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**Tokenised Bank Money is Moving Toward a
“Hub-of-Hubs” Model Through Swift**

By

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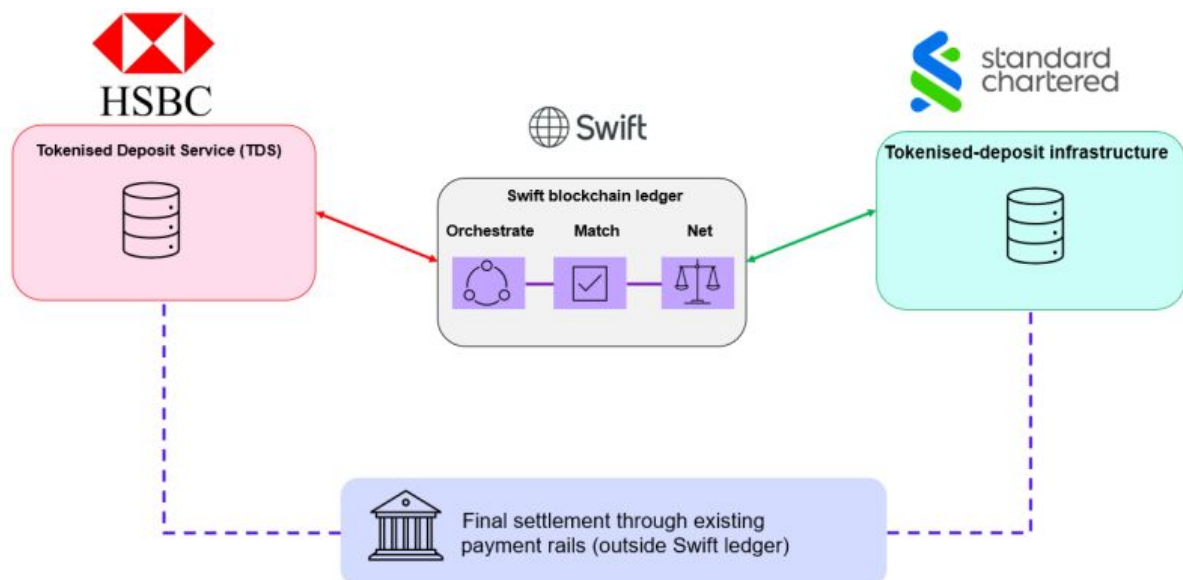
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Executive Summary

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- ✦ Swift’s emerging Hub-of-Hubs model offers an alternative to a universal token connecting separate bank-issued tokenised deposits through a shared interoperability layer.
- ✦ Recent live transactions show how Swift’s ledger can connect separate banking systems, support corporate treasury payments and enable cross-border transaction beyond conventional banking hours.
- ✦ The model preserves established banking roles around deposits, customers, compliance and liquidity, while Swift coordinates payments across institutions.
- ✦ Interoperability does not eliminate structural constraints as liquidity remains distributed across banks, final settlement relies on existing arrangements, and foreign exchange complexity persists. These factors will influence the model’s overall efficiency.
- ✦ Institutional reach will determine the model’s long-term success as broad banking participation, integration with existing treasury systems, reliable settlement and consistent compliance will be essential for Swift to become a widely adopted interoperability standard.

Key Picture: Swift’s Hub-of-Hubs Model for Tokenised Deposits



Source: [LinkedIn](#)

1. Swift's Emerging Hub-of-Hubs Model

The recent tokenised-deposit transactions involving Citi with First Abu Dhabi Bank (FAB), Oversea-Chinese Banking Corporation (OCBC) ¹ and Development Bank of Singapore (DBS) ² alongside BNP Paribas and HSBC for Siemens ³ collectively points toward an emerging infrastructure in cross-border payments where banks instead of migrating onto a single universal tokenised-deposit network, connect their separate bank-issued digital-money systems through the Swift's blockchain-based ledger.⁴

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Tokenised deposits face a major obstacle at the interoperability layer of transactions. While efficient in intra-bank transactions, the obstacle occurs due to proprietary ledgers and a lack of common coordination mechanism as a result of which banks are left with options of either developing recurring bilateral alliances or convincing external parties to integrate into one's own proprietary network. A larger problem in this scenario is that neither of these options are likely to establish a truly global and efficient institutional scale.⁵ Here, Swift's blockchain-based ledger offers a solution by facilitating the coordination layer enabling payments and interoperability between different bank systems while final settlement continues to occur through established mechanism like RTGS.⁶

This architectural choice for cross-border transactions suggests an emergent "Hub-of-Hubs" model ⁷ where participating banks act as the hub for its own customers, liquidity and deposits while Swift acts as the interoperability hub connecting the separate banking hubs effectively eliminating the limited reach of tokenised deposits beyond a single bank's network while preserving bank issuance and customer relationships.

2. What the Four Transactions Actually Demonstrate

The four transactions should not be understood as a monolithic proof of concept, rather as complimentary tests of different constraints in the development of interoperable tokenised bank money.

Citi's transactions with FAB and OCBC demonstrated that the Swift-ledger model can operate across distinct regional banking system, in this case, USD transactions with FAB in the Middle East and OCBC in Asia using tokenised deposits and smart contracts on Swift's blockchain-based ledger, with final settlement through existing correspondent channels.⁸ Beyond two banks exchanging monetary value, these transactions showcased that proprietary bank ledgers could be coordinated through a shared layer without requiring either bank to abandon to its own deposits, compliance or settlement arrangements.

Furthermore, the BNP Paribas-HSBC transaction for Siemens demonstrated a corporate treasury test most consequential for clients. In this transaction, funds moved from Siemens' euro account with BNP Paribas (in France) to a sterling account with HSBC (in the UK).⁹ Since the transaction used existing accounts and instruction channels, Siemens was not required to adopt a new wallet, open a new banking relationship, or hold an entirely separate digital token. Hence, the innovation sat beneath the client interface and only change was how payment coordination and settlement occurs, simultaneously preserving familiar treasury workflows.

Lastly, the DBS-Citi transaction addressed the issue of 24/7 availability. Executed on a weekend, this particular transaction was a cross-border USD payment between Singapore and New York completed in minutes, rather than the standard two business days settlement period caused by non-working days and conflicting time zones.¹⁰ This established the practical appeal of tokenised deposits not as a new asset in itself but as an efficient way to unlock 24/7 access to traditional commercial-bank money.

These four transactions collectively suggest that the model is less about creating one universal bank token and more about making different forms of bank-issued digital money interoperable across borders, currencies and corporate treasury systems. However, a key question then remains whether interoperability among separate forms of bank money can establish an institutional scale and reach traditionally associated with a universal token or a network.

3. Preserving Traditional Roles – Banks' Issuance and Swift's Coordination

This Hub-of-Hubs model executes a complex process through divided roles for all entities involved in the transaction. The participating banks perform their usual commercial banking defined functions i.e. deposit issuance on their own ledgers, onboarding customers, maintaining accounts, liquidity and treasury services. Citi's announcement likewise frames the initiative as combining its payments, clearing, tokenisation and custody capabilities with Swift's shared infrastructure "to enable real-time, multi-bank, cross-border payments".¹¹ Meanwhile, Swift's digital ledger provides a shared orchestration layer for tokenised deposits held on bank's own ledgers. This way the participating banks are able to coordinate cross-border payment commitments, including overnight and weekend payments, before the final settlement is completed through existing systems. Swift describes this ledger as a "secure orchestration layer for bank-issued tokenised deposits on their own ledgers" – in other words, deposits remain bank-issued and bank-recorded, while Swift coordinates their movement between the banks.¹²

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The model functions as a two-tier settlement mechanism i.e. instant payment commitment via tokenised deposits for customers while relying on existing legacy settlement models like RTGS to finalise the wholesale interbank balances.¹³ In terms of mechanics, this means that when a transaction occurs over a weekend on non-working day, the sending bank issues an instant, legally binding digital guarantee on Swift's ledger to pay the receiving bank. Since this guarantee is secured by blockchain, the receiving bank is able to immediately credit its customer's account and the actual transfer of official central bank money is queued up and processed automatically when banks reopen on the next business day.

Here, a crucial point to note is that this model also preserves the traditional role of Swift. While Swift connects more than 11,500 banking and securities firms, market infrastructure and corporate customers across 200 countries, it does not hold funds or manage customer accounts.¹⁴ In the context of tokenised deposits, Swift is not becoming a bank or universal token issuer, rather positioning itself as the interoperability utility for bank-issued digital money. Furthermore, the model offers a strategic and operational appeal as it avoids persuading banks to choose between innovation and control as they are able to retain their own tokenised deposit system while gaining a route through which those systems can interact.

4. Hub-of-Hubs Model May Solve the Scaling Problem

Beyond traditional roles, the model also preserves existing banking relationships. In the BNP Paribas-HSBC transaction, Siemens did not need a new wallet, a new banking provider or a separate digital asset as the innovation occurred beneath an already familiar corporate-treasury interface. This is crucial because corporate adoption is more likely when tokenised deposits enhance existing treasury arrangements rather than require clients to rebuild them.

More importantly, a universal token can lead to structural problems where banks might need to cede varying degrees of control over deposit issuance, customer data, and balance sheet management to a shared platform or common token issuer.¹⁵ This model leaves issuance and customer relationships with the banks while Swift acts as the neutral coordinator rather than a deposit holder or account manager with emphasis that Swift's ledger is designed to retain the compliance, credit, risk and control standards embedded in existing processes. This way, the model can allow incremental adoption as Swift's initial phase involves 17 banks from six continents¹⁶ suggesting a global, controlled, and a federated rollout in which banks can begin with selected currencies and clients rather than undertaking a full migration to a universal new network.

5. What Interoperability Does and Does Not Solve

A key question regarding the Hub-of-Hubs model then remains whether the orchestration layer can produce the full economic and institutional benefits associated with a universal network. Apart from banks retaining their familiar processes and systems, a major operational advantage this model brings is of availability, evident in the

DBS-Citi transaction where a cross-border transaction over the weekend was completed in minutes which otherwise would have faced delays due to weekend closure and conflicting time zones.¹⁷ In this context, for corporate clients, the near-term value lies in improved daily operations as tokenised deposit interoperability can support faster payment commitment, 24/7 availability, improved cash visibility and reduced reconciliation across banking relationships. Simultaneously, it keeps payments safe within the regulated banking system. Instead of persuading companies to hold unfamiliar digital tokens issued externally, the money remains a secure deposit backed by a trusted commercial bank.

However, interoperability does not by itself solve the broader constraints.¹⁸ The Hub-of-Hubs model still faces liquidity fragmentation i.e. each bank continues to manage its own deposits while Swift coordinates transactions but does create a single unified liquidity pool. Moreover, the final settlement still occurs through RTGS or correspondent arrangements and the economic benefit therefore depends on how quickly the final settlement is completed. Furthermore, cross-border payments add a further complexity of foreign exchange. The Siemens transaction moved money from a euro account to a sterling account, raising practical questions about where foreign-exchange conversion sits within the workflow.¹⁹ Hence, interoperability can coordinate the payment leg but it does not by itself eliminate foreign exchange risk or harmonise market conventions.

Hence, it can be stated that while interoperability solves the financial plumbing problem, it does not automatically solve the liquidity and governance problems that determine whether connected bank money can function like a truly global network.

6. Test of Institutional Reach

A decisive question that comes across here is whether interoperability among multiple forms of bank money can provide the institutional reach traditionally associated with a universal token or network.²⁰ As of now, it seems possible under certain demanding conditions.

The Hub-of-Hubs model becoming a universal model is primarily contingent on major banks joining the model as well as Swift's ledger becoming the default standard for interoperability rather than one of the options.²¹ Another important condition is that the tokenised deposits transactions must be conducted through ordinary treasury channels. The BNP Paribas-HSBC transaction for Siemens demonstrates that corporates do not necessarily have to adopt new wallets or rebuild banking relationships.²² This is crucial for institutional reach since most customers are unlikely to migrate to a new digital-money infrastructure merely because it exists. Moreover, the final settlement through existing systems can be another condition. Instant payment commitment is valuable, but institutional adoption will depend on whether the final settlement leg through RTGS, correspondent banking or other existing mechanisms becomes sufficiently regular, predictable and low risk. Likewise, compliance must operate consistently across the network and should not vary between participants so sharply that cross-border payment becomes unenforceable.

It is understandable that the model will fall short of a universal network if coverage remains bilateral and corridor-by-corridor or if each participant imposes distinct requirements, but it should also be noted that Swift's model does not have to strictly match the theoretical reach of a universal token. Swift can simply aim to deliver enough reach, reliability, compliance and integration with existing systems. In that scenario, Swift's model could become the perceived default model not because of uniformity but simply because it is functionally sufficient.

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