Fnality

Connecting thousands of stablecoins with a safe settlement anchor

By Simone Cortese, Head of Product at Fnality

Simone Cortese, head of product at Fnality, explores what must change for stablecoins to scale safely

Stablecoins are being hailed as the next leap forward in the future of cross-border payments and remittances, particularly in corridors where access to fiat is constrained and settlement is slow or costly.

While the jury is still out on whether stablecoins can transform "money" writ large, their impact on cross-border flows, emerging markets and settlement models is already tangible, promising faster settlement, 24/7 markets and global borderless transactions. Regulators are moving quickly to bring them safely into the mainstream, and issuance is scaling.

But, beyond questions of use cases and adoption, there is a structural issue that rarely gets addressed: What happens if stablecoins start to succeed in changing the way major financial institutions move money?

> Regulators are moving quickly to bring them safely into the mainstream.

Speed isn't the only goal

Success doesn't mean one or two coins becoming dominant. It likely means hundreds, potentially thousands, issued by different banks, platforms, corporates and networks. And history is clear on one point: when private money proliferates, it doesn't always trade at par. Under stress, different forms of money diverge in value, liquidity fragments and confidence becomes fragile.

If stablecoins succeed, the real challenge won't be how fast these new forms of money can move. It will be ensuring those tokens can always be redeemed for the right amount of real cash. In practical terms, that means stablecoins staying consistently exchangeable at par with their underlying currency. This is where the principle often referred to as the "singleness of money" becomes critical: the idea that a unit of currency retains the same value, regardless of its form or issuer.

This is not an abstract concern. Some stablecoins have already broken their peg, demonstrating that par exchangeability cannot be taken for granted.

> **History is clear on one point: when private money proliferates, it doesn't always trade at par.**

Fragmentation risk

We are already seeing the foundations of a fragmented landscape emerge as tokenized assets go live across multiple chains and private networks, and different forms of tokenized cash begin to move alongside stablecoins. These instruments often do not interoperate seamlessly, sitting on isolated rails rather than within a unified settlement fabric.

Stablecoins' emerging challenges:

01
Stablecoins can be fragile under stress.

02
They operate across non-standardised networks with inconsistent rules and controls.

03
Even when value moves, it is not always clear that settlement is happening consistently, safely and with true finality.

The question isn't whether money can move quickly – it now can. The question is whether it can settle safely, consistently and at scale. When settlement happens on different rails with different standards, legal assumptions and credit exposures, speed can become a source of fragility rather than resilience. A patchwork of wallets and networks may be efficient during normal conditions. Under stress, it can become a multiplier of risk. A world of hundreds of private coins needs one trusted settlement anchor, or fragmentation can become systemic.

> Even in a tokenized future, wholesale markets still converge on the same requirement: a risk-free settlement asset.

A risk-free settlement asset

Treasury teams are often the first to see this challenge coming.

For banks and large corporates, treasury is responsible for cash visibility, liquidity planning, reconciliation and controls – and above all, confidence that obligations are truly settled. A world where value sits in multiple wallets, moves across multiple networks and is denominated in multiple privately issued forms of money does not just add operational complexity, it weakens visibility.

Cash forecasting becomes harder. Intraday liquidity pressures increase. Reconciliation becomes continuous rather than end-of-day. And it becomes more difficult to be sure that settlement is final, especially when markets move in real time.

This is why, even in a tokenized future, wholesale markets still converge on the same requirement: a risk-free settlement asset. Whatever innovation happens in digital money (whether deposit tokens, stablecoins, tokenized deposits or tokenized money market funds), final settlement needs to occur in a form of money that carries no private credit risk and can close out exposures between institutions with certainty.

That is the role central bank money plays today. It is the ultimate settlement asset in wholesale markets and the anchor that ensures the "singleness of money" construct: that a pound is a pound, and a dollar is a dollar, regardless of which bank holds it. That principle matters even more when money becomes programmable, interoperable and global, because it is the condition that allows multiple forms of private money to coexist while remaining exchangeable one-to-one.

Infrastructure, not ideology

Given the imperative, what does responsible stablecoin regulation look like?

Reserves and redemption rights are necessary, but they are not sufficient. If the industry is serious about scaling digital money safely, policymakers will need to pay close attention to the settlement layer underneath it all – the infrastructure that preserves par exchangeability and delivers final settlement certainty across rails.

Digital money can move in real time today. The missing piece is consistent, risk-free settlement finality.

This points to a need for infrastructure, not ideology: a regulated settlement layer that can sit beneath multiple forms of digital money and multiple rails, preserving one-to-one exchangeability and providing real-time finality. In traditional markets, central bank money performs this function through systems like RTGS, ensuring that private liabilities can always be converted into a risk-free settlement asset. A digital version of this model is not optional – it is foundational.

That is why Fnality was created. By providing regulated, DLT-based systems for wholesale settlement using funds held in an account at the relevant central bank, Fnality will bring credit-risk-free settlement into tokenized workflows – enabling delivery-versus-payment and payment-versus-payment, intraday liquidity efficiency and safe interoperability between networks. Rather than competing with stablecoins or bank-issued digital money, this model is designed to connect them safely, and at the point where settlement risk actually matters. If stablecoins, deposit tokens and tokenized deposits are the instruments of the next era, central bank settlement remains the anchor that makes them credible at scale.

> **Our model is designed to connect them safely, and at the point where settlement risk actually matters.**

The time is now for industry coordination

The opportunity now is to get ahead of the problem while the market still has time to shape the architecture.

Already in 2026, Lloyds has completed a tokenized GBP transaction involving a delivery-versus-payment purchase of digital gilts issued on Archax. J.P. Morgan's deposit token, JPM Coin, has expanded to operate across multiple blockchains via the Canton Network. And BNY Mellon has launched a tokenized deposit service that enables clients to move funds over blockchain rails.

Each of these developments marks another step by global, systemically important institutions into digital assets – and reinforces that tokenized money is no longer experimental. The question the industry is asking now is whether settlement infrastructure that preserves par, finality and interoperability can evolve at the same pace – and Fnality is ensuring that they will.

Because if digital money grows without a settlement anchor, fragmentation will not just be inconvenient – it will become the next source of systemic risk.

Solving for this does more than reduce risk. It creates a Goldilocks zone in which safety and scale reinforce one another, unlocking faster growth, deeper liquidity and broader adoption of stablecoins within a system that institutions can trust.

> **Settlement finality and interoperability can evolve at the same pace – and Fnality is ensuring that they will.**

About the author

Simone Cortese

Simone is Head of Product at Fnality and a recognised voice in regulated digital market infrastructure. With 10+ years across fintech, capital markets and academic research, he leads the product roadmap for banks and market participants on Fnality's fully regulated DLT-based wholesale payment system.