Kiffmeister's Digital Currency Monthly Monitor (October 2026)

Retail central bank digital currency (CBDC) has been explored in 118 jurisdictions (unchanged from end-January 2026) of which 25 are "live".[1] This month features Sveriges Riksbank calling for a reassessment of the decision to pause work on an e-krona, while the Reserve Bank of New Zealand (RBNZ) pauses its "Digital Cash" work to focus on modernizing existing payment systems, and the Bank of England (BOE) indicated that it is in no hurry to introduce a digital pound. Meanwhile the European Central Bank (ECB) is plowing ahead with plans to launch a digital euro pilot in 2027.

There have been no new developments on the wholesale CBDC front, but the Hong Kong Monetary Authority (HKMA) and ECB continue to advance work on tokenization ecosystems that will rely on it. The Financial Stability Board (FSB) published a summary of its ongoing monitoring work on global stablecoin arrangements, and the deluge of research on CBDCs, stablecoins and tokenized deposits continued.

FYI back issues of the digital currency monthly monitor are available to monthly subscribers. To access them please send a request to john@kiffmeister.com.

Retail CBDC Developments (see also Annex)

Sveriges Riksbank submitted an official communication to the Riksdag Committee on Finance calling for a reassessment of the e-krona retail CBDC. A 2023 Swedish Government Payments Inquiry report had concluded that there was no sufficiently strong societal need for an e-krona, which led to a pause in e-krona preparatory work. However, the Riksbank now urges renewed preparation, citing a deteriorating geopolitical environment, the advancement of the digital euro, the emergence of stablecoins, and the need to safeguard the resilience and competitiveness of the Swedish payment system. Because implementing an e-krona requires significant technological development and complex legal updates with lead times exceeding five years, the Riksbank recommends immediately appointing a public inquiry to prepare the necessary legislative framework. This proactive measure ensures regulatory readiness should the Riksdag authorize e-krona issuance. [Sveriges Riksbank]

The RBNZ has paused work on "Digital Cash" (retail CBDC) while it focuses on "modernizing New Zealand's payments system, including real-time payments. New Zealand's payments system works well today, but there is an opportunity to make it faster, more innovative and better prepared for the future. The announcement said that "modern payments system could support new technologies and payment options like new forms of digital money including Digital Cash issued by the Reserve Bank, alongside the money people already hold in their bank accounts". This seems to allude to tokenized commercial bank deposits settled in wholesale CBDC, a route being explored by numerous other central banks. [RBNZ]

The National Bank of Georgia (NBG) announced that legislation approved on October 15 establishes the legal foundation for implementing exploratory digital lari projects. Although the NBG has no plans for a full-scale launch, it will explore and test new technological capabilities and assess the practical benefits that a digital lari could offer. In the longer term, this aims to support the innovative development of Georgia's financial system and help prepare it for technological change. [NBG]

The BOE updated its Digital Pound Lab Phase 2 webpage that concluded in July 2026. BOE-developed use cases demonstrated included one-time aliases for privacy-preserving payments, confirmation of payee, group "kitty" payments using conditional locks, external service interface provider connections enabling third-party app integration, allowances extended to e-commerce, and usage-based streaming micropayments. Eleven private sector participants tested additional use cases that the latest update fleshed out in more detail. These included Crunchfish demonstrating deferred offline payments with a

[1] Retail CBDC is a broadly available general purpose digital payment instrument, denominated in the jurisdiction's unit of account, that is a direct liability of the jurisdiction's monetary authority. Wholesale CBDC is limited to a set of predefined user groups, typically financial institutions, and based on distributed ledger technology. The Annex counts 25 "live" retail CBDC projects, including those that are currently in active launch (4), pilot (3) or proof-of-concept (8) phases, plus others that have published research progress updates during the last 12 months (10).

reserve-pay-settle lifecycle and double-spend controls, and TECHT Labs demonstrating conditional business-to-business payments via smart contracts. Interestingly, one of the participants listed in the June 2026 update (Focus on Monesave) was quietly dropped. [BOE]

And BOE Deputy Governor Sarah Breeden reportedly said at the IMF Annual Meetings in Bangkok that there is no rush to introduce a retail CBDC. "Maybe we don't need a digital pound quite so quickly… alternatives such as commercial stablecoins or tokenized deposits developed by banks could fulfill the role just as well." She also said that the BOE is upgrading its real time gross settlement (RTGS) system so it can be used to settle tokenized asset transactions, and that U.K. firms should develop successful sterling stablecoins to offer an alternative to the USD dominance in the market. [Bloomberg]

On October 1, several Russian Ministry of Finance (MOF) employees opted to receive salaries in digital rubles through wallets on the Bank of Russia platform. It follows pilot federal-budget transactions in 2025, covering salaries, stipends and selected government-contract payments, with aggregate volume of nearly 16 million rubles. Since January 2026, federal institutions have been permitted to make and receive budget-related payments in digital rubles without a restricted expenditure list. The initiative therefore marks a shift from controlled pilot use toward routine Treasury and payroll integration, contingent on bank and merchant infrastructure that opened up on September 1. [Russian MOF]

The Bank of Russia revealed that digital ruble adoption was progressing rapidly since it launched on September 1, 2026. 270,000 accounts have been opened, including 15,000 by legal entities, with significant participation from small and medium-sized enterprises and individual entrepreneurs. While statutory requirements dictate the phased onboarding of financial institutions, 36 banks are already connected to the platform, including 15 participating voluntarily ahead of schedule. The central bank is deploying services incrementally, planning to introduce a subscription feature in late November, which is expected to see substantial demand. Furthermore, in 2027 the Bank of Russia intends to initiate testing for offline payments and unveil additional commercial functionalities. [Bank of Russia]

The Bank of Korea (BOK) affirmed that Project Hangang's digital currency is not a retail CBDC. Starting in 2023, the BOK shifted its digital currency research direction from retail CBDC to a focus on commercial bank deposit tokens settled with wholesale CBDC, because the BOK found that there is no significant need to introduce a retail CBDC, and even if one were to be introduced, it is highly likely that it would not be widely adopted. Meanwhile, preparations for the second phase of the Han River Project are in full swing, with the BOK and participating banks being busy with final preparations for the pilot relaunch before the end of 2026. [BOK]

Bank Al-Maghrib (BAM) published a working paper that evaluates the macro-financial feasibility of a retail CBDC for Morocco. While digital payment adoption is expanding, persistent domestic cash reliance highlights entrenched structural constraints alongside untapped infrastructural efficiencies that a CBDC could help unlock. To mitigate systemic disintermediation and preserve monetary policy transmission, the authors advocate a hybrid, two-tier architecture: the central bank issues an unremunerated e-dirham, while private intermediaries manage client distribution and financial integrity compliance. Ultimately, the paper frames potential CBDC implementation as a long-term prospect requiring a gradual, prudent, and collaborative approach. [BOM]

According to a recent S&P Global report, India's digital rupee, should be judged on programmability and settlement efficiency, not retail wallet adoption. Retail transactions lag significantly behind the ubiquitous Unified Payments Interface (UPI). However, the digital rupee could become a foundational layer of India's digital public infrastructure by functioning as programmable money for targeted policy outcomes. Furthermore, its most substantial economic promise lies in wholesale markets, where it could facilitate atomic settlement for tokenized assets and reduce cross-border payment friction. And in a

potential tokenized global economy, the digital rupee could prevent a shift of cross-border business-to-business trade and remittances toward foreign-currency stablecoins. [S&P]

The Euro Retail Payments Board (ERPB), a forum hosted by the European Central Bank (ECB) to engage market stakeholders, including banks, consumers, merchants, and payment service providers, on the design, rulebook, and implementation of the digital euro, convened a technical session on October 13. Topics discussed included strategies for a staggered market rollout and lessons learned from prior payment system implementations. Presenters highlighted the necessity of stable specifications, clear regulatory frameworks, and robust testing before widespread deployment. Discussions addressed merchant integration challenges, hardware readiness, and the development of standardized application programming interfaces to ensure interoperability across diverse digital wallets. Participants underscored that phased adoption must balance market relevance, operational feasibility, and stakeholder needs to guarantee a secure introduction. All of the presentations can be seen here. [ECB]

The ECB has selected two network service providers (NSPs) following the call for applications initiated in August 2025. These NSPs, a consortium of Nexi Payments and Deutsche Telekom, alongside a grouping of Telefónica and Indra, will connect national central banks and participating payment service providers to the digital euro service platform. The first contract, effective September 2026, supports the ongoing preparation for a 2027 digital euro pilot launch, while the second commences in May 2027. Both providers are mandated to be fully operational by 2029 to support a potential full launch. [ECB]

Tokenized Central Bank Money (Wholesale CBDC) Developments

The HKMA published a report on the experiences gained from the first phase of its Project Ensemble that tested end-to-end use cases for settling digital asset transactions using experimental tokenized deposits settled using e-HKD wholesale CBDC. Although tests across fixed income, liquidity management, green finance, and trade finance demonstrated atomic delivery-versus-payment execution, the anticipated efficiency gains face substantial friction. True straight-through processing remains constrained by legacy manual workflows, off-chain data lags, and an unproven critical mass. Furthermore, structural hurdles like potential bank liquidity strains and absent secondary market conventions threaten commercial scalability. [HKMA]

The HKMA also presented the outcomes of a year-long proof-of-concept (POC) with the Bank of Thailand and Hong Kong Exchanges and Clearing Limited, that explored how tokenized deposits (TDs) and wholesale CBDC coordinated through two central bank platforms could enable seamless cross-border delivery-versus-payment (DVP) for carbon credit transactions. Conducted under Project Ensemble and Project San, the trial evaluated whether distributed ledger infrastructures can synchronize bilateral asset settlement while mitigating principal risk. They found that programmable wholesale CBDCs and TDs can execute atomic DVP settlement across jurisdictions. However, questions remain regarding cross-chain interoperability standards, secondary market liquidity for tokenized environmental assets, and the enforceability of harmonized regulatory frameworks. [HKMA]

According to the ECB the Appia roadmap public consultation has confirmed strong market support for building a European tokenized financial ecosystem with central bank money (CeBM) at its core. The 127 respondents emphasized the ECB's essential role in providing neutral governance and utilizing CeBM to connect private settlement assets. Stakeholders prioritized standardization to prevent market fragmentation and guarantee interoperability between distributed ledger technology and existing infrastructures. Additionally, participants endorsed the initiative's strategic autonomy objectives and advocated for harmonized regulatory frameworks across the European Union. Consequently,

forthcoming collaborative workstreams will analyze tokenized deposits, securities, and shared standards to directly inform the 2028 Appia blueprint. [ECB]

Stablecoin and Tokenized Deposit Developments

The Financial Stability Board (FSB) published a summary of its ongoing monitoring work on global stablecoin arrangements. It highlights that the borderless, round-the-clock mobility of stablecoin liabilities fundamentally conflicts with the jurisdictionally anchored nature of their reserve assets and redemption frameworks, escalating run risks and potential spillover into traditional financial markets. Complex, multi-issuer structures further obscure oversight and complicate reserve rebalancing during stress events. Furthermore, the FSB notes severe structural data deficiencies; authorities currently rely on opaque private data compilers, and blockchain pseudonymity impedes accurate geographic or use-case attribution. To mitigate these regulatory blind spots, the FSB advocates for enhanced cross-border cooperation, standardized monitoring metrics, and improved industry data disclosures. [FSB]

Department of Finance Canada published proposed stablecoin regulations to operationalize the Stablecoin Act (SCA) which was passed into law in March 2026. The SCA introduced a framework for regulating the issuance of stablecoins in Canada that have interprovincial and international applications. The SCA also provides the Minister of Finance with authorities to address national security risks posed by stablecoin issuers. The regulations are required to bring the SCA into force and prescribe the elements needed for issuers to register with the Bank of Canada and comply with the SCA, and for the Bank of Canada to promote compliance with the SCA and the proposed Regulations. They will be open to public comments until December 23, 2026. [Finance Canada]

Sumitomo Mitsui Banking Corporation (SMBC), Mitsubishi UFJ Financial Group (MUFG) and Mizuho Financial Group conducted a proof-of-concept from July 17 to July 23, of joint stablecoin issuance and advanced cross-border payments. Operating with support from Japan's Financial Services Agency, the initiative evaluated issuing stablecoins as specified trust receivable rights under the Payment Services Act. The trial assessed regulatory compliance, anti-money laundering controls, and user protection within a multi-bank framework managed by SMBC and MUFG. Additionally, the participants simulated transactions across corporate locations to verify the technical feasibility and system reliability for international settlements. [Finextra]

[September 30, 2026] **Open Standard launched its Open USD (OUSD) USD-pegged stablecoin**. The founding five (Coinbase, Mastercard, Shopify, Stripe, and Visa) have reportedly committed to minting $1 billion worth of OUSD to seed initial liquidity, and each received an equal initial equity stake. OUSD is issued by Bridge, a Stripe company, and runs natively on Base, Ethereum, Solana, and Tempo, with reserves held at BlackRock, Lead Bank and BNY. Reserve attestations will be published monthly at reserves.bridge.xyz/ousd. Businesses can mint and redeem OUSD 1:1 against USD through BVNK, Stripe, and the Visa Stablecoin Platform. [Open Standard]

[September 24, 2026] **Seven U.K. banks collaborated to complete the first live customer transactions using tokenized sterling deposits on a shared platform developed by Quant, delivered through the Great British Tokenised Deposit (GBTD) initiative convened by UK Finance**. The participating banks (Barclays, HSBC UK, Lloyds, Monzo, Nationwide, NatWest and Santander) tested conditional payments in two remortgage completions and a consumer marketplace exchange, in which customer balances were locked and automatically released when specified completion or delivery conditions were met. The pilots seek to preserve the legal and prudential characteristics of bank deposits while adding programmable, interoperable settlement functionality. Planned work includes tokenized bank-issued debt instruments and digital-asset settlement using delivery-versus-payment-versus-reserves. The announcement demonstrates operational feasibility, rather than resolving questions of scale, governance, interoperability, legal finality, or supervisory treatment. [UK Finance]

Recent CBDC- and Stablecoin-Related Research

Meeting the Challenge of Correspondent Banking Relationship Withdrawals in Fully Dollarized Microstates

This is a revised version of a paper I posted here a few months ago. It examines a structural vulnerability inherent in the domestic financial architecture of officially dollarized microstates: their dependence on correspondent banking relationships (CBRs). By surrendering the monetary autonomy of an issuing central bank in exchange for the stability of a foreign currency, these microstates make their domestic financial systems dependent on CBRs that global banks are increasingly unwilling to maintain. IMF and World Bank literature treats CBR withdrawal primarily as a cross-border payments problem, with prescriptions addressed to that dimension, leaving this distinct domestic vulnerability unaddressed. Focusing on Micronesia, Palau, Timor-Leste, and the Marshall Islands, the paper examines emerging digital financial infrastructure and instruments as potential complements to the standard prescriptions, assessing their capacity to sustain domestic monetary circulation independently of conventional CBRs and the extent to which they may allow microstates to recapture economic benefits somewhat analogous to the seigniorage forgone via dollarization. [SSRN]

The revised paper benefited greatly from comments from Christian Pfister, Patrick McConnell, Kristina Fedorenko and Russell Krueger, plus the support of Mark Lurie, Jordan Goldman and Jeremy Coffey of M1X Global. However, comments are still more than welcome!

When Less is More: Behavioral Effects of CBDC Holding Limits

The ECB published a working paper that examines how holding limits affect demand for retail CBDC. In an incentivized experiment involving 761 participants in France, Germany, Italy, and Spain, the authors distinguish the mechanical effects of limits from behavioral responses. Lower limits reduced overall holdings, whereas higher limits induced some participants to increase balances, apparently because the ceiling acted as a reference point. The experiment also found that a "reverse waterfall" mechanism, which automatically funds CBDC payments from linked bank deposits, increased adoption while reducing average holdings. The findings suggest that combining limits with automatic funding could reconcile usability and financial stability objectives in the ECB's digital euro design. [ECB]

International Stablecoin Flows, Capital Controls and Currency Crises

The IMF published a working paper by Marco Reuter that analyzes $21.4 trillion in international stablecoin flows across 188 countries from 2018 to 2025. These USD-pegged assets are concentrated in emerging markets and developing economies, which hold 75% of the total. Flows are predominantly cross-border, retail-sized transfers with a median size of $300. Furthermore, when countries restrict capital outflows, stablecoin activity rises persistently by roughly 30% over six months. Similarly, currency crises trigger a persistent 75% increase in holdings within a year. However, country-level geography is inferred via machine learning trained on domain-name linguistics and web traffic—proxies vulnerable to virtual private network (VPN) distortions, unrepresentative sampling, and the untestable assumption of equal average transaction sizes across countries. [IMF]

Tokenized Reserves and Next-Generation Capital Markets

The IMF published a chapter of its Central Bank Digital Currency (CBDC) Virtual Handbook on how markets for tokenized assets are developing and the implications for central bank money (CeBM). Adoption remains piecemeal, relying on non-native models (existing assets tokenized with ambiguous underlying rights) and hybrid structures (tokenized assets settling via conventional cash rails or separate ledgers). Because private settlement assets currently dominate, critical questions arise regarding settlement finality, liquidity fragmentation, and systemic interoperability. While tokenized CeBM (wholesale CBDC) is not a binding prerequisite for nascent markets, its necessity will intensify as transaction complexity demands a unified, risk-free anchor. Ultimately, central banks must preserve

optionality through phased strategies, balancing legal readiness and institutional capacity against the risk of preempting market-led innovation. [IMF]

Foreign Currency Stablecoins: Initial Considerations on Policies to Manage and Enhance Macro-Financial Stability

The IMF published a paper examines how foreign-currency foreign-issued stablecoins, most of which are USD denominated and issued in a small number of jurisdictions, could increasingly affect macro-financial conditions in recipient countries if their use expands beyond crypto-asset trading. Although wider adoption could facilitate cheaper cross-border payments, it introduces significant structural vulnerabilities. Extensive integration may drive de facto capital account liberalization, enable the circumvention of capital controls, and entrench currency substitution, thereby undermining domestic monetary policy transmission. To mitigate these risks, the analysis recommends implementing robust macroeconomic frameworks, stringent regulatory oversight aligned with global standards, and enhanced data collection. Furthermore, it emphasizes that international coordination remains critical to manage balance-of-payments pressures and preserve monetary sovereignty. [IMF]

Deconstructing the Stablecoin Sandwich: The Cost of Cross-Border Stablecoin Transfers

The IMF published a paper by Reslow, Reshidi, Usher, Verrier and Miccoli that evaluates the end-to-end costs of cross-border stablecoin transfers. Utilizing a cost accounting framework tracking the conversion of fiat currency to stablecoins and back, the authors analyzed data across 270 corridors. They found the average cost of a $200 transfer is approximately 2%, which is below the global target of 3% and generally cheaper than traditional remittances. However, the most cost-effective traditional providers remain cheaper in about one-third of the analyzed corridors. The study reveals that fiat rail and exchange trading fees constitute the majority of total expenses, rather than blockchain transfer fees. Additionally, local stablecoin price premiums drive cost variations between different corridors. [IMF]

Competing rails for Cross-Border Payments: Banks, Fintechs, and Stablecoins

The BIS published a paper by Du, Huang and Scharfstein that compares the cost of sending cross-border payments across three payment rails: traditional banks operating through the correspondent banking system and SWIFT, fintech money transfer operators (MTOs) and stablecoin-based transfers. The authors find that traditional bank transfers exhibit high foreign exchange markups, reflecting significant correspondent costs and market power. In contrast, MTOs substantially compress consumer costs by utilizing internal flow netting and prefunded local liquidity. While stablecoins mitigate certain settlement frictions, they do not eliminate intermediation; rather, they shift it to crypto-asset exchanges. Although stablecoins offer competitive pricing in some emerging markets, broader scalability remains constrained by limited trading liquidity and explicit conversion fees. [BIS]

Electronic Money Tokens vs Tokenized Deposits: A Comparative Economic Assessment

Banca d'Italia published a paper by Giuseppe Ferrero and Federico Guerra that compares euro-denominated stablecoins, regulated in Europe as electronic money tokens (EMTs), with tokenized commercial bank deposits. Both are privately issued forms of tokenized money utilizing distributed ledger technology. The authors argue that monetary properties and financial stability depend on whether instruments are bearer or non-bearer and whether they settle in CeBM, rather than on the underlying technology. Non-bearer tokenized deposits maintain the singleness of money by settling in CeBM. Conversely, stablecoins and bearer-form tokenized deposits can trade on secondary markets at prices deviating from par. Concluding that stablecoins and bearer-form tokenized deposits are economically equivalent, the authors recommend consistent regulatory treatment, noting that bearer-form tokenized deposits currently lack an instrument-specific framework. [Banca d'Italia]

Are Stablecoins and Bank Deposits Substitutes?

The BIS published a paper by Ahmed and Aldasoro that investigates whether stablecoins and bank deposits function as economic substitutes. The authors use weekly 2019 to 2025 U.S. data to argue that

increases in bank deposit rates cause a deceleration in stablecoin market capitalization growth. They find that these effects are stronger for USDC than for USDT, consistent with the former's closer ties to U.S. depositors. However, the authors note that their analysis relies on a sample spanning only a single high-rate tightening cycle and uses aggregate data, which obscures the specific depositor types and bank categories driving the substitution. [BIS]

Will US Firms Adopt Stablecoins? Survey Says They're Not Enthusiastic

In a U.S. Cleveland Fed *Economic Commentary*, Dirtzu, Panzitta and Zimmerman surveyed 148 firms in the Fourth District (Ohio, western Pennsylvania, eastern Kentucky, and northern West Virginia) regarding plans to use stablecoins. Despite the 2025 Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act easing supply constraints, they find negligible latent corporate demand. Only one firm currently uses stablecoins, while seven plan future adoption. Primary deterrents include satisfaction with existing payment rails, knowledge gaps, and absent counterparty demand. While analysis of Securities and Exchange Commission (SEC) nonfinancial corporate balance sheet filings seemingly corroborates this disinterest, the authors dismiss stablecoin holdings below a 2% total asset threshold as trivial, which risks obscuring early-stage corporate experimentation. [Cleveland Fed]

Global Stablecoins in 2030: A European Perspective

The European Stability Mechanism (ESM) published a paper co-authored by Bindseil, Meuwissen, Mondini and Rohár that examines the implications of global stablecoin adoption for monetary and financial architecture, with particular emphasis on the euro area. It employs a flow-of-funds framework tracing sectoral and cross-border balance-sheet adjustments as a function of funding sources and reserve asset composition, operationalized through a calibrated three-region model (United States, euro area, rest of the world), embedding alternative stablecoin growth scenarios for USD- and EUR-denominated stablecoins through 2030. While concluding that aggregate systemic impacts remain manageable, primarily involving a shift from inexpensive retail deposits to volatile wholesale funding, the authors acknowledge their model simplifies analysis by ignoring the actual heterogeneity of deposits and securities. [ESM]

Eclipsing the Pyramid: Stablecoins and Settlement

The Journal of Financial Market Infrastructures (JFMI) published a paper by Clément Berthou and Xavier Lavayssière that examines stablecoins and the concept of a "settlement eclipse." The paper shows how stablecoins circulate value globally without requiring traditional fiat redemption, leveraging quasi-bearer claims, programmable platforms, and crypto intermediaries. As a result, stablecoins produce a settlement eclipse, whereby a subordinate layer of the monetary hierarchy internalizes transfers at sufficient scale, and occults the settlement function of layers above it. Such phenomenon obscures systemic risks, transfers financial access control to private operators, and narrows policy options. Analogous occultation occurs when transfer volumes are internalized by large financial institutions, netted within private payment systems, or managed through nested correspondent banking chains. Ultimately, the authors position stablecoins within an emerging "tokenized monetary pyramid," questioning whether this parallel structure will secure a direct public anchor or remain structurally subordinate to the traditional fiat system. [JFMI]

Dollar Challenger: CBDCs Complexities and Monetary Hegemony

The Virginia Journal of International Law (VJIL) published a paper by Heng Wang assessing the hurdles challenger CBDCs face in challenging USD dominance. Heng posits these parallel systems introduce a "triple helix" of relational, technological, and legal complexities. Relational complexities emerge from multi-jurisdictional frameworks, while technological hurdles center on interoperability. Legally, novel digital networks struggle to fit with traditional regulations. These dynamics forge a "governance paradox" where specialized infrastructure demands may drive fragmented networks rather than a unified global system. Heng contends this fragmentation challenges the network effects requisite for

mass adoption. Ultimately, these systemic constraints make it unlikely that challenger CBDCs will soon displace USD hegemony. [VJIL]

New Ledgers, Old Topology: A Structural Framework for Tokenized Deposit Interoperability

Red Date Technology's Yifan He posted a paper on the Social Science Research Network (SSRN) introducing a structural framework to classify tokenized deposit interoperability architectures. The research evaluates twelve active networks and analyzes two dominant policy narratives: the official-sector unified ledger and a model based on a single digital bridge asset. Applying a topological framework of settlement instrument, ledger topology, and intermediary role, the author categorizes current systems into four models, identifying limitations inherent to both approaches. The unified ledger functions strictly as a coordination overlay lacking independent retail settlement capabilities, while the bridge-asset model faces an unavoidable liquidity ceiling. Consequently, the study highlights unresolved vulnerabilities in next-generation global interbank settlement designs, applying this framework to 170 years of settlement architecture in a companion paper here. [SSRN]

DeFi-ying the Fed? Monetary Policy Transmission to Stablecoin Deposit Rates

The ECB published a paper by Barbon, Barthélemy, and Nguyen that examines the transmission of Federal Reserve monetary policy to the deposit rates of USD-pegged stablecoins within decentralized finance (DeFi) lending protocols. The authors document substantial and persistent spreads between traditional short-term U.S. interest rates and DeFi deposit rates, alongside an unstable transmission mechanism. In the short run, monetary policy shocks can push stablecoin rates in the opposite direction of policy rates, with convergence occurring only over the medium term. This delayed adjustment stems from a tension between standard interest-rate arbitrage and the deleveraging effects triggered by crypto-asset price reactions. Ultimately, the transmission efficacy is constrained by market frictions and investors' limited capacity to seamlessly bridge traditional and decentralized financial systems. [ECB]

Stablecoin-on-Creditor Violence

The U.S. Federal Reserve Bank of Cleveland published a paper by Jeffery Zhang and Peter Zimmerman arguing the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act of 2025 rewrites priority and estate-property rules for failed stablecoin issuers. By removing required reserves from the bankruptcy estate and granting holders a shortfall-capped super priority, the Act lets distressed issuers mint fully backed stablecoins to selectively repay favored creditors, structurally subordinate existing debt, and strip the estate of liquid assets necessary for resolution ("stablecoin-on-creditor violence"). If the issuer is a bank subsidiary, this shifts failure costs onto the deposit insurer and taxpayers. Because federal statutory entitlements shield this mechanism, traditional equitable remedies fail, prompting the authors to recommend countermeasures, including capital requirements, transfer restrictions, and lockups, to mitigate systemic risk. [Cleveland Fed]

Three Myths About Payment Innovation

In August 2026, Harvard Business School's Wenxin Du presented a paper at the 2026 U.S. Kansas City Fed Jackson Hole Economic Policy Symposium that challenges prevailing payment innovation narratives by prioritizing economic architecture over blockchain rails. First, Du questions the viability of 24/7 atomic gross settlement in wholesale markets, noting it sacrifices critical liquidity-saving benefits of multilateral netting. Second, she argues retail cross-border frictions stem from misaligned banking incentives rather than legacy technology. Finally, she remains highly skeptical that stablecoins resolve inefficiencies, highlighting prohibitive fiat conversion costs and thin foreign exchange liquidity within the "stablecoin sandwich". Consequently, central banks should prioritize system interoperability and institutional trust over adopting novel distributed ledgers. [Kansas City Fed]

Tokenization of Real-World Assets: Towards Embedded Crypto Finance

A paper by Zetzsche, Buckley and Arner that focuses on tokenization of non-financial real-world assets (TRWAs) develops a tokenization taxonomy to better understand what TRWAs entail. The authors

contend that TRWAs could transform mainstream custody and securitization through continuous 24/7 settlement and CBDC interoperability, forecasting a gradual shift toward "embedded crypto finance." To govern this transition, they propose adapting existing securitization rules, such as expanding substituted compliance for prospectuses. This approach relies heavily on legacy frameworks to manage the unique operational and cyber risks of distributed ledger technologies, leaving open the question of whether unprecedented on-chain vulnerabilities might ultimately fall through the regulatory cracks. [DC Fintech Week]

Central Bank Digital Currency Handbook for Africa

In August 2026, the Economic Commission for Africa (ECA) published a handbook that outlines a framework for African central banks to explore, design, and deploy CBDC. It establishes a five-step methodology to assess feasibility, prioritize objectives, evaluate readiness, and define implementation pathways aligned with national economic strategies and institutional capacities. It emphasizes CBDC utility in optimizing high-volume regional trade corridors under the African Continental Free Trade Area. However, achieving cross-border interoperability requires overcoming severe currency fragmentation, heavy reliance on foreign exchange, and significant infrastructure deficits. Jurisdictions must enact robust legal adjustments to harmonize property rights, standardize compliance frameworks, and ensure settlement finality. Resolving these structural and regulatory frictions is essential to bypass traditional correspondent banking networks and formalize regional trade flows. [ECA]

How Central Banks Can Win the Digital Currency Race

The Center for Strategic and International Studies (CSIS) published a paper by Luck, Gray and Hu arguing central banks treat adoption, sovereignty, and security as independent variables, generating secure but underutilized retail CBDCs. Evaluating failed pilots against successful fast-payment systems (FPSs), the report suggests mass adoption requires sub-incumbent pricing and permissive nonbank access built upon a central bank-managed settlement layer, as seen with Brazil's Pix and India's UPI. However, advanced economy central banks are systemically constrained from providing this utility by the risk of disintermediating commercial banks. But rather than resolving this retail CBDC design trilemma, the authors pivot to advocating for central bank-coordinated FPSs, leaving the question of how to design a successful retail CBDC unanswered. [CSIS]

The Honest Price of Stablecoin FX

Orbital Research published a report that challenges the assumption that stablecoins automatically deliver cheaper foreign exchange, revealing how costs vary significantly depending on the liquidity provider, direction of the transaction and timing. Analyzing 27,057 quotes, the data indicates stablecoin conversions are generally less expensive than financial technology firms but comparable to institutional desks. The report notes that the token consistently traded below one United States dollar, creating hidden costs when paying out versus collecting funds. Furthermore, weekend trading reduced liquidity, causing spreads to double among some providers. Finally, limited competition in certain regional markets resulted in substantial price markups. The findings demonstrate that stablecoin networks frequently shift, rather than eliminate, traditional cross-border payment frictions. [Orbital Research]

Notes: *The information reported here was compiled from the media and publicly available sources and not verified through official channels.*

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And a special shout out goes to SODA's Chris Ostrowski for his unwavering editorial and other support.

Annex: Jurisdictions Where Retail CBDC Is Being Explored (118)(of which 25 are "live")[1]					
	Last Update			Last update	
Jurisdiction	Year	Month	Jurisdiction	Year	Month
Where central banks (CBs) have launched or are piloting (or soon will)(8)(of which 7 have updated in last year)					
Bahamas (launched 2020)	2024	7	India (pilot started 2023)	2026	8
Jamaica (launched 2022)	2026	8	Peru (pilot started 2024)	2026	6
Kazakhstan (launched 2026)	2026	6	Turkey (pilot started 2024)	2026	7
Russia (launched 2026)	2026	10	~~Iran (pilot started 2024?)~~	~~2024~~	~~11~~
Where CBs are doing proofs of concepts or prototypes (or soon will)(17)(of which 8 have updated in last year)					
Euro Area	2026	10	~~Chile~~	~~2025~~	~~8~~
Ghana (piloted in 2022)	2026	5	~~Ukraine~~	~~2025~~	~~8~~
Israel	2026	5	~~Papua New Guinea~~	~~2025~~	~~2~~
Japan	2026	9	~~Macau~~	~~2024~~	~~12~~
Georgia	2026	10	~~Mauritius~~	~~2024~~	~~8~~
Kyrgyzstan	2026	9	~~Thailand~~	~~2024~~	~~6~~
Rwanda	2026	2	~~Solomon Islands~~	~~2023~~	~~11~~
United Kingdom	2026	10	~~Laos~~	~~2023~~	~~2~~
~~United Arab Emirates~~	~~2025~~	~~10~~			
Where CBs are exploring (69)(of which 10 have updated in last year)					
Morocco	2026	10	~~Argentina~~	~~2023~~	~~10~~
Bermuda	2026	3	~~Mongolia~~	~~2023~~	~~10~~
Bhutan	2026	5	~~Bahrain~~	~~2023~~	~~9~~
Malawi	2026	1	~~Indonesia~~	~~2023~~	~~9~~
Nigeria (launched 2022-25)	2026	6	~~Honduras~~	~~2023~~	~~8~~
Uganda	2026	5	~~Singapore~~	~~2023~~	~~6~~
Vietnam	2026	7	~~Kuwait~~	~~2023~~	~~4~~
Western African Monetary Union	2026	5	~~Montenegro~~	~~2023~~	~~4~~
Ethiopia	2025	12	~~Jordan~~	~~2023~~	~~2~~
Iraq	2025	12	~~Algeria~~	~~2023~~	~~1~~
~~Bolivia~~	~~2025~~	~~10~~	~~Mexico~~	~~2023~~	~~1~~
~~Madagascar~~	~~2025~~	~~10~~	~~Tanzania~~	~~2023~~	~~1~~
~~Uzbekistan~~	~~2025~~	~~9~~	~~Oman~~	~~2022~~	~~11~~
~~Angola~~	~~2025~~	~~8~~	~~Nepal~~	~~2022~~	~~10~~
~~Pakistan~~	~~2025~~	~~8~~	~~Bangladesh~~	~~2022~~	~~6~~
~~Zimbabwe~~	~~2025~~	~~8~~	~~Sudan~~	~~2022~~	~~4~~
~~Botswana~~	~~2025~~	~~7~~	~~Switzerland~~	~~2022~~	~~4~~
~~Myanmar~~	~~2025~~	~~7~~	~~Qatar~~	~~2022~~	~~3~~
~~Timor-Leste~~	~~2025~~	~~7~~	~~Trinidad and Tobago~~	~~2022~~	~~3~~
~~Liberia~~	~~2025~~	~~5~~	~~Albania~~	~~2022~~	~~2~~
~~Belarus~~	~~2025~~	~~4~~	~~Palestine~~	~~2022~~	~~2~~
~~Central African Monetary Union~~	~~2025~~	~~3~~	~~Yemen~~	~~2022~~	~~2~~
~~Serbia~~	~~2025~~	~~3~~	~~Zambia~~	~~2022~~	~~2~~
~~Namibia~~	~~2025~~	~~2~~	~~Saudi Arabia~~	~~2022~~	~~1~~
~~Colombia~~	~~2025~~	~~1~~	~~Tonga~~	~~2022~~	~~1~~
~~Haiti~~	~~2024~~	~~12~~	~~Vanuatu~~	~~2022~~	~~1~~
~~Eswatini~~	~~2024~~	~~10~~	~~Paraguay~~	~~2021~~	~~12~~
~~Aruba~~	~~2024~~	~~9~~	~~Guatemala~~	~~2021~~	~~9~~
~~Dominican Republic~~	~~2024~~	~~8~~	~~Lebanon~~	~~2021~~	~~8~~
~~Taiwan~~	~~2024~~	~~7~~	~~Tunisia~~	~~2021~~	~~8~~
~~Mauritania~~	~~2024~~	~~4~~	~~Czech Republic~~	~~2021~~	~~2~~
~~Egypt~~	~~2024~~	~~1~~	~~Uruguay~~	~~2020~~	~~10~~
~~Sri Lanka~~	~~2024~~	~~1~~	~~Barbados~~	~~2020~~	~~7~~
~~Armenia~~	~~2023~~	~~12~~	~~Iceland~~	~~2018~~	~~11~~
~~Maldives~~	~~2023~~	~~11~~			
Where CBs have shut down or paused retail CBDC exploration (24)					
Australia	2026	9	Hong Kong	2025	10
Azerbaijan	2024	8	Hungary (piloted 2023-25)	2025	3
Brazil	2025	11	Kenya	2023	6
Canada	2024	9	Malaysia	2024	6
China (piloted 2019-25)	2025	12	New Zealand (Paused)	2026	10
Costa Rica	2021	8	Norway	2026	3
Curacao	2023	3	Philippines	2023	6
Denmark	2023	3	Poland	2021	5
ECCB (piloted 2019-24)	2026	2	South Africa	2026	6
Ecuador (launched 2014-17)	2017	5	South Korea	2023	10
Fiji	2024	12	Sweden (Paused)	2026	10
Finland (launched 1993-2006)	2006	1	United States	2026	7

[1] By "live" is meant that the CBDC is currently in the launch, pilot, proof of concept, prototype or research phase, and updates have been made available within the last twelve months.