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DIGITAL ASSETS

**Open USD, Kinexys and
the Future of Programmable Finance**

By

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Executive Summary

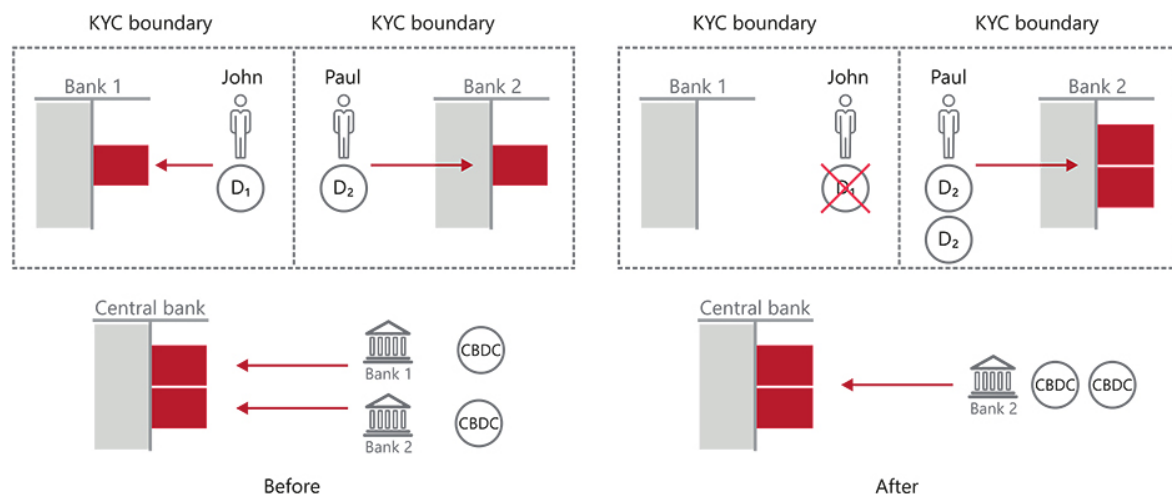
- ✦ Open USD and JPMorgan Kinexys represent two competing models of programmable money. An open, interoperable stablecoin architecture and a bank-issued tokenised deposit architecture embedded within the regulated financial system.
- ✦ The competition is no longer about blockchain adoption, but about financial architecture. The central question is which model will define the infrastructure, governance, and economics of digital money.
- ✦ Each model serves distinct use cases and economic incentives. Stablecoins are better suited to cross-border payments, digital asset markets, and internet-native commerce, while tokenised deposits are designed for wholesale banking, institutional settlement, and regulated financial markets.
- ✦ The defining difference lies in governance and control. Open stablecoin networks prioritise interoperability and ecosystem growth, whereas tokenised deposits rely on regulated banking institutions, prudential oversight, and established legal frameworks.
- ✦ Rather than one model replacing the other, the future is likely to involve coexistence and convergence.
- ✦ However, the standards and governance choices made today will determine how open, competitive, and interoperable the next generation of digital financial infrastructure becomes.

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Key Picture: Architecture of Bank-Issued Tokens

Non-bearer instrument model of tokenised deposits

Graph 3



Dotted lines denote know-your-customer (KYC) boundaries. The red rectangles indicate the liabilities of the respective issuers (Banks 1 and 2 and the central bank), with red arrows originating from the holder of those liabilities. D₁ and D₂ denote the tokens held by John and Paul, which are liabilities of their respective banks.

Source: [BIS](#)

1. Introduction

The future of money is no longer a battle between traditional banking and blockchain – it is becoming a convergence of both. Around the end of June 2026, two significant announcements have underscored this shift. First, **Open Standard introduced Open USD**, an industry-backed stablecoin designed to provide businesses with shared, interoperable digital dollar governed by a broad consortium of financial and technology companies.¹ And second, **JP Morgan expanded its Kinexys Blockchain Deposit Accounts**, enabling institutional clients to hold traditional bank deposits on blockchain infrastructure with programmable, 24/7 payment capabilities across multiple currencies.² While these initiatives are different in their approach – one building a new digital asset and the other reimagining conventional bank deposits – they point toward the same shift i.e., the contest over who will build the core architecture of institutional digital money. While initial debate focused on crypto vs traditional finance, the more consequential debate now is between two regulated models of programmable money – open stablecoins and bank-issued tokenised deposits.

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The significance of this shift is easy to miss if these products are treated as isolated innovations. Open stablecoins and tokenised deposits both promise faster settlement, broader automation, and easier integration with digital markets, but they do so through fundamentally different institutional logics. Stablecoins extend money outward into open blockchain ecosystems, on the other hand, tokenised deposits preserve money inside the banking perimeter while making it programmable.^{3 4} Hence, the difference is structural and that is why the issue is no longer whether digital money will emerge – it already has. The real question is which form of digital money will set the standards for liquidity, compliance, interoperability, and governance across the next generation of financial markets. The outcome will determine not only how value moves, but also who controls the rails, the data, and the rules of participation.

The contestation has become urgent because market structure has changed faster than legacy payment systems. Trading, collateral management, and treasury operations increasingly need instant settlement, continuous availability, tokenised assets, and programmable execution and once money is expected to move at internet speed, programmability ceases to become a mere differentiating feature and becomes essential infrastructure. But this transformation is about far more than faster payments. Programmable money is emerging as the coordination layer of markets.⁵ This shifts the debate from ‘how money should move’ to ‘who will define the architecture of money itself’ and whether the future belongs to tokenised deposits, stablecoins, or a hybrid model of both will not just shape payments, but the architecture of global finance itself.

2. The Two Models of Programmable Money

Although both are forms of tokenised money, they differ fundamentally in their legal structure, governance, balance-sheet treatment, and intended use.⁶ Open stablecoins represent the blockchain-native model of digital money designed to move freely across platforms, applications, and users without being confined to a single banking silo. In principle, they are interoperable, composable and suited to a broad developer ecosystem. BIS analysis notes that this open architecture unlocks powerful network effects, global accessibility, and cross-platform portability that closed banking silos cannot easily replicate.

However, this borderless momentum introduces severe operational and structural vulnerabilities. Because stablecoins operate outside traditional perimeters, they lack automated central backing. Consequently, their market value remains highly sensitive to the credit quality of underlying reserves, cross-jurisdictional compliance friction, and ongoing market confidence in issuer redemptions, ultimately threatening the core economic principle of the singleness of money.^{7 8}

In contrast, tokenised deposits keep money inside the banking system. They are bank liabilities wrapped in a programmable form and typically operate on permissioned networks with embedded compliance. The BIS has argued that this model is more conducive to singleness of money because settlement occurs in central bank money or within regulated banking structure, rather than through freely circulating bearer claims.^{9 10} In effect,

the bank remains the issuer, the regulator remains close to the system, and the customer's claim remains anchored to familiar legal and supervisory frameworks.

This gives tokenised deposits significant advantages. They inherit banking trust, established customer relationships, and the regulatory certainty that comes from being inside the perimeter. But they are also narrow by design. Permissioned participation and institution-led governance may limit openness and broader ecosystem development, making tokenised deposits less likely to evolve into a general-purpose internet-native money layer.^{11 12} Hence, the core difference is not technical sophistication; it is whether digital money is built as open infrastructure or as a regulated extension of banking.

3. Financial Architecture and the Economics of Programmability

The competition between stablecoins and tokenised deposits is fundamentally a contest over financial architecture rather than branding or product differentiation. The real struggle is occurring at the foundational layers of the digital financial ecosystem which includes money itself, settlement infrastructure, applications and services. Success at the base layer shapes the entire ecosystem because developers, exchanges, corporate treasurers, fintech firms, and financial institutions naturally build around the dominant unit of digital settlement.¹³

The significance of this architectural contest lies in the economic transformation enabled by programmable money. Unlike traditional money, which primarily functions as a medium of exchange and store of value, programmable money embeds transaction logic directly into digital assets, allowing payments, compliance, collateral management, and settlement to occur automatically through software.¹⁴ This shifts value creation away from conventional account management toward real-time settlement, embedded finance, smart-contract execution, tokenised collateral, and machine-to-machine payments that reduce reliance on manual intermediaries. As a result, the source of competitive advantage increasingly depends on the architecture supporting programmable transactions rather than on conventional banking products alone.^{15 16 17}

The competing architecture also embodies distinct economic models. Stablecoin issuers pursue scale, transaction volume, and network effects, recognising that broader adoption increases liquidity, utility, and the attractiveness of their ecosystems.¹⁸ Their economic value grows with expanding participation across decentralised finance, payments, and cross-border transactions.¹⁹ Banks, by contrast, operate under an entirely different mandate protecting economic value leaning heavily on defensive balance-sheet management, controlled financial intermediation, and tight compliance structures explicitly designed to keep deposits firmly inside the regulated banking system.^{20 21 22} These contrasting incentives illustrate that the competition is simultaneously technical and economic.

4. Governance and the Control of Digital Money

Beyond technology and economics, the competition between stablecoins and tokenised bank deposits is ultimately also a contest over governance. Although both seek to facilitate digital settlement, they embody fundamentally different approaches to allocating decision-making authority within the financial system. Governance determines who establishes the rules for participation, manages risk, oversees system upgrades, and controls the underlying monetary infrastructure. Consequently, the long-term success of either model depends not only on technical efficiency but also on the legitimacy and effectiveness of its governance framework.^{23 24}

Open stablecoin ecosystem disseminate governance across issuers, blockchain protocols, validators, developers, exchanges, and users. This raises fundamental questions regarding reserve management, protocol upgrades, validator participation, compliance standards, interoperability, and collateral eligibility. Decisions concerning network participation and operational standards therefore shape how digital money is governed, making governance a defining feature of how it is created, circulated and controlled.^{25 26} By contrast, tokenised deposits allocate these governance functions primarily to regulated financial institutions operating within established

legal and supervisory frameworks. Access is permissioned, oversight is exercised through banking regulation and prudential supervision, and settlement remains anchored in central bank money.^{27 28 29} This model provides greater legal certainty, accountability, and regulatory oversight, although these features may reduce openness by making participation and innovation subject to institutional approval. As a result, it more closely resembles a regulated financial utility than an open digital monetary network.³⁰

The central issue is therefore not simply whether digital money can be trusted, but who has the authority to define and enforce that trust. Stablecoin-based systems distribute governance across a broader network of market participants and technological infrastructures, whereas tokenised deposit systems concentrate governance within regulated banks and public authorities. These competing models offer different answers to a fundamental political economy question: who controls access to liquidity, determines the rules of participation, and ultimately governs the movement of money within the digital financial system?

5. Coexistence or Convergence

In light of the developments by Open Standard and JPMorgan, a winner-takes-all outcome appears unlikely. The two models already appear suited to different use cases.^{31 32} Stablecoins are increasingly used for cross-border payments, digital asset markets, decentralised finance, and internet-native commerce.^{33 34} Tokenised deposits are particularly well suited to wholesale banking, corporate treasury, syndicated lending, and institutional settlement, where legal finality, settlement in central bank money, and bank integration are critical.³⁵

That said, the boundary between the two models may not hold. Banks may issue stablecoin-like instruments. Stablecoin issuers may become more bank-like as regulation tightens. Infrastructure providers may support both models on the same rails.³⁶ The more programmable money matures, the more likely the market is to converge on hybrid forms rather than pure categories. Even so, coexistence should not be confused with equivalence. The standards set now will influence how much openness, competition, and composability survive in the long run and a hybrid system could still tilt decisively toward one architecture or the other.

6. Upcoming Phase of Digital Finance

Against that backdrop, Open USD and JPMorgan Kinexys demonstrate that the debate over digital money has moved beyond whether blockchain belongs in institutional finance. That question has largely been answered. The more consequential issue is which architecture will define the programmable money layer - an open, interoperable stablecoin model or a bank-controlled tokenised deposit model. In that sense, these initiatives are more than product launches, rather they represent competing visions for the future design of digital finance.

Open USD reflects the logic of open programmable money through portability, composability, and interoperability across platforms. By contrast, Kinexys brings commercial bank deposits into programmable environments while preserving regulatory oversight and banking system integration. Together, they embody competing approaches to the future of financial infrastructure. The competition between them is therefore not simply about payment efficiency or technological innovation. It is a contest over the architecture of digital money and the governance frameworks that will underpin the future financial system. Open stablecoin networks derive value from interoperability, ecosystem growth, and network effects, whereas tokenised deposits build on regulated banking relationships, balance-sheet credibility, and prudential oversight. The architecture that ultimately prevails will influence not only how money moves, but also who controls liquidity, settlement, transaction data, and the rules governing participation in digital finance.

Whether the future evolves around open networks, regulated banking infrastructure, or a hybrid of both, the choices being made today will shape the evolution of programmable money for years to come. In that respect, Open USD and Kinexys are not simply competing payment innovations, they are competing visions of how digital money itself will be governed, circulated, and integrated into the global financial system.

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