ripple

From Speculation to Infrastructure: Tokenized Finance

The Functional Evolution of Digital Assets



2026

The era of speculation is over

For years, the story of digital assets was written in price movements. Institutions watched from a distance, waited for regulatory clarity that never quite came, and filed the whole category under “not yet.”

That narrative has changed, with stablecoins serving as the primary proof of concept. They are a testament to blockchain’s utility, showing that digital assets can hold value, move across borders at near-zero cost, and settle in seconds. What started as a tool for crypto traders to sidestep volatility has since become the backbone of a new era for payments and settlement infrastructure.

Tokenized deposits, which refer to bank liabilities recorded and settled on a blockchain rather than through a conventional ledger system, are next. Banks and financial institutions are no longer asking whether to participate in tokenized finance, but instead asking how to do it at scale, with the governance and controls their regulators and boards expect. What comes next is the build phase, and the people who show up for it will have a say in what on-chain finance actually looks like.

This report examines three key questions behind the shift:

- Why is tokenized money moving from the fringes of crypto to the core of institutional finance?
- What does the shift means for banks, treasuries, and capital markets operations?
- Why is custody infrastructure the foundation that makes all of it work at scale?

The Rise of Tokenized Finance

Stablecoins such as RLUSD or USDC are digital currencies pegged to a real-world asset, most commonly the US dollar, designed to hold a stable value on the blockchain.

They were originally developed to hold value on-chain without exposure to crypto's volatility, storing value between crypto trades or moving funds across cryptocurrency exchanges. As their utility for moving value globally became clear, adoption accelerated well beyond crypto-native circles. They offer what traditional cross-border payments have never reliably delivered: transfers that settle in seconds, at a fraction of the cost, without dependence on correspondent bank networks.

Global stablecoin transaction volume reached up to $35 trillion in 2025[1]. Meanwhile, fiat-backed stablecoins now account for over 90% of a market that now exceeds $315 billion in total supply[2] as of April 2026.

Regulators have taken note. The Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act establishes the first federal licensing framework for payment stablecoin issuers, creating the regulatory foundation for institutional-grade stablecoin adoption at scale. Momentum continues to build with the progressing Digital Asset Market Clarity (CLARITY) Act. If enacted, this bill, among other things, will address market structure for tokenized securities and digital asset intermediaries, with qualified custody as an explicit requirement.

$ USD

19T

Projected tokenized asset market by 2033

From $0.6T in 2025, representing a 53% CAGR
Source: BCG x Ripple[3]



Why US regulation matters globally

While the GENIUS and CLARITY Acts are US legislations, their impact extends well beyond American borders.

Over 90% of stablecoins are pegged to the US dollar, the currency that underpins a dominant share of global trade invoicing and nearly 90% of global foreign exchange transactions. When the US establishes the rules for how digital dollars are issued, governed, and settled, it is highly influential in terms of global standards for tokenized money.

[1] www.mckinsey.com/industries/financial-services/our-insights/stablecoins-in-payments-what-the-raw-transaction-numbers-miss
[2] https://blog.cex.io/ecosystem/q1-2026-stablecoin-report-35459
[3] https://ripple.com/lp/bcg-tokenization-report/

Ripple's suite of solutions, including RLUSD, Ripple Custody, and Ripple Payments, is designed with a proactive governance framework built to adapt to evolving regulatory landscapes, positioning our technology to systematically align with emerging standards as they mature.

The recent growth has attracted institutional attention at scale. Payment platforms, global banks, and fintech companies have each moved to launch regulated stablecoins, signaling that tokenized money is becoming core financial infrastructure. Among them, Ripple launched RLUSD, a regulated US dollar stablecoin issued under a New York Trust Charter, purpose-built for institutional settlement and treasury operations.

The addressable market supports that bet. According to BCG and Ripple research[4], the tokenization of real-world assets is projected to grow from around $0.6 trillion in 2025 to $18.9 trillion by 2033, a compound annual growth rate of 53%. The institutions that position themselves now, building the infrastructure and governance to operate at scale in this market, will define the winners.

While stablecoins enable global payments and wholesale settlement, tokenized deposits allow traditional bank balance sheet mechanics to operate with the speed and programmability of onchain infrastructure.

53%

Annual rate of growth of tokenized real world assets by 2033

[4] https://ripple.com/lp/bcg-tokenization-report/

Tokenized Finance Landscape

For financial institutions, knowing which asset fits which use case is where strategy begins.

Regulated stablecoins

Fiat-backed stablecoins such as RLUSD or USDC maintain their value through reserves held at a 1:1 ratio, typically in short-duration government securities or cash equivalents. They operate outside the traditional banking system, which is both their advantage (they are not constrained by banking hours or correspondent networks) and the source of most regulatory scrutiny.

USDT and USDC dominate the retail and trading stablecoin market, together accounting for over 90% of total supply, but institutional operations demand a stricter baseline of regulatory finality and counterparty safety under the GENIUS Act. RLUSD, issued by Standard Custody & Trust Company LLC, a wholly owned subsidiary of Ripple Labs, under its New York Trust Charter, is purpose-built for that segment: onchain treasury management, real-time liquidity, and 24/7 programmable settlement, with fully audited reserves and regulatory compliance built in from the ground up.

Tokenized deposits

Unlike stablecoins, tokenized deposits remain inside the regulated banking system. A tokenized deposit at a bank is still a liability, subject to the same capital requirements and depositor protections as a conventional account balance. What changes is the settlement mechanics. Tokenized deposits can settle atomically, be used in smart contracts, and move 24/7 without the friction of correspondent banking.

Beyond tokenized deposits, the broader tokenized asset market is equally live. Leading institutions across Europe and Asia have launched tokenized bond programs, digital asset trading platforms, and gold-backed token products in production environments. DZ Bank is one publicly documented example, having worked with Ripple Custody to issue tokenized bonds in Germany. Institutional adoption across all forms of tokenized finance is only accelerating.

The Multi-Money Stack

In practice, institutions will view tokenized deposits and permitted payment stablecoins not as competing technologies, but as complementary tools within a single liquidity strategy.

Internal ledger flows and existing banking relationships call for tokenized deposits. Cross-network settlement that requires high-velocity, 24/7, with no individual bank credit exposure, calls for stablecoins. The cash leg of any given transaction now takes the form that is most efficient for that specific purpose.

Ripple's infrastructure is built to support this multi-asset reality. Ripple Custody acts as the governance layer across both asset types, while RLUSD and Ripple Payments serve the stablecoin rails, and Ripple Prime enables institutional-grade liquidity management for tokenized assets.

	Regulated Stablecoins	**Tokenized Deposits**
Primary role	Speed, global reach, 24/7 cross-border movement	Bank-to-bank transfers on shared blockchain networks, balance sheet continuity within the regulated banking system
Regulatory status	Governed by Digital Assets regulations	Governed by Banking regulations
Best for	Cross-border payments, merchant settlement, retail distribution, repo and collateral management	Interbank settlement and bank-to-bank transfers within shared blockchain networks
Ripple product	RLUSD, Ripple Payments	Ripple Custody, Ripple Prime

The strategic matrix

The choice between assets is not an either-or decision, as different use cases call for different tools:

Use Case	Stablecoins lead	Tokenized deposits lead	Both required
Cross-border payments & remittances	✓		
Intraday repo & collateral management			✓
Intra-bank settlement		✓	
Treasury & cash management			✓
Trade finance	✓		
Capital markets settlement			✓

Ripple's infrastructure is designed to support both.

Ripple Custody, an institutional-grade digital asset custody platform that provides secure key management, policy enforcement, and governance controls, sits as the foundational layer for stablecoins and tokenized deposits alike, ensuring every transaction is authorized, auditable, and compliant before it executes.

RLUSD also enables fast, low-cost value transfer across Ripple's payments network spanning 60-plus territories.

From Speculation to Financial Infrastructure

The use cases for tokenized money that matter to institutional readers are about removing friction from processes that cost financial institutions billions of dollars every year.

Treasury and cash management

A multinational managing $1 billion in idle cash and $10 billion in annual payments can save between $55 million and $140 million annually through tokenized treasury operations, according to BCG and Ripple research[5].

The mechanism is straightforward: stablecoins and tokenized deposits enable 24/7 liquidity deployment, reduce FX conversion costs, and allow automated cash management through smart contracts. Ripple Custody provides the governance infrastructure to manage these flows with the policy controls and audit trails that treasury teams require.

Collateral and liquidity management

The repo market processes trillions of dollars in daily volume on infrastructure that still settles on a T+2 cycle in many jurisdictions.

Tokenizing the collateral drastically changes that. Atomic settlement compresses the cycle to T+0, freeing up collateral that would otherwise sit locked in settlement limbo. For a firm running $100 billion in issuance, BCG and Ripple estimate annual savings of $150 million to $300 million[6]. Ripple Prime provides the institutional prime brokerage layer that enables firms to use RLUSD as eligible collateral for cross-margining.

Trade finance

Trade finance remains one of the most paper-intensive, intermediary-heavy processes in global banking. Programmable payments and onchain invoice settlement can save a firm processing $50 billion in annual trade volume between $2 billion and $4 billion per year. Smart contracts replace manual reconciliation, accelerate invoice settlement, and reduce the counterparty risk that comes from relying on physical documentation.

Cross-border settlement

One of the largest hidden costs in global transaction banking is pre-funding: to send money internationally, banks must keep capital parked in accounts around the world in advance, sitting idle until a payment is needed.

A typical correspondent bank network ties up billions this way. Ripple Payments addresses this directly, enabling real-time cross-border payment execution across 60-plus territories using on-demand liquidity, so banks can move money without pre-placing it first.

[5] https://ripple.com/lp/bcg-tokenization-report/
[6] https://ripple.com/lp/bcg-tokenization-report/

Institutional Implications

The financial case for tokenized finance is not difficult to make.

The efficiency gains are documented, the use cases are live in production, and the regulatory environment is becoming more permissive. What holds most institutions back is not appetite. It is infrastructure readiness.

The institutions that are successfully scaling in this space share a common characteristic: they treat custody and governance infrastructure as the first investment, not an afterthought.
A tokenized bond program without institutional-grade key management is an operational risk. A stablecoin payments corridor without policy-before-execution controls is a compliance exposure. The value of 24/7 settlement evaporates if the governance layer cannot operate continuously.

Four capabilities signalling institutional readiness for tokenized finance:

- **Liquidity mobility.** The ability to move collateral, settle obligations, and deploy idle cash around the clock, without being constrained by banking hours or correspondent cutoff times.
- **Capital efficiency.** Atomic settlement reduces the capital tied up in settlement cycles. Intraday repo and real-time margin workflows free up collateral that conventional infrastructure keeps locked.
- **Programmability.** Smart contracts eliminate manual reconciliation, automate cash management, and enforce payment conditions without human intervention. The back office of a tokenized institution looks fundamentally different from one running on legacy rails.
- **Governance and control.** Institutions that win in digital assets will not compete on speed. They will compete on control. The governance layer that enforces policy, manages keys, and provides real-time auditability is not a compliance checkbox. It is the competitive differentiator.

The transition to tokenized finance is a structural shift in how financial institutions manage, move, and account for value, and the foundations being laid today will shape the resilience and reach of global finance for decades to come.

The Control Imperative: Governance, Risk and Regulatory Readiness

Scaling tokenized finance is not primarily a technology challenge.

The blockchain infrastructure exists and the use cases are proven. The real constraint is governance: the ability to enforce policy consistently across multiple chains, custodians, and jurisdictions, in real time, without introducing new operational risk in the process.

Ripple Custody's governance engine is built around this problem. Rather than treating compliance as a post-transaction audit function, it applies policy before execution, validating every transaction against configurable rules, dual controls, and entitlement frameworks before anything is broadcast to the network.

For institutions managing relationships across multiple custodians, the challenge compounds. Different providers, different policy frameworks, different audit trails: the fragmentation adds up quickly and creates exactly the kind of governance gap that regulators are increasingly focused on. Ripple Custody's Multi-Custody Orchestration capability addresses this directly, extending the same governance layer across Fireblocks, Coinbase Prime, and other sub-custodians through a single control plane. Policy is set once and applied consistently, regardless of which provider holds the underlying assets.

The global regulatory picture

The regulatory frameworks that matter for institutional digital asset operations are converging on a consistent set of requirements: qualified custody, asset segregation, governance controls, and regulatory reporting.

Ripple operates across more than 20 jurisdictions and 5 continents, with over 75 global licenses. The governance engine built into Ripple Custody allows clients to update regulatory requirements and compliance policies through a single centralized control plane, ensuring consistent application across all chains and products as the regulatory environment evolves.

Jurisdiction	Framework
United States	The Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act establishes a federal licensing framework for payment stablecoin issuers.
European Union	The Markets in Crypto-Assets Regulation (MiCA) creates a harmonized framework for crypto-asset issuance and service provision across all EU member states, replacing the patchwork of national regimes that previously applied.
Singapore	The Monetary Authority of Singapore's (MAS) framework for digital payment token services and stablecoin regulation is among the most developed in Asia.
Dubai and UAE	The Virtual Assets Regulatory Authority (VARA) has established a licensing regime for virtual asset service providers, placing Dubai alongside Singapore and London as a leading hub for institutional digital asset activity.
Hong Kong	The Securities and Futures Commission's (SFC) virtual asset regime is driving institutional adoption at pace. HSBC's tokenized securities and gold-backed token programs in Hong Kong are among the highest-profile institutional deployments in APAC.

Custody as the Foundational Layer for Tokenized Finance

Custody has always been the infrastructure layer that financial institutions take most seriously and for good reason.

The safekeeping of assets is not a commodity service. It is the foundation on which every downstream function depends.

In the context of tokenized finance, that principle is especially important. When assets are programmable, custody becomes the governance engine that determines how they move, who can authorize transactions, and whether policy is enforced before execution or audited after the fact. The vault metaphor no longer captures what institutional custody infrastructure actually does. Ripple Custody is the operating system for institutional digital finance: not a place to store assets, but the control plane through which they are governed, moved, and settled.

Tokenization Governance

Authorized issuance, lifecycle management, and smart contract control for any tokenized asset across any supported chain.

Every mint, transfer, and redemption is governed by pre-defined rules, eliminating the manual intervention that makes traditional issuance slow and error-prone.

Policy Enforcement

Configurable workflows, dual controls, and role-based entitlements that ensure every transaction is authorized before it executes.

For example, a treasury team can set a rule that no single individual can authorize a transfer above $10 million, and the system enforces it automatically before anything reaches the network.

Lifecycle Management

End-to-end orchestration from issuance through settlement and redemption, with automated reconciliation replacing manual back-office workflows.

For a firm processing $50 billion in annual trade volume, this is the difference between a back office running on spreadsheets and one that settles straight-through without human intervention.

Unified Auditability

Immutable, real-time audit logs providing continuous visibility into asset movement for both internal oversight and regulatory reporting.

When a regulator requests a full transaction history across multiple custodians and chains, it is available instantly, not after weeks of manual reconciliation.

Ripple: The Full Stack for Institutional Digital Finance

For banks evaluating how to enter tokenized finance, procurement complexity is one of the most underestimated barriers. Integrating separate providers for custody, payments, stablecoin issuance, prime brokerage, and tokenization creates fragmented governance, duplicated vendor management, and inconsistent policy enforcement across the stack.

With a single integrated stack, you eliminate vendor fragmentation, and keep governance consistent across every product. A bank can start with Ripple Custody as the governance foundation and activate additional capabilities as its digital asset program matures, without switching vendors, rebuilding integrations, or managing conflicting policy frameworks across providers.

The institutions already running on Ripple Custody span 20-plus jurisdictions across five continents. That footprint sits on a decade of production track record, dating to 2015.

The institutions building for this moment are not simply adopting new technology. They are redefining what it means to operate at scale in a financial system where assets are programmable, settlement is instant, and governance cannot be an afterthought.

Product	Function	Institutional use case
Ripple Custody	Unified governance control plane, key management, policy enforcement	Foundational layer for all digital asset operations
RLUSD	Regulated US dollar stablecoin	Treasury management, programmable settlement, collateral
Ripple Payments	Cross-border payment execution	Real-time settlement across 60-plus territories
Ripple Prime	Prime brokerage: unified access to clearing, financing, and cross-margining	Repo, cross-margining, institutional liquidity
XRP Ledger	Open protocol layer for digital asset issuance, settlement, and exchange	Issuance of tokenized securities, settlement finality, native DEX and onchain exchange, embedded compliance controls

Looking Ahead

For financial institutions evaluating their digital asset strategy, the questions are no longer about whether to participate.

They are about how to do so with the governance, controls, and infrastructure that the scale of this opportunity requires. Stablecoins demonstrated that programmable money works. Tokenized deposits are bringing that programmability inside the regulated financial system. Custody is the layer that makes both safe to operate at an institutional scale. The institutions that understand this sequence and act on it will not just survive the transition to tokenized finance. They will lead it.

Ready to build for tokenized finance?

Ripple works with financial institutions at every stage of their digital asset journey, from initial discovery through full production deployment. Whether you are evaluating custody infrastructure, exploring stablecoin issuance, or looking to expand into tokenized deposits, our team can provide the technical and regulatory guidance to move from strategy to execution.

- Explore Ripple Custody
- Book a custody demo
- Speak to our team

Contact Us
Reach out to ripple.com/contact for more information about how Ripple can offer faster, more reliable and more transparent solutions for your unique payments business.

About Ripple

Founded in 2012, Ripple is the leading provider of blockchain-based enterprise solutions across traditional and digital finance. Its solutions span global payments, custody, liquidity, and treasury management, serving as a one-stop shop for moving, storing, exchanging, and managing value. Ripple's stablecoin, RLUSD, and the cryptocurrency XRP underpinning these solutions allow Ripple and its customers to shape the modern financial system.

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