IT TAKES A LITTLE

The Next Evolution of Digital Money

Stablecoins, tokenised assets, and the future of treasury.

Why Now? The Structural Shifts Driving Digital Money Adoption

For CFOs and treasury leaders, the shift to digital money is no longer an imagined future state – for some it's already reality, while others must start to prepare.

The global cross-border payments system moves over **USD 180 trillion** annually via correspondent banks, fragmented by cut-off times and settlement windows that are often measured in days.

A recent study shows that an estimated **USD 330 billion** in working capital is lost in the global financial system due to inefficiencies in B2B payments every year.

In the real-time payments transition, digital money – such as deposit tokens or stablecoins whose value is pegged to stable assets like the US dollar – are presenting an immediate, compelling solution and uptake across the world is fast-growing.

"We're building for a world where our clients can move value across borders – in seconds, not days – and where the settlement infrastructure itself becomes programmable, says Jeff Byrne, Managing Director, Global Transaction Services at Westpac Institutional Bank. "Organisations that prepare now will have structural and competitive advantages."

Importantly, digital money will not replace the existing financial system but will operate alongside it in ways that will matter enormously to treasury teams.

"Seismic innovation in the way that assets and money move through the global financial system occurs rarely," observed **RBA Assistant Governor Brad Jones in a recent speech on the next evolution in digital money**.

Part 1 of the Westpac Future of Payments report captures what financial leaders need to know now.

> **"We no longer see the main question as whether tokenisation has a future in Australia's financial system, but rather, how."**
>
> – Brad Jones, Assistant Governor (Financial System) Reserve Bank of Australia

Why now? Structural shifts and demand signals

A coalescence of infrastructure changes and fast-growing demand signals are creating an imperative that is difficult to ignore.

Correspondent banking is being re-imagined
Built around intermediary chains, pre-funded accounts, and banking-hours settlement, the architecture of cross-border payments remains fundamentally constrained. SWIFT – the backbone of international banking – is now building its own blockchain-based shared ledger for 24/7 global payments with live transactions planned for 2026. When the infrastructure provider itself is pivoting, the direction of travel is clear.

Asset tokenisation is accelerating
Tokenised asset trading is no longer experimental. **BCG** estimates that asset tokenisation will expand into a USD 9.4 trillion opportunity by 2030. Major global exchanges – the NYSE, NASDAQ and London Stock Exchange – have all committed to tokenisation and 24/7 trading. In Australia, the **RBA's Project Acacia** has tested 24 wholesale use cases across corporate bonds, repos, managed funds, trade payables, private markets and carbon credits.

Clients are already preparing
Corporate treasurers are actively exploring how to make their capital work smarter. Stablecoin payment capabilities are being built directly into enterprise resourcing planning (ERP) and treasury management systems, enabling accounts payable and receivable teams to transact in digital money as easily as in fiat currencies. Meanwhile, a new generation of tokenised money market funds is enabling ultra-short-term investment at scale, where "short term" means minutes, not days. Around 30% to 35% of US commercial bank deposits could migrate to stablecoins if regulators allow them to offer yield, according to Bank of America CEO Brian Moynihan. Early movers are looking for a competitive advantage.

Agentic commerce is on the way
The next frontier is autonomous transactions between AI agents operating as "personal CFO agents" that manage cash, allocate funds, and execute payments, and are able to interact directly with the agents of businesses without human intervention. Stablecoins are emerging as the most likely unit of currency for this machine-to-machine commerce, so the question for treasury teams is straightforward: would you give your entire bank balance to an AI agent, or a programmable, ring-fenced portion of it? How do you interact and move value between different forms of money?"

The answers will reshape how organisations think about liquidity, control, and delegation.

Are you ready for money that works smarter?

Project Acacia, which successfully tested 24 use cases of digital money, shows that Australia is also well on the way to developing the frameworks needed to facilitate digital assets.

"Stablecoins are living up to their promise, it's now about getting it delivered," says Drew Bradford, CEO, Macropod, Australia's first regulated issuer of AUD-backed stablecoins.

They are no longer just 'signals from the fringe', agrees Westpac's Jeff Byrne. "Companies need to prepare for fundamental changes to the future of money."

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Four Stages of Tokenised Adoption

Infrastructure build out
Infrastructure takes shape as banks, financial market operators, regulators and central banks establish the legal technical and operating frameworks.

Big institutions become early adopters
Following pilots of wholesale use cases, there will be a move to controlled testing in market for regulated entities, regulators/central banks and correspondent banks. Superannuation funds, fund managers, and institutional custodians are in this mix, including large organisations with regional treasuries and in-house banks.

Corporate integration takes off
As sandbox pathways and settlement infrastructure mature, large corporations begin integrating tokenised payments into treasury management and ERP systems, along with trade and liquidity workflows.

Widespread adoption goes agentic
Scaling is enabled on trusted rails as banks, SWIFT and market infrastructure providers build interoperability allowing agentic commerce, where AI agents transact autonomously, to flourish beyond the trailblazers giving rise to programmable commerce.

Next generation treasury advantage

Danielle Johnson, Head of International Payments and Digital Assets in Westpac's Global Transaction Services, says companies that use digital money for cross-border payments will be able to re-engineer their processes and do business with other countries when they need to, not just when payment systems allow.

"It's just-in-time, which means companies no longer have trapped cash sitting there for a whole weekend," she says.

The shift from correspondent banking to blockchain rails represents significant savings in time and transaction costs that could be allocated to higher-yielding investments.

Improved liquidity management is equally compelling. Byrne describes the ability to "lift value up and out of a lot of different economies and aggregate value without changing currency", which gives treasury teams a real-time picture of their entire global cash position across every entity and jurisdiction, without the friction and cost of moving money through correspondent banking networks.

Westpac's new digital treasury platform, Westpac One – rolling out from 2026 – is designed to support both traditional fiat and, in the future, tokenised payment rails. The platform will enable real-time, 24/7 liquidity movement alongside existing systems, reflecting the evolutionary dual-track reality treasurers will need to navigate.

The programmability of digital assets – the ability to embed smart contracts directly into transactions – is a key enabler. With conditions pre-built into digital money, payment is released automatically when predefined criteria are met, without manual intervention.

Byrne describes programmability as "compliant by design" as it collapses the parallel processes required for settlement into the transaction itself. "The key to each of these benefits is reduced friction and the impact of this will extend far beyond a treasury function," he says.

The transformation will traverse Australia's economy, with research from the Digital Finance Cooperative Research Centre (DFCRC) estimating that tokenisation of assets and money could deliver AUD 24 billion in annual efficiency gains. This estimate may be conservative, suggests **RBA Assistant Governor Brad Jones**, noting the **DFCRC's observation** that the gains "could be larger still if new markets emerged and second round effects are included".

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Balancing risk with regulation

Well-planned regulatory frameworks co-designed with domestic financial services firms are critical to tokenised money adoption, according to Macropod's Bradford, who believes the RBA's May 2026 announcement of a multi-stream program to grow wholesale financial market tokenisation leaves Australia well-placed.

"The US is the furthest ahead globally, but Australia has had a massive catch-up in the last 12 months, and I'd say we're probably now in the top five globally," he says.

Frameworks are converging across the world. The US GENIUS Act, the EU's MiCA regulation, and Singapore's MAS guidelines are all establishing clear rules for payment stablecoins. Australia's position, anchored by Project Acacia, is increasingly competitive [see sidebar].

Importantly, blockchain infrastructure also provides a degree of transaction transparency that traditional payment rails cannot match. Every transaction is recorded on an immutable ledger, enabling full traceability across the complete history of a wallet and its counterparties.

Blockchain infrastructure also strengthens compliance. Full counterparty traceability and pre-transaction controls – wallet whitelisting, sanctions screening, automated policy-based approvals – shift the risk management model from reactive post-trade detection to preventative pre-trade design. Importantly, the risk profile differs markedly between closed, regulated networks (such as SWIFT's blockchain-based shared ledger) and open, unregulated exchanges – a distinction compliance teams will need to navigate carefully.

Support from experienced finance industry players will be essential, believes Ryan Hodges, Managing Director, at Zodia Custody, a digital asset infrastructure provider backed by Standard Chartered Bank.

"Organisations that engage with digital assets need counterparties who can provide bank-grade security, rigorous compliance infrastructure and regulated custody so they can understand how risk is managed, not just claimed," Hodges insists.

For most institutional clients, that means working with their bank – an entity already subject to prudential regulation, with frameworks that extend naturally into digital assets.

A step-change in market infrastructure

Project Acacia tested 24 real-world use cases for settling transactions in tokenised assets using digital money – including stablecoins, bank deposit tokens, and a pilot central bank digital currency (CBDC).

Key findings
The research initiative, led by the RBA and the DFCRC, showed tokenisation – paired with new forms of digital money and enhanced settlement infrastructure – can structurally improve how wholesale markets function, making settlement fast, improving liquidity access and reducing risk.

The implication
The world's financial system is moving toward multiple co-existing forms of digital money, stablecoins, tokenised deposits and CBDCs. The critical design question is interoperability, creating digital assets frameworks that work together seamlessly and maintain trust. That's where the real value – and risk – sits.

The next phase
The project identified the potential bottleneck is coordination. Progress requires an aligned effort across banks, infrastructure and regulators.

To build on Project Acacia's momentum, the RBA's latest program of work includes:

- Strengthening cooperation between industry and regulators
- Exploring a regulatory 'sandbox' for digital financial market infrastructure to take industry from experimentation to commercialisation
- Considering the opportunities and challenges in government issuance of tokenised bonds
- Continuing industry-led work on interoperable commercial bank deposit token.

Digital Money - next steps for business

Westpac is committed to playing a leadership role in laying the groundwork for mainstream tokenisation to benefit our clients and the competitiveness of all Australian businesses.

Preparing with confidence

Westpac is actively supporting clients to take the following steps to ensure they are digital money ready when the time is right for their circumstances.

Building internal capability
Ensure that the board, CFO, and treasury team can distinguish between stablecoins, deposit tokens, and volatile crypto assets - and understand where regulation currently stands. A shared understanding across treasury, finance, risk, legal, technology and customer teams will enable the organisation to assess digital money through a business, risk and operating model lens.

Identifying priority use cases
Focus on practical use cases where the limitations of today's infrastructure are already being felt. This includes fragmented supplier payment markets, trapped working capital, settlement processes with high reconciliation effort, and cross-border corridors where speed, certainty and transparency matter most. The priority should be areas where material value is clear, risk can be managed, and new capabilities can run alongside existing treasury operations.

Preparing for new payment infrastructure
Consider how digital money will fit with any financial management system upgrades planned across the organisation. This includes assessing how digital money could connect with existing ERP, treasury management, payment gateway and reconciliation systems. For most organisations, the near-term question is how tokenised rails can sit alongside existing fiat rails - not replace them overnight.

Developing a staged adoption roadmap
Being ready for digital money does not mean every organisation needs to move immediately to execution. It means understanding the opportunity, identifying priority use cases, aligning internal stakeholders, selecting trusted partners and building a roadmap that allows the organisation to move when the regulatory, commercial and operational conditions are right. It also means considering how future customer experience, automation and AI-enabled transaction models may change the way value is initiated, controlled and settled.

Selecting trusted infrastructure partners
Choose partners with bank-grade custody, regulated environments, and a dual-track architecture that supports both fiat and tokenised rails. Work with trusted financial partners that understand your business and are building the infrastructure to safely connect you to this new world of corporate finance - and help position Australian companies to access the **efficiency gains** identified by the RBA.