

WALKERS | FINTECH WHITE PAPER

# Digital Assets: The second act

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How integration is reshaping  
institutional digital finance in  
2026



# Integration has won

The most successful digital asset products of 2026 are the ones that look most like traditional finance. That isn't a disappointment – it's the story of the market.

Over the past twelve months, institutional activity has concentrated in structures that are recognisable, governable and capable of operating at scale: tokenised funds, tokenised debt and institutional-grade stablecoins. Native on-chain structures and decentralised governance models are no longer where serious capital is flowing.

The disruption narrative that defined earlier phases of the market has given way to something more commercially significant: a market in which blockchain is being applied selectively and where it adds measurable value to existing financial architecture, rather than attempting to replace it.

Drawing on our global Fintech team's work with clients shaping this market across the Cayman Islands, Bermuda, the British Virgin Islands (BVI), Ireland, Jersey and Guernsey, this paper sets out the four forces defining 2026: the maturation of institutional demand, the reassertion of traditional finance structures, the rise of regulators as enablers and the practical hurdles that will determine which products scale.

# Institutional demand: disciplined, not diminished

Institutional engagement with digital assets is no longer defined by experimentation or retreat. It has become selective, structured and grounded in use cases that align with established financial practice. What has changed over the past year is not the level of interest, but the way institutions engage.

Attention has shifted away from early-stage protocol launches and headline-driven innovation, towards products that resemble familiar financial instruments. Tokenised funds, tokenised debt and institutional-grade stablecoins now sit at the centre of activity – structures that are recognisable, governable and capable of supporting scale.

‘The market has shifted back to traditional finance structures, but with a digital assets overlay. That is where most institutional activity now sits.’

Tokenisation illustrates this shift most clearly. What was once treated as a proof-of-concept exercise is now being deployed in live products, acquisitions and capital raising strategies. Institutions are launching and acquiring products that fit within established capital markets models, looked at through the lens of operational resilience and supported by regulated administrators, auditors and directors. Jurisdictions with developed institutional ecosystems – the BVI and Jersey among them – are well-placed to support this.

That shift in posture is visible in the data. EY-Parthenon and Coinbase’s 2026 survey of more than 350 institutional investors found allocations rising on both sides – 73% plan to increase exposure this year – but with a sharper focus on regulated access and operational resilience than in any previous cycle<sup>1</sup>.

The evolution reflects a clear move from scepticism to integration. Institutions are no longer evaluating digital assets as a parallel financial system, but as an increasingly embedded component of the existing one.

## What this means in practice

For sponsors and managers currently deciding how to structure digital asset exposure, the commercial question is no longer whether tokenisation is viable, but which jurisdiction offers the combination of regulatory clarity, governance familiarity and distribution reach that matches the product’s intended investor base.

<sup>1</sup> [https://www.ey.com/en\\_us/financial-services/institutional-digital-assets-survey](https://www.ey.com/en_us/financial-services/institutional-digital-assets-survey)

# Traditional finance structures have won the scalability argument

Early experimentation played an important role in demonstrating what blockchain technology could achieve. Purely native on-chain structures, decentralised protocols and DAO-led governance models proved the concept. But at institutional scale, their limitations have become clear: questions around governance, accountability, enforceability and decision-making have made them difficult to adopt in regulated contexts.

‘The most scalable tokenisation models are now those that mirror established financial frameworks.’

In jurisdictions such as Jersey, the focus of activity has shifted decisively towards liquid, well-understood assets: government debt, listed securities and money market funds. The architecture that works is the architecture that already works, applied selectively with blockchain where it adds real value.

The Cayman Islands has given this shift its clearest statutory expression. The Mutual Funds (Amendment) Act 2026 and Private Funds (Amendment) Act 2026 together establish a framework in which tokenised funds are treated as conventional fund vehicles, with the same oversight arrangements – boards, directors, established fiduciary duties – that investors already know. The underlying technology is different; the governance architecture is not. For sponsors currently structuring tokenised fund products in other jurisdictions, this materially changes the decision calculus.

It removes the principal commercial objection to the Cayman Islands as a tokenisation venue: that bespoke governance carries bespoke risk.

Stablecoin structures reflect the same pattern. Many are designed around asset-backed securitisation principles, with reserve assets and risk frameworks that mirror traditional note issuance. Guernsey’s Digital Finance consultation, which closed earlier this year, recognises stablecoins as a new, separate class of asset rather than a subset of virtual assets. This is an approach that builds on Guernsey’s existing regulatory framework rather than establishing a parallel one. Bermuda has taken a similar stance, licensing several stablecoin providers and issuing bespoke guidance for single-currency pegged stablecoins. This provides additional clarity around the design and operation of these models within the existing regulatory framework.

The institutional framing around tokenisation has shifted in parallel. The International Monetary Fund, in an April 2026 note, described tokenisation not as a marginal efficiency improvement but as a fundamental reconfiguration of financial architecture<sup>2</sup> – language that would have raised eyebrows from a body of the IMF’s weight even two years ago.

Taken altogether, these developments mark a broader recalibration. Digital assets are proving most effective where they integrate with existing financial architecture, and governing bodies are recognising this. The winners of this phase of the market will be the products that look boring on the outside and work differently on the inside.

### **What this means in practice**

Where a tokenised product can be mapped to a direct parallel in traditional finance, sponsors should expect comparable regulatory and governance treatment – and should structure accordingly from the outset, rather than retrofitting familiar frameworks onto native structures later.

<sup>2</sup> <https://www.imf.org/en/publications/imf-notes/issues/2026/04/01/tokenized-finance-574921>

# Regulators have become the market's most active enablers

A defining feature of the past twelve months has been the volume and quality of regulatory engagement. For many institutions, operating within a clear regulatory framework is no longer optional – it's the trigger for investor engagement, capital deployment and long-term credibility.

Bermuda's Digital Asset Business Act illustrates how well-designed regulation accelerates rather than constrains growth. Licensed firms progress from a Test Licence (Class T) to a Modified Licence (Class M) to a Full Licence (Class F), with capital thresholds, risk management and governance requirements scaled to each stage. The framework allows a business to build commercial track record and raise capital in parallel, reducing friction at the points where growth is most vulnerable to regulatory uncertainty. This approach is reinforced by the Bermuda Monetary Authority, which keeps its guidance under close review and has recently completed an industry-wide consultation on asset tokenisation. It has since issued a draft consultation paper aimed at streamlining processes and clarifying how tokenised activities interface across legislative frameworks.

'Being regulated has become the trigger for investment, not a hurdle to overcome.'

Across the leading digital asset jurisdictions, the pattern is consistent: the most successful regimes are being designed by regulators who are engaging with industry rather than designing in isolation. Guernsey has moved decisively from historical caution to active engagement, with consultation exercises, industry roundtables and direct dialogue shaping its stablecoin and tokenisation regimes. The GFSC has explicitly built its framework with reference to the most successful aspects of other jurisdictions and to global standards, such as the FATF guidance.

The Cayman Islands Monetary Authority (CIMA) has followed a similar path. Continuous dialogue with market leaders and advisors shaped the most recent amendments to the tokenised funds regime, and the resulting framework has already received positive market feedback. Critically, regulators across these jurisdictions have shown a willingness to engage on novel or hybrid products that do not fit neatly into existing categories, prioritising dialogue and practical assessment over exclusion.

## What this means in practice

Jurisdictional choice for digital asset businesses is now less a question of which regime permits an activity and more a question of which regulator will be the most useful long-term partner as the product and the market evolve.

# The remaining hurdles are real – and will take time

Regulation has matured, product design has become more sophisticated and institutional engagement is no longer theoretical. But the market should be honest with itself about what remains to be solved. Two issues in particular will determine the pace of growth over the next eighteen months: distribution and banking access. Both are solvable, but neither will be solved quickly.

Digital asset products can now be structured and launched within established legal and regulatory frameworks. Distributing those products at scale is a different matter. Beyond formal marketing permissions, effective distribution depends on market readiness, investor familiarity and the maturity of supporting platforms. Many tokenised products still rely on investors holding digital wallets and transacting in stablecoins – and where this infrastructure remains fragmented relative to traditional finance, distribution becomes a question of operational friction rather than regulatory permission.

<sup>3</sup> <https://www.coindesk.com/markets/2026/04/06/jamie-dimon-says-jpmorgan-must-move-faster-as-tokenization-reshapes-finance>

This is not a novel problem. Most new financial infrastructure, from the earliest fund platforms to contemporary alternative investment channels, has needed years to bed in. Progress is most visible where tokenised products are designed to sit within familiar distribution channels and minimise changes to investor behaviour. The lesson, consistent with the broader findings of this year's paper, is that scale follows integration, not disruption.

'Enhanced due diligence by banks can materially hinder digital asset businesses, particularly when clients are converting crypto into fiat at scale.'

Banking access presents a parallel challenge, particularly for businesses operating at volume. Traditional banks remain cautious, driven largely by internal risk frameworks and regulatory expectations. Some digital asset businesses are bridging the gap through payment service providers or challenger banks, but these are workarounds, not destinations.

The more interesting development is how traditional banks themselves are responding. JP Morgan's launch of JPM Coin, allowing institutional clients to move money instantly through an internally issued stablecoin, is the most prominent example of a pattern<sup>3</sup>: banks are building digital asset infrastructure on their own terms rather than simply providing services to the sector. That is a significant shift, and one that will ultimately widen rather than narrow the points of friction. Banks will engage where they can participate, and remain cautious where they cannot.

## What this means in practice

For digital asset businesses planning for scale, banking strategy is now a primary commercial consideration rather than an operational afterthought. The firms that succeed over the next eighteen months will be the ones that design their banking relationships at the same time as their product architecture.

# The next question is not whether, but how

Digital assets are no longer a novelty, and clients are no longer asking whether they are viable as a business model. Institutions are asking how to structure products that operate credibly across jurisdictions, distribute effectively into institutional capital and remain durable as regulatory frameworks continue to develop. That shift – from the viability question to the execution question – is the clearest signal of where the market now sits.

The coming year will be shaped by that mindset. Regulatory frameworks are now sufficiently developed in the leading jurisdictions to support institutional activity, with others moving in the same direction. The decisive factor will no longer be whether the legal architecture exists, but how intelligently it is used: which products launch successfully, which models prove resilient and which sponsors build the banking and distribution relationships that translate regulatory clarity into commercial scale.

‘The next phase of the digital asset market is about durability – and the firms that will define it are the ones treating integration as a design principle, not a compromise.’

Momentum in tokenisation will continue, particularly where it complements existing activity rather than replacing it. Liquid assets, structured products and funds will remain the primary focus. As the market deepens and infrastructure improves, more specialised strategies will follow, but the direction of travel is set.

The advisers who will matter most in the coming months and years are the ones who can translate fluently between traditional finance and digital asset products: structuring with the precision that institutional capital requires, while retaining the technical understanding that native blockchain structures demand. That translation capability is the competitive edge of this phase of the market.

It is also the lens through which we are advising clients across every jurisdiction in which we operate.

# Get in contact with the authors



**Chris  
Hutley-Hurst**  
Partner

Guernsey  
T: +44 1481 758 950  
E: [chris.hutley-hurst@walkersglobal.com](mailto:chris.hutley-hurst@walkersglobal.com)



**Melissa  
Lim**  
Partner

Cayman Islands  
T: +1 345 814 4512  
E: [melissa.lim@walkersglobal.com](mailto:melissa.lim@walkersglobal.com)



**Dilmun  
Leach**  
Partner,  
Walkers (CI) LP

Jersey  
T: +44 (0) 1534 700 783  
E: [dilmun.leach@walkersglobal.com](mailto:dilmun.leach@walkersglobal.com)



**Rachel  
Nightingale**  
Partner

Bermuda  
T: +1 441 242 1520  
E: [rachel.nightingale@walkersglobal.com](mailto:rachel.nightingale@walkersglobal.com)



**Iona  
Wright**  
Partner

British Virgin Islands  
T: +1 284 852 2233  
E: [iona.wright@walkersglobal.com](mailto:iona.wright@walkersglobal.com)

Visit us at [walkersglobal.com](http://walkersglobal.com)

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