

## Digital Asset Forum | Briefing Note

# Regulation and infrastructure evolution into 2025

December 2024

*The Digital Asset Forum is a senior-level global network of financial institutions that meets periodically to discuss developments in digital assets and perspectives on enterprise-level implications for technology, business, and strategy. The IIF convenes the Digital Asset Forum with our knowledge partner, the Oliver Wyman Forum. This briefing note summarizes the discussion held on December 17, 2024, respecting that the forum is conducted under the Chatham House Rule and does not represent the official position of the IIF or its membership.*

### **Infrastructure development requires balance between experimentation and commercial viability**

Moving experiments into actual deployments for infrastructure for digital transactions presents many challenges. Financial institutions have invested in many projects with near-term practical applications and clear short-term commercial outcomes, raising questions whether this will limit resources devoted to other potentially beneficial initiatives that would have longer timelines for commercialization. New infrastructure solutions need to both support and draw sufficient volumes when deployed for further innovation to occur. Eurosystem wholesale settlement trials demonstrated successful collaboration between central banks and private sector actors in building implementable solutions, particularly in enabling interoperability between different distributed ledger technologies. Questions about the optimal sequencing of infrastructure development, and ongoing projects in the EU, Singapore, and elsewhere, have prompted the industry to consider areas for platform consolidation, including whether a single network is the desirable future state.

### **Financial institutions continue to explore different assets for different use cases**

The roles and relationship between stablecoins, tokenized deposits, and traditional banking services remain under discussion. Some financial institutions are pursuing tokenized deposit solutions, while others focus on scaling stablecoins. Some evidence suggests that stablecoins may be scaling faster in certain use cases, such as commodity markets formerly serviced by correspondent banks. The official sector may also now be more open to stablecoins; participants noted a recent tone shift in policymaker statements and greater positive regulatory engagement. As FIs continue to explore tokenized instruments, compliance requirements and changes to operational efficiency must be carefully weighed. The regulatory landscape for each product type may also shift quickly.

### **Shifting U.S. regulatory landscape signals positive change for digital assets**

Participants expressed optimism about the potential for a new approach to regulating digital assets in the U.S. in 2025. Changes in leadership at key institutions and the start of a new political calendar may bring about clarity on the application of existing regulations and movement on long-delayed legislation. Legislation on stablecoins seems likely to move first. This shift would be welcomed, as the U.S. delay in establishing clear regulation has slowed industry development and engagement with digital assets by traditional FIs due to the centrality of the U.S. markets in global finance. Some participants cautioned that changes at U.S. regulators are unlikely to happen simultaneously, given different responsibilities, processes, and term limits for key offices. The discussion emphasized that U.S. regulatory evolution would likely influence global perspectives, given the interconnected nature of digital assets.