DOLLAR DIGITIZATION AND THE INSTITUTIONAL RACE FOR TOKENIZED INFRASTRUCTURE

Last year, stablecoins processed $27.6 trillion in transaction volume—more than the combined transaction volume of Visa and Mastercard. These weren't speculative trades churning through crypto exchanges. Corporate treasuries were moving operational funds. Businesses were paying suppliers. Workers were receiving remittances. Real money was flowing through blockchain rails at volumes that rival the world's largest payment networks, while most executives still considered the technology experimental.

The scale reveals something fundamental about how financial infrastructure evolves. Grand visions of revolutionizing finance failed. Practical solutions to expensive problems succeeded. Stablecoins won by making cross-border payments as simple as email—addressing an immediate pain point that costs businesses 4-6% in fees and takes days to settle.

THE PROBLEM THAT ACTUALLY MATTERED

For years, blockchain evangelists pitched tokenized real estate, fractionalized art, and supply chain tokens. Most went nowhere. They were solving problems that either didn't exist or weren't painful enough to justify adoption friction.

Stablecoins succeeded because they addressed a fundamental issue: moving money globally remains absurdly slow and expensive. When a U.S. company pays a European supplier today, the money moves through correspondent banking networks, taking two to three days and costing anywhere from 1% to 6% in fees and foreign exchange spreads. The transaction can only happen during banking hours, across limited time zone overlaps, with capital tied up during settlement.

Stablecoins cut through this complexity by creating digital dollars that move as easily as email. A dollar-backed token maintains its value while traveling on blockchain networks that operate continuously. No correspondent banks, no settlement windows, no waiting. PayPal recognized this utility when they launched their own stablecoin in 2023, using it to settle international remittance flows on nights and weekends when banks are closed. Their Xoom service now delivers funds faster by avoiding traditional banking cutoff times entirely.

The pattern is instructive. Email succeeded by making communication instant and straightforward. Stablecoins are following a similar trajectory, making money simple and instantaneous. They now handle approximately 15% of the global retail cross-border payment volume, often at a fraction of the traditional costs.

THE REGULATORY TRANSFORMATION

This parallel financial system operated in legal limbo for years, growing rapidly while constrained by uncertainty. Banks watched from the sidelines, intrigued yet unable to participate without clear rules. The GENIUS Act, passed in July 2025, fundamentally altered this landscape.

The law established comprehensive requirements: every stablecoin must be backed 100% by cash, Treasury bills, or other high-quality liquid assets. Issuers must publish monthly attestations of their reserves. They're subject to Bank Secrecy Act requirements. In bankruptcy, stablecoin holders get a priority claim on reserve assets. Criminal penalties, including fines of up to $1 million and imprisonment for up to five years, enforce these rules.

Banks can now issue stablecoins through subsidiaries. Non-banks can become licensed issuers under federal oversight. The framework creates massive structural demand for U.S. government debt by requiring full reserves in dollars and Treasuries, essentially exporting dollar dominance through private-sector technology.

This regulatory clarity immediately triggered institutional movement. Paxos, the regulated fintech behind PayPal's stablecoin, reported that several of the world's largest banks contacted them, saying, "I need a stablecoin in 8 weeks", following the passage of the Act in the Senate. Bank of America's CEO Brian Moynihan captured the sentiment: "If they make it legal, we will go into that business... We'll have a Bank of America coin."

The infrastructure supporting this transformation was already being built. Jiko, a nationally chartered bank and registered broker-dealer, had developed technology that makes U.S. Treasury Bills instantly liquid and transferable. Their platform automatically sweeps cash into T-bills held directly in the customer's name, solving a fundamental challenge in the stablecoin ecosystem: how to earn yield on reserves while maintaining instant liquidity and absolute safety. When former Treasury Secretary Larry Summers joined their advisory board alongside former FDIC Chair Sheila Bair, it validated what crypto firms had already discovered: Jiko had solved the fundamental tension between safety and liquidity that plagued both traditional banking and the emerging stablecoin ecosystem.

BEYOND CONSUMERS: THE B2B TRANSFORMATION

Much of the public conversation around stablecoins has centered on consumer payments—faster remittances, lower fees, and the rise of crypto wallets. While the increased adoption of stablecoin is also modernizing retail payments, the transformative potential of tokenization in the B2B segment has perhaps been underexplored.

One of the most promising areas for the same is intra-corporate payments. In the case of multinational companies with numerous legal entities across jurisdictions, moving funds between subsidiaries can be unnecessarily complicated. Everyday transactions associated with payroll, procurement, or treasury centralization depend on traditional banking systems. Thus, limitations imposed by time zones and cutoff windows cause significant friction, resulting in multi-day settlement delays. With stablecoins, corporations can transfer value between global entities instantly, 24/7, without the

need for intermediaries. Siemens, for example, already uses tokenized deposits to rebalance liquidity across continents in seconds, optimizing working capital in ways that would disrupt the existing infrastructure of legacy rails.

Even more profound is the impact on clearing and settlement, where programmable money removes human friction entirely. Smart contracts can automate margin calls, execute trades, and settle transactions the moment pre-defined conditions are met—without waiting for manual approval. This automation introduces a new level of resilience. In moments of market stress, smart contracts can act as circuit breakers, halting activity or automatically enforcing safeguards. When considered in terms of past incidents, the implications are massive: for example, if mortgage-backed securities in 2008 had included code-triggered thresholds, the buildup of systemic risk could have been mitigated.

By stripping out discretion from mechanical processes, institutions gain not just speed but governance at the protocol layer—ensuring consistency, reducing error, and enabling real-time transparency across counterparties. This is not just about faster finance; it's about making financial systems inherently more robust.

WHERE VALUE CRYSTALLIZES

With regulatory uncertainty resolved, institutional adoption is accelerating around specific use cases where tokenization delivers measurable value. JPMorgan's Kinexys platform has processed over $1.5 trillion in tokenized repo transactions since 2020, with some trades settling and unwinding within hours. OCBC Bank utilized the network to execute a four-hour repo, lending money against tokenized securities in the morning and repaying it with interest by noon.

The foreign exchange market presents even larger opportunities. With $5-7 trillion in daily volume, minor efficiency improvements translate to billions in savings. Singapore's Project Guardian demonstrated that tokenized FX could reduce cross-border transaction costs by 12.5%, potentially saving businesses $50 billion annually by 2030.

For corporate treasury operations, the transformation is profound. Siemens uses JPMorgan's tokenized deposits to transfer funds between global subsidiaries in seconds. A corporation can now sweep excess cash from units worldwide every few hours, earning additional interest or reducing credit line usage. Smart contracts automatically execute hedging strategies based on real-time currency movements. Corporate treasurers estimate 5-10% of working capital is currently trapped due to settlement friction, freeing even half of that represents millions in additional returns.

However, there are trade-offs to be managed. Smart contracts bring efficiency by removing human discretion, creating both opportunities and risks. They could act as circuit breakers—if mortgage securities had been programmed with automatic triggers that halted issuances when default rates breached thresholds, the 2008 buildup of leverage might have been prevented.

Yet this same rigidity creates vulnerabilities. Complex financial agreements often involve subjective judgments that code cannot handle. When crypto prices crash, smart contracts automatically liquidate collateral at lightning speed, often exacerbating downturns. There's no human discretion to pause or stagger these sales. A significant demonstration of this was during the period when electronic trading had been completely automated through the reduction of floor

brokerage services. Despite seeming purely beneficial to market participants in the short run, the pendulum had swung too greatly in too short a time, resulting in heightened market volatility.

ZeroBeta's approach exemplifies one model of how institutions manage this balance. Their BlueShift provides direct blockchain connectivity, enabling real-time monitoring of tokenized collateral, and supports locking, unlocking, and settlement of tokenized collateral across traditional and digital assets simultaneously. With this technology, a prime broker can monitor a hedge fund client holding tokenized Treasury Bonds alongside traditional equities as collateral, valuing them in real-time, applying appropriate haircuts, and calculating margin requirements instantly.

The platform can also simulate stress scenarios across entire portfolios, modeling what happens if crypto drops 30% while interest rates spike, providing insights that are impossible when traditional and digital assets live in separate systems. The cloud-native architecture enables firms to connect via APIs without rebuilding infrastructure, allowing them to monitor positions and manage collateral across various asset classes immediately—the first step toward effecting control and governance.

Financial institutions are developing hybrid approaches that automate routine processes to capture efficiencies while retaining robust governance frameworks for exceptional circumstances. Smart contracts execute 99% of the time, with well-defined manual backstops in place for scenarios outside the normal parameter range.

THE NEW INFRASTRUCTURE RACE

While early movers like JPMorgan and Visa have gained a head start, stablecoin infrastructure is not a closed system—it's open, composable, and available to anyone who can integrate quickly. This dynamic changes the nature of competition. Traditional institutions may seem well-positioned, but few can build at the pace required to stay relevant. It's far more likely that they'll need to acquire emerging fintech players to keep up. Still, even that comes with friction, including cultural misalignment, integration risk, and the constant challenge of distinguishing real innovation from hype.

At the same time, this openness reduces the need for intermediation altogether. In cases like FX, stablecoins enable counterparties to settle directly, thereby compressing costs, removing intermediaries, and broadening access to infrastructure that was previously reserved for the most prominent players. With a reduced need for intermediation, nimble startups and mid-sized institutions can now compete on a global scale by deploying programmable money with near-zero marginal distribution cost.

The race isn't about who controls the rails—it's about who can plug into them the fastest and solve real business problems while making the transition process smooth, keeping in mind the inertia that compels institutions to change. The objective should be to treat infrastructure not as a moat, but as a medium: one that is fast, interoperable, and designed for calculated change.

THE PATTERN OF PROGRESS

The story of stablecoins teaches us how financial innovation actually happens. Practical solutions to real problems succeed where grand visions fail. Stablecoins achieve this by making money transfers as simple as sending an email—solving an immediate pain point rather than promising a distant revolution. At times when the industry undergoes huge transformations, we often see entities adopt one of two approaches: some remain reserved and risk-averse, while others make significant promises without being tethered to reality. OPCO Advisory has never been daunted by change; instead, it adopts a pragmatic approach to innovation.

With regulatory clarity established, we're witnessing the moment when an experiment becomes infrastructure. The same pattern played out with credit cards in the 1970s, electronic trading in the 1980s, and internet banking in the 1990s. Each started as a curiosity, found product-market fit by solving real problems, and eventually became so fundamental that operating without them became impossible.

The transformation ahead will unfold over years, reshaping finance into something continuous, global, and programmable. The organizations that thrive will be those that recognize tokenization as a new medium for value transfer—one that makes the impossible routine and the expensive cheap. They'll build on infrastructure that processes transactions in minutes, manages risk in real-time across asset classes, and operates continuously rather than in business hours. The experimental phase has concluded. What emerges now is the gradual reconstruction of global finance on foundations that make more sense for a connected world. The winners will be those who understood early on that solving boring problems well reshapes industries more profoundly than any revolution.

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