

STABLECOIN SESSION

Stablecoins & the Future of Digital Payments

Opportunities, risks, and what financial institutions should be watching as digital payments evolve.

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Q2

What We'll Cover

01

Level-Setting

Crypto assets, stablecoins, and tokenized deposits — same dollar, very different claims.

02

Why Now

The regulatory clock, market forces, and adoption data driving urgency in 2026.

03

The Opportunity

Where stablecoins and tokenized deposits create real, measurable value.

04

The Risk

Compliance, operational, and 24/7 realities institutions consistently underestimate.

05

What to Watch

Practical signals and next steps for the months ahead.

Why Stablecoins Matter Now

Payment, treasury, and regulatory decisions are converging around new forms of digital money.

REGULATION

Federal implementation is moving toward the January 2027 statutory backstop.

CLIENT FRICTION

Cross-border payments, cutoff times, and USD access remain persistent pain points.

BANKING MODEL

Institutions must decide where deposits, liquidity, and control should reside.

OPERATING REALITY

Always-on settlement changes the operating model, not just the payment rail.

Sources: GENIUS Act; OCC and FDIC rulemaking. Market adoption varies by use case and source.

Not All Digital Assets Are the Same

Crypto Assets

- Not issued by a bank
- Not tied to fiat
- Value fluctuates
- Used for investment

Stablecoins

- Pegged to fiat, 1:1 reserves
- Issued by approved non-banks
- Liability of the issuer
- Not a bank deposit

Tokenized Deposits

- Issued by a bank
- Represent real deposits
- Move on modern (often private) rails
- Same protections as deposits

The GENIUS Act, at a Glance

What is it?

A federal framework for payment stablecoins issued or offered in the United States.

What does it do?

Sets issuer, reserve, redemption, supervision, and compliance requirements.

Signed July 18, 2025; general effective-date backstop January 18, 2027

1

Permitted issuers maintain identified reserves in defined eligible assets

2

Issuance limited to permitted bank subsidiaries and approved nonbank issuers

3

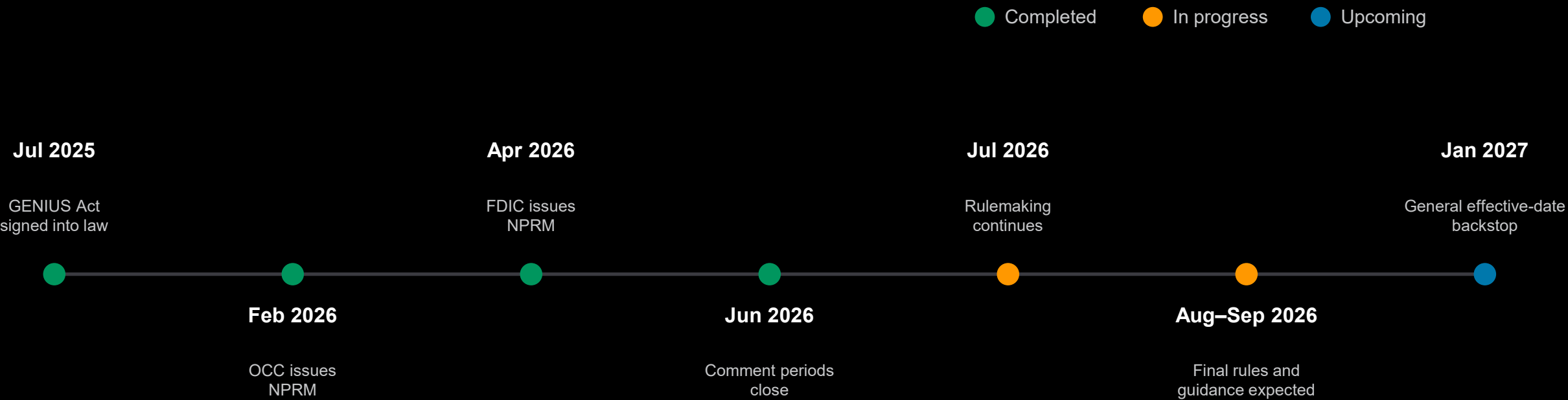
Federal and state oversight depends on charter, issuer type, and regulatory status

4

Requires redemption at nominal value and recurring reserve disclosures

GENIUS Act Implementation Timeline

The statutory backstop is January 18, 2027 unless final implementing rules trigger the earlier effective-date path.



As of September 2026, institutions should track final federal rules, BSA/AML requirements, and supervisory guidance while planning for the January 2027 backstop.

Stablecoins vs. Tokenized Deposits

Different claims, issuer models, network designs, and regulatory treatment.

	STABLECOINS	TOKENIZED DEPOSITS
Issuance	Permitted issuers	Banks
Backing	Eligible reserves	Bank deposit liability
Yield	Issuer may not pay interest solely for holding*	Subject to bank product terms
Infrastructure	Often public or permissioned networks	Private or permissioned networks
Deposit insurance	No deposit insurance for the token holder*	Deposit treatment and insurance depend on structure*
Governing regime	GENIUS Act	Banking law and deposit rules
Best fit	Open-network payments	Bank deposit mobility and settlement

**Legal, insurance, and yield treatment depends on product structure, regulation, and final guidance.*

Use Cases to Evaluate First

Use case	Where it can help	Bank question
Cross-border B2B payments	USD access, supplier payments, and settlement timing	Which client corridors have measurable friction?
Commercial treasury	Liquidity visibility and controlled movement of funds	Can deposits and control remain with the bank?
Payout and platform flows	Near-real-time disbursements and reconciliation	Who owns servicing, disputes, and exception handling?
Stablecoin services	Custody, on/off-ramps, or reserve relationships	What regulatory role and risk appetite apply?

Start with a client problem and validate demand, economics, control ownership, and regulatory fit before choosing a rail.

Illustrative decision framework. Validate demand and economics with institution-specific customer and operating data.

Where the Value Is

Start from the client friction, not the technology — then choose the rail that fits.



Cross-Border Payments

Open-network reach for international payments and store of value — strong on balances and fee generation.



Treasury & Liquidity

Commercial sweeps, cross-border settlement, and securities DvP — highest on balances and profitability, lowest on risk.



Digital Asset-Backed Lending

An emerging, longer-horizon use case as tokenized deposits and collateral frameworks mature.

Modernize deposits before payments: understand the ledgering and liquidity impact before selling a novel payment experience.

Use-Case Decision Lens

USE CASE	BALANCES	FEE GENERATION	PROFITABILITY	RISK	IMMEDIACY
STABLECOIN USE CASES					
Cross-border payments	6	9	8	Moderate	1 year
Cross-border store of value	9	2	9	Higher	1 year
Merchant loyalty program	8	8	5	Moderate	1 year
TOKENIZED DEPOSIT USE CASES					
Commercial treasury — sweeps	9	6	9	Low	In build
Cross-border settlement	7	8	8	Moderate	1 year
Securities / DvP settlement	6	7	7	Moderate	1–2 years

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Risk and Control Requirements

A viable product needs defined ownership, continuous operations, reliable books and records, and financial-crime controls.

Control Ownership

Assign accountable owners for token lifecycle, wallet access, vendor oversight, exceptions, and customer servicing.

24/7 Resilience

Set service levels, escalation paths, incident response, and staffing for continuous settlement and support.

Ledger and Liquidity

Reconcile token events, customer records, core, subledger, and general ledger; plan for liquidity and exceptions.

Financial-Crime Controls

Design sanctions screening, transaction monitoring, investigations, reporting, and record retention for the product model.

Regulatory and Market Signals



Federal Rulemaking

Track final implementing rules, BSA/AML and sanctions requirements, examinations, and agency guidance under the GENIUS Act.



California DFAL

SB 97 repealed DFAL's standalone stablecoin chapter. Payment stablecoin issuer requirements now follow the federal GENIUS Act framework. DFAL can still apply to other covered digital-asset activities.



Deposit Treatment

Follow FDIC and prudential guidance on tokenized deposits, pass-through arrangements, records, and deposit-insurance implications.



Ecosystem Design

Monitor interoperability, wallet custody, reserve relationships, vendor concentration, and the allocation of legal and operational accountability.

Building the Bridge: Q2's Approach

Through partnerships like Stablecore, Q2 gives FIs a unified infrastructure connecting legacy core systems with blockchain networks so value moves safely, instantly, and compliantly.

- **Regulated Digital Asset Enablement**
- **Participate Safely & Compliantly**
- **Unified Core Infrastructure**

Partnership fit and build-vs-partner economics for orchestration are reviewed at each roadmap gate.

2026

Phase I – Pilot & Adoption

Balances, send/receive, trade; fiat-backed stablecoins

1H 2027

Phase II – Commercial Workflows

Integration into commercial workflows and payment orchestration

2H 2027+

Phase III – Use-Case Expansion

Tokenized deposits, digital asset-backed loans

A 90-Day Bank Action Plan

1 Choose One Client Problem

Identify a payment, liquidity, or reconciliation friction that clients will pay to solve.

2 Set Governance and Risk Appetite

Assign executive ownership and define product boundaries, control standards, and decision rights.

3 Track Federal and California Rules

Track federal GENIUS Act implementation for stablecoins and California rules that apply to any other covered digital-asset activity.

4 Test a Controlled Path

Run vendor diligence and an operational-readiness assessment before committing to a build or pilot.

Thank You

Questions?

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