2026 Global Outlook for Banking and Financial Markets

Banking in the tokenized economy

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Why tokenization can't wait

Shanker Ramamurthy

Global Managing Partner,
Banking and Financial Markets
IBM Consulting

Tokenization represents a fundamental rewiring of how value moves, how assets are owned, and how financial institutions create and capture business value. It's a structural market shift that is advancing fast.

By 2030, tokenized assets, stablecoins, and central bank digital currencies (CBDCs) won't be experimental. They'll be table stakes. The institutions that thrive will be the ones that made hard decisions in 2026 and 2027: decisions about new value streams, business opportunities and risks, core banking systems, modernized computing platforms and hybrid cloud infrastructure, ecosystem roles, governance, and talent. The ones that hesitate will likely find themselves outpaced—not just by fintechs, but by corporate and institutional clients who will quietly move their capital, trust, and business to platforms built for a tokenized world.

Stablecoins are gaining momentum, creating a financial and payment system in which real-world assets will be traded on-chain. Agentic AI is awakening to run financial workflows with full autonomy, and it will demand programmable, tokenized rails to do so at scale. Even regulation, once the great unknown, is falling into place.

What follows in our study is a roadmap for navigating the coming tokenized economy, grounded in the perspectives of 500 financial services executives around the world. It explores the structural shifts ahead, the scenarios that could unfold, and the actions required to succeed in banking—retail, commercial, and corporate—as well as investment management and payment networks. The opportunity is strategic and immediate.

If your business is ready, and your core systems can natively handle tokenized money, securities, and real-world assets, then there are tremendous possibilities ahead.

That's why the next 24 months are likely to separate the winners from the rest—and these winners could gain an irreversible edge.

Key takeaways

2026 will be a turning point for tokenization. Is your organization ready?

Tokenization is reshaping the competitive landscape.

9% of financial institutions are already operating or ready to launch at least one tokenization initiative.

Business models must evolve.

While 55% of banking executives expect tokenization to coexist with off-chain systems, revenue cannibalization and margin squeezes are top concerns.

Tokenization makes trustee services more strategic.

61% of executives are planning investments in custody solutions. Custody is now a strategic platform rather than a support function.

Agentic AI scales with tokenization.

57% of executives say the tokenization of settlement rails will strengthen agentic AI significantly—enabling autonomous transactions that promise to radically transform banking and financial markets.

Hybrid cloud infrastructure is critical to scale.

77% of executives say investments in modernized computing platforms and cloud technology are essential for handling high data volumes and supporting tokenization at scale.

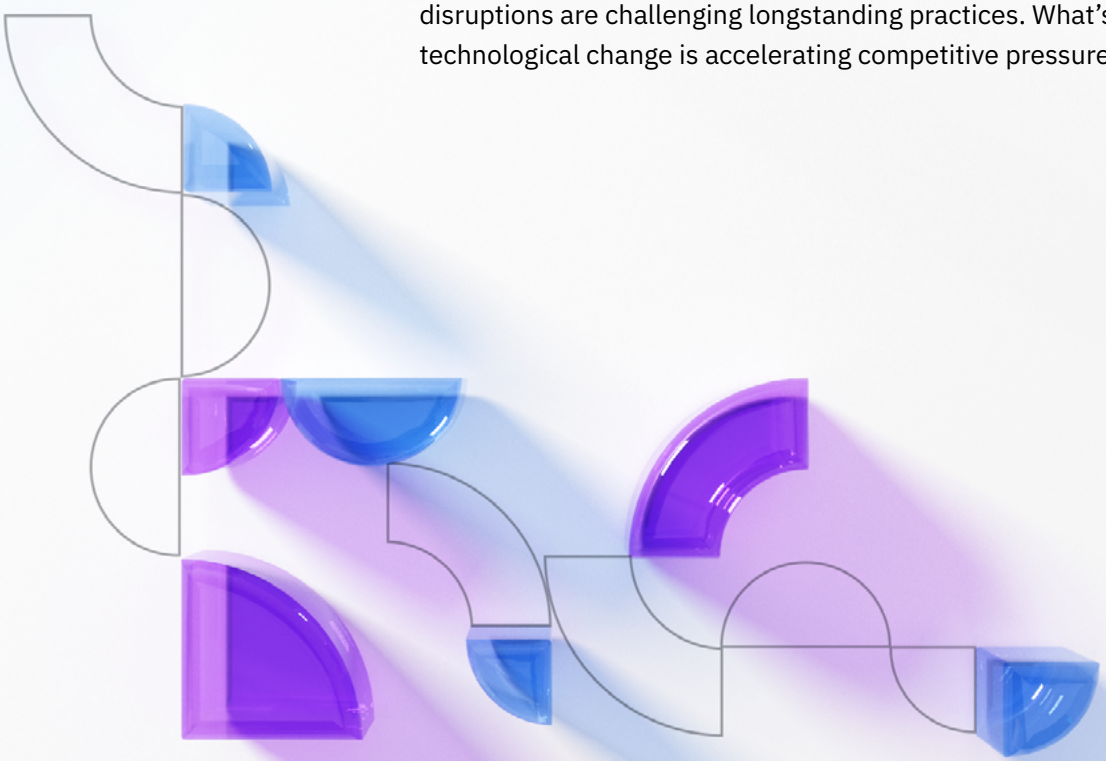
Introduction

The state of banking: improved but vulnerable

After more than a decade of financial weakness, banks are showing signs of strength, particularly in major advanced economies.[1]

Since 2019, return on average equity (ROAE) has risen across European countries, buoyed by a rapid increase in interest rates. This is also true in Japan, though to a lesser extent. Eurozone institutions now boast a lower median cost-to-income ratio (CIR) than their US counterparts, fostered by interest rate hikes and digital initiatives. At the same time, price-to-book ratios (PBR) climbed above the 1.0 threshold for many institutions—a signal that investors have more faith in future performance—while non-performing loan (NPL) ratios eased (see Figure 1). But interest rate shifts are not the whole story. Since the global financial crisis, large institutions have diversified their revenue pools to capture higher profitability—for example, expanding fee income from wealth advisory and corporate payments.

Still, uncertainty is mounting. Geopolitical tensions and supply chain disruptions are challenging longstanding practices. What's more, technological change is accelerating competitive pressures.



Underlying vulnerabilities stem from three major factors:

- **Credit and financial outlook.** The credit cycle shows signs of potential deterioration. Loan loss provisions (LLPs) have increased across major economies since 2019—except for the US, where larger banking institutions have only recently started to apply greater prudence. At the same time, a potential correction of the financial market—driven to an all-time high by exuberant valuation of AI companies and commodity prices—may reduce fee income from asset and wealth management. It may also expose significant balance sheet risks for institutions that lent to highly leveraged companies investing in data centers and AI modeling. Financial risks are intensified by the emergence of military conflicts affecting the global supply chain and energy trading.
- **AI adoption.** Although AI is becoming a foundational component of banking business and technology, its application is still uneven. Recent IBM Institute for Business Value (IBV) research showed that only 8% of banks had a strategic approach to generative AI, with 78% acting tactically.[2] That means a handful of banks might gain major advantages, while most risk being left behind.
- **Tokenization.** The on-chain economy—which turns real-world assets into digital tokens that can move instantly on blockchains—is arriving faster than most expected. It's poised to reshape financial services, with architectures, market access, and product pricing all in play. Already, major neobanks have captured market share in the off-chain digital economy while fintech players dominate foundational layers of the on-chain economy. Instead, most incumbent institutions are saddled with core banking systems and processes built for a pre-tokenized economy. Despite billions invested, most banks remain mired in protracted modernization programs. As a result, they're behind on tokenization and ill-prepared to compete in an AI-first world.

What tokenization is—and what it is not

Tokenization enables the instantaneous transfer of assets and value anywhere, including across borders, at any time and at a fraction of traditional costs. However, it does not replace the essential safeguards required for secure asset movement—a core competency embedded in banks' DNA. Instead, banks can seize compelling business opportunities in the tokenized economy as licensed, regulated entities adept at managing fraud risks, ensuring compliance with Anti-Money Laundering (AML) and Know-Your-Customer (KYC) regulations, handling digital identities, addressing tax implications, protecting client privacy, and aligning with global standards. Their established role as trusted intermediaries positions them to claim a prominent place in this evolving landscape, if they are willing to embrace it.

The tokenized economy is here

Tokenization has gained real momentum—fueled by heightened regulatory and legislative action promoting stablecoins and CBDCs. This surge is propelled by the fact that the underlying technology is now seen as highly reliable, enabling tokenized assets to thrive independent of the broader cryptocurrency ecosystem. For traditional financial services institutions, this presents both unprecedented opportunities *and* a significant threat. Those that move first with clarity will have a decisive advantage.

In this Global Outlook, we explore the significant advantages and risks posed by the tokenized economy and how financial institutions can position themselves for success. Drawing on insights from a global survey of 500 executives, we outline how industry participants expect the tokenized economy to reshape banking through 2030—as well as the evolving role AI will play (see “Research methodology” on page 46).

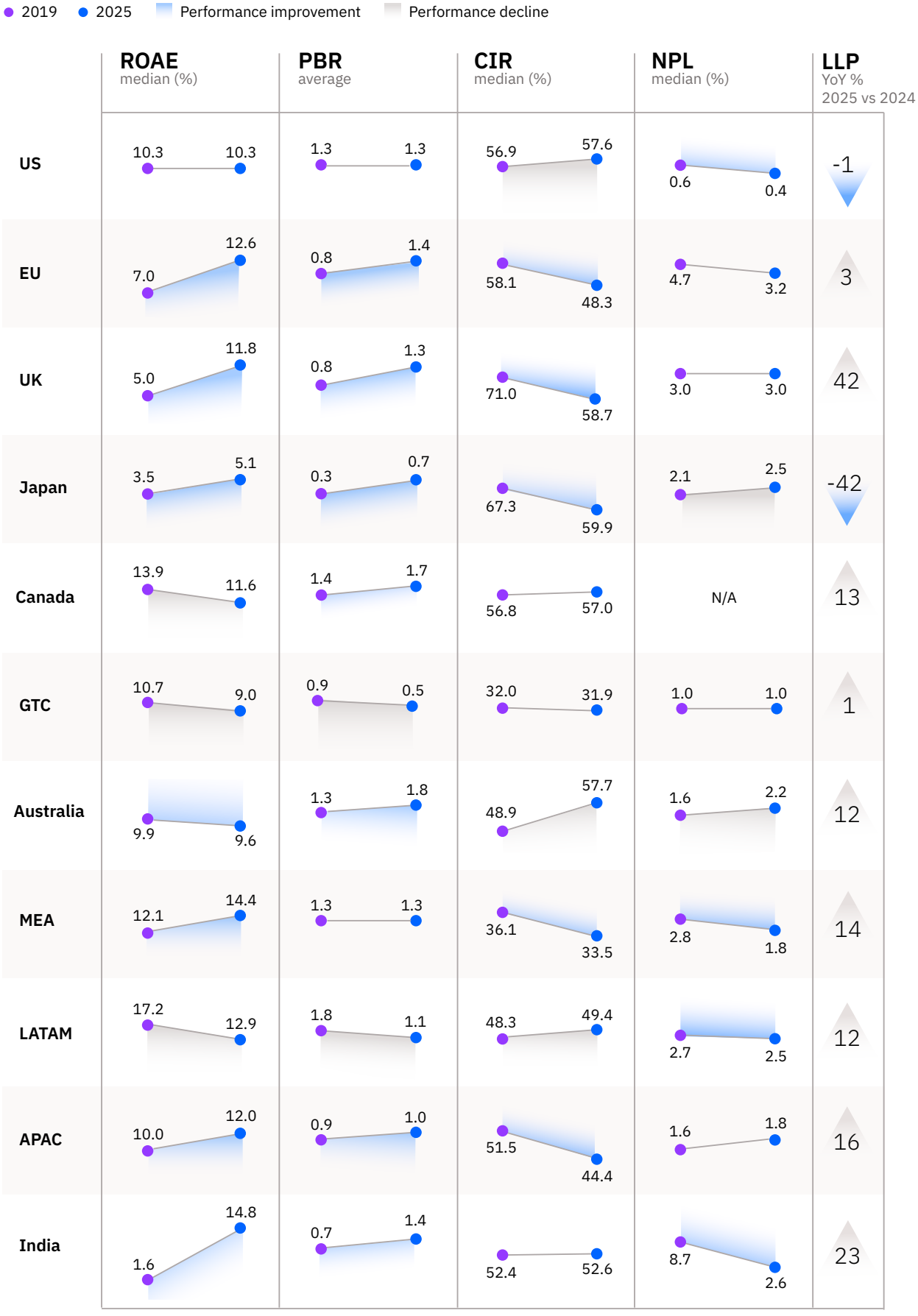
Part one of this study outlines how tokenization impacts structural and strategic decisions, from infrastructure and governance to ecosystem partnerships and financial products. In part two, we review three scenarios for a tokenized 2030. Part three presents a segment-by-segment guide to the changing banking landscape, featuring retail banking, commercial banking, corporate banking, investment management, and payments. In part four, we share an action guide that will help you accelerate tokenization initiatives, focusing on clear starting points.

Stablecoins versus CBDCs

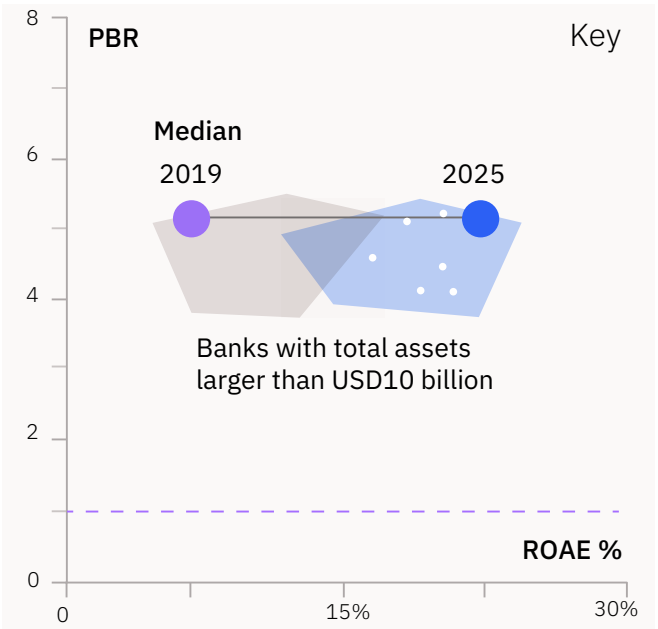
This study investigates stablecoins as an emerging form of private money, intertwined with the efficient exchange of digital assets. Their adoption is strategic and voluntary, driven by an institution’s risk appetite for innovation and new revenue models. In contrast, CBDCs are driven by central bank policies that foster both the sovereignty of retail national payments and broader financial inclusion. They require institutions to integrate their systems into a new digital payment infrastructure regardless of whether they see immediate business value.

Figure 1

A country-level look at banking financial performance



ROAE = Return on average equity
PBR = Price-to-book ratio
CIR = Cost-to-income ratio
NPL = Non-performing loans
LLP = Loan loss provisions


PBR
Key
Median
2019
2025
Banks with total assets larger than USD10 billion
ROAE %
8
6
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2
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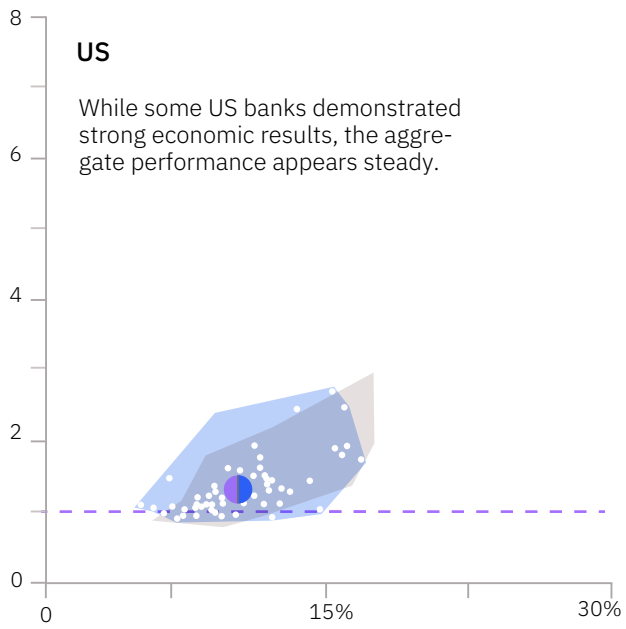
15%
30%


US
While some US banks demonstrated strong economic results, the aggregate performance appears steady.
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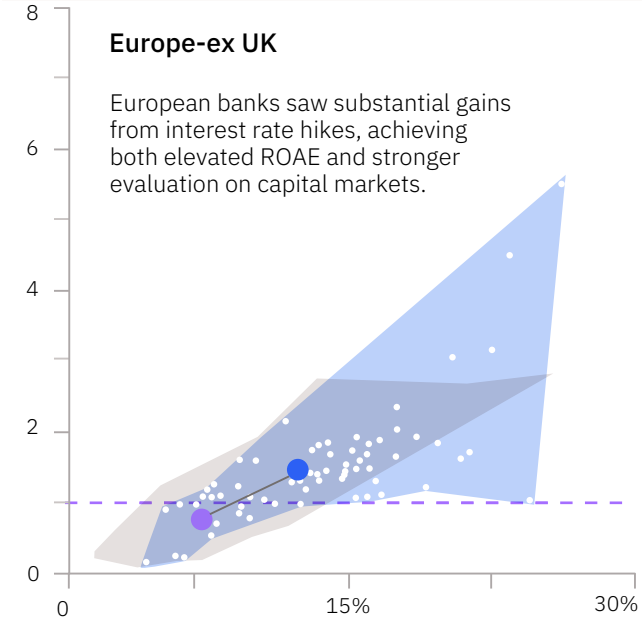
Europe-ex UK
European banks saw substantial gains from interest rate hikes, achieving both elevated ROAE and stronger evaluation on capital markets.
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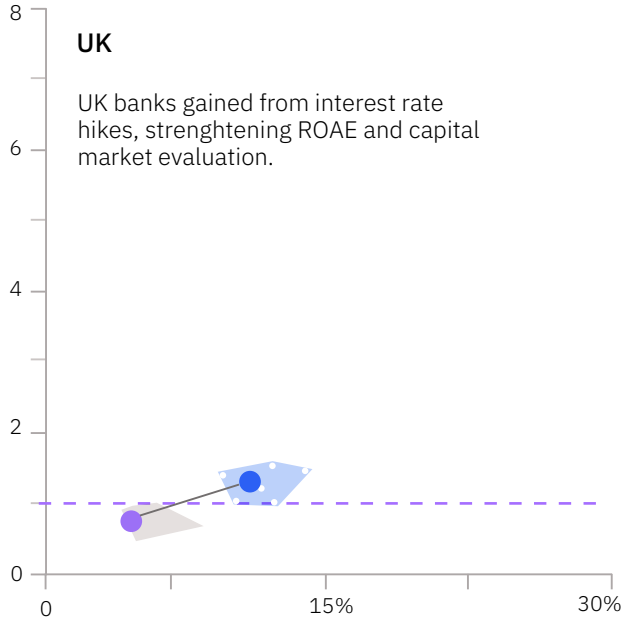
UK
UK banks gained from interest rate hikes, strenghtening ROAE and capital market evaluation.
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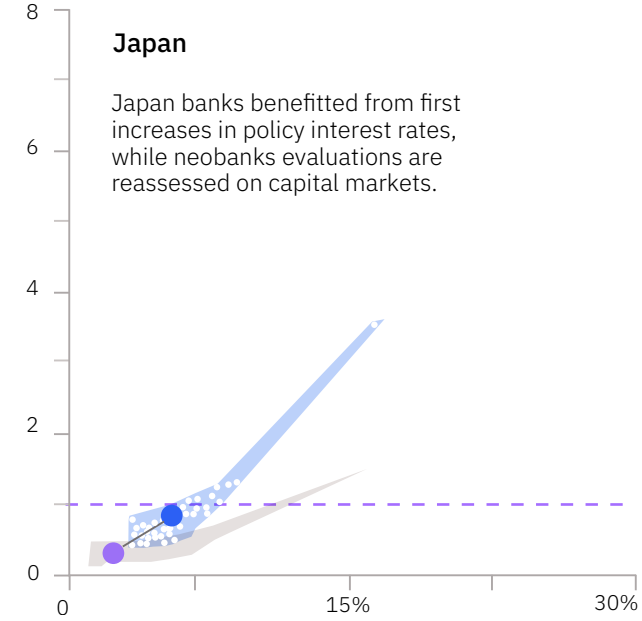
Japan
Japan banks benefitted from first increases in policy interest rates, while neobanks evaluations are reassessed on capital markets.
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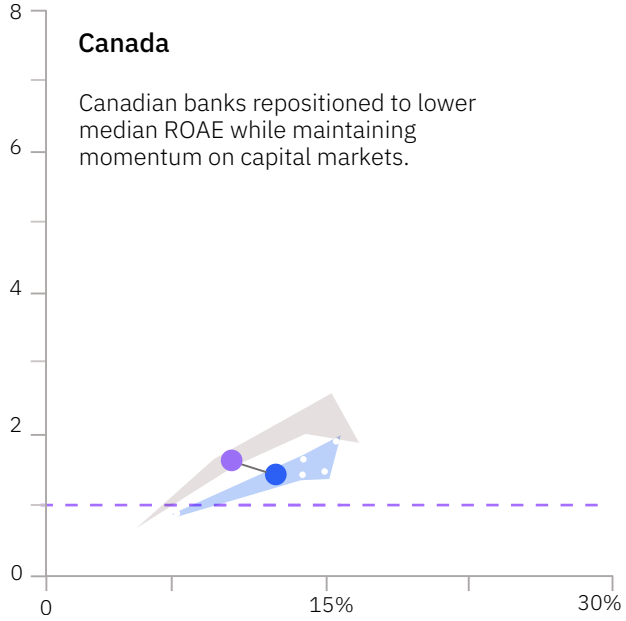
Canada
Canadian banks repositioned to lower median ROAE while maintaining momentum on capital markets.
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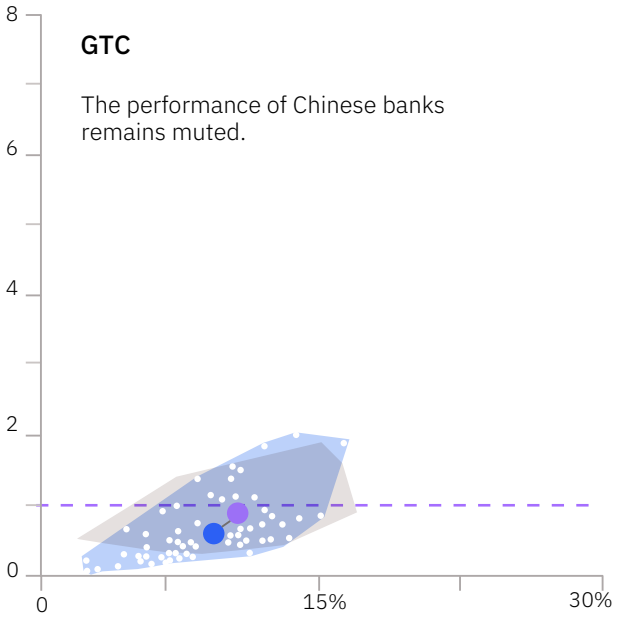
GTC
The performance of Chinese banks remains muted.
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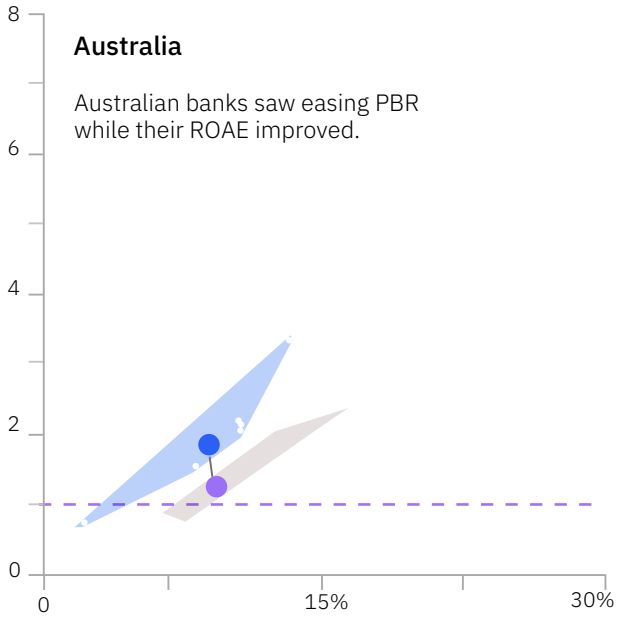
Australia
Australian banks saw easing PBR while their ROAE improved.
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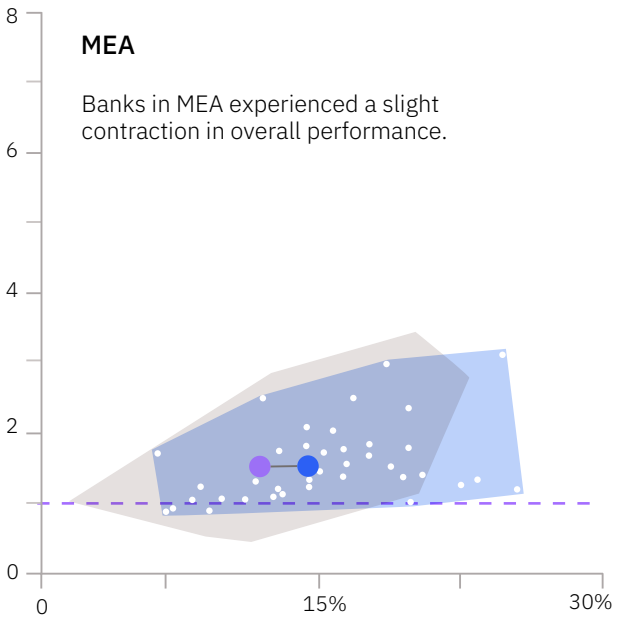
MEA
Banks in MEA experienced a slight contraction in overall performance.
8
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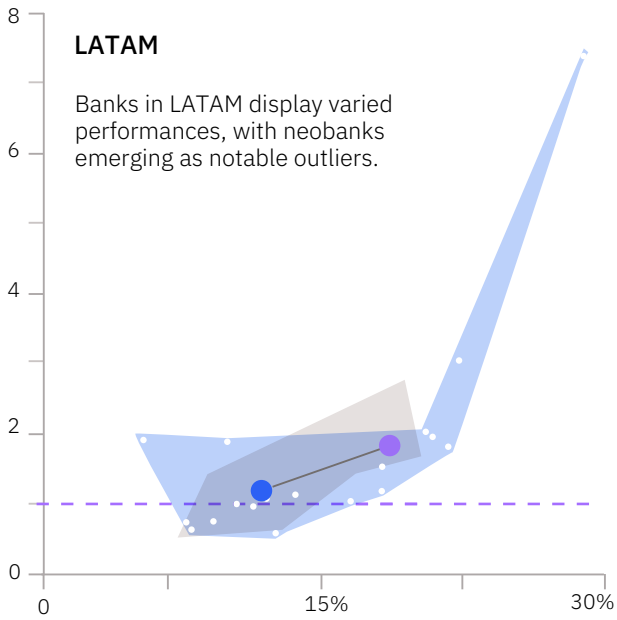
LATAM
Banks in LATAM display varied performances, with neobanks emerging as notable outliers.
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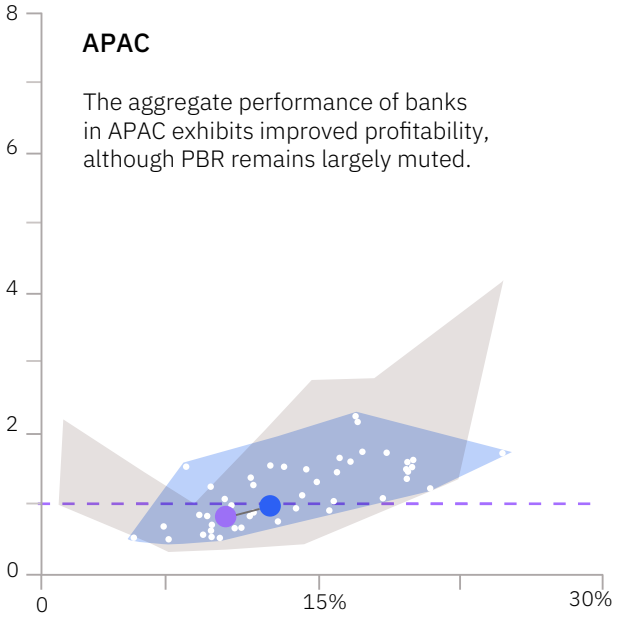
APAC
The aggregate performance of banks in APAC exhibits improved profitability, although PBR remains largely muted.
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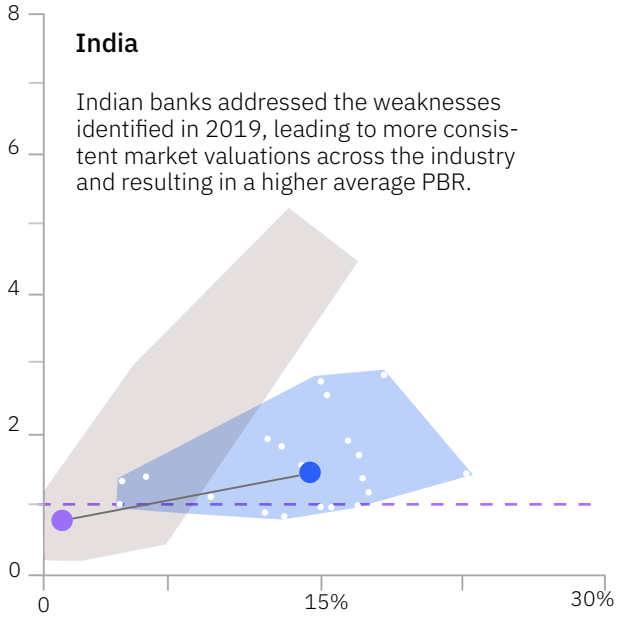

India
Indian banks addressed the weaknesses identified in 2019, leading to more consistent market valuations across the industry and resulting in a higher average PBR.
8
6
4
2
0
0
15%
30%

Perspective

Digital asset custody gives banks a competitive edge

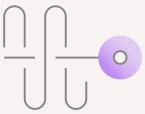
In the tokenized economy—where securities, deposits, stablecoins, and real-world items are digitized on blockchains—custody involves securely managing cryptographic keys, programmable smart contracts, and instant settlement of transactions. Custodians wield the authority to safeguard, transfer, administer, and settle transactions in a 24/7, decentralized environment, mitigating risks such as unauthorized access, hacks, or loss.

This control delivers strategic advantages for banks, positioning them as central players in the financial value chain: it bolsters client trust through regulated oversight, unlocks new revenue streams from services such as on-chain collateral management, and fends off disintermediation by crypto-native competitors. Early adopters are empowered to lead and capture market share in emerging digital ecosystems.

As tokenization accelerates, digital custody emerges as foundational infrastructure. Corporations, required to partner with licensed and regulated entities for compliance and risk management, will gravitate toward banks as eligible counterparts, further cementing their role.

Key value drivers

- Revenue diversification
- Strategic positioning to remain relevant in a hybrid finance future



Key challenges

- Complexity across regulatory charters and jurisdictions
- Operational integration
- Risk management demanding new controls and talent

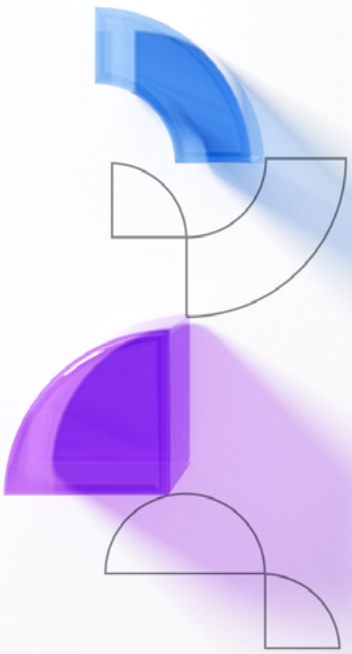
Part one

Finding new value in the tokenized economy

Tokenization—intertwined with AI and modern core systems—is at the heart of decentralized finance. And it's already reshaping the banking landscape.

At its core, tokenization transforms ownership rights in financial, monetary, or physical assets into digital tokens on a distributed ledger. Transformation will extend well beyond payments and lending. Far greater transparency, paired with cheaper and faster access to the investment world, is poised to do to retail investing what digital apps did to banking overall. Existing assets can be converted into a tokenized representation (for example, stocks and bonds) or issued natively on-chain. The impact is structural: it enables fractional ownership and instant transfers of securities across digital wallets, while simultaneously reducing costs and boosting liquidity.

Institutions with token-ready cores can seamlessly integrate the movement of tokenized money, deposits, and a broad spectrum of real-world assets, including real estate, art, and commodities. This unlocks new revenue in digital custody, advisory services, and compliance. Tokenized assets let organizations streamline collateral arrangements by minimizing execution risks and boosting speed, reliability, and auditability. This empowers businesses to raise capital through tokenized collateral for bridging cash flow gaps, bypassing cumbersome paperwork and avoiding the premature divestiture of unwanted assets. This shift increases both the security and velocity of financial decisions—but increases concerns about whether final investors are taking conscious risks.



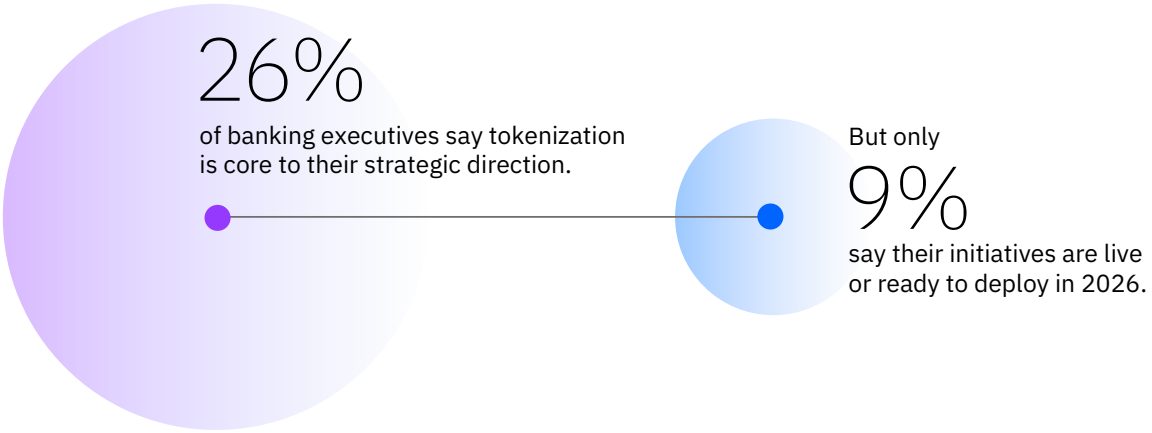
Token-ready infrastructures also act as an AI accelerant, boosting AI ROI by harnessing smart contract programmability and allowing AI agents to execute complex transactions autonomously.

We expect 2026 to be a turning point for tokenization. Stablecoin transactions are already expanding rapidly. They account for roughly 7% of total cryptocurrency market capitalization, although 97% are pegged to the US dollar. Two stablecoins—USDT and USDC—dominate 90% of a market concentrated in Asia Pacific and North America.[3] When measured relative to GDP, the Middle East and Africa stand out as high-growth regions. Meanwhile, Chinese banks remain constrained by regulatory restrictions and the EU's emphasis on the Digital Euro is channeling greater attention to CBDC frameworks.

Industry executives have taken notice, with 26% saying tokenization is now core to their strategic direction. Still, only 9% report being live or ready to deploy initiatives in 2026 (see Figure 2). Talent is a key factor holding them back: 71% of executives say they face talent deficiencies, with 14% saying these gaps are profoundly limiting.

Figure 2

Tokenization is gaining traction—but implementation lags ambition



Tokenization requires banks to rethink how they participate in this highly competitive emerging ecosystem. However, their key opportunity is tied to their long-term reputation—the fact that corporate CFOs see them as legitimate, licensed, and regulated partners.

From this vantage point, banks could play different roles, including issuer, custodian, service provider, ecosystem orchestrator, and wallet provider—perhaps simultaneously. Looking to 2030, executives expect their institutions to participate across multiple roles, with service providers (64%), custodian services (61%), and issuer roles (56%) cited most frequently. Interestingly, only 32% see their organization actively providing wallet solutions—despite wallets being a primary client touchpoint in a tokenized economy.

Perspective

Why tokenization is accelerating now

Five key factors are propelling tokenization forward—both for stablecoins (representing money) and asset tokens (representing value):

- **Regulation is advancing swiftly.** The US GENIUS Act illustrates how new frameworks have surprised markets, opening new possibilities for innovation. Some central banks have also taken concrete steps toward issuing their own CBDCs, including China's e-CNY and the Digital Euro, as part of a broader international shift toward the digitization of money.
- **Blockchain has matured.** After years of skepticism about its scalability, blockchain is now moving money and value around the world quickly, reliably, and more energy-efficiently, at a lower cost.[4]
- **Real-world asset tokenization is driving demand.** The rise of tokenized real-world assets (RWAs) is creating healthier, demand-generated growth for stablecoins. Markets dominated by speculative crypto flows are now embracing stablecoins, sparking a mutually reinforcing cycle between tokenized assets and tokenized money.
- **Pilots are going live.** Institutions have moved beyond proofs-of-concept. They've identified and validated a growing number of use cases that deliver efficiencies in custody, settlement, and at the intersection with agentic AI.
- **Fragmentation is in the crosshairs.** Incomplete and inconsistent rules, with differing interpretations of how tokenized assets are defined, taxed, and owned remain the biggest barrier to the completion of a tokenized economy. International convergence is slow—but it's progressing.

Business reinvention fuels growth

The core promise of a tokenized economy is efficiency: eliminating silos in financial systems, lowering transaction costs, and unlocking fractional ownership in high-value asset classes. The vision: seamless, scalable operations powered by distributed ledgers and smart contracts. In fact, nearly three-quarters (71%) of executives in our study identify enhanced market efficiency and new forms of coordination as the most profound transformation tokenization can bring.

Yet, for many banks, efficiency is a double-edged sword. While greater productivity improves customer service and supports organic growth, many of the industry's current frictions underpin a complex dynamic that protects pricing power and profit margins. Highly efficient tokenized interactions could expose banks to new competitors and cannibalize existing revenue streams. The challenge isn't just technical. It's strategic.

This underscores why success with tokenization will require innovative business models, intricate value chain partnerships, and a clear-eyed view of how tokenization reshapes profit pools, cost structures, and risk. Already, banking executives in our study point to cannibalization of traditional revenue streams, margin compression, and reduced deposits affecting lending capacity as top concerns.

They don't see an imminent risk of being fully disintermediated: only 18% say this is a very likely or certain outcome. Most believe clients will continue to trust established institutions—branch-based or digital. However, 32% expect deposits to shift significantly as clients gravitate toward stablecoins offering attractive yields, should regulators allow, either through wallet and exchange remuneration or via direct interest payments.

In markets adopting retail CBDCs, the stakes are even higher: 35% of executives see the full replacement of card schemes as very likely or certain, and more than half expect integration and compliance costs to be a net financial burden. Only about a third of executives see clear revenue opportunities in a CBDC-oriented world.

At the same time, there is optimism about appealing new revenue streams: tokenizing untapped asset classes, such as intellectual property or carbon credits, while layering on advanced financial products—derivatives, yield-bearing tokens, and DeFi protocols—to create thriving ecosystems and fee-generating opportunities. However, key barriers include persistent interoperability issues, cited by 59% of executives, and regulatory or accounting gaps, noted by 55%.

Powering frictionless operations

In our research, four out of five executives say robust computing resources and hybrid cloud infrastructure are critical to succeeding in a tokenized world. These enablers are essential for handling high data volumes, strengthening security, and supporting the distributed ledger technologies that underpin tokenization at scale.

Yet executives rank the inadequacy of legacy core banking systems as the number one constraint limiting tokenization initiatives. Recent IBM IBV research revealed that 94% of core banking modernization projects missed their initial timelines, plagued by technical complexity, integration hurdles, and unforeseen costs. For more than half of banks, the promised benefits—cost reductions, improved agility, enhanced customer experiences—never fully materialized.[5] This underscores the need for strategic overhauls that address not only technology but also organizational readiness and change management.

It's not just systems. Executives cite uncertainty about which solutions they should adopt as the second major drawback. Procurement teams hesitate in such a dynamic, emerging ecosystem—unsure about the reliability and business viability of partners and providers.

Resolving risk and compliance gaps

Banking executives cite regulatory ambiguity as the foremost barrier to stablecoin development. Varied global standards hamper innovation, escalate compliance burdens, impede adoption, and expose institutions to penalties and operational disruptions. Other barriers include amplified fraud risks and mounting complexity in AML and KYC.

There's also a new threat on the horizon: quantum computing could, in time, compromise blockchain encryption protocols and generate systemic risks. Our research shows that 89% of executives see adopting quantum-safe cryptography as essential for securing tokenized systems.

Perspective

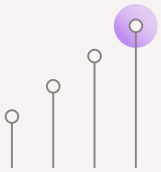
The intersection of tokenization and AI

AI and tokenization should not be viewed as separate technological advancements. When thoughtfully designed and implemented, they can reinforce one another. Tokenization of assets provides essential fuel for AI agents by reducing bureaucracy, increasing operational speed, and making data more immediately accessible.

Here are four key advantages that emerge when agentic AI meets tokenization:

Monetization and incentive alignment

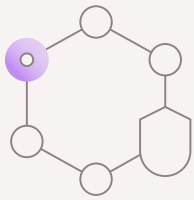
By tokenizing agent interactions or their outputs, institutions can create performance-driven economic models. Tokens can be earned, exchanged, or allocated across ecosystem platforms, incentivizing new forms of collaboration.



Improved efficiency and compliance

Tokenization can expedite settlements and risk assessments through transparent smart contracts. AI agents can automate complex tasks with built-in traceability, meeting stringent regulatory standards without manual intervention.

Perspective (continued)

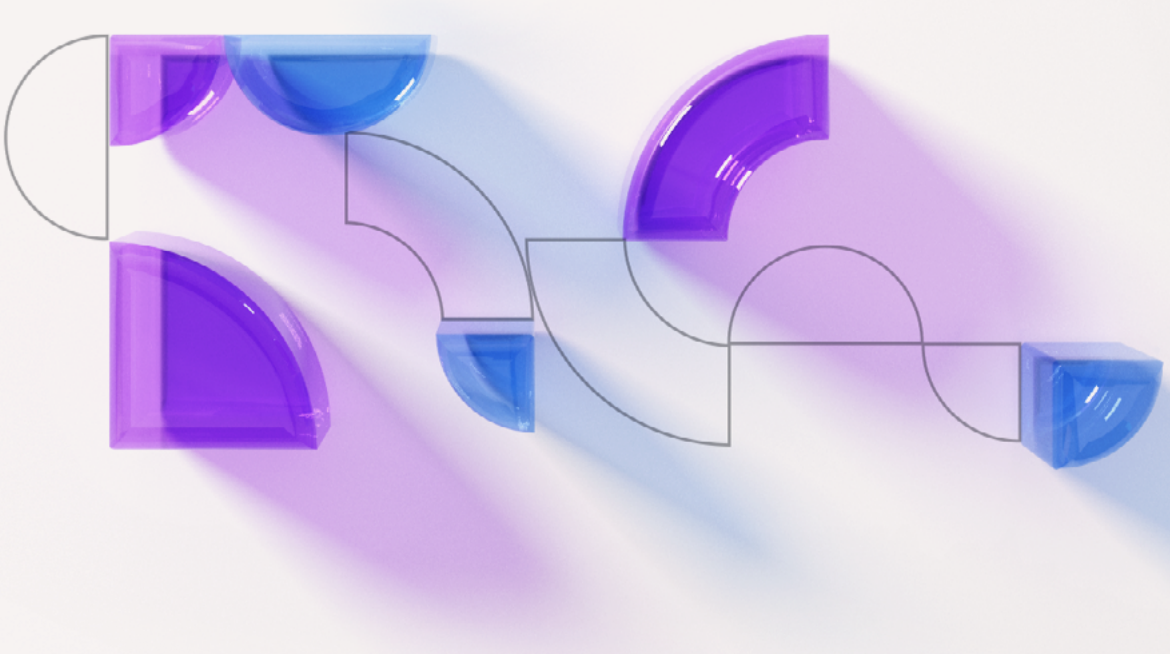


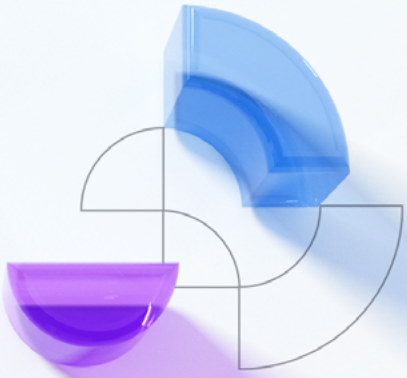
Enhanced security

Tokenization embeds cryptographic protections directly into agentic AI operations, making transactions verifiable and immutable on distributed ledgers. That reduces the risk of fraud, tampering, or data breaches.

Agentic commerce acceleration

Agent-to-agent commerce will increasingly rely on tokenized models. Programmable interactions drive autonomous economies, optimize resource allocation, and unlock new revenue in decentralized networks. In our study, 61% of banking executives see significant synergies between agentic AI and tokenization for cross-platform interoperability, and nearly 60% say AI will influence transparency, auditability, and programmability of settlement rails.





Part two

Scenarios for a tokenized 2030

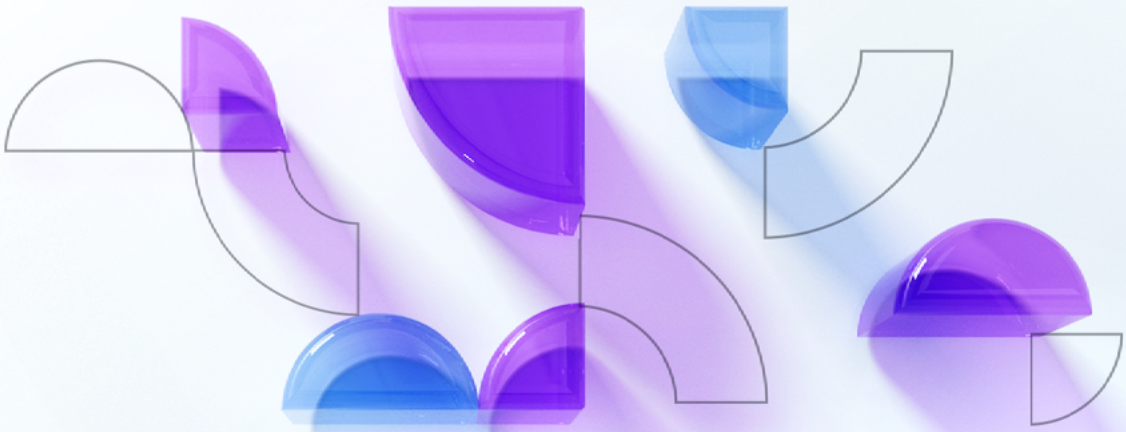
Tokenization holds significant potential—even if financial stability concerns persist and viable economic models remain uncertain.

Here are three scenarios, drawn from our research and analysis, that offer distinct advantages and drawbacks. They empower new market participants, challenge established institutions—and could reshape entire sectors.

Scenario 1
CBDCs take over retail payment systems.

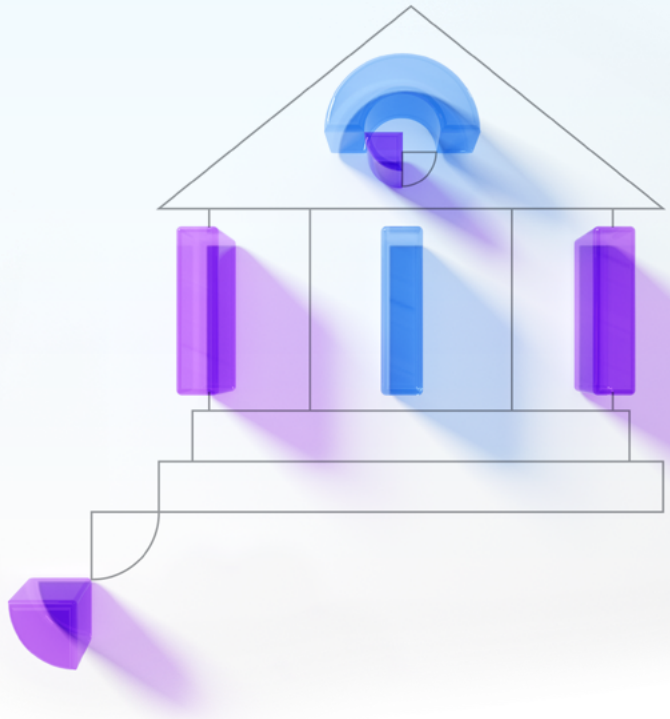
Scenario 2
Stablecoins disrupt wholesale payment rails.

Scenario 3
Tokenized securities revolutionize capital markets.



Scenario 1

CBDCs take over retail payment systems



One-third of executives believe CBDCs are very likely to replace traditional card networks.

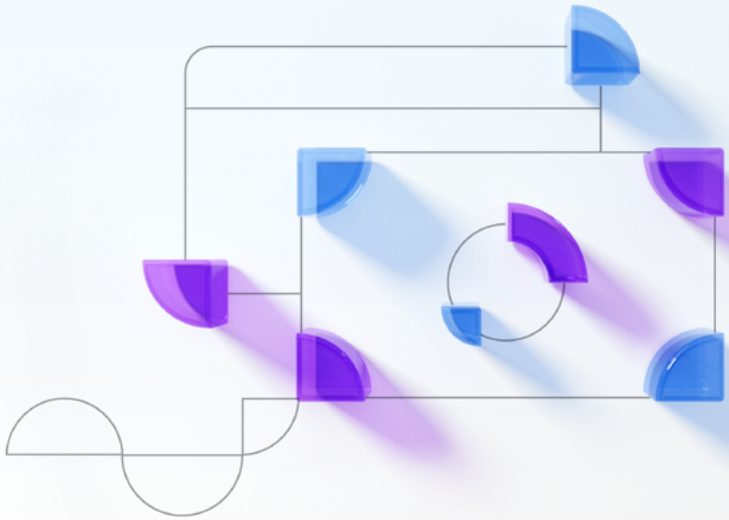
In this surprising vision of the future, governments and central banks gain greater oversight of monetary flows, enabling faster fund distribution to citizens facing systemic adversities—particularly relevant for emerging economies—and reducing bureaucratic friction, while committing to preserve privacy rights. Everyday users benefit from lower transaction fees.

For traditional banks, however, this poses a relevant threat. Payments and deposits are core revenue sources and key customer touchpoints. If CBDCs sideline card networks and conventional accounts, banks could forfeit billions in interchange fees and deposit-based interest income, as well as the strategic advantage that comes with controlling transaction data.

This shift would demand radical reinvention. Banks would need to redefine their value proposition—shifting toward advisory services, holistic digital wealth management, or custody of tokenized assets. For bankers, tracking CBDC trends is not merely about regulatory compliance. It's about strategic relevance in a tokenized economy.

Scenario 2

Stablecoins disrupt wholesale payment rails



16% of executives say it's very likely that stablecoins will completely replace legacy payment rails.

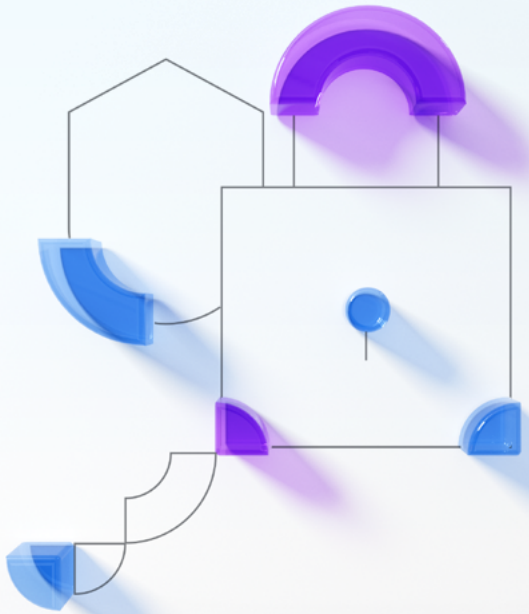
These privately issued digital currencies—backed by stable assets such as fiat or treasuries—offer reliability, potential yields, and programmability that could make them a compelling choice for enterprises, especially when operating cross-border.

Widespread adoption enables borderless, instant payments, optimized liquidity through built-in yield features, and innovative business models that streamline global finance. What risks might this present for traditional banks and enterprises? Programmable payments and smart contracts could spike liquidity demands, forcing enterprises to hold more idle capital to avoid balance sheet strain. However, by adopting tokenized deposits, banks can curb the risks of disintermediation. Plus, by tokenizing their operations, they can realize substantial cost efficiencies and boost profit margins.

If major corporations respond by issuing their own stablecoins—a scenario 42% of executives see as likely—banks could see transaction fees evaporate, deposit bases shrink, and customer data slip away. To stay in the game, banks might need to evolve into full-service providers for tokenized operations: from digital custody to liquidity optimization, as well as offering bridge platforms to foster interoperability across a fragmented stablecoin ecosystem. 63% of corporate banking executives see the provision of tokenized services as their primary role in the future.

Scenario 3

Tokenized securities revolutionize capital markets



18% of executives say it's very likely that tokenized securities will overtake traditional capital markets infrastructure.

In this scenario, exchanges, clearinghouses, and custodians fade into the background as blockchain platforms handle issuance, trading, and settlement directly. The benefits include near-real-time transactions, automated compliance, and fractional ownership that broadens investor access.

For established intermediaries, such as brokers and custodians, this brings a mix of threats and opportunities. Margins might tighten as trading and reconciliation costs plummet, cannibalizing existing revenue. Executives rank these concerns as the top two major threats they face. However, new niches could emerge, such as enhanced liquidity services, compliance tools, and integrated risk management.

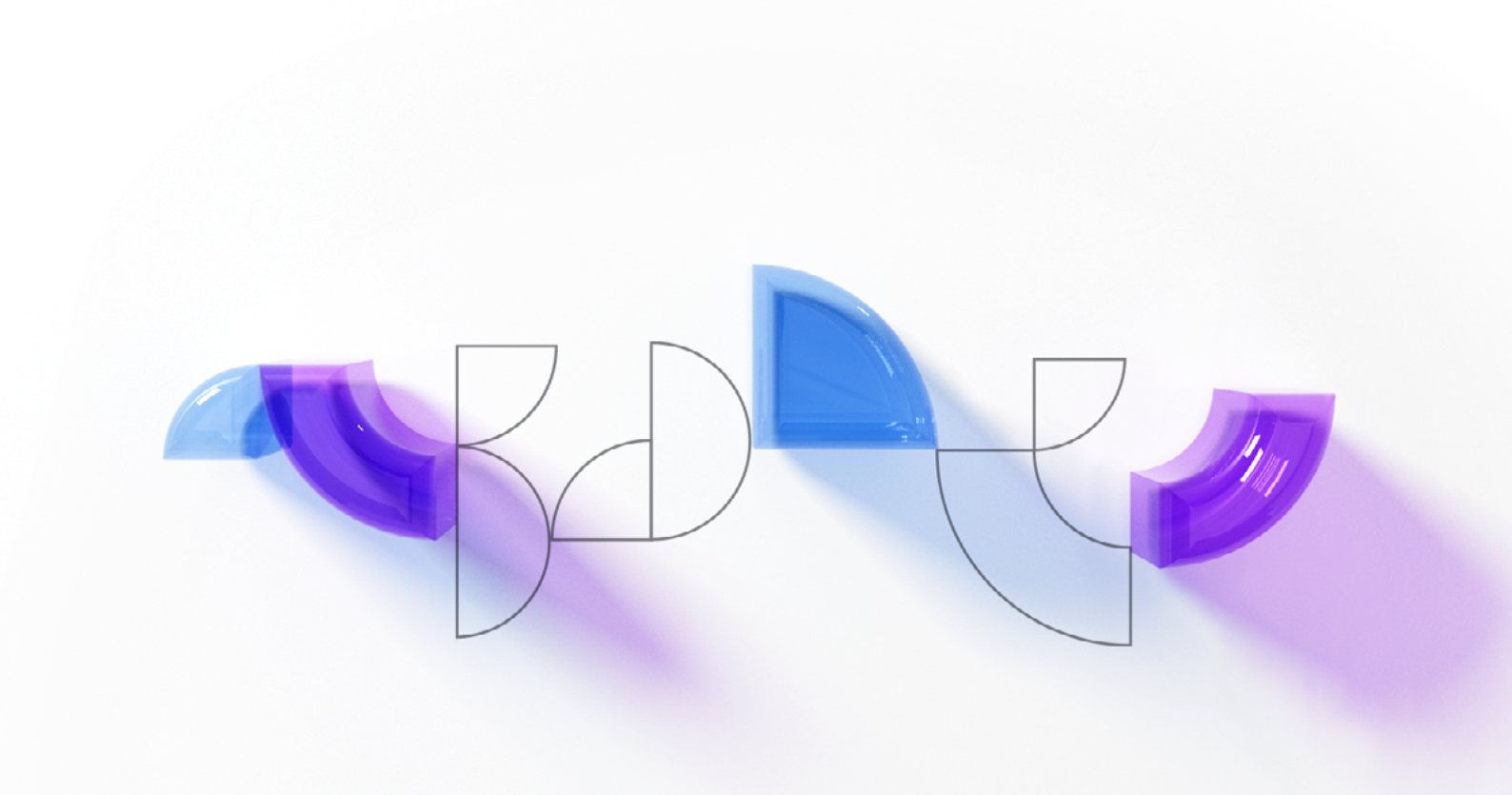
Investors and issuers gain efficiency and agility but face fresh vulnerabilities. 89% of executives say quantum threats are already amplifying systemic risks. Wallets and smart contracts can become primary targets of cyberattacks. Regulators, too, will grapple with overseeing decentralized networks to ensure transparency, prevent market abuse, and uphold standards in a programmable financial ecosystem.

Who wins in a tokenized future?

Succeeding in any of these scenarios requires thoughtful system architecture, robust technology foundations, flexible regulations, and informed strategies—especially when navigating economic headwinds and margin erosion from intensified competition.

At the same time, the emerging agentic AI world—where autonomous agents will increasingly transact using tokens for seamless, programmable value exchanges—opens vast opportunities for financial institutions to lead in agent-to-agent commerce, custody of tokenized AI outputs, dynamic incentive models, and automated compliance.

The tokenized economy won't wait for stragglers. Neobanks are already forging ahead with deeply integrated, token-native architectures that give them a commanding edge. They embed cryptocurrencies and stablecoins as core elements of their platforms, not mere add-ons. Banks that build token-ready cores, secure ecosystem partnerships, and deploy custody infrastructure now will be able to capture the high-margin opportunities in 2030. Those still modernizing legacy cores will be playing catch-up in a market that's already moved on.



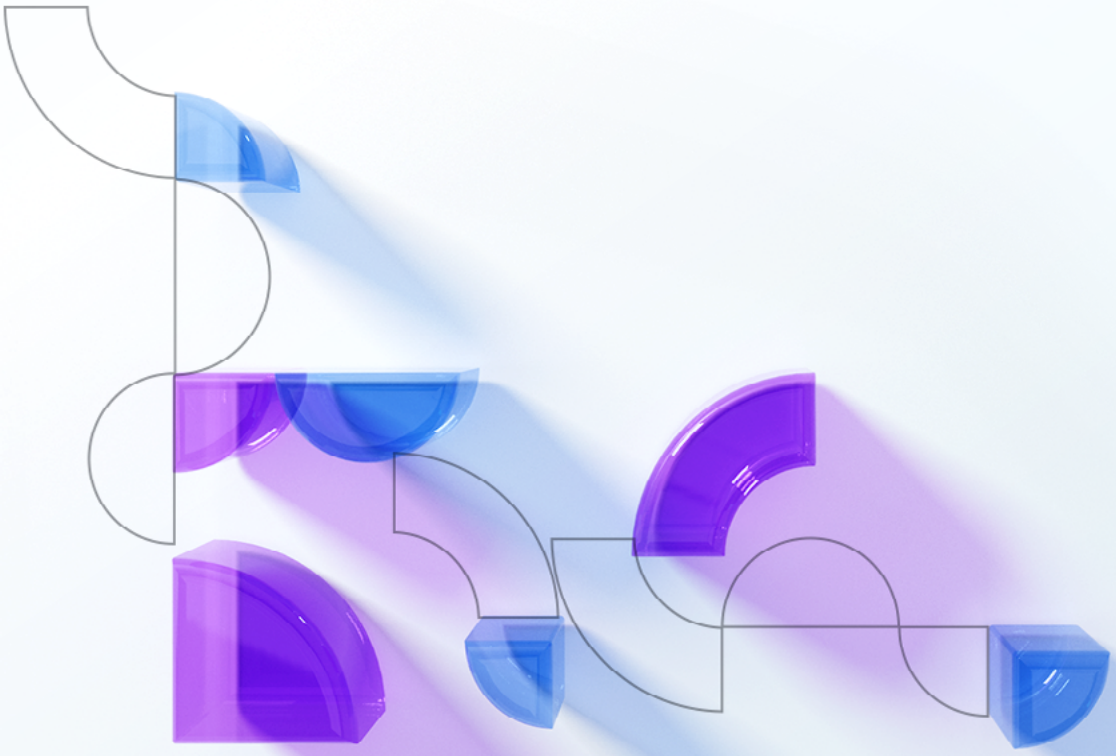
Part three

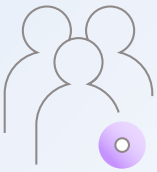
Different segments, different strategies

The opportunities and challenges presented by tokenization have different implications for different segments of the banking business.

So, we've done a special analysis to identify key lessons across five areas:

- Retail banking
- Commercial banking
- Corporate banking
- Asset and wealth management
- Payment networks and processors





Retail banking:
Programmable money for everyday finance

In retail banking, tokenization means digitizing assets on blockchain platforms. For example, clients buying or renting property can bypass traditional escrow accounts and use programmable controls on tokenized funds instead. Smart contracts release payments automatically when conditions are met, enabling near-instant settlement cross-border and 24/7 availability. Roughly 60% of retail bankers cite these two use cases as the top options for driving profitability and competitiveness. The appeal is particularly strong for banks serving large expatriate populations that regularly send funds to support families across borders.

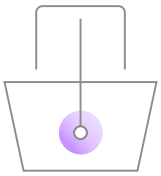
What sets retail bankers apart from other competitors: trust. As guardians of digital assets, they offer secure storage and seamless integration. In our research, 65% of executives pinpoint custody services as their top strategy for meeting evolving client needs.

Surprisingly, fewer retail bankers view digital wallets as a top priority and are willing to compete in this fierce, high-reward space. Their strategy is building deeper client relationships and creating new revenue streams through wallet-based transaction fees, premium advisory services, cross-selling tokenized products, and integrated payment solutions.

As for business risks, retail bankers cite potential compression of margins and fees, as well as cannibalization of traditional revenue streams, as predominate threats. They also have systemic concerns. Half of retail bankers worry that tokenization could lead to accelerated bank runs, with smart contracts amplifying collective behavior by executing pre-defined exit logic at scale—compressing what were once gradual liquidity outflows into near-instantaneous surges. Here, tokenized deposits will allow banks to preserve their traditional capability of fractional banking while operating in the emerging on-chain economy.

Retail banking takeaways

Expected primary role



Custodian

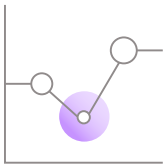
65%

Tokenization services

60%

Others by relevance: API marketplace, orchestrator, issuer, wallets

Top revenue challenges



1. Lower margins and fees
2. Cannibalization

Others by relevance: reduced deposits, full disintermediation, loss of market share, regulatory burdens

Top use cases for profitability

24/7 payments

63%

Fast cross-border payments

62%

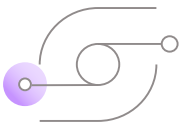
Others by relevance: low cost payments, instant settlements, programmability, wallet, unbanked, FX hedging, custody

Top efficiency challenges

1. Regulatory burdens
2. Wary procurement

Others by relevance: lack of use cases, full cost uncertainty, talent gaps, core banking gaps

Added value for agentic AI

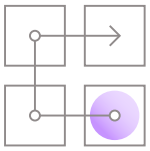


Programmability

60%

Others by relevance: transparency and audibility, interoperability cross-platforms, embedded compliance, machine-readable assets

Top risk/compliance challenges



1. Regulatory shifts
2. Third-party risk

Others by relevance: KYC/AM complexity, funding risk, cybersecurity, fraud

Commercial banking: Expanding liquidity

Tokenization streamlines the handling of credit obligations and other digitized assets through smart contracts, enabling faster transactions and improved liquidity. This is crucial for small-to-medium enterprises (SMEs), which often face funding gaps in supply chain finance, working capital, and cross-border payments.

By converting illiquid assets—invoices, inventory, real estate—into tradable digital tokens on blockchain, banks can help commercial banking clients access capital faster and more cost-effectively. Tokenization draws in diverse investors, reduces dependence on traditional lenders, and cuts costs through rapid settlement and fewer intermediaries.

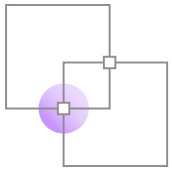
Not surprisingly, 62% of commercial bankers expect to unlock these opportunities for their clients through their primary role as providers of services related to stablecoins. Roughly two-thirds see smarter liquidity, working capital solutions, and fast settlement as key offerings, especially for cross-border payments. Agentic AI can amplify these benefits by leveraging tokenized commercial banking data to serve a wider range of applications transparently.

Recent IBM IBV research shows that SMEs rank instant payments for operational expenses as the number one bank service to help drive efficiency.[6] Tokenized supply chain finance delivers exactly that—instant liquidity through invoice tokenization.

What stands in the way: significant interoperability challenges and fragmented ERP systems within the SME ecosystem, which can stymie things like invoice tokenization. Banks also need to look inward, revitalizing core systems to support tokenization's dynamic features. This will undoubtably strain budgets, with executives citing the cost of these upgrades as their primary barrier to transformation. However, banks can transform this obstacle into an opportunity by deploying robust custody and ancillary solutions that unlock new revenue from advisory services, compliance tools, and AI-orchestrated asset management. Moreover, the opportunity to gain relevant cost efficiency by tokenizing transactions and operations becomes a competitive advantage in a commercial banking market where the cost to serve is typically high.

Commercial banking takeaways

Expected primary role

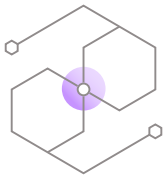


Tokenization services
62%

Custodian
58%

Others by relevance: issuer, ecosystem orchestrator, API marketplace, digital wallet

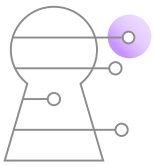
Top revenue challenges



1. Cannibalization
2. Lower margins and fees

Others by relevance: reduced deposits, regulatory burdens, loss of market share, full disintermediation

Top use cases for profitability



Liquidity and working capital
68%

Fast cross-border payments
66%

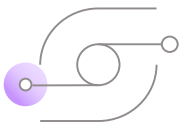
Others by relevance: low cost payments, instant settlement, 24/7 payments, programmability, custody, FX hedging, wallet

Top efficiency challenges

1. Core banking gaps
2. Wary procurement

Others by relevance: lack of use cases, full cost uncertainty, regulatory burdens, talent gaps

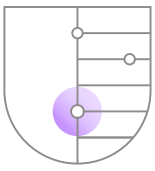
Added value for agentic AI



Programmability
59%

Others by relevance: interoperability cross-platforms, machine readable assets, transparency and audibility, embedded compliance

Top risk/compliance challenges



1. Fraud risk
2. KYC/AML complexity

Others by relevance: regulatory shifts, funding risk, cybersecurity, third-party risk

Corporate banking:
Enhancements at enterprise scale

For banks serving large corporations, tokenization enables efficient, automated management of high-value transactions, including cross-border payments, treasury operations, and capital market activities. If corporate clients seek to issue their own stablecoins, banks can act as partners to create tokenized representations of reserves or deposits, unlocking features such as instant settlements and smart contracts.

Corporate bankers expect to play a primary role as custodians or providers of tokenization services. They see opportunity in tackling global trade complexities: 71% of corporate bankers expect new revenue streams from tokenizing international transactions, where swift, seamless cross-border payments underpin operations. Other promising areas include enhancing liquidity and working capital services, as well as automated collateral management, conditional drawdowns, and dynamic margining based on borrower behavior or market conditions.

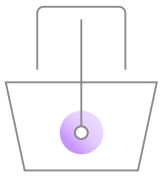
Some banks plan to capitalize on tokenizing new asset types, such as inventory, creating vibrant markets that link large corporations with SMEs across expanded supply chains. At the same time, collateral can be tokenized alongside deposits, corporations derivatives, and credit obligations. This positions banks to add efficiency to KYC operations and counterparty identification.

Perhaps more exciting is the intersection of AI and tokenization. As corporations redesign processes for AI-driven automation, AI agents will increasingly rely on tokenization to autonomously interact with supply chains—refilling stock, executing orders, paying invoices—all through programmable features. By financially enabling robotics, financial services can become a pillar of the Fourth Industrial Revolution.

The key challenges and risks: procurement complexity in a still-nascent tokenization ecosystem and regulatory uncertainties—particularly when operations span jurisdictions.

Corporate banking takeaways

Expected primary role

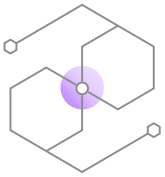


Custodian
65%

Tokenization services
63%

Others by relevance: custody, issuer, orchestrator, service provider, API marketplace, wallets

Top revenue challenges



1. Cannibalization
2. Reduced deposits

Others by relevance: lower margins and fees, regulatory burdens, full disintermediation, loss of market share

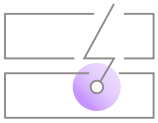
Top use cases for profitability

Fast cross-border payment
71%

Liquidity and working capital
70%

Others by relevance: programmability, custody, 24/7 payments, instant settlement, low cost payments, wallet, FX hedging

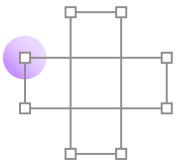
Top efficiency challenges



1. Wary procurement
2. Core banking gaps

Others by relevance: talent gaps, full cost uncertainty, regulatory burdens, lack of use cases

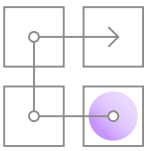
Added value for agentic AI



Interoperability cross-platforms
68%

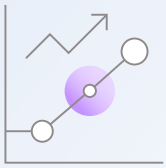
Others by relevance: transparency and audibility, programmability, embedded compliance, machine-readable assets

Top risk/compliance challenges



1. Regulatory shifts
2. KYC/AML complexity

Others by relevance: funding risk, cybersecurity, fraud risk, third-party risk



Asset and wealth management: Compounding strategic value

Tokenization will transform how portfolios, fund distribution, and client execution are managed. Recording asset ownership digitally on shared ledgers fundamentally reshapes the value chain.

As traditional investment products are commoditized, tokenization creates new opportunities to capture value through infrastructure and services—trading platforms, custody solutions, and compliance tools. Firms can deliver greater client utility and shift from pure product profitability to technology-enabled fees, playing a broader, more strategic role in the investment ecosystem.

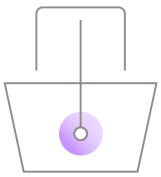
Tokenization also unlocks efficiency gains that legacy systems can't match. Established investment managers identify instant settlement (69%) as the most compelling business benefit, while wealth managers point to yield-seeking opportunities through direct access to new and alternative investments (65%) as the clearest source of profit growth.

There is also a major shift coming for custodians. No longer limited to safekeeping assets, they become enablers of the on-chain economy. Our research shows that 74% of executives in asset and wealth management see digital custody as their primary role, signaling that custody has become a strategic platform rather than a support function. In the process of turning illiquid assets into liquid tokens, issuers may explore the possibility of tokenizing their reserves as a fractional representation of their own balance sheet.

Agentic AI accelerates this transformation. By directly accessing machine-readable tokens, AI enables digital barter, automated portfolio rebalancing, and peer-to-peer exchanges without traditional currency. This unlocks new monetization and engagement opportunities, making custodians active orchestrators of value flows at the center of tokenized finance.

Asset and wealth management takeaways

Expected primary role

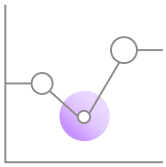


Custodian
74%

Tokenization services
71%

Others by relevance: issuer, ecosystem orchestrator, API marketplace, wallet

Top revenue challenges



1. Lower margins and fees
2. Cannibalization

Others by relevance: full disintermediation, reduced deposits, loss of market share, regulatory burdens

Top use cases for profitability

Instant settlement
69%

Yield seeking
65%

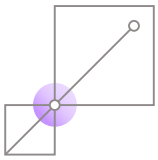
Others by relevance: custody, portfolio hedging, liquidity for illiquid assets, fractional investing, low transaction costs, wallet, programmability

Top efficiency challenges

1. Core banking gaps
2. Wary procurement

Others by relevance: regulatory burdens, talent gaps, lack of use cases, full cost uncertainty

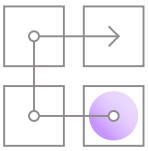
Added value for agentic AI



Machine-readable assets
77%

Others by relevance: interoperability cross-platforms, transparency and audibility, programmability, embedded compliance

Top risk/compliance challenges



1. Regulatory shifts
2. Fraud risk

Others by relevance: cybersecurity, funding risk, KYC/AML complexity, third-party risk

Payment networks and processors: Repositioning to stay relevant

Payment providers have already begun integrating tokens into existing infrastructure to enhance back-end efficiency. While card payments and other user experiences remain unchanged, tokens operate behind the scenes to better secure online, mobile, and in-store transactions. They reduce fraud by restricting transactions to specific devices, merchants, or purchase types. Yet integrating tokens with legacy systems can be complex and costly, slowing adoption and leaving incumbents vulnerable to token-native payment methods.

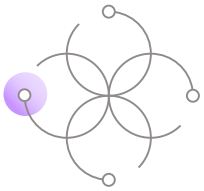
The contrast is stark. Established players focus on back-end optimization. Native on-chain players prioritize front-end innovation, for example in cross-border transactions, delivering token-first experiences that remove intermediaries and enable entirely new forms of digital payment. Unsurprisingly, two-thirds of payment executives prefer to see themselves as end-to-end process orchestrators as well as issuers—positioned to control token creation and distribution.

Of course, a wallet-based economy expands the attack surface significantly, requiring major investments in fraud detection and cybersecurity to maintain client trust and competitive positioning. Other top threats include margin compression, fee cannibalization, KYC and AML complexity, and increased fraud risk. Still, 67% of respondents identify new revenue from wallet management as the most compelling growth avenue despite these pressures. The wallet is the new battleground—and payment firms know it.

In this context, corporations can leverage tokenization to digitize and manage their customer rewards programs directly on blockchain or similar platforms, effectively sidestepping traditional credit card networks and intermediaries. This approach allows companies to bring the critical function of client retention back in-house, enhancing control over loyalty incentives, data, and personalization while potentially reducing costs and fostering stronger, more direct relationships with customers.

Payment network and processor takeaways

Expected primary role



Ecosystem orchestrator

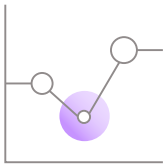
67%

Issuer

65%

Others by relevance: tokenization services, wallet, custodian, API marketplace

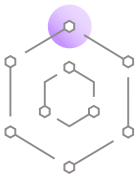
Top revenue challenges



1. Lower margins and fees
2. Cannibalization

Others by relevance: full disintermediation, reduced deposits, regulatory burdens, loss of market share

Top use cases for profitability



Wallet

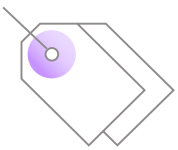
67%

Instant settlement

63%

Others by relevance: programmability, alternative schemes, 24/7 payments, fast cross-border, low cost, custody, FX hedging

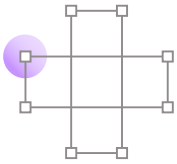
Top efficiency challenges



1. Full cost uncertainty
2. Core banking gaps

Others by relevance: regulatory burdens, talent gaps, lack of use cases, wary procurement

Added value for agentic AI



Interoperability cross-platforms

59%

Others by relevance: machine readable assets, transparency and audibility, embedded compliance, programmability

Top risk/compliance challenges

1. KYC/AML complexity
2. Fraud risk

Others by relevance: cybersecurity, regulatory shifts, third-party risk, funding risk

Perspective

How regional postures impact the banking competitive landscape

Geography	Posture	Factors	Imperatives
US	Prohibition of CBDC; permissive toward private stablecoins; strong focus on asset tokenization	Dollar dominance already secured; political resistance to CBDC; capital markets leadership	Compete on tokenized assets, collateral, custody, and settlement rather than payments to transform access to capital markets. Prioritize infrastructure rents over spreads.
EU	Strong push for CBDC; restrictive stablecoin regime; controlled tokenization	Fragmented payments; sovereignty concerns; regulatory harmonization priorities	Accelerate innovation while guarding against disintermediation. Accrue value through compliance-driven infrastructure and transformed access to capital markets.
Japan	Pragmatic on wholesale tokenization; cautious on retail CBDC and stablecoins	Yen as global funding currency; prolonged low-rate environment	Strengthen programmable funding and settlement backbone. Manage risk from accelerated carry and liquidity shocks with transformed access to capital markets.
China	Deliberate push for retail CBDC; prohibition of private stablecoins; state-led tokenization	Capital controls; payment dominance; visibility and policy transmission	Reinforce the use of technology for policy transmission, but innovate further to find an upside beyond scale and alignment.
UK	Deliberative on CBDC; supportive of tokenization and stablecoin pilots	Preserving global financial center status; strong legal-financial framework	Lead in structuring, issuance, and market design to transform access to capital markets and avoid fintech displacement.

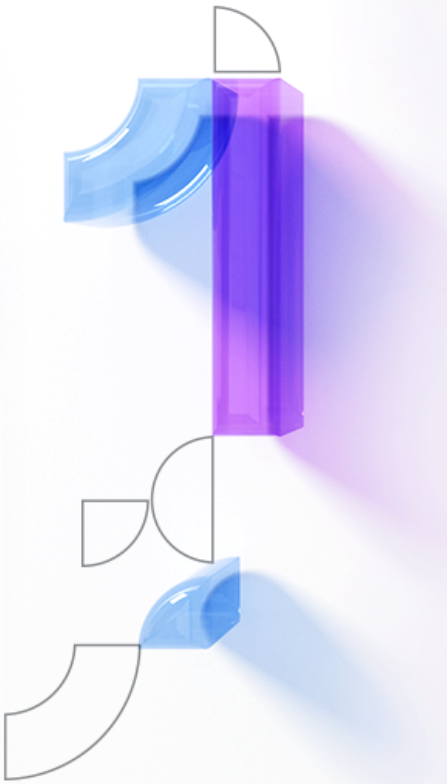
Perspective (continued)

Geography	Posture	Factors	Imperatives
Canada	Exploratory on CBDC; cautious on stablecoins; selective tokenization	Stable banking system; high trust in incumbents; limited payments friction	Play offense by making tokenization more transformational. Move beyond efficiency gains to lead industry disruption.
Australia	Wholesale CBDC pilots; supportive of tokenization; cautious retail stance	Concentrated banking system; strong institutional trust; regional trade ties	Shape standards early, especially in trade finance and wholesale settlement.
APAC	Active CBDC pilots (often cross-border); mixed stablecoin tolerance	Payment fragmentation; trade integration; financial inclusion goals	Interoperate across borders to avoid losing flows to regional competitors. Limit access costs for retail investors.
India	Retail and wholesale CBDC rollout; restrictive on private crypto	Digital public infrastructure strategy; payments sovereignty	Integrate CBDC into state-led rails. Make room for independent monetary innovation. Limit access costs for retail investors.
MEA	Strong interest in wholesale CBDC and tokenization; pragmatic stablecoin stance	Trade corridors; remittances; FX efficiency; financial hub ambitions	Capture value as cross-border settlement and tokenization hubs, especially in GCC markets.
LATAM	CBDC experimentation; widespread stablecoin usage	Currency volatility; inflation history; remittance dependence	Compete with stablecoins on speed and trust to avoid deposit erosion. Limit access costs for retail investors.

Action guide

Financial institutions must proactively reposition within evolving value chains to thrive in a tokenized economy. This practical guide outlines a framework for mastery in four key areas, with recommendations tailored based on where an organization is in its tokenization journey. It also highlights steps that leaders in five primary business segments should take today to gain an edge.

Key focus areas for building competitive advantage



1. Revenue and growth

Early-stage institutions

- Start with limited scope pilot programs to quickly prove ROI, partnering with fintechs to introduce tokenized deposits and stablecoin solutions that deliver instant settlement and programmable payments.
- Focus first on the client relationships you already own, turning them into rapid feedback loops that sharpen internal capabilities before expanding to new asset classes and broader client segments.

Advanced institutions

- Build or acquire proprietary wallet infrastructure to control the primary client interface in the tokenized economy. Pair it with institutional-grade digital asset custody and high-touch advisory services to aggressively scale tokenized products across both traditional and unconventional asset classes—including fractional ownership of premium real-world assets.
- Leverage your mature platforms and expertise to become a technology provider in your own right: offer turnkey tokenized solutions to regional banks, wealth managers, and corporate treasuries that can’t build this capability internally.

2. Operational efficiency

Early-stage institutions

- Make tokenization the north star of your entire modernization roadmap.
- Partner with fintechs and enterprise software providers early to design and build clean, resilient integration layers that finally connect your fragmented legacy systems to a modern tokenization platform—turning decades of technical debt into a unified, scalable operating backbone.

Advanced institutions

- Build fully interoperable tokenization infrastructure that moves seamlessly across blockchains, payment rails, and financial ecosystems—delivering instant settlement, real-time payments, and near-zero compliance overhead.
- Deploy AI agents that let clients dynamically manage liquidity across tokenized pools, optimize collateral in real time, and automate complex multi-party corporate and institutional transactions through smart contracts—erasing friction and eliminating middleman costs at scale.

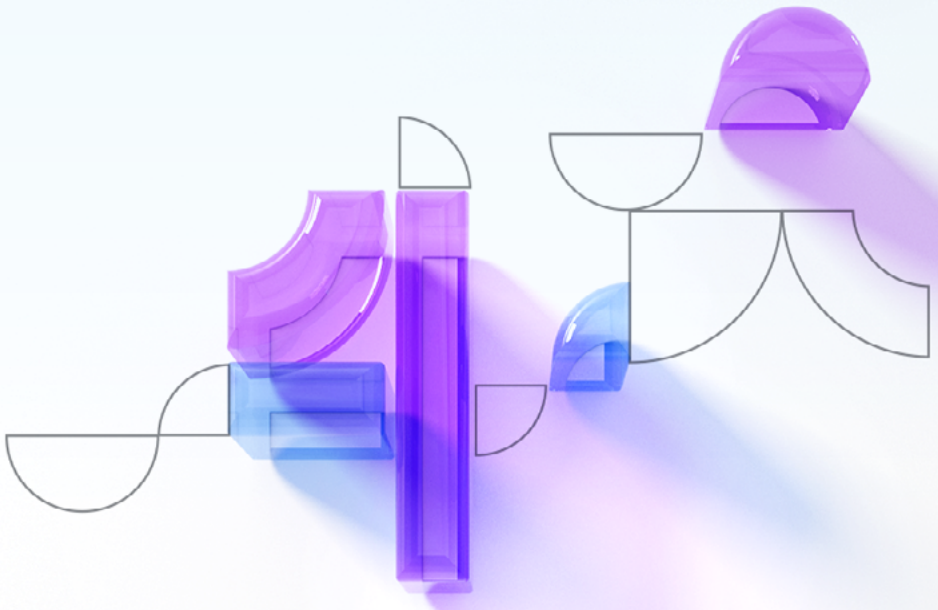
3. Risk and compliance

Early-stage institutions

- Establish clear, enforceable governance frameworks for stablecoin reserves, smart contract audits, and tokenized asset custody before any client-facing activity goes live.
- Define simple, transparent policies for reserve composition and mandate independent third-party audits on every smart contract prior to deployment.
- Build basic but effective compliance infrastructure tailored to on-chain activity. Start with expanding KYC/AML in a collaborative ecosystem, sharing encrypted data among banks and crypto players. Introduce straightforward fraud-monitoring tools and begin tracking blockchain patterns to meet today's regulatory expectations.
- Get in the room early—join industry consortia, participate in regulatory sandboxes, and share practical use-case data to help shape workable rules instead of waiting for them to be imposed.

Advanced institutions

- Create liquidity stress-testing models that explicitly account for tokenization's speed and programmability.
- Model how programmable exit logic can compress or spike liquidity demands, build dynamic contingency plans with access to emergency tokenized facilities, and embed automated circuit breakers directly into smart contracts to stop cascading failures before they start.
- Run enterprise-grade third-party risk programs across your entire tokenization ecosystem, with continuous, real-time monitoring of partners' security, financial stability, and operational resilience.
- Proactively deploy quantum-safe cryptography across all tokenized infrastructure to neutralize tomorrow's threats today.



4. People and talent

Early-stage institutions

- Launch targeted certification programs to rapidly upskill your people in distributed ledger mechanics, tokenomics, digital custody, and smart contract logic.
- Partner with universities to build internship pipelines that feed emerging talent directly into your organization. Hire procurement and ecosystem specialists who thrive in fast-moving tech markets to accelerate fintech onboarding, negotiate with blockchain infrastructure providers, and forge effective multi-party partnerships.

Advanced institutions

- Attract elite talent—experienced tokenization architects, smart contract developers, and digital asset custody experts—and give them real strategic mandates, not just execution roles.
- Form cross-functional leadership teams that pair these specialists with veteran bankers to keep initiatives sharply focused on client needs and regulatory realities while still pushing the technological frontier.
- Create clear career paths that reward tokenization expertise and innovation over traditional banking metrics.
- Build internal “tokenization academies” with rotating, forward-looking curricula on agentic AI integration, quantum-safe cryptography, cross-chain interoperability, and evolving regulation—making continuous learning a genuine core competency, not a checkbox exercise.

Segment-specific action items

1. Retail bankers

Partner with wallet providers to enable token provisioning and use APIs to integrate tokenized deposits while ensuring compatibility with anti-fraud measures. Launch tokenized versions of checking and savings accounts that can be loaded directly into digital wallets.

Incorporate programmable features, such as automated micro-savings or instant transfers, using stablecoins or bank-issued tokens for efficient settlement. This approach reduces processing times by automating settlements and minimizing manual interventions, which lowers operational costs and enhances client satisfaction.

2. Commercial bankers

Assess SMEs' needs and ecosystems to identify tokenizable assets, such as receivables or equipment. Develop strategies for tokenizing elements of working capital, including invoice financing on blockchain platforms. Leverage smart contracts for automated payments and integrate with enterprise resource planning (ERP) systems for smooth implementation.

Launch targeted pilot programs for high-potential SMEs, along with training and incentives to promote adoption. This reduces settlement times from days to minutes, lowering operational risks and administrative costs. It also enhances cash flow predictability for SMEs, strengthening client relationships and reducing credit risks.

3. Corporate bankers

Evaluate client portfolios to identify tokenizable assets, such as real estate, invoices, or securities. Develop customized tokenization solutions that ensure full regulatory compliance.

Embed tokenization APIs into client platforms, beginning with high-value clients and focusing on areas such as tokenized trade finance or collateral management. Scale the implementation based on feedback, incorporating smart contracts for automated executions.

4. Asset and wealth managers

Conduct client surveys to gauge demand for fractional ownership of assets. Tokenize illiquid holdings into smaller, tradable units with accessible minimum investment thresholds.

Integrate these fractional tokens into client applications or dashboards, allowing for seamless buying and selling with built-in custody solutions. Provide educational resources, such as webinars or simulation tools, to demonstrate potential returns from fractional investments.

5. Payment networks and processors

Develop APIs for token-based settlements and transform operations to nearly eliminate related compliance burdens.

Collaborate with banks and merchants to integrate tokenized payments into e-commerce platforms, enabling features like instant refunds or escrow services.

About the authors

Shanker Ramamurthy

Global Managing Partner, Banking and Financial Markets
IBM Consulting
linkedin.com/in/shankerramamurthy

Shanker serves as IBM Consulting's Global Managing Partner for Banking and Financial Markets with a particular focus on core banking modernization and payments transformation. He is a member of the IBM Acceleration Team. He is a well-known thought leader with multiple patents, has authored several white papers, and was ranked as one of the 50 most influential financial services consultants worldwide by *Euromoney* magazine.

Paolo Sironi

Global Research Leader, Banking and Financial Markets
IBM Institute for Business Value
linkedin.com/in/thepsironi

Paolo is a Global Research Leader in Banking and Financial Markets at the IBM Institute for Business Value. He is a former startup entrepreneur and risk manager in investment banking. Paolo is a respected fintech voice worldwide and hosts the "The Bankers' Bookshelf" podcast on *Breaking Banks*. He is a recognized author on quant finance, banking, and fintech innovation. His latest bestseller, *Banks and Fintech on Platform Economies*, earned a prominent space in the libraries of curious bankers and fintech entrepreneurs.

About the expert contributors

Namit Agrawal
Partner, IBM Payment Center,
Global Business Development Leader
IBM Consulting
linkedin.com/in/namitagrawal

Diane Connelly
Global Research Leader, Banking and
Financial Markets
IBM Institute for Business Value
linkedin.com/in/diane-connelly-ibv

Douna Daou
Design Lead
IBM Institute for Business Value
linkedin.com/in/douna-daou-72745b65/

Angela Finley
Design Lead
IBM Institute for Business Value
linkedin.com/in/angela-finley-7822a013/

Tegan Jones
Global Editorial Director
IBM Institute for Business Value
linkedin.com/in/teganjones/

Joseph Kim
Head of Strategy and Business
Consulting, IBM Payments Center
IBM Consulting
linkedin.com/in/joseph-kim-73105618

Corey Lepore
Manager, Debt Capital Markets
and Investments
IBM Finance and Operations
linkedin.com/in/corey-lepore-14a2323a

Connor Loessl
Associate Partner, Core Banking and
Payments
IBM Consulting
linkedin.com/in/connor-loessl

Soren Mortensen
Financial Markets Transformation,
Global Center of Competence
IBM Consulting
linkedin.com/in/sorenfmortensen

Florian Noell
Worldwide Director, ISV and GSI
Acceleration for IBM Z and LinuxONE
IBM Infrastructure
linkedin.com/in/flonoell

Catherine Palmieri
Senior Sales Development Program
Manager, Digital Innovation and Commerce
IBM Technology Worldwide Sales
linkedin.com/in/catherinepalmieri

Thiago Sartori
Data Scientist
IBM Institute for Business Value
linkedin.com/in thiago-sartori-04751314/

Research methodology

In the fourth quarter of 2025, the IBV, in collaboration with Oxford Economics, conducted a global study of 500 senior banking and payments executives as part of the Global Outlook for Banking and Financial Markets (GOBFM) research program. Respondents represented leadership roles across core functional domains shaping the future of the financial services industry.

To ensure comprehensive representation of the financial services ecosystem, the sample was evenly distributed across five major industry segments, with 100 respondents per segment: retail banking, commercial banking, corporate banking, asset and wealth management, and payment networks and processors.

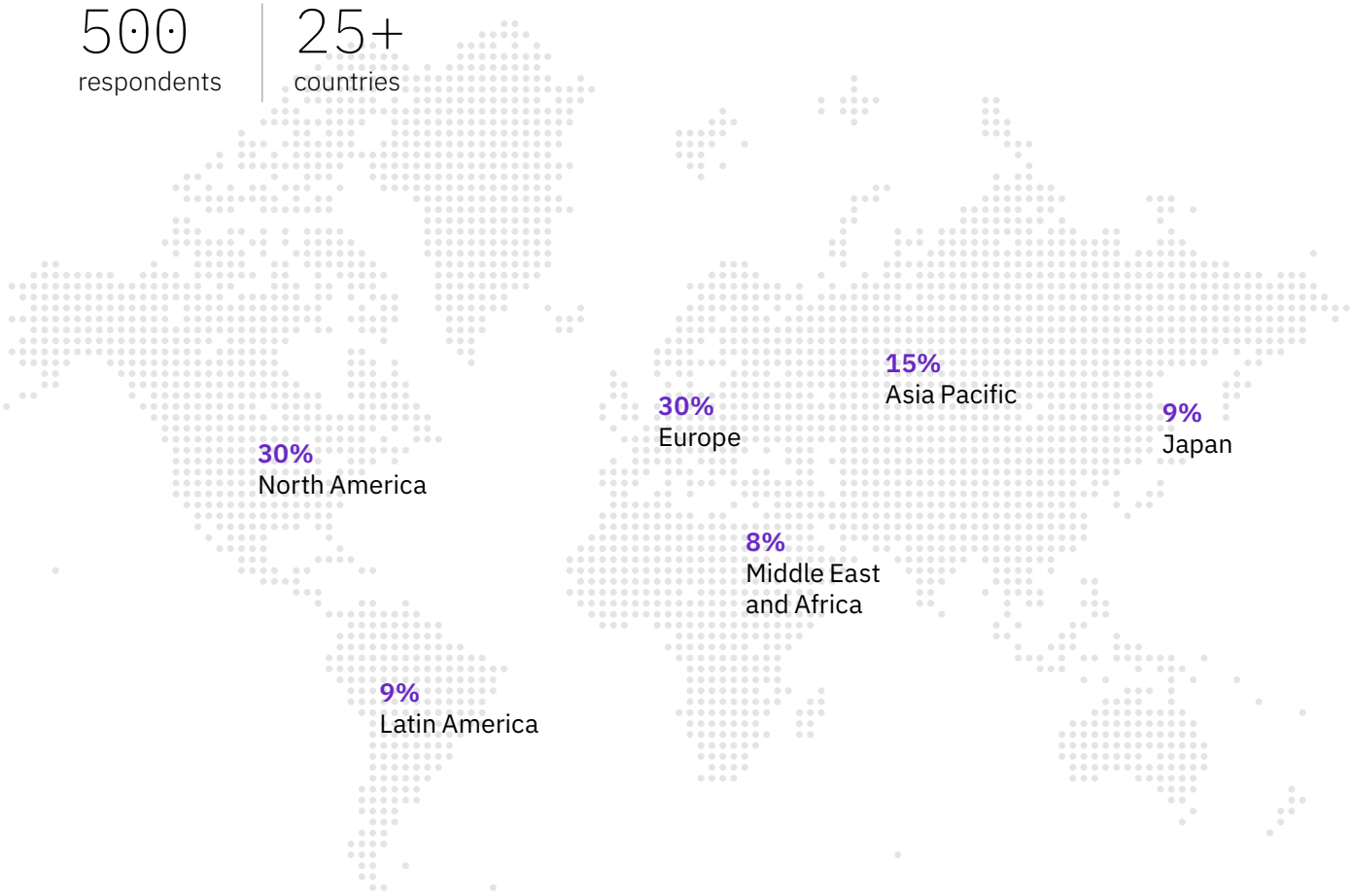
Executives were drawn from institutions across more than 25 geographies, reflecting global market diversity. Industry-specific eligibility criteria were applied to ensure appropriate institutional representation.

The survey instrument included closed-ended, scaled, ranking, and categorical questions addressing strategic priorities, digital transformation, operational models, competitive pressures, emerging technologies, and product innovation.

Ranking questions were analyzed using the Plackett–Luce statistical model, which allows for a more precise understanding of how respondents prioritize different options.[7] This approach provides stronger interpretability than simple average rankings and is widely used in choice modeling and behavioral preference research. It ensures that insights drawn from ranking data are both statistically robust and practically meaningful for decision makers.

500
respondents

25+
countries



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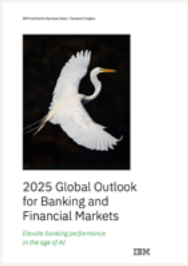

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Notes and sources

1. As per IMF definitions: US, Canada, Italy, Germany, UK, France, Japan. Here including all European countries excluding the UK as a single economic bloc.

2. Ramamurthy, Shanker, John J. Duigenan, and Paolo Sironi. *2024 Global Outlook for Banking and Financial Markets: Regenerate Banking with AI.* IBM Institute for Business Value. January 2024. https://ibm.co/2024-banking-financial-markets-outlook

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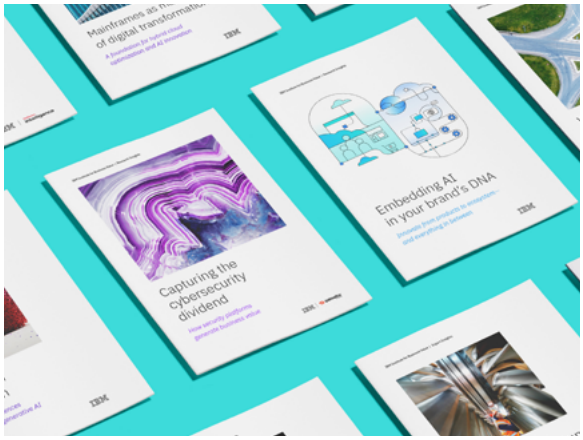
7. Ranking data were analyzed using the Plackett–Luce model, a probabilistic framework for ranking and choice data that supports partial rankings and enables estimation of relative item preference and normalized importance scores across respondent groups. The method is implemented in the PlackettLuce package developed by Turner, Kosmidis, and Firth. https://hturner.github.io/PlackettLuce/



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