

Digital Assets and the Fight for Deposits

What Community Banks Need to Know | May 2026

Michel Jacobs

Chief Strategy Officer, CSI

Three Overlooked Mistakes That Undermine Digital Money Strategy

These three misreads are easy to overlook and each one makes it harder to define a strategy that is useful for your bank

01

Treating All Digital Money as the Same Thing

- Stablecoins
- Tokenized deposits
- CBDCs

02

Reading Volume as a Signal for Your Bank

The direction is right. The urgency to act today is not the same for every bank.

03

Treating Regulatory Clarity as a Starting Gun

Most community banks should distribute and participate — not issue.

Clearing up these three points does not slow down your strategy; it makes the decisions that follow much sharper

The Moment Has Arrived — Maybe

The market is real and accelerating. The question is not whether to move, it is which part of the market is actually relevant to your bank, and in what sequence.

\$310B+

**Stablecoins in
circulation**

Jan 2026

9 mos

**GENIUS Act
Compliance Window**

By Jan 2027

7+

**Crypto Firms with
OCC Trust Charters**

Conditionally Approved

5%

**Stablecoin Platform
Yield on USDC**

Coinbase Q3 2025

The \$27.6 Trillion Headline: What It Really Means

Total stablecoin transfer volume exceeded Visa + Mastercard combined in 2024 — but context matters critically for banks

\$27.6 TRILLION

Total stablecoin transfer volume 2024

Surpassed Visa (\$15.7T) + Mastercard (\$9.8T)
combined by 7.7%

Grew 140% year-over-year (2023: \$7.6T → 2024: \$18.4T
adjusted)

Source: Artemis Analytics / CEX.IO 2024 Report

BUT: The Adjusted Reality

~70% of volume = automated trading bots

On Solana & Base: 98% is bot-driven

Adjusted organic volume (CEX + DEX + DeFi):
~\$6.3T

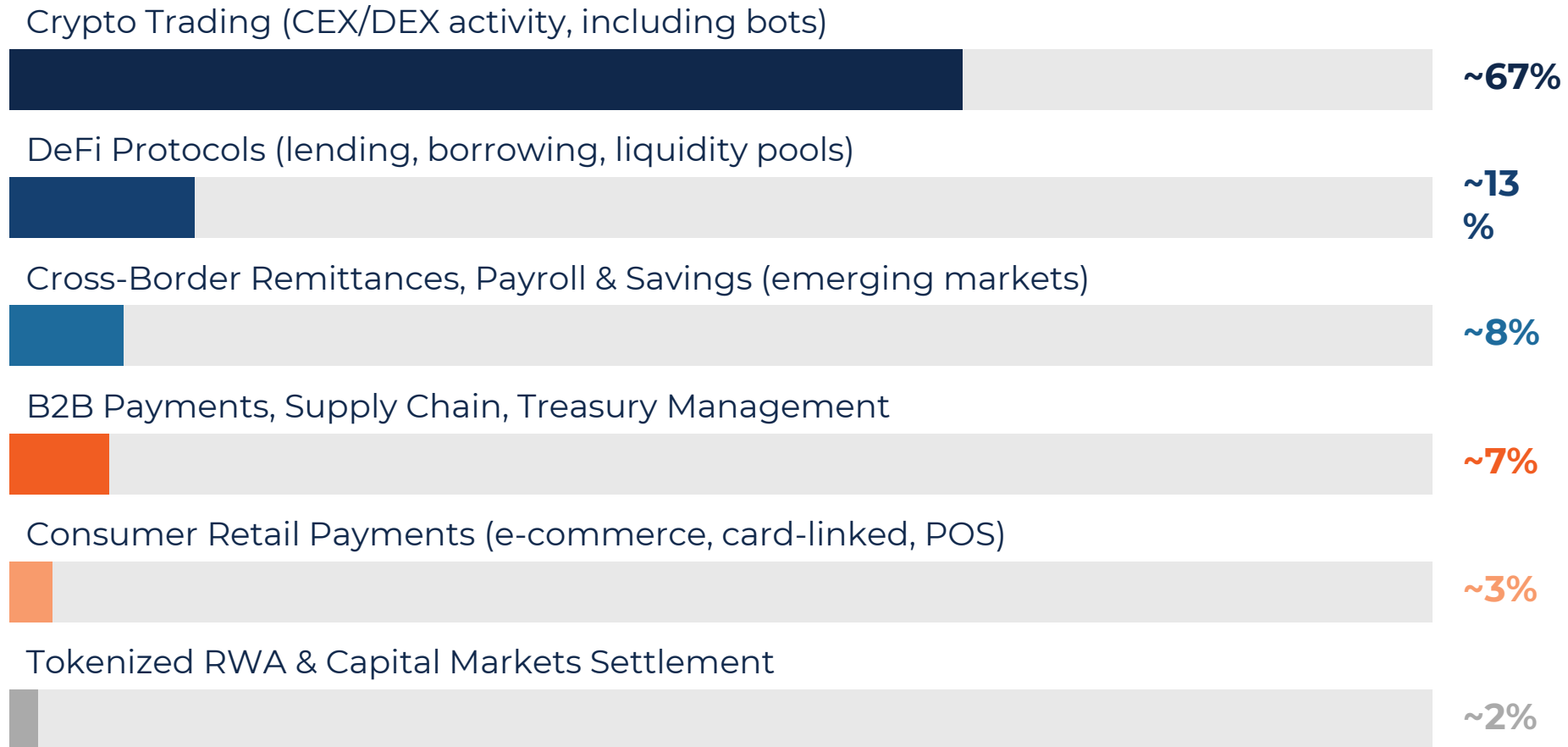
True consumer/B2B payments: ~10% of total

= ~\$2.76T in real economic activity

Source: CEX.IO, CrossMint analysis, industry experts

Where 2025 Stablecoin Volume Actually Goes

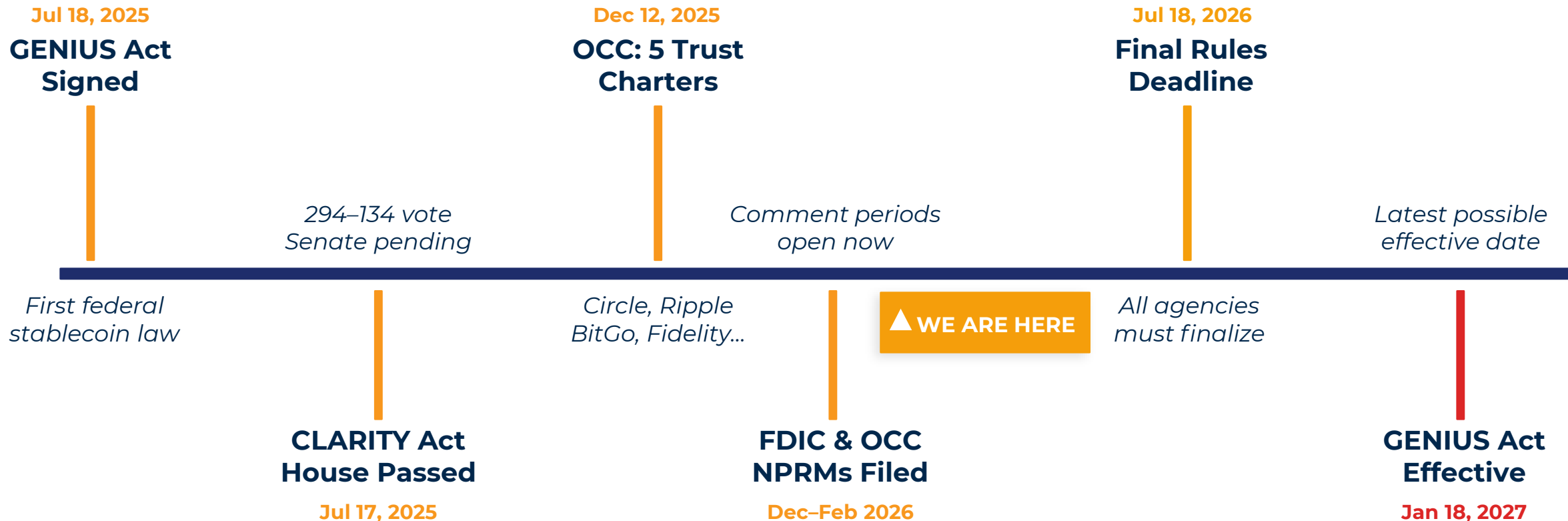
Estimated breakdown of \$33T 2025 transfer volume by use case (adjusted for bot activity)



Sources: McKinsey & Artemis Analytics (Feb 2026); CoinLedger 2025; coinlaw.io 2025; industry expert estimates based on \$33T total volume

Regulatory Timeline: July 2025 → January 2027

Key milestones shaping community bank digital currency strategy



Genius Act: Rulemaking Status By Agency

Final rules required by July 18, 2026 — GENIUS Act effective no later than January 18, 2027

Agency	Status	Key Scope	Comment Deadline
OCC	<ul style="list-style-type: none"> ✓ NPRM Published Feb 25, 2026 (376 pages for new 12 CFR 15) 	National banks, FSAs, nonbank issuers, foreign payment stablecoin issuers	Open
FDIC	<ul style="list-style-type: none"> ✓ NPRM Published Dec 2025 ✓ NPRM Published April 10, 2026 	State non-member bank subsidiaries; Application Process Prudential Standards	May 18, 2026 June 9, 2026
NCUA	<ul style="list-style-type: none"> ✓ NPRM Published Feb 11, 2026 	Credit union subsidiaries	Apr 13, 2026
Treasury FinCEN/OFAC	<ul style="list-style-type: none"> ✓ NPRM Published April 1, 2026 ✓ NPRM Published April 8, 2026 	Principles for "State Similarity" AML/BSA, sanctions, international framework for sanctions compliance	June 2, 2026 June 2, 2026
Federal Reserve	<ul style="list-style-type: none"> ✗ NO PROPOSAL ISSUED 	State member banks & holding companies; critical gap for this charter type	⚠ <i>Notable absence</i>

The Clarity Act: The Pending Wildcard

House-passed July 2025 · Senate gridlocked as of mid-April 2026 over stablecoin yield dispute

WHAT THE CLARITY ACT WOULD DO

- Resolve SEC vs. CFTC jurisdiction battle
- Create registration frameworks for digital asset exchanges, brokers & dealers
- Prohibit the Fed from issuing any retail CBDC without Congressional authorization
- Confirm that bank custody of digital commodities is 'financial in nature'
- DeFi exclusion=

THE YIELD DISPUTE — SENATE GRIDLOCK

IF YIELD BANNED

- ✓ Community banks gain competitive floor on deposits
- ✓ Reduced disintermediation risk from platforms

IF YIELD PERMITTED

- ⚠ Coinbase, Kraken offer 3.5–5% to depositors
- ⚠ Urgency of community bank strategy increases



Competitive Threat: The OCC Trust Charter Wave

Your competitors are now inside the federal regulatory perimeter



\$6M–\$25M

Tier 1 capital requirement
(vs. typical community bank)



April 1, 2026

Finalized OCC trust
chartering rule effective



18 Applications

Filed with OCC in 2025 —
nearly 4 years' worth

What Trust Charters Mean For Community Banks

Where new entrants will compete — and where community bank advantages remain

WHERE THEY WILL COMPETE

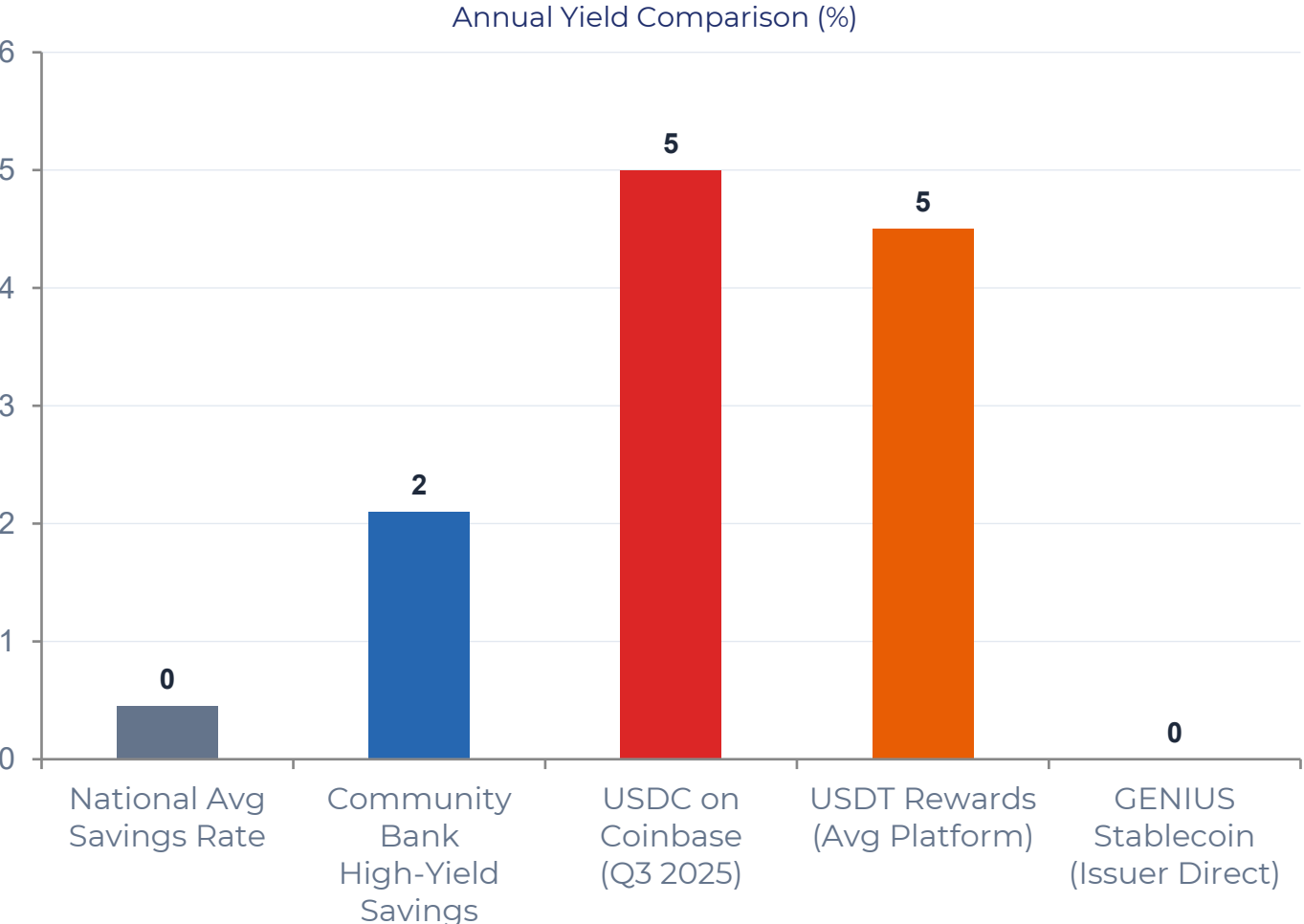
- 24/7 stablecoin payment & settlement
- Digital asset custody
- Cross-border B2B payments
- Commercial treasury management
- Capital requirements as low as \$6M–\$25M
- One federal approval replaces 50 state money transmitter licenses

WHERE COMMUNITY BANKS STILL WIN

- FDIC-insured deposits
- Full lending authority
- Fed payment rail access unresolved
- CRA, community relationships, local market
- No Bank Holding Company Act supervision at parent level

Deposit Disintermediation: The Stakes Are Real

Stablecoin platforms are offering yields community banks cannot currently match



\$310B+
Stablecoins in circulation (Jan 2026)

\$355M
Coinbase stablecoin revenue
Q3 2025 alone



The Fight For Deposits Is Playing Out Across Multiple Payment Use Case

Commercial clients are finding alternatives use case by use case often before the bank knows it is happening



Payroll & Disbursements

ACTIVE THREAT TODAY



B2B & Treasury Payments

BUILDING THREAT



Wire & International

ACTIVE THREAT TODAY



Digital Asset Settlement

FORMING NOW



Card & Consumer Payments

SCALING FAST

What Should Community Banks Actually Do?

Now that you understand the market and the risks — here is how to choose the right path, in the right sequence, for your institution

What Is Actually at Risk for Your Bank and What to Do About It

WHERE RISK IS REAL TODAY

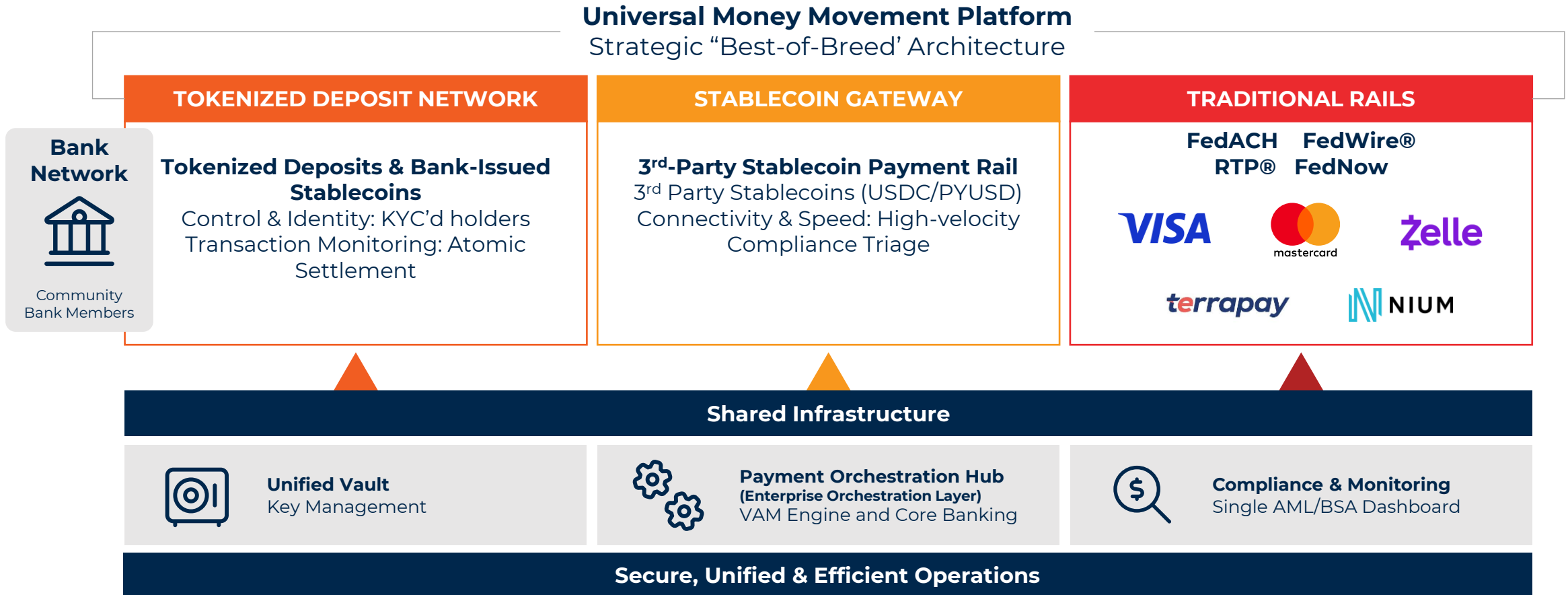
- ✓ Wire fee revenue
- ✓ ACH payroll
- ✓ Deposit monitoring
- ✓ FedNow/RTP readiness
- ✓ Stablecoin distribution (not issuance)

WHERE RISK BUILDS 2026–2028

- ⚠ GENIUS Act
- ⚠ Tokenized deposit network enrollment
- ⚠ OCC trust charters activating
- ⚠ Card fee erosion accelerates
- ⚠ CLARITY Act yield outcome

NCA / Harris Poll 2025: 10,000 US crypto holders surveyed — key findings for community bank strategy

The commercial client who can get all of this through one institution stays. The one who assembles it from four separate vendor relationships is already evaluating whether the bank is the right anchor.



Building Toward Universal Money Movement Capability

Universal money movement capability is built in sequence, not all at once. Each tier solves a real client need. Invest in the next tier only when you have a specific use case, not because competitors are exploring it.

TIER 0

Close the Speed &
Cost/Reach Gap
Now

Timeline:
Act now

TIER 1

Distribute, Don't
Issue

Timeline:
2026-2027

TIER 2

Participate in
Networks

Timeline:
2026-2028

TIER 3

Issue Only if
Validated

Timeline:
2027+
if applicable

Stablecoin Use Cases Active or Piloting Today

What is active at large bank/fintech scale today and what that realistically means for community banks in 2026-2028

ACTIVE NOW

**Cross-Border B2B
Payments**

**Payroll & Contractor
Payments**

**Corporate Treasury &
Tokenized Deposits**

SCALING FAST

**Stablecoin-Linked
Debit/Credit Cards**

**Merchant Acceptance &
B2C Checkout**

EMERGING OPPORTUNITY

**Bank-Issued Stablecoins
& On/Off Ramps**

Sources: McKinsey/Artemis Analytics Feb 2026; Faster Payments Council 2025; TreasureUp Strategic Playbook 2025; PYMNTS 2025; EY-Parthenon Stablecoin Survey 2025; Accelaron/community bank case studies

Tokenized Deposit Use Cases Active or Piloting Today

Where tokenized deposits are being piloted and what that realistically means for community banks in 2026-2028

ACTIVE NOW

Corporate Treasury & After-Hours Settlement

Intraday Liquidity & Collateral Management

Commercial Real Estate & Escrow Services

SCALING FAST

Supply Chain Finance & Trade Settlement

Interbank Settlement & Network Payments

EMERGING OPPORTUNITY

Programmable Deposits & Conditional Payments

Sources: EY-Parthenon Tokenized Assets Survey 2025; BIS Tokenized Deposits Working Paper 2025; Cari Network announcement 2025; J.P. Morgan Kinexys 2025; Tassat Group; CSI commercial banking strategy

Big Bank Tokenized Deposit Benchmarks

What JPMorgan and Citi have built — and why it matters for community bank architecture

JPMD — JPMorgan Kinexys

- Live on Base (Coinbase's Ethereum L2) since Nov 2025; Canton Network integration phased through 2026
- Interest-bearing; unlike GENIUS stablecoins (key structural advantage)
- B2C2, Coinbase & Mastercard completed live test transactions
- DBS-Kinexys developing cross-bank interoperability framework
- CURRENTLY: Permissioned, institutional clients only on a **closed network** within JPMorgan

Citi Token Services (CTS)

- Live since 2024: USD, GBP, EUR, HKD, SGD; expanded to Dublin 2025
- **Private permissioned blockchain** bridged to 24/7 USD Clearing which reaches 250+ banks in 40 markets (interbank breakthrough)
- Smart contract trade finance with programmable payment triggers
- Interest-bearing; no new wallet required (uses existing Citi accounts)
- Citi CEO Jane Fraser: exploring Citi stablecoin issuance; crypto custody launch planned 2026

Community Bank Takeaway: Citi's architecture — private chain + conventional clearing bridge is the most replicable model for a community bank consortium or network. No public blockchain required.

What The Shared Ledger Does For Your Bank

Joining a shared ledger network is not just a deposit product decision, it reshapes how your bank settles, earns, and competes for commercial clients

Operational & Revenue Benefits

- 24/7 atomic settlement potential for funds movement between member banks
- Intraday liquidity on demand
- Programmable escrow and disbursement powered by smart contract logic
- New fee income streams
- Interest-bearing deposits

Competitive & Strategic Benefits

- Interbank settlement network membership that allows participating banks to settle directly with each other
- Commercial client stickiness:
- Balance sheet stays intact
- First-mover positioning/protection

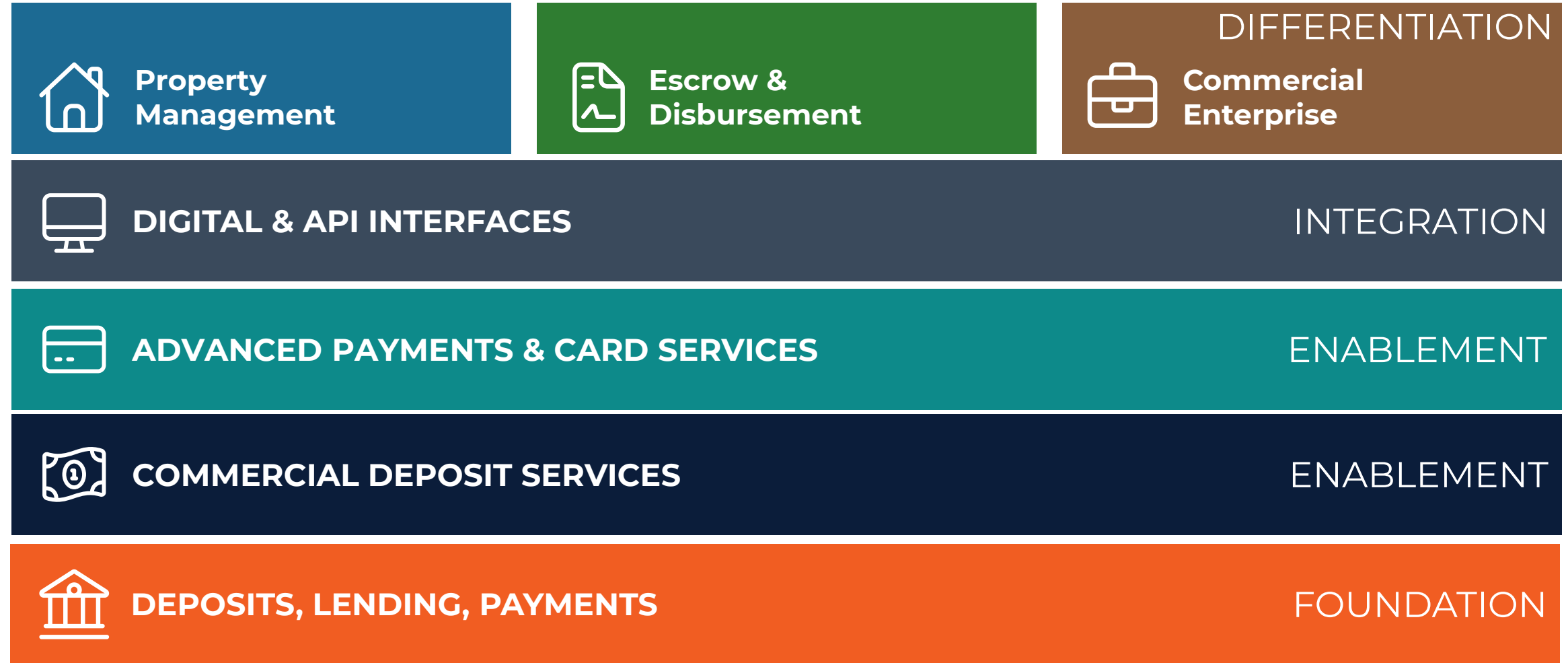
How Should Community Banks Execute?

The right capabilities, deployed in the right sequence, create deposit relationships that are operationally efficient and very sticky

Commercial Banking Building Blocks

Layered solution architecture delivering packaged vertical solutions on foundational banking services

VERTICAL SOLUTIONS



HOA & Property Management: High-Balance Deposits That Are Built to Stay



The Client Opportunity

- HOA & Property Management Companies



Who To Target And Your Competitive Edge

- Property management companies overseeing 10 or more communities are the primary target.

HOA Banking | The Deposit Value: Core Funding Advantage

Why HOA Deposits Are True Core Deposits

 Legally Mandated Reserves

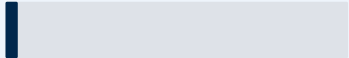
 Non-Rate-Sensitive Behavior

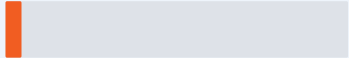
 8-12 Year Average Tenure

 Multi-Account Depth

Cost of Funds Comparison

What it costs to fund \$1 of lending — by source

HOA Operating DDA  ~0.05%

HOA Reserve Deposits  ~0.20%

Retail CDs / MMA  ~2.00%

Commercial Money Market  ~2.80%

Brokered Deposits  ~4.60%

FHLB Advances  ~5.10%

Balance Sheet Impact

1,000 HOA relationships | ~\$40.5M deposits

NIM Expansion
+22-40 bps

Cost of Funds Reduction
-45-80 bps

Loan-to-Deposit Ratio
-6 to -9 pts

CAMELS / Liquidity
↑ Core Deposit Ratio

Advanced Cash Management: The Commercial Relationship That Is Hard to Leave



The Product Set

- Zero Balance Accounts (ZBA)
- Virtual Accounts
- Sweep & Account Analysis



Who To Target And Your Competitive Edge

- **Who To Pursue:** CFOs and controllers at businesses with \$3M–\$20M in annual revenue who are outgrowing basic banking.

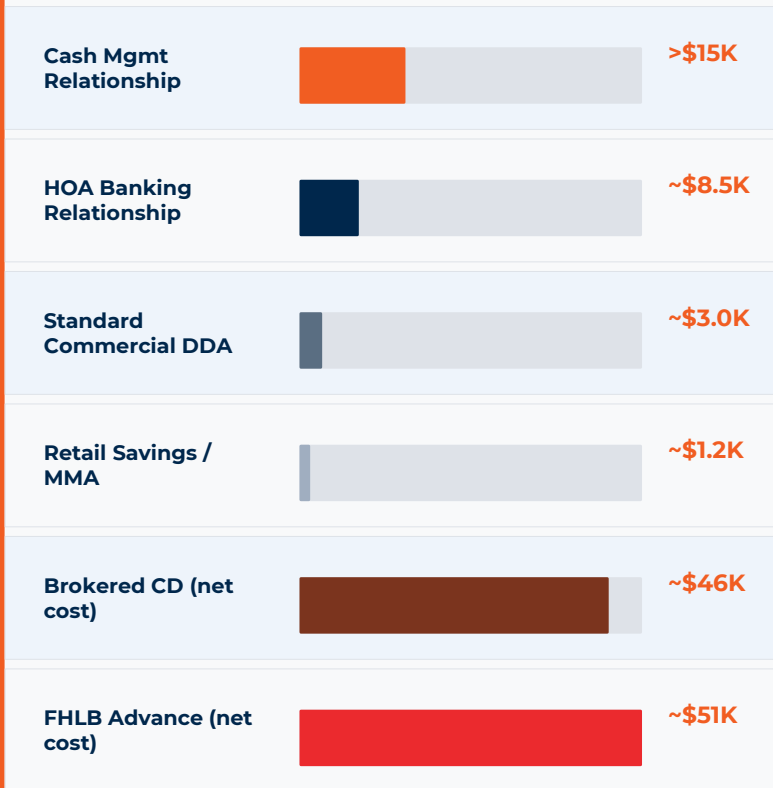
Advanced Cash Management | The Deposit Value: Fee Income & Relationship Premium

Why Cash Management Clients Are Premium Core Deposits

- Operationally Anchored
- Non-Rate-Sensitive Working Capital
- Fee Income Multiplier
- 8-12 Account Depth Per Client

Annual Revenue Generated per \$1M in Deposits

All income sources combined — by relationship type



P&L Impact

500 commercial cash mgmt clients | ~\$60M operating deposits

Annual Fee Income
+\$6.0M-\$9.5M

NIM Expansion
+20-35 bps

LDR Improvement
-5 to -8 pts

CAMELS
↑ Non-Interest Income Ratio

Treasury Services & Tokenized Deposits: Making the Bank Indispensable to Commercial Clients



The Next Layer of Services

- After-Hours & 24/7 Settlement
- Tokenized Deposit Network Access
- Unified Treasury Portal



Who To Target And Your Competitive Edge

- **Who To Pursue:** Companies carrying \$500K or more in overnight cash, businesses with international payment volume, and CFOs at fast-growing companies whose banking needs are outpacing their current setup.

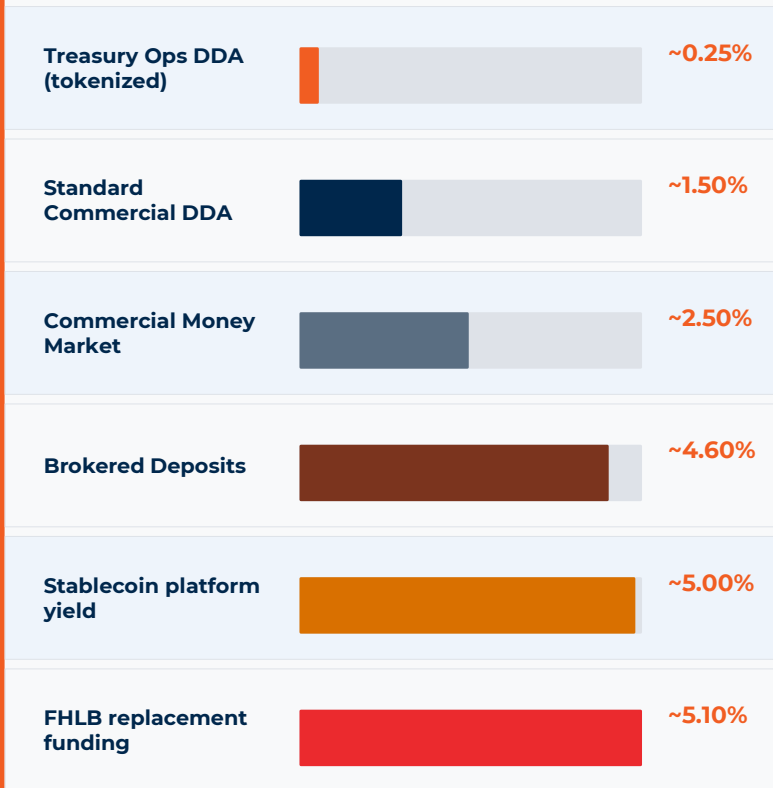
Commercial Treasury Services | The Deposit Value: Operating Deposit Retention

Why Treasury Clients Represent Permanent Core Funding

- After-Hours Settlement Dependency
- Multi-Rail Revenue Stack
- Credit Facility Anchor
- Balance Growth Compounds Value

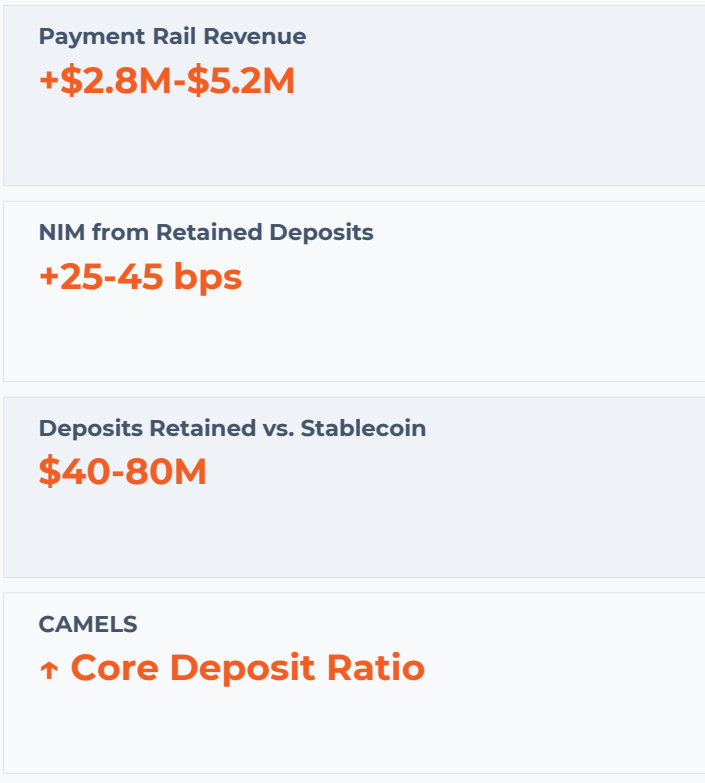
Cost to Fund \$1 of Lending — Retained vs. Replaced

What you pay to retain these deposits vs. what you pay if they migrate



Balance Sheet Impact

200 commercial treasury clients | ~\$80M operating deposits



Key Decisions For Your Leadership Team

Four decisions — sequenced by the tier framework — that define your digital money strategy

01 Which Tier Are You Actually At?

02 Distribute First or Issue First?

03 Which Vendors — Partner, Competitor, or Both?

04 How Do You Respond to the Trust Charter Threat?

The Strategic Imperative

Deliberate Speed Means Knowing Which Tier You Are Building To



**File FDIC
comment**

by May 18, 2026



**Engage your
regulator**

before rules finalize



**Contact
CSI**

to begin your roadmap

Thank You

Appendix

Supplemental data and reference slides

Implementation Roadmap: 3-phase Approach

All community banks — Tier 0 is the prerequisite; phases build from there

Phase 1: FOUNDATION

Months 1–6

- Tier 0 first: Assess FedNow/RTP readiness — if not live, this is your immediate action before any blockchain investment
- Board & exec education on GENIUS Act / CLARITY Act and the three-instrument distinction
- Engage primary regulator based on published NPRMs
- Customer research — assess digital payment demand by segment (commercial, consumer, cross-border)
- Issue RFPs to 3–5 qualified technology vendors; establish Digital Currency Working Group

Phase 2: BUILD & ENGAGE

Months 7–12

- Select technology vendor; execute agreements — Tier 1 distribution partner selected
- File formal regulatory comment letter (FDIC due May 18)
- Begin pre-application or preliminary inquiry to regulator
- Integrate APIs with core banking & mobile systems
- Build internal AML/BSA compliance for DLT activities

Phase 3: LAUNCH & SCALE

Months 13–24

- Launch pilot with selected customer segment
- Iterate — incorporate operational & customer learnings
- Expand use cases and customer segments
- Tier 2 decision point: evaluate tokenized deposit network enrollment with named commercial use case
- Monitor CLARITY Act — adjust on stablecoin yield outcome

⚡ CRITICAL DATES: FDIC comment period closes May 18, 2026 · Final GENIUS Act rules due July 18, 2026 · GENIUS Act effective latest January 18, 2027

90-DAY ACTION PLAN

Immediate actions — all community banks regardless of size

01

Assess Your Tier 0 Readiness

Determine whether FedNow and/or RTP are live at your institution. If not, this is your first action — instant payment rails solve 70-80% of client demand and cost a fraction of blockchain infrastructure. Complete Tier 0 before committing budget to Tiers 1-3.

02

Educate Your Board

Brief board and exec team on the three-instrument distinction (stablecoins vs. tokenized deposits vs. CBDCs), the tier framework, and the OCC trust charter competitive timeline. Assign board-level oversight responsibility for digital money strategy.

03

File a Comment Letter

Submit comments on FDIC GENIUS Act NPRM by May 18, 2026. Advocate for tiered requirements proportionate to community bank size. Engage ICBA or your state banking association to coordinate.

04

Engage Your Regulator

Contact your primary federal regulator (OCC for national banks, FDIC for state non-members) to discuss supervisory expectations for your intended approach — facilitation, partnership, or Tier 2 network participation.

05

Assess Your Exposure

Conduct deposit concentration analysis — identify commercial clients most likely to evaluate Circle, Coinbase, or Stripe/Bridge as their charters activate. Map which revenue lines (wire, ACH payroll, commercial treasury) are most exposed by segment.

06

Engage CSI

Launch vendor evaluation covering stablecoin facilitation platforms and tokenized deposit capabilities. Then engage CSI to understand our digital currency roadmap, integration timeline, and how we support your tier-by-tier build from compliance through customer delivery.



CSI

Your Digital Currency Strategy Partner

*60 years serving
community banking*

*500+ community
and regional banks*

How CSI Supports Your Universal Money Movement Strategy



Strategic Advisory

Regulatory navigation, vendor evaluation, business case development, and implementation roadmap tailored to your institution size and customer base.



Core Banking Integration

GENIUS Act-ready API integration with your existing NuPoint core system — ensuring digital currency capabilities fit into your existing customer experience.



GENIUS Act Compliance

Built-in compliance frameworks for PPSI application support, AML/BSA for DLT activities, and regulatory reporting aligned to OCC and FDIC NPRMs.



Vendor & Partner Network

Access to CSI's vetted network of GENIUS-compliant stablecoin platforms and tokenized deposit development partners — without navigating an unvetted market.

Community Bank Protective Provisions

How the GENIUS Act and CLARITY Act safeguard community bank competitive position



Interest Prohibition

GENIUS Act prohibits stablecoin issuers from paying yield/interest on balances. CLARITY Act battle over platform rewards will determine if this extends to distribution intermediaries.



FDIC Disclosure Req.

Explicit, mandatory disclosures that stablecoins are NOT FDIC-insured deposits. ICBA-backed provision protecting depositor understanding of their protection.



Big Tech Barrier

Technology companies with significant market power require UNANIMOUS approval from all 4 federal banking agencies to issue stablecoins. High bar for Apple, Google, Amazon entry.



Fed Master Account

Nonbank stablecoin issuers face restrictions on Fed payment infrastructure access, preserving community bank settlement system advantages — the critical unresolved question for trust charters.



Debanking Rule

OCC/FDIC rule eliminating reputational risk as standalone supervisory basis. Community banks can pursue digital asset strategies without fear of examiner pushback on non-safety-and-soundness grounds.



Reduced Exam Burden

OCC eliminated non-statutory exam requirements (eff. Jan 2026). New BSA/AML minimum procedures (eff. Feb 2026). Proposed CBLR reduction 9%→8% frees capital for digital investment.

2025 Stablecoin Market: The Numbers Accelerate

Full-year 2025 volume reached \$33T+. Bot-adjusted organic activity also surged. The market is growing fast

\$33+ TRILLION

Total stablecoin transfer volume 2025

+72% vs. 2024 | Surpasses Visa (\$16.7T) by 2x |
USDC led: \$18.3T

\$252B market cap (mid-2025) | Bot-adjusted organic ~\$9T
(+87% YoY)

Q4 alone: \$11T | Monthly avg \$1.48T (+27% YoY)

Source: Artemis/Bloomberg Jan 2026; TRM Labs 2025; Rise H1 2025; SQ Magazine Nov 2025

2025: What Changed vs. 2024

USDC overtook USDT in volume: \$18.3T vs. \$13.3T. Circle's GENIUS Act compliance is paying off in institutional trust

Organic volume ~\$9T (+87% YoY): Real economic activity growing faster than bot- inflated headline numbers

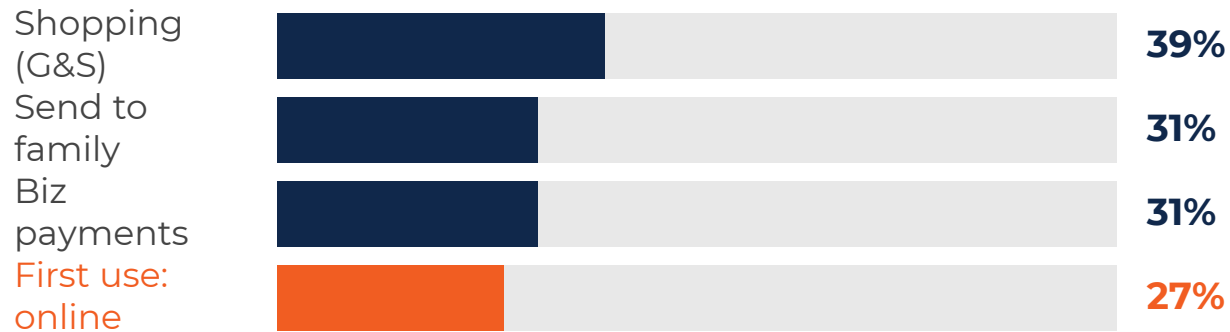
Market cap doubled in 18 months: \$252B by mid-2025 vs. \$127B in early 2024 — deposit migration risk accelerating

L2 transactions +54% YoY: Base and Optimism cutting fees to near zero, making consumer micropayments viable

Who Holds Crypto — And How They Use It for Payments

NCA / Harris Poll 2025: 10,000 US crypto holders surveyed — key findings for community bank strategy

REAL-WORLD USE CASES (% of crypto holders)



Key Insight: 39% use crypto for shopping — of these, 96% do so at least annually. Payment utility is real, not hypothetical.

Source: National Cryptocurrency Association / Harris Poll 2025 (n=10,000 US crypto holders)

WHO HOLDS CRYPTO IN YOUR MARKET

1 in 5

US adults own crypto (~55M people). It's your customers — not just tech bros

56%

Acquired crypto 2020-2025. A recent, engaged cohort — not long-time HODLers.

76%

Report positive crypto impact. Would use bank-offered stablecoin. The window is now open

Bank opportunity: 75%+ of consumers willing to try stablecoins if offered by their own bank

OCC TRUST CHARTER TRACKER — WHO'S IN AND WHO'S COMING

As of February 28, 2026 · Source: OCC Corporate Applications Search

✓ CONDITIONALLY APPROVED

Entity (Charter Name)	Planned Activities	Approved
Circle (First National Digital Currency Bank)	USDC stablecoin integration, federal payment access	Dec 12, 2025
Ripple (Ripple National Trust Bank)	RLUSD stablecoin; XRP Ledger + banking rails	Dec 12, 2025
BitGo Bank & Trust, NA	Digital asset custody, settlement — stablecoin issuance intended	Dec 12, 2025
Fidelity Digital Assets, NA	Custody, clearing, staking, trade execution	Dec 12, 2025
Paxos Trust Company, NA	Stablecoin issuance, reserve management	Dec 12, 2025
Stripe/Bridge National Trust Bank	Stablecoin issuance and payment infrastructure	Feb 2026
Crypto.com (Foris Dax National Trust Bank)	Custody, staking, trade settlement	Feb 24, 2026

⌚ APPLICATIONS PENDING

Applicant	Proposed Activities
Coinbase National Trust	Digital asset custody (no deposit-taking)
World Liberty Trust Co., NA (Trump-linked, USD1)	USD1 stablecoin (\$3.3B circ.), custody, conversion
Laser Digital Trust (Nomura subsidiary)	Institutional digital asset custody & investments
Payoneer National Trust	Cross-border payment settlement, digital assets

⚠ OCC finalized trust chartering rule Feb 27, 2026 (eff. April 1) — CSBS warned of potential litigation. Only Anchorage Digital has completed the full conditional→operational process.

Size-based Strategic Framework

Every bank starts at Tier 0. Your asset size determines how far and how fast you progress through the tiers

\$500M – \$1B

TIER 0 + TIER 1
FedNow → Distribute → Network

- Tier 0: Complete FedNow/RTP integration — this is non-negotiable and solves most client speed complaints now
- Tier 1: Partner with a GENIUS-compliant stablecoin issuer (Circle/USDC) for 1–2 use cases — cross-border remittance or commercial treasury access
- Tier 2 planning: Evaluate tokenized deposit network enrollment (Cari Network, CSI platform) — name a specific use case before committing
- Year 1 invest: \$450K–\$1.25M | Timeline: 12–15 months

ROI: 15–25% **~12–15 mos**

\$1B – \$5B

TIER 0 + TIER 1 + TIER 2
FedNow → Distribute → Network → Prepare

- Tier 0: FedNow/RTP complete. Tier 1: Stablecoin facilitation live — file regulatory comment by May 18
- Tier 2: Enroll in tokenized deposit network with named commercial client use case — hire or designate Digital Asset Officer
- Tier 3 evaluation: Begin formal pre-application regulatory inquiry. Issuance only if Tier 1 + 2 cannot serve the validated use case
- Year 1 invest: \$1.5M–\$3.5M | Timeline: 15–18 months

ROI: 20–35% **~15–18 mos**

\$5B – \$10B

TIER 0 THROUGH TIER 3
FedNow → Distribute → Network → Issue

- Tier 0 + 1 + 2 active: FedNow live, stablecoin distribution running, tokenized deposit network enrolled
- Tier 3: File preliminary stablecoin issuance subsidiary application now — consider OCC national trust bank charter path
- Build proprietary tech stack — not white-label. First-mover in your asset class controls the architecture for the next decade
- Year 1 invest: \$3M–\$7M | Timeline: 18–24 months

ROI: 25–45% **~18–24 mos**

Key Use Cases By Bank Size

Priority opportunities for digital currency revenue generation

\$500M–\$1B

- 1 Cross-border remittances (24/7 stablecoin rails)
- 2 Small business payment automation
- 3 Merchant settlement (faster than card networks)
- 4 Tokenized deposit pilot for digital-native clients

\$1B–\$5B

- 1 Commercial treasury management (multi-currency)
- 2 HOA & property management platforms
- 3 Real estate escrow via smart contracts
- 4 Stablecoin on-ramp/off-ramp for business clients
- 5 Cross-border B2B payment corridors

\$5B–\$10B

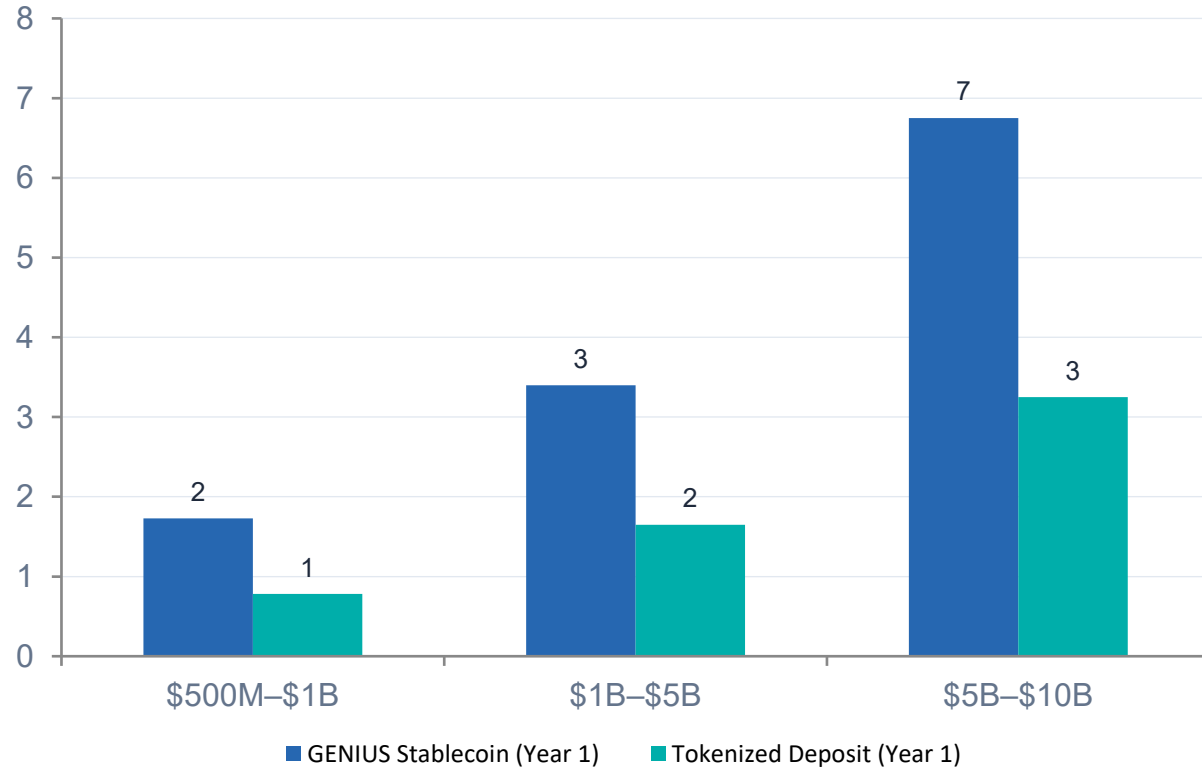
- 1 Direct stablecoin issuance via approved subsidiary
- 2 National trust bank for digital asset custody
- 3 Digital trade finance (tokenized instruments)
- 4 Interbank consortium tokenized deposit network
- 5 Embedded finance APIs for commercial clients

Universal (All Sizes): 24/7 Real-Time Payments • Digital Dollar Mobile Integration • CLARITY Act-Compliant AML/KYC Infrastructure • Yield-Competitive Deposit Products

INVESTMENT REQUIREMENTS & ROI PROJECTIONS

Year 1 cost comparison: GENIUS Act stablecoins vs. tokenized deposits

Year 1 Investment (\$M — midpoint estimates)



Bank Size	Year 1 Cost Range	Target ROI (Yr 2–4)	First Product Timeline
\$500M – \$1B	\$450K – \$1.25M	15–25%	12–15 months
\$1B – \$5B	\$1.5M – \$3.5M	20–35%	15–18 months
\$5B – \$10B	\$3M – \$7M	25–45%	18–24 months

REVENUE STREAMS

- Transaction fees: \$0.05–\$0.25/txn
- FX spread: 50–150 bps
- Custody/wallet: \$5–\$25/acct/mo
- Reserve income: 3.5–5% (issuers)

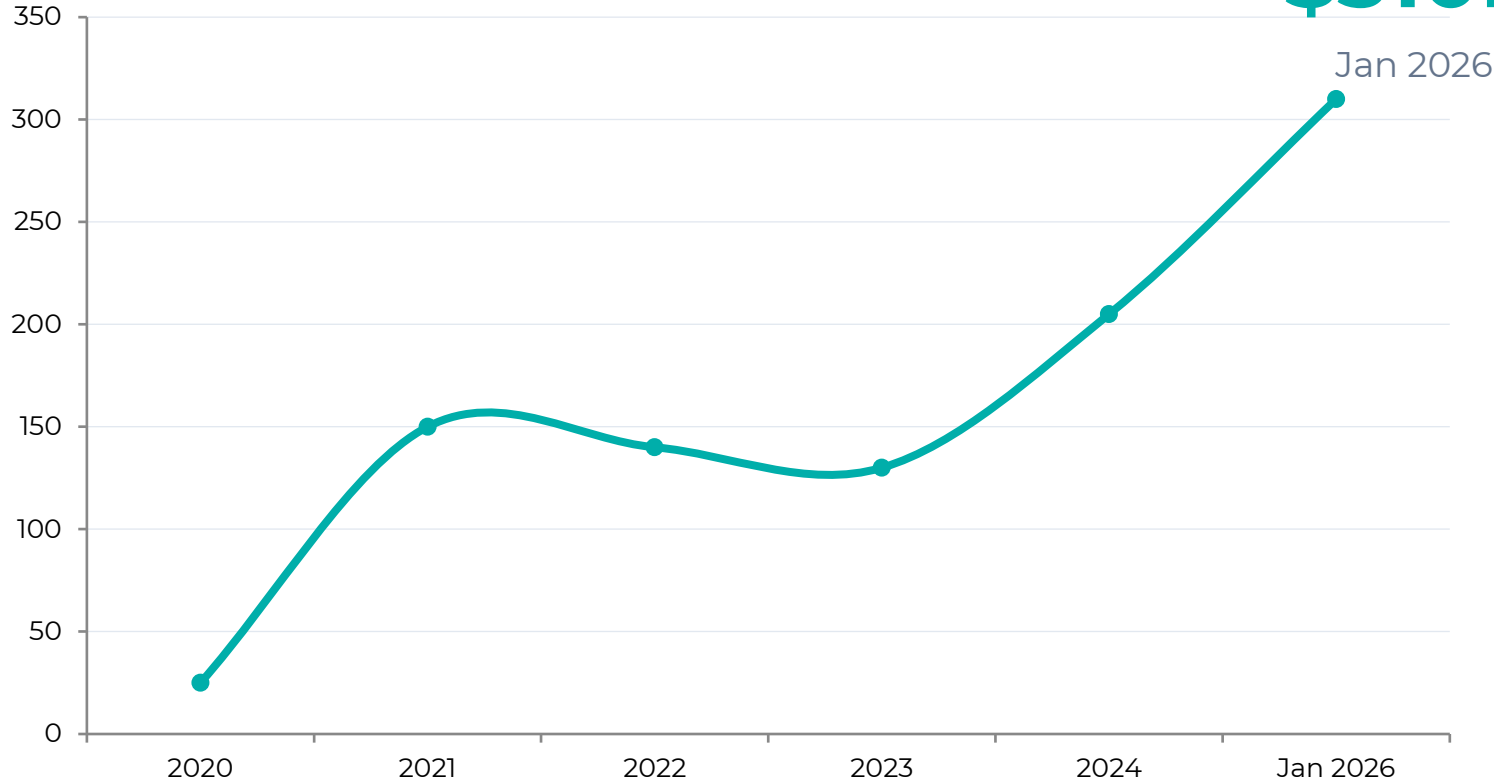
Tokenized deposits cost 40–60% less than GENIUS stablecoin compliance

STABLECOIN MARKET: SCALE, GROWTH & COMPETITIVE TIMELINE

From niche experiment to \$310B infrastructure — and growing

Stablecoin Market Capitalization (\$B)

\$310B



USDC
\$40B+
Circle supply
(most relevant bank partner)

USD1
\$3.3B
World Liberty Financial
(fastest growing Year 1)

~\$50T
Bloomberg projected
stablecoin payments by 2030

Bloomberg Intelligence projects stablecoins could process \$50T+ in annual payments by 2030.

TWO PATHWAYS: OPEN-CIRCULATION vs. NETWORKED BANK INFRASTRUCTURE

The choice is not either/or — but understanding the structural differences determines your sequence and priority

Feature	Pathway A: GENIUS Act Stablecoin	Pathway B: Tokenized Deposit + Shared Ledger
FDIC Insurance	X Not covered	✓ Full FDIC coverage
Regulatory Framework	New GENIUS Act / 12 CFR 15	Existing banking law — FDIC confirmed April 2026; operational guidance in progress
Interest / Yield	X Prohibited for issuers	✓ Permitted — key advantage
Reserve Requirement	100% HQLA backing required	Fractional reserve — preserves lending
Interbank Settlement	✓ No bank hop — 24/7	✓ Atomic settlement across network members — no bank hop overhead within the shared ledger
Market Scale	✓ \$310B+ live, proven	⚠ U.S. network forming in 2026 (Cari Network, CSI platform) — enrollment decisions are now
Regulatory Certainty	⚠ New framework — GENIUS Act rules finalized July 2026	✓ Higher — existing banking law and deposit regulation applies
Timeline	18–24 months	6–9 months (once guidance issued)

Deposit Value Model: Assumptions and Sources

Model Basis: Planning-level estimates derived from publicly available industry benchmarks and rate data for 2024–2025. All figures reflect modeled ranges, not audited results. Banks should substitute their own deposit cost schedules, fee structures, and loan portfolio data when applying these models to internal planning.

Cost of Funds Rates

HOA and Treasury Deposit Value slides. Source: FDIC SDI, FHLB advance rate schedules, Bankrate national survey, IntraFi/CDNetwork, Coinbase/Circle USDC yield data. All rates reflect 2024 averages.

HOA Operating DDA: ~0.05%

FDIC SDI national business DDA average was 0.07% in 2024. HOA accounts are non-yield-seeking transaction accounts and typically earn at or below that average.

HOA Reserve Deposits: ~0.20%

Reserve funds placed in savings or MMA at the low end of the rate range. FDIC average savings rates for non-rate-sensitive community bank depositors were 0.15–0.30% in 2024.

Retail CD / MMA: ~2.00%

Bankrate national MMA survey and FDIC rate cap tables show retail MMA rates of 1.50–2.50% in 2024. 2.00% is the midpoint.

Commercial MMA: ~2.80%

Commercial MMAs pay 50–80 bps more than retail. FDIC peer data shows community bank commercial MMA rates of 2.50–3.20% in 2024. 2.80% is the midpoint.

Brokered Deposits: ~4.60%

Short-term brokered CD rates ranged 4.40–5.00% in 2024 per FDIC brokered deposit data and IntraFi/CDNetwork marketplace historical rates. Reflects a 6–12 month instrument.

FHLB Advances: ~5.10%

1-year FHLB advance rates ranged 4.90–5.30% in 2024 per published schedules from FHLB Dallas, Chicago, and Atlanta. 5.10% is the midpoint.

Stablecoin Platform Yield: ~5.00%

USDC on Coinbase yielded 4.7–5.2% in 2024 per Coinbase published yield rates and Circle press releases. This is the direct competitive rate available to commercial clients who move cash to stablecoin platforms.

Balance Sheet Model

NIM expansion, LDR improvement, and deposit volume logic for all three slides

NIM expansion formula

$(\text{FHLB rate} - \text{deposit rate}) \times \text{deposit volume} \div \text{total assets}$. Example: \$40M in HOA deposits at 0.15% replacing FHLB at 5.10% = 4.95% spread \times \$40M = \$1.98M NII. On a \$500M bank = 40 bps; on \$800M = 25 bps. Ranges cover the \$400M–\$1.5B community bank asset range of the CSI market.

LDR improvement formula

Deposit volume added \div existing loan portfolio. HOA: \$40.5M \div \$450M–\$680M loan book = 6–9 pts. Cash Mgmt: \$60M \div \$750M–\$1.2B = 5–8 pts. Treasury: \$80M \div \$900M–\$1.6B = 5–9 pts. Loan ranges based on 80–90% LDR at those asset sizes per FDIC community bank peer data.

Deposit volume bases

HOA \$40.5M: 1,000 relationships at ~\$40.5K average; from existing CSI slide. CAI reserve study guidelines support \$25K–\$100K+ per community. Cash Mgmt \$60M: 500 clients \times \$120K average operating DDA. Businesses with \$2M–\$5M in revenue hold 1–2 months of cash in operating accounts; \$120K is intentionally conservative. Treasury \$80M: 200 clients \times \$400K average. Commercial treasury clients (\$5M–\$20M revenue) typically hold \$300K–\$700K in operating accounts.

Treasury deposits at stablecoin risk: \$40–\$80M

Floor (\$40M) assumes 50% retention without instant rail and tokenized deposit capability. Ceiling (\$80M) assumes full retention with the capability built. EY-Parthenon Stablecoin Survey (2025) reports 13% of large corporates already use stablecoins for treasury; community bank commercial client adoption modeled at a 2–3 year lag with 50% at-risk concentration in the treasury segment.

Fee Income and Source Citations

Cash Management and Treasury Deposit Value slides

Revenue per \$1M: Cash Mgmt >\$15K

Built from: account analysis \$500–\$2,000/month; wire fees 10–25/month at \$20–\$35 each; ACH batch fees \$50–\$150; commercial card interchange (bank share). Low end reflects smaller community bank clients at lower transaction volumes. Source: AFP Payments Cost and Complexity Survey 2023.

Annual fee income: +\$6.0M–\$9.5M (Cash Mgmt, 500 clients)

500 clients \times \$12K–\$19K average fee income = \$6M–\$9.5M. Per-client range is the low-to-midpoint of the revenue build, adjusted for community bank scale clients who are smaller than money-center bank cash management clients. BAI Banking Strategies benchmarks for community bank treasury management support this range.

Payment rail revenue: +\$2.8M–\$5.2M (Treasury, 200 clients)

200 clients \times 50 wires/month \times \$28 avg = \$3.36M annually; \times 20 ACH batches/month \times \$75 = \$3.6M annually; FedNow/RTP emerging volume at lower unit rates. Floor (\$2.8M) reflects newer rail adoption; ceiling (\$5.2M) reflects full multi-rail usage. Source: ABA Bank Services Fee Survey, AFP Payments Survey 2023.

HOA: Return on Assets +8–15 bps

Formula: NII improvement \div total assets. Replacing \$40.5M in FHLB at 5.1% with HOA deposits at 0.25% = \$1.98M–\$2.23M in NII. On a \$500M bank that is 42 bps pre-tax; on \$800M, 26 bps. The 8–15 bps after-tax range applies a 35% effective tax rate across the \$400M–\$800M asset range. Replaces the prior CAMELS / Core Deposit Ratio metric.

Cash Mgmt: Efficiency Ratio -3 to -6 pts | Treasury: -2 to -4 pts

Formula: non-interest income increase \div total revenue, expense held flat. Cash Mgmt: adding \$7M to a bank with \$80M revenue at 68% efficiency moves to ~65% (ratio drops ~3 pts). Treasury: \$4M in payment rail revenue on same base drops ~2 pts. Ranges reflect \$500M–\$1B bank revenue bases. Replaces prior CAMELS metric for both slides.

Primary Sources

FDIC Statistics on Depository Institutions (SDI) 2024 • FHLB published advance rate schedules (Dallas, Chicago, Atlanta) • Bankrate national deposit rate survey 2024 • AFP Payments Cost and Complexity Survey 2023 • ABA Bank Services Fee Survey • EY-Parthenon Stablecoin Survey 2025 • Community Associations Institute (CAI) reserve study guidelines • IntraFi / CDNetwork brokered deposit marketplace • Coinbase USDC yield disclosures; Circle press releases • BAI Banking Strategies treasury management benchmarks