquidity and network effects. It also introduces systemic dependencies, where stress affecting a major issuer can transmit quickly across interconnected markets.

- **Operational and technology risk** reflects the layered nature of stablecoin ecosystems. Smart contracts, networks, custody arrangements, and off-chain processes such as minting, burning, and fiat settlement must function reliably and in coordination. Failures in any layer can impair usability even when financial backing remains intact.

- **Legal and compliance risk** stems from global usage across jurisdiction-specific frameworks. Differences in classification or supervisory expectations can complicate adoption, particularly for cross-border or multi-party use cases.

These risks are interconnected. Effective management therefore requires a system-level perspective, rather than isolated controls focused on individual tokens or transactions.

Managing risk through design and integration

Experience to date suggests that risk is most effectively managed through design, rather than addressed after deployment. Stablecoins that have gained broader acceptance tend to share common traits: conservative reserve structures, transparent governance, well-defined redemption processes, and integration with existing risk and control frameworks.

Equally important is how stablecoins are positioned within the wider tokenised money ecosystem. They are increasingly used alongside, not instead of, other forms of tokenised money. Tokenised deposits may be preferred where balance-sheet integration and deposit safeguards are critical. Central bank digital currencies may be used where sovereign backing or policy-driven settlement is required. Stablecoins complement these options where global reach, programmability, or continuous settlement provide clear advantages.

Routing value across these forms allows efficiency gains while avoiding excessive reliance on any single instrument, improving resilience as regulatory, market, and technological conditions evolve.

From experimentation to disciplined adoption

As stablecoins transition from pilots to production use, the differentiator shifts from innovation to execution discipline. Sustainable adoption requires clear use-case definition, alignment with regulatory and prudential expectations, and consistency with existing governance and operating models.

This does not imply uniform solutions. Different use cases demand different trade-offs between speed, control, reach, and certainty. What matters is the ability to apply consistent standards across stablecoins, tokenised deposits, and CBDCs, so that tokenised money can be adopted incrementally without fragmenting oversight or operational integrity.

Shift away from instrument to infrastructure-oriented approach

Adopting an infrastructure-oriented, instrument-agnostic approach is essential for interoperability and scale. By focusing on shared standards, settlement certainty, resilience and governance, different forms of digital money can operate across common networks and be combined according to use-case needs. This shifts attention away from comparing instruments and towards building connected, programmable market infrastructure that supports efficient payments, liquidity management and broader innovation across digital financial markets.

4 Regulatory landscape

As stablecoins expand beyond niche use, regulatory frameworks have evolved to provide clearer expectations around issuance, reserves, redemption, and governance. These frameworks now strongly influence where stablecoins can operate, how they are trusted, and their potential to scale.

Regulators in major financial centres are converging on common outcomes: value stability, enforceable redemption, and resilience under stress. Despite differences in legal structures, this alignment has distinguished well-backed, payment-oriented stablecoins from more fragile designs, strengthening confidence across users and market infrastructures.

Convergence around common regulatory principles

Core principles are now broadly shared across jurisdictions: defined issuer eligibility, high-quality and protected reserves, assured par-value redemption, and ongoing transparency and compliance. This clarity has reduced uncertainty and shifted the conversation from whether stablecoins can be used responsibly to how they can be integrated safely.

Regulatory clarity as a catalyst for adoption

Clear regulation has accelerated adoption. Markets with well-defined requirements have seen faster progression from experimentation to selective production use, along with smoother integration into existing payment and settlement systems, enabling broader enterprise and financial-sector participation.

As frameworks mature, competitive dynamics are shifting. Stablecoins that operate reliably within established guardrails are gaining scale, while those reliant on ambiguity or weak backing are becoming less viable. Regulation is therefore driving market maturation by enhancing trust, stability, and institutional confidence.

Across jurisdictions, regulatory frameworks generally converge around four core dimensions: the authorisation and licensing requirements for issuers, the rules governing reserve composition along with custody and segregation of assets, the assurance of redemption rights at par, and compliance obligations related to AML/CFT and the Travel Rule.

Diagram 7 – Regulatory treatment of fiat referenced stablecoins across key jurisdictions

Type	Issuer requirements	Reserve rules	Redemption rights	AML / Travel Rule
United States  GENIUS Act establishes requirements for payment stablecoins covering issuer eligibility, reserve backing, redemption rights, and disclosures	- permitted issuers only - insured depository institutions (or subsidiaries), federally qualified non bank issuers, or state qualified issuers below specified threshold - licensing required within defined timelines	- 1:1 backing in USD or approved liquid assets (cash, central bank balances, short dated Treasuries, eligible MMFs); - reserves must be segregated and subject to regular third party reserve examination	- par redemption required - clear, enforceable redemption policies - holders have priority claim on reserves in issuer insolvency	- full BSA/AML and OFAC compliance - FATF Travel Rule obligations applied through US VASP and payment provider regimes
European Union  Under MiCA, EMT issuers are subject to authorisation, full reserve backing, custody requirements, and enhanced supervision for "significant" EMTs	- authorisation under MiCA as Electronic Money Token (EMT) issuers - heightened supervision for "significant" EMTs by national authorities and EU bodies	- 100% liquid reserves in the referenced currency - custody with regulated independent custodians - audit and stress testing requirements	- par redemption at any time, under transparent and reasonable conditions	- AMLD framework applies to issuers and CASPs - FATF Travel Rule implemented through EU AML framework and technical standards
Singapore  Single Currency Stablecoin framework sets clear requirements on reserve quality, segregation, redemption timing, and disclosures	- stablecoin framework under Payment Services Act - Major Payment Institution license - framework applies to Single Currency Stablecoins (SCS) pegged to SGD or G10 currencies	- 100% backing in low risk, highly liquid assets - segregation of reserves - monthly independent attestations	- par redemption required within a defined timeframe (≤ 5 business days)	- PSA aligned AML/CFT controls - FATF Travel Rule compliance - technology and cyber risk standards apply
Hong Kong  Stablecoins Ordinance introduces a licensing regime for issuers offering stablecoins to users	- licensing under the Stablecoins Ordinance - only licensed fiat referenced stablecoins may be offered to retail users	- 100% high quality, high liquidity reserve assets - segregation and regular independent audits	- par redemption without undue delay - conditions must be reasonable and transparent	- AML/CFT Guideline for stablecoin issuers - FATF Travel Rule expectations applied

Source: UOB Blockchain & Digital Asset

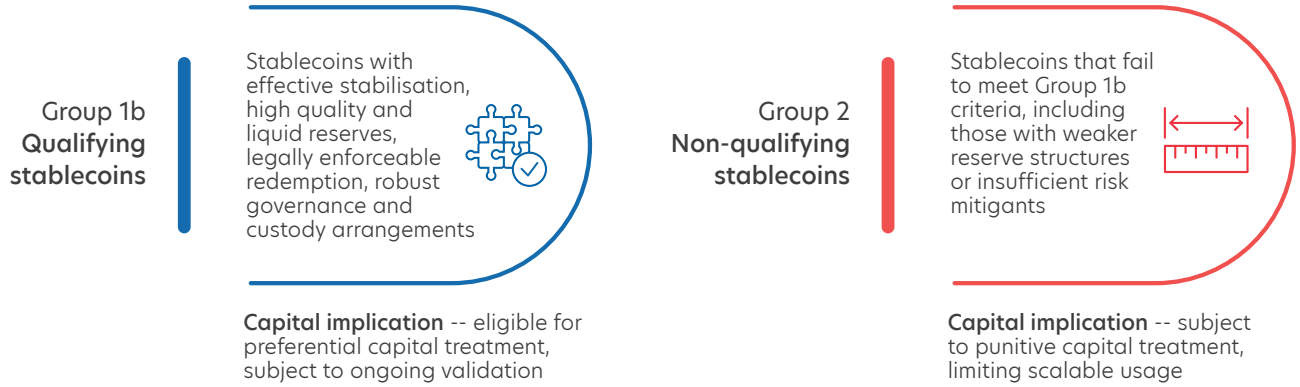
Type	Issuer requirements	Reserve rules	Redemption rights	AML / Travel Rule
Thailand  Baht pegged stablecoins are treated as e-money under the Payment Systems Act. Trading in foreign currency-pegged stablecoins is permitted	- Baht pegged stablecoins treated as e money under the Payment Systems Act - selected foreign stablecoins permitted for trading on SEC regulated exchanges	- safeguarding and reserve requirements aligned to e money rules - applied via licensing and sandbox conditions	- E money redemption protections apply	- BOT and SEC AML/ CFT rules apply - FATF Travel Rule implemented for VASPs
Malaysia  Open to exploring MYR-pegged stablecoin models under regulatory sandbox	- BNM oversight via Innovation Hub sandbox	- defined through sandbox approvals and pilot conditions	- required under licensing and sandbox frameworks	- AML/CFT obligations under BNM and SC regimes - FATF Travel Rule adoption in progress
Indonesia  Stablecoins largely treated as commodities; not recognised as a payment instrument	- crypto assets regulated primarily as commodities - coordination between OJK and BI - stablecoins is recognised as a tradable digital asset, but not as a payment instrument	- not applicable	- not applicable	- not applicable
Vietnam  No formal stablecoin regime; crypto assets not recognised for payment use	- no licensing regime for stablecoin issuance	- not applicable	- not applicable	- not applicable
China  Private stablecoins prohibited; tokenised money strategy centred exclusively on CBDC	- private stablecoin issuance banned	- not applicable	- not applicable	- not applicable

Source: UOB Blockchain & Digital Asset

Global prudential standards and capital requirements

Beyond local regulatory regimes, global prudential standards play a critical role, particularly for internationally active institutions. While jurisdiction specific rules govern issuance and usage, prudential frameworks influence whether stablecoins can be used sustainably at scale.

Diagram 8 – Basel prudential treatment of stablecoin exposures



Source: UOB Blockchain & Digital Asset

These standards raise the threshold for participation but also strengthen confidence. Stablecoins that remain viable under prudential discipline are better positioned to function as reliable settlement assets across market cycles, not just in benign conditions.

Regulation within a multi-form tokenised money ecosystem

Regulatory frameworks for stablecoins are evolving alongside those for tokenised bank deposits and central bank digital currencies. Each reflects distinct objectives and risk profiles, reinforcing a plural approach to digital money rather than a single prescribed model.

In this context, regulation is shaping the conditions for interoperability and coexistence, not directing markets toward uniformity. Stablecoins benefit from clarity that supports cross border use and programmability, tokenised deposits operate within established banking frameworks, and CBDCs advance sovereign and policy driven objectives.

As regulatory expectations continue to mature, attention increasingly shifts from rule setting to execution: how these different forms of tokenised money can be adopted safely, integrated effectively, and governed consistently across multiple rails. These considerations frame the risks and safeguards explored in the next section.

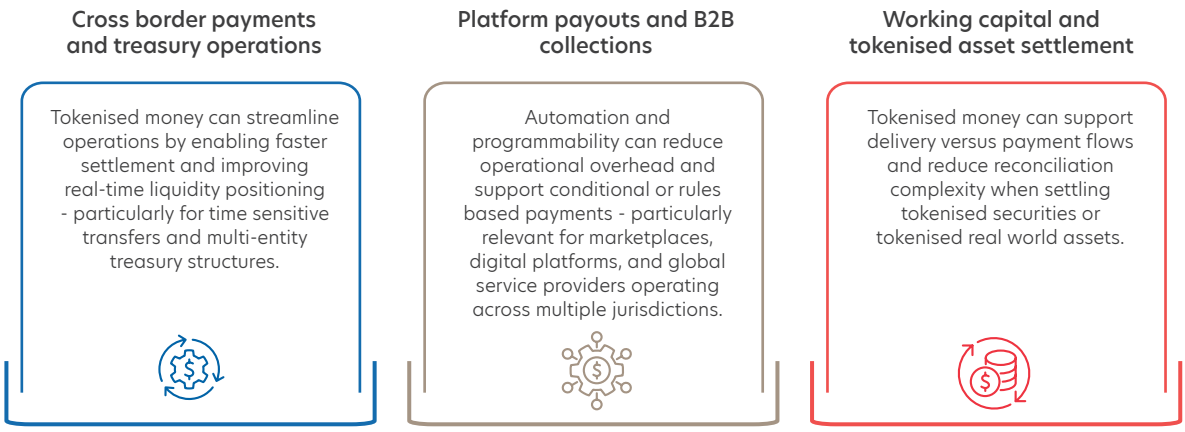
5 Implications for users

As tokenised money matures, its impact will be felt unevenly. Adoption is most likely to accelerate first in areas where existing rails have structural friction, such as cross border settlement timing, complex payout workflows, and treasury liquidity management – before expanding into broader consumer facing use.

Business implications

For businesses, the near-term value of stablecoins and tokenised money lies in faster, more transparent, and more controlled workflows, not replacing existing payment rails.

Diagram 9 – Emerging near-term opportunities



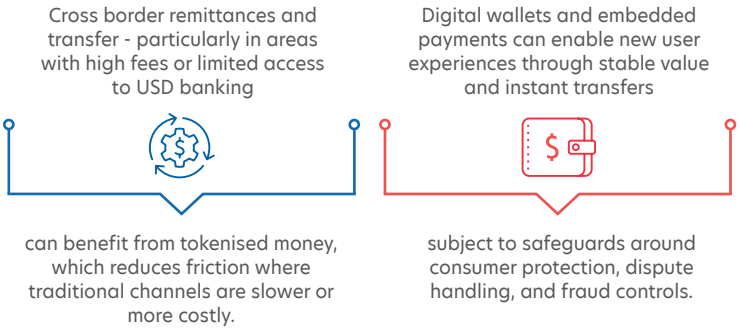
Source: UOB Blockchain & Digital Asset

These benefits are most likely to be realised where businesses can integrate tokenised money into existing finance and risk workflows, including controls for compliance screening, reconciliation, and reporting.

Retail implications

For retail users, adoption will depend less on technology and more on whether tokenised money improves everyday outcomes: cost, convenience, and trust, relative to existing options.

Diagram 10 – Potential benefits in the near-term



Source: UOB Blockchain & Digital Asset

Retail adoption in mature domestic markets may stay slow because existing payment systems are already fast, low cost, and trusted. In these settings, tokenised money will need to differentiate through stronger safety, better user experience, and clear rights around redemption and protections.

What does this mean going forward

Tokenised money is likely to scale through business and institutional flows and then expand into broader retail use where it offers clear, user visible advantages. This reinforces the importance of multi-rail architectures and shared control foundations, so new use cases can be adopted incrementally without fragmenting governance, risk, and operational oversight.

6 Strategic direction

As stablecoins and other forms of tokenised money move from experimentation toward mainstream adoption, it is no longer whether to engage, but how to do so responsibly, at scale, and over time. Experience across markets increasingly points to a pragmatic conclusion: no single form of digital money can meet all use cases, and sustainable progress depends on how different forms are combined, governed, and executed.

Moving beyond single solutions toward multi-rail architectures

Early discussions positioned stablecoins as disruptors of traditional payments, but the industry has shifted toward multi-asset, multi-rail architectures where stablecoins, tokenised deposits, CBDCs, and existing payment rails coexist.

In these architectures, value moves across rails based on use-case needs: stablecoins for global reach and programmability, tokenised deposits for balance-sheet integration and safeguards, and CBDCs for sovereign and policy-aligned settlement.

Building on common foundations

Effective strategy in tokenised money is underpinned by common foundational capabilities which reduce complexity as new rails and instruments are introduced. These include the ability to issue, hold, transfer, convert, and settle tokenised forms of money securely and efficiently, supported by shared control layers for compliance, monitoring, reconciliation, and reporting.

Focusing on disciplined delivery

As tokenised money initiatives mature, real progress comes not from the number of pilots, but from disciplined execution: choosing high-value use cases, building reusable capabilities, and applying consistent standards. Embedding them into existing operating models across payments, treasury, liquidity, risk, compliance, and technology enables scalable growth without weakening oversight.

This approach supports phased adoption. Capabilities can expand as confidence, integration, and regulatory clarity improve, without requiring major redesign or repeated reinvention.

Success will hinge on industralising tokenised money via an infrastructure-oriented, instrument-agnostic approach: reusing controls and governance across stablecoins, tokenised deposits, CBDCs, and traditional rails. Regulatory and prudential developments will continue to guide this transition.

Looking ahead

Industry expectations are shifting from pilots to scalable operating models. The next phase will be defined by five key drivers captured in **SCALE**.

S - Standards and interoperability. As multiple blockchains, payment networks and forms of digital money emerge, interoperability becomes essential. Industry initiatives are already addressing this challenge, for example, cross-chain interoperability protocols and experiments linking traditional financial messaging networks with blockchain platforms. Common standards for messaging, token formats and smart-contract interfaces will allow tokenised deposits, stablecoins and CBDCs to move seamlessly across platforms and jurisdictions.

C - Compliance and regulatory clarity. Regulatory frameworks are evolving to support responsible innovation. Beyond licensing and AML requirements, greater clarity is needed on the accounting and tax treatment, including how tokenised money and assets are recognised on balance sheets and treated for reporting purposes. In parallel, the development of programmable compliance, embedding regulatory rules such as KYC, sanctions screening and transaction limits directly into smart contracts, can enhance real-time compliance and reduce operational risk.

A - Access to liquidity and safe settlement assets. For tokenised money to support large-value transactions and financial markets, it must connect to deep liquidity pools and trusted settlement assets. Ensuring access to safe settlement assets, such as central bank money or highly trusted bank liabilities, will be critical to maintaining confidence and enabling large-scale financial activity.

L - Linked market infrastructures. The transition to tokenised finance will require the evolution of foundational market infrastructure and utilities, including payment systems, central securities depositories and clearing platforms. These institutions play a critical role in providing trusted settlement, custody and collateral management services. By incorporating blockchain and tokenisation, they can enable atomic settlement between tokenised securities and tokenised money while maintaining the stability and governance that underpin today's financial markets.

E- Ecosystem and commercial use cases. Ultimately, adoption will be driven by real economic value. Partnerships between banks, fintech firms and corporates are already demonstrating efficiencies in trade finance, cross-border payments, treasury operations and capital market settlement. As these use cases mature, tokenised money will increasingly become embedded in everyday financial activity.

Together, these five drivers, SCALE, provide a roadmap for moving tokenised money from early production deployments to scalable global adoptiony.

UOB's strategy and approach

UOB is positioning itself as a trusted orchestrator in the tokenised money ecosystem. Our strategy focused on building foundational capabilities and interoperability. Efforts have centred on validating real-world use cases within clear regulatory boundaries, creating reusable services for issuing, holding, converting, and settling tokenised money, and embedding these within a unified control framework.

This approach supports participation across multiple forms of tokenised money while preserving strong risk and operational controls. By leveraging emerging money rails and connecting the tokenised ecosystem with the existing fiat world, UOB enables clients to access the speed, programmability, and flexibility of new digital payment rails without compromising trust or operational integrity.

7 Key takeaways

A multi-rail monetary environment is becoming the norm, where stablecoins, tokenised deposits, and CBDCs coexist and complement one another

Stablecoins are moving from crypto niches into regulated financial infrastructure, driven by their ability to deliver 24/7 settlement, programmability, and interoperability

Regulation is now the primary accelerator of adoption, with major jurisdictions converging on reserve quality, enforceable redemption, issuer licensing, and transparency

Institutional and business use cases will scale first, especially where existing rails introduce friction, cross-border settlement, treasury liquidity, platform payouts, and tokenised asset settlement. Retail adoption will lag in markets with already fast, low-cost domestic systems

The shift from pilots to production requires consistent governance, interoperability, and control frameworks across all types of tokenised money. Sustainable scaling hinges on applying shared standards rather than standalone solutions.

UOB is positioning itself as a trusted orchestrator in the tokenised money ecosystem, investing in foundational, interoprable services for issuing, holding, converting, and settling tokenised money. This strategy allows clients to tap into emerging money rails securely, gaining speed, programmability, and flexibility without compromising trust or operational integrity.

Glossary

AML	Anti-Money Laundering
ART	Asset Referenced Token
B2B	Business-to-business
B2C	Business-to-consumer
BCDA	Blockchain and Digital Assets
BIS	Bank for International Settlements
CBDC	Central Bank Digital Currency
CASP	Crypto-Asset Service Provider
CFT	Counter-Terrorist Financing
DeFi	Decentralised Finance
DLT	Distributed Ledger Technology
DPT	Digital Payment Token
EMT	E-Money Token
FATF	Financial Action Task Force
HKMA	Hong Kong Monetary Authority
KYC	Know Your Customer
MAS	Monetary Authority of Singapore
MiCA	Markets in Crypto Assets Regulation
MMF	Money Market Fund
P2P	Peer-to-peer
PSA	Payment Services Act
RWA	Real World Asset
SCS	Single-Currency Stablecoin
VASP	Virtual Asset Service Provider

Appendix

Bank for International Settlements. (2025). BIS Annual Economic Report – Chapter III. The next-generation monetary and financial system - Link

Bank for International Settlements. (2024). Tokenisation in the context of money and other assets: concepts and implications for central banks - Link

Bank for International Settlements. (2023). Stablecoins versus tokenised deposits: Implications for the singleness of money (BIS Bulletin No. 73) - Link

Bank Negara Malaysia. (2025). Discussion paper on asset tokenisation in the Malaysian financial sector - Link

Bank of Thailand. (2021). Stablecoins regulation policy - Link

Basel Committee on Banking Supervision. (2022). Prudential treatment of cryptoasset exposures. Bank for International Settlements - Link

Cambridge Centre for Alternative Finance. (2026). Tokenised money: Use cases, interoperability and regulation. Cambridge Judge Business School, University of Cambridge - Link

CoinMarketCap. (2026). Stablecoin market capitalization - Link

European Banking Authority. (2023). Asset-referenced tokens and e-money tokens under MiCA - Link

Financial Action Task Force. (2023). Virtual assets: Targeted update on implementation of the FATF standards on VAs and VASPs - Link

Hong Kong Monetary Authority. (2024). Regulatory regime for stablecoin issuers - Link

International Organization of Securities Commissions. (2024). Tokenization of financial assets - Link

Monetary Authority of Singapore. (2023). MAS finalises stablecoin regulatory framework - Link

National Assembly of the Socialist Republic of Viet Nam. (2025). Law on Digital Technology Industry (Law No. 71/2025/QH15) - Link

Otoritas Jasa Keuangan. (2024). Regulation No. 27 of 2024 on the trading of digital financial assets, including crypto assets - Link

People's Bank of China. (2025). Keynote speech by Pan Gongsheng, Governor of the People's Bank of China, at the Financial Street Forum Annual Meeting - Link

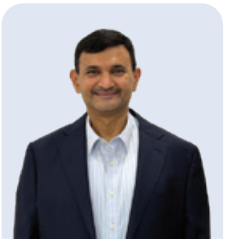
State Bank of Vietnam. (2017). Official Letter No. 7061/ĐMDN on virtual currencies (Bitcoin, Litecoin) - Link

United States Congress, Congressional Research Service. (2025). Stablecoin legislation: An overview of S. 1582, the GENIUS Act of 2025 - Link

Meet the team

Authors

Yip Kah Kit
Head of Blockchain and Digital Assets
Yip.KahKit@uobgroup.com



Nikhil Chogle
SVP, Blockchain and Digital Assets
Nikhil.Chogle@uobgroup.com

Morgan Chia
FVP, Blockchain and Digital Assets
Chia.Morgan@uobgroup.com

Editors

Heng Koon How, CAIA
Head of Markets Strategy
Heng.KoonHow@uobgroup.com

Tan Lena
Business Data Designer
Lena.Tan@uobgroup.com

Disclaimer

This publication is strictly for informational purposes only and shall not be transmitted, disclosed, copied or relied upon by any person for whatever purpose, and is also not intended for distribution to, or use by, any person in any country where such distribution or use would be contrary to its laws or regulations. This publication is not an offer, recommendation, solicitation or advice to buy or sell any investment product/ securities/instruments. Nothing in this publication constitutes accounting, legal, regulatory, tax, financial or other advice. Please consult your own professional advisors about the suitability of any investment product/securities/ instruments for your investment objectives, financial situation and particular needs.

The information contained in this publication is based on certain assumptions and analysis of publicly available information and reflects prevailing conditions as of the date of the publication. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results. The views expressed within this publication are solely those of the author's and are independent of the actual trading positions of United Overseas Bank Limited, its subsidiaries, affiliates, directors, officers and employees ("UOB Group"). Views expressed reflect the author's judgment as at the date of this publication and are subject to change.

UOB Group may have positions or other interests in, and may effect transactions in the securities/ instruments mentioned in the publication. UOB Group may have also issued other reports, publications or documents expressing views which are different from those stated in this publication. Although every reasonable care has been taken to ensure the accuracy, completeness and objectivity of the information contained in this publication, UOB Group makes no representation or warranty, whether express or implied, as to its accuracy, completeness and objectivity and accept no responsibility or liability relating to any losses or damages howsoever suffered by any person arising from any reliance on the views expressed or information in this publication.

Right By You

Head Office
80 Raffles Place
UOB Plaza
Singapore 048624
Telephone: (65) 6533 9898
Facsimile: (65) 6534 2334

www.uobgroup.com