

Corporate & Investment Banking Outlook

2026

EUROGROUP CONSULTING

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Executive Summary

2026 has been a strong year for Corporate and Investment Banks so far. The energy shock from the Strait of Hormuz closure reignited inflation and pushed central banks back into tightening. The resulting volatility lifted trading and advisory activities at the same time. Every bank in our panel grew revenues and almost all now show positive jaws, but gains were uneven. US banks grew c.42% over two years against c.28% for UK/EU banks, a gap that materialised in full over 2026.

Investment banking and capital markets drove the expansion. Global IB revenue rose 24% to $61.4bn in H1 2026, and M&A reached a record $3.28tn, carried by megadeals and AI-related financing. The winners were capital markets pure players, above all Goldman Sachs and Morgan Stanley. Still, the transatlantic divide looks increasingly structural: US banks hold 54% of global IB fees against 20% for European banks, and Brexit has left European based activities more fragmented across several hubs.

This year, we have chosen to devote a dedicated section of our analysis to stablecoins and tokenised money, which we see as a defining strategic question for CIBs. Stablecoin supply now exceeds $300bn, nearly all of it in US dollars, and bank consortia on both sides of the Atlantic are moving from pilots to launches. We expect tokenised deposits to prevail for core wholesale flows and value to shift from issuance to orchestration. The winning CIBs will be those that invest early in the underlying infrastructure: custody, on-chain compliance and real-time reconciliation.

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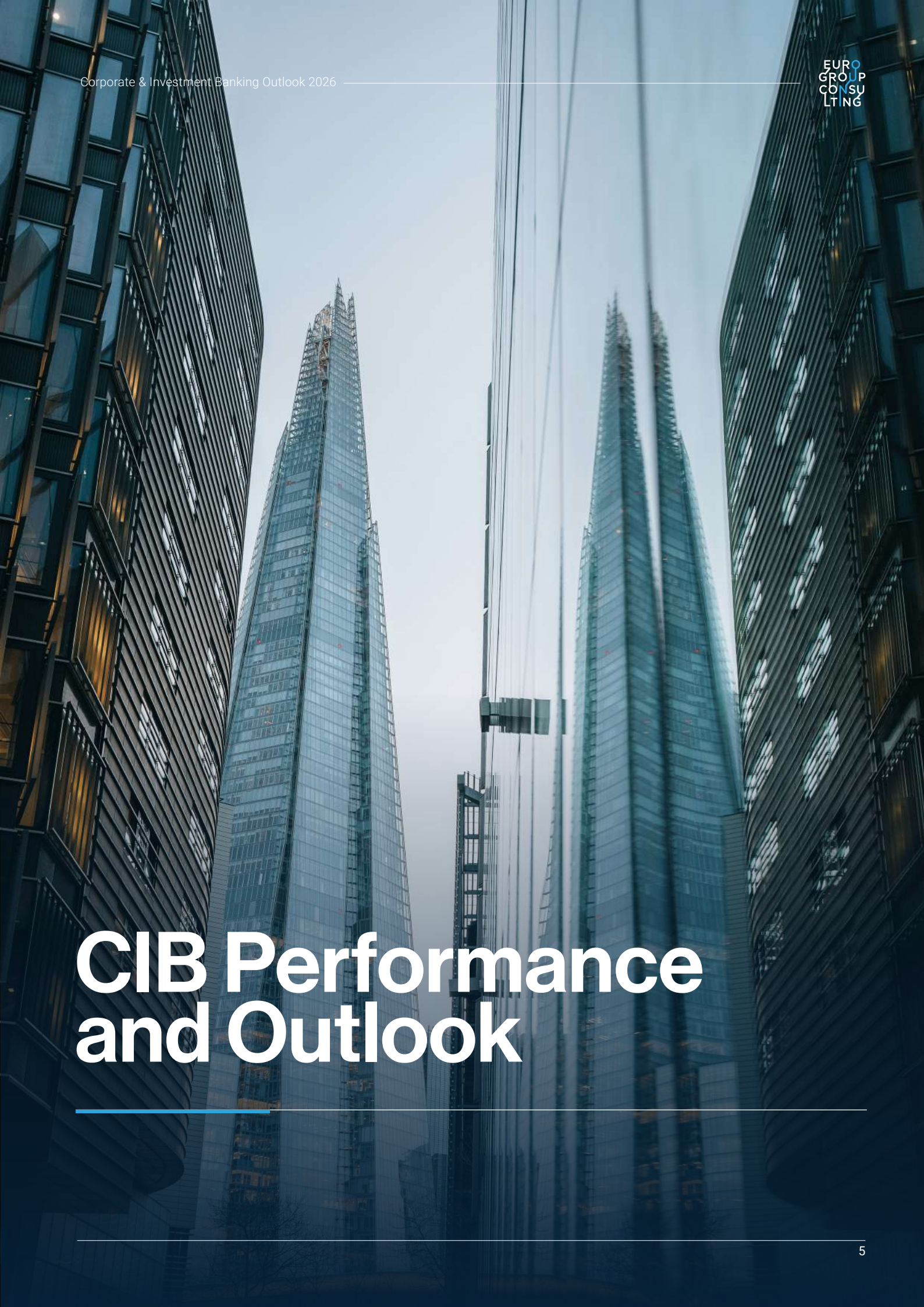
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CIB Performance and Outlook

A Macroeconomic Context Shaped by Market Volatility and the Energy Crisis

The energy shock reignites inflation and tightening pressure

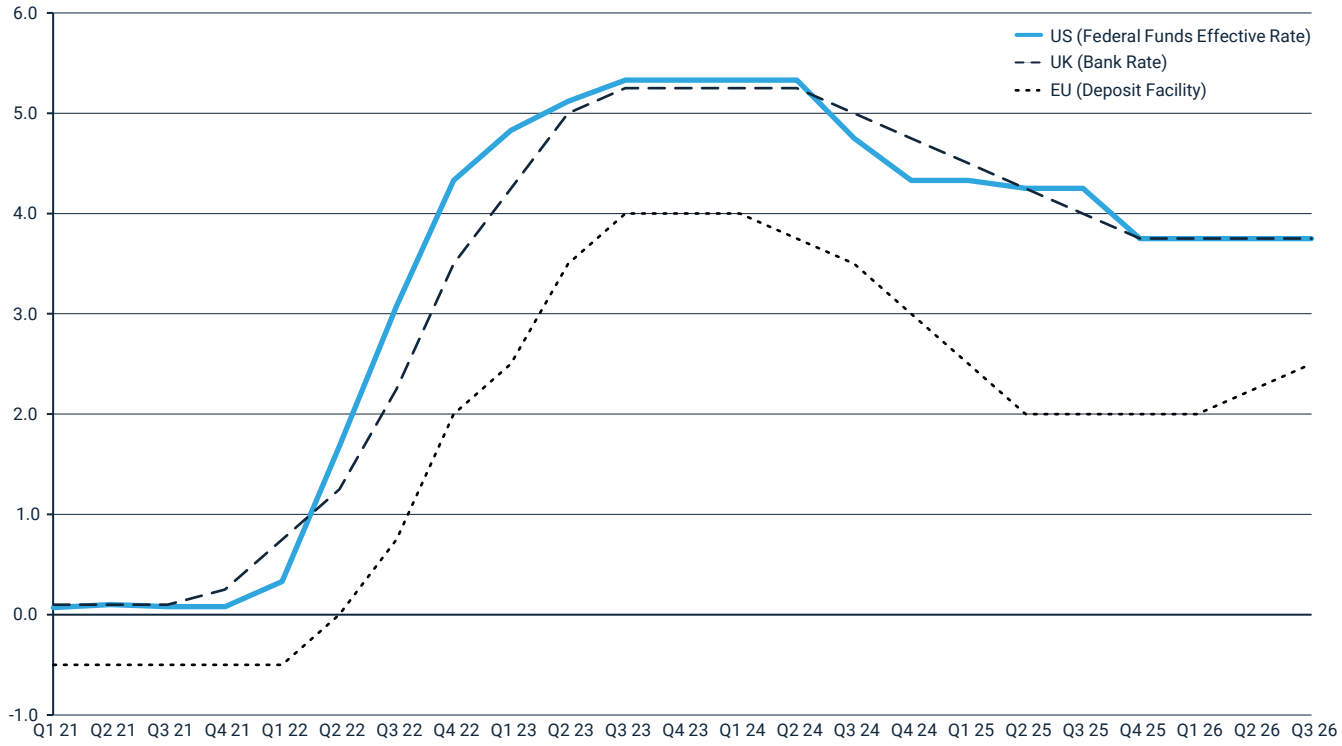
The first half of 2026 broke with the disinflation path seen since 2024. The war triggered by US and Israeli strikes on Iran in late February effectively shut the Strait of Hormuz, causing what the IEA described as the biggest disruption to oil supply ever recorded. The World Bank expects oil to average $94 a barrel in 2026, against $69 in 2025.

Higher energy costs fed straight into headline prices. Coming on top of the US tariffs introduced in 2025, the shock reversed the disinflation trend: the IMF now expects global inflation to rise from 4.1% in 2025 to 4.7% in 2026, 0.3 points above its April forecast, before easing to 3.9% in 2027. The increase is driven mainly by energy cost. Core inflation remains contained and wages have not yet responded, but the return to target will be slow, particularly in the euro area, where the ECB has kept its 2026 inflation forecast at 3.0% and revised its 2027 and 2028 projections up to 2.5% and 2.1%.

With inflation set to stay above target for an extended period, central banks moved from cutting to tightening. The ECB raised its deposit rate to 2.25% in June and again to 2.50% on 10th of September. The Fed followed on 16th of September with a quarter-point rise to 3.75%-4.00%, its first since 2023, approved unanimously after three members had favoured a hike in July, with updated projections pointing to another increase this year. The Bank of England held Bank Rate at 3.75% on 17th of September, as UK inflation reached 3.1% in August and is expected to rise further.

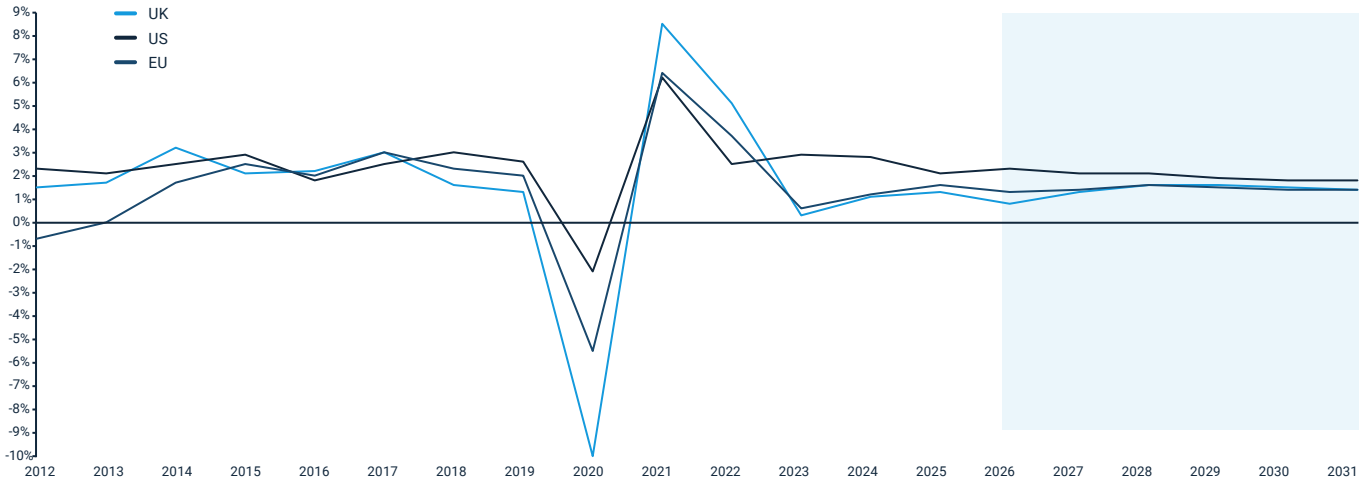
Long rates rose faster than policy rates, as investors repriced both inflation and sovereign debt supply. The 10-year Treasury touched 5.04% in mid-September, its highest since 2007, while the 10-year Bund reached its highest level since 2011 and the 30-year gilt approached 6%. Equities set records in August, with the S&P 500 posting a record close near 8,000, before drifting lower through September as higher yields weighed on valuations.

Figure 1: Central bank interest rates from Q1'21 to present



Source: Respective central bank websites (2026)

Figure 2: Real GDP growth by region from 2012



Source: IMF (2026)

Global growth slows without stalling, and the transatlantic gap widens

The same two forces, higher energy costs and higher rates, are now compressing real incomes, demand and investment. The IMF has cut global growth to 3.0% for 2026, below the 3.5% average of 2024 and 2025, and expects world trade growth to fall to 3.5% from 5.0% in 2025.

The shock separates energy exporters and tech-exposed economies from commodity importers. The United States, shielded by its net-exporter status, fiscal support and AI investment, is still forecast to grow 2.3%, even as its labour market cools. The euro area, a net energy importer, is the most exposed: activity contracted in Q1, consumer confidence slumped when the war broke out, and the IMF now expects only 0.9% growth in 2026, with the downgrade reflecting higher energy prices and weak consumer confidence. The United Kingdom, which surprised on the upside in H1, is projected to slow to 1.0%, and that resilience looks fragile with inflation back above 3%.

Risks remain skewed to the downside. A prolonged closure of Hormuz would send oil prices higher again and restart the sequence, while a potential correction in AI valuations, previewed by July's tech sell-off, would remove one of the few supports to global growth.



A favourable environment for CIBs, in which strategy sets the ranking

Each of the themes mentioned above maps onto a CIB revenue line. Oil and currency volatility lifted commodities and FX trading; the repricing of rate expectations drove rates trading and corporate hedging demand; the prospect of further tightening pushed issuers to lock in financing; and record equity markets reopened the IPO window and supported large-cap M&A. Unlike 2022, when volatility lifted trading but shut the advisory and IPO window, the 2026 shock supported both engines at once. (see section 1.2)

Our analysis is that the macro-economic environment contributed to the uplift. Every CIB in our panel grew its revenues, and growth concentrated in the lines most mechanically linked to volatility and asset prices. Where execution made a difference was in how much of the tide they captured and kept, through business mix exposure and cost discipline. That momentum is exposed to the same chain running in reverse: slower euro area growth and tighter credit conditions weigh on corporate demand, and a geopolitical re-escalation or an AI correction would hit asset prices before it hits volumes.

A Strong Year for CIBs, With Gains Unevenly Shared

Over 2025 and 2026, CIBs in our panel benefited from the market conditions, combining record M&A, buoyant capital markets and elevated volatility. All posted solid revenue growth, and virtually all show positive jaws. Gains were, however, unevenly shared: US players pulled ahead, led by capital markets pure players, while lending-heavy European banks generated more limited operating leverage.

Several banks in our panel were active in the sector consolidation over the period, mostly in retail banking and asset management: direct effects on CIB revenues, costs and cost-income ratios therefore remain limited, and perimeter effects are flagged where relevant.

Santander

Completed TSB (£2.65bn) on 30 April 2026 and agreed to buy Webster Financial ($12.2bn) in February 2026. TSB sits in Retail & Commercial Banking, and Webster closed on 20 August 2026, after our analysis period.

BNP Paribas

Closed AXA IM in July 2025. Integration costs sit in the Corporate Centre.

Goldman Sachs

Closed Industry Ventures in January 2026 and Innovator ($2bn) in April 2026. Both are asset management bolt-ons and small relative to group revenues.

HSBC

Completed the $13.7bn privatisation of Hang Seng Bank in January 2026 (already consolidated; no perimeter effect).

Natixis (BPCE)

BPCE completed the €6.5bn acquisition of Novo Banco on 30 April 2026. The deal is at BPCE group level and adds a second retail market; the CIB perimeter is unchanged.

ABN AMRO

Completed NIBC (c.€875m) in August 2026, consolidated from 1 August 2026 (after our analysis period).

Crédit Agricole

Raised its Banco BPM stake to 29.3% in early July 2026 (minority stake, not consolidated in the CIB).



UBS

The Credit Suisse integration continues; it is treated as a structural efficiency driver rather than a perimeter effect.

Growth is broad-based, but efficiency gains favour large banks

All CIBs in our panel delivered solid growth over Q2 2024 – Q2 2026. US players remain at the top of the pack, pulled upwards by Goldman Sachs and Morgan Stanley, whose revenues rose by c.90% and c.58% respectively over the period, with momentum accelerating further in H1 2026.

European CIBs also grew solidly, though unevenly. With the exception of HSBC, whose revenue growth is linked to its restructuring, large institutions posted revenue growth of 20-30% over the period, leveraging their scale in the most volatility-driven segments. Smaller institutions, by contrast, captured a lower share of this growth. They remain more exposed to lending, where European momentum has been subdued, and less present in equity derivatives, prime brokerage and megadeal advisory, where the revenue pool has concentrated.

Figure 3: CIB revenue evolution (Q2'25 to Q2'26) (USD m)

	Revenues	Growth
JP Morgan	107,020	27.2% ▲▲
Citi	69,405	19.0% ▲▲
Bank of America	63,289	22.2% ▲▲
Goldman Sachs	58,904	53.4% ▲▲
Morgan Stanley	45,858	44.4% ▲▲
HSBC	36,666	9.8% ▲
BNP Paribas	28,125	15.6% ▲▲
Deutsche Bank	27,844	13.9% ▲
Barclays	25,148	4.0% ▲
UBS*	16,937	25.7%* ▲▲
Société Générale	15,078	5.3% ▲
Santander	12,673	15.0% ▲▲
ING	10,288	13.7% ▲
Crédit Agricole	9,847	7.0% ▲
BBVA	8,276	- ▲▲
Natixis	7,153	7.5% ▲
Commerzbank	7,098	8.0% ▲
ABN	4,688	10.0% ▲

Source: Quarterly Series / Eurogroup Consulting Analysis
Data converted to USD, using fixed FX as of quarter-end
*:: partly linked to the Crédit Suisse acquisition

Figure 4: CIB cost base and growth (Q2'25 to Q2'26) (USD m)

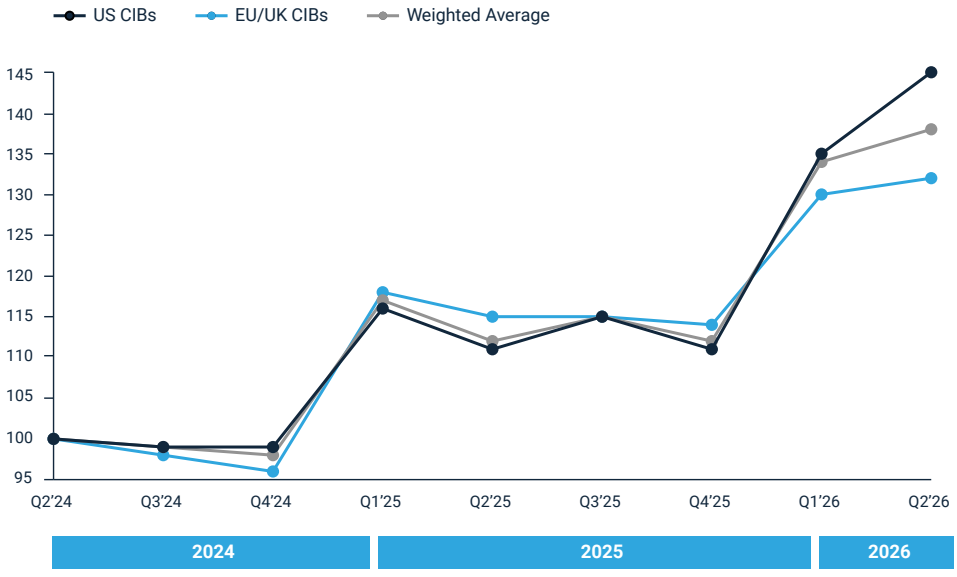
	Costs	Growth
JP Morgan	50,900	18.1% ▲▲
Citi	38,074	6.5% ▲
Bank of America	36,115	11.7% ▲▲
Goldman Sachs	32,324	37.7% ▲▲
Morgan Stanley	29,105	25.0% ▲▲
HSBC*	19,555	-6.7%* ▼
Deutsche Bank	16,399	7.7% ▲
BNP Paribas	16,054	13.1% ▲▲
Barclays**	14,977	0.0%** ▲
UBS	12,275	7.2% ▲
Société Générale	9,291	1.7% ▲
ING***	5,583	-3.6%*** ▼
Santander	5,582	8.2% ▲
Crédit Agricole	5,362	8.7% ▲
Natixis	4,645	3.3% ▲
Commerzbank	3,371	6.1% ▲
BBVA	2,954	- ▲
ABN	2,543	3.0% ▲

US banks
EU/UK banks

Source: Quarterly Series / Eurogroup Consulting Analysis
Data converted to USD, using fixed FX as of quarter-end
*: linked to HSBC restructuring
**: mainly due to our currency conversion retreatment
***: Efficiencies driven by cost discipline, KYC optimisation, workforce mix and AI adoption.

Figure 5: Evolution of revenue for CIBs by geography (analysis base 100)

	Absolute % change in revenue from Q2'24 to Q2'26
Goldman Sachs	89.6 %
HSBC*	82.4 %
Morgan Stanley	58.1 %
JP Morgan	38.7 %
Citi	34.4 %
UBS	33.0 %
BNP Paribas	27.3 %
Natixis	24.9 %
Santander	24.7 %
Bank of America	23.9 %
Deutsche Bank	21.7 %
Barclays	21.6 %
BBVA	17.4 %
Crédit Agricole	12.7 %
Société Générale	12.0 %
ABN	12.0 %
Commerzbank	11.0 %
ING	10.9 %

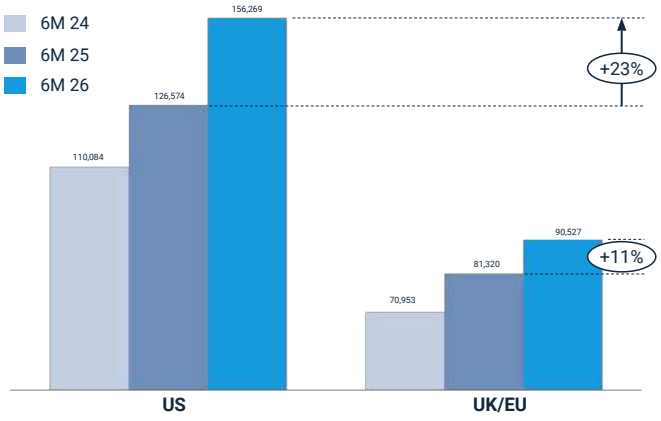


US banks
EU/UK banks

Source: Quarterly Series / Eurogroup Consulting Analysis
Data converted to USD, using fixed FX as of quarter-end
*:partly due to the 2025 restructuring

Looking more closely at the geographic comparison, the revenue growth gap is no longer stable. US peers grew by c.42% over two years, against c.28% for our UK/EU group, and the entire divergence materialised in 2026, as US growth accelerated just as European growth slowed. The absolute gap has widened by two-thirds since 2024, driven by the recovery in M&A, buoyant capital markets and volatility feeding US trading desks (see Section 2).

Figure 6: US and UK/EU H1 revenues (USD m) between 2024 and 2026



Over the period, cost discipline has been at the heart of most CIB strategies, yet the results have been uneven across our panel. The cost-income analysis draws a clear line between banks whose gains stem from deliberate transformation and those that have mainly ridden a favourable market cycle.

HSBC leads the ranking, largely because it has turned its 2025 restructuring into efficiencies. UBS follows a similar logic, with the integration of Credit Suisse now delivering parts of its targeted synergies. Citi likewise reflects a multi-year simplification effort. For the US banks, including Goldman Sachs, Morgan Stanley and JP Morgan, the improvement owes as much to buoyant trading and advisory revenues as to cost control.

At the other end of the spectrum, balance-sheet-driven players such as ING, BBVA and Commerzbank have seen their ratios deteriorate. Lower rates weighed on revenues while investment and variable costs kept rising.

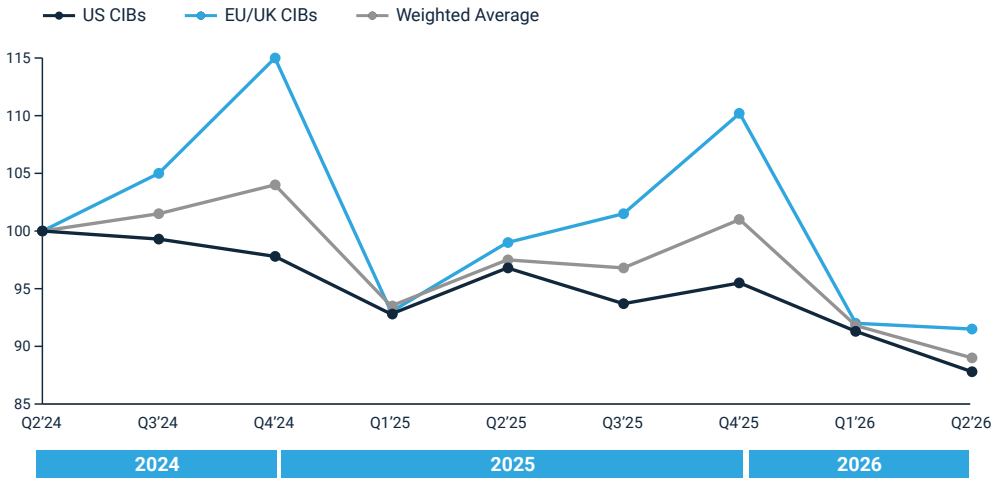
Over Q2 2024 – Q2 2025, the panel clustered around the centre of our jaws chart. Most banks delivered cost-income ratios between 50-65% and only modest positive jaws, as early cost-control initiatives began to materialise without yet translating into a clear operating leverage. Dispersion remained high, however, with several European players (ING, Commerzbank, Crédit Agricole, ABN AMRO) still showing negative jaws.

Between Q2 2025 and Q2 2026, the panel shifted towards the upper-left quadrant: cost-income ratios improved (banks with positive jaws through the prior period) and virtually almost all CIBs now show positive jaws. This is the first sector-wide improvement visible in our analysis since 2024. The largest moves came from global diversified players: UBS, which cut its cost-income ratio by close to 10 points as Credit Suisse synergies materialised, HSBC, which is reaping the benefits of its restructuring, and Morgan Stanley. ING stands out with a sharp rebound from strongly negative jaws. By contrast, institutions such as BNP Paribas, Société Générale, Natixis, Crédit Agricole and Commerzbank remain clustered around the zero-jaws line. Despite some progress on their cost base, their lending-heavy mix seems to limit the operating leverage they can generate.

Figure 7: Evolution of C/I ratio for CIBs by geography (analysis base 100)

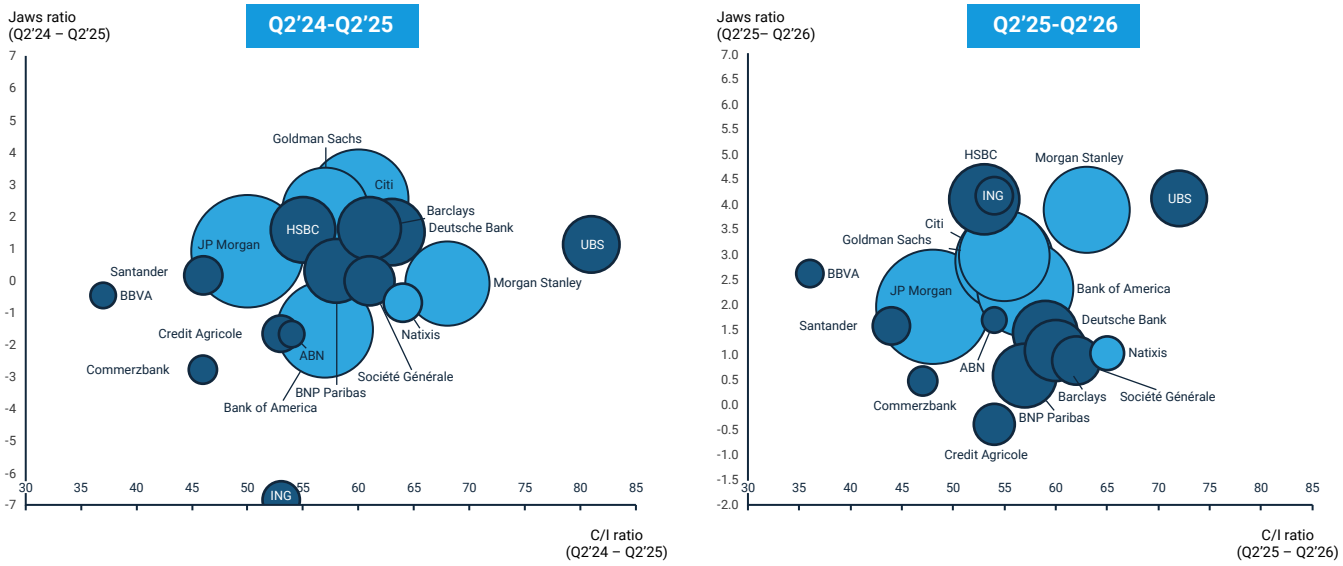
	Absolute % change in C/I ratio from Q2'24 to Q2'26
HSBC	−19.7 %
Citi	−19.1 %
UBS	−18.4 %
Goldman Sachs	−17.4 %
Morgan Stanley	−13.1 %
Deutsche Bank	−10.9 %
JP Morgan	−10.4 %
Barclays	−10.0 %
Santander	−6.5 %
Société Générale	−3.4 %
BNP Paribas	−3.3 %
Bank of America	−2.8 %
Natixis	−1.3 %
ABN	0.0 %
Crédit Agricole	+8.4 %
Commerzbank	+9.6 %
BBVA	+9.7 %
ING	+10.7 %

US banks
EU/UK banks



Source: Quarterly Series / Eurogroup Consulting Analysis
Data converted to USD, using fixed FX as of quarter-end

Figure 8: CIB Jaws analysis



Breaking jaws down into revenue and cost growth reveals four distinct profiles across the panel for the Q2 2025 – Q2 2026 period:

Revenue-led growers (Goldman Sachs, Morgan Stanley, JP Morgan)

Strong top-line momentum has been accompanied by a significant rise in costs. Their performance relies largely on volumes and the market cycle, with a high share of variable costs.

Efficiency-led transformers (HSBC, UBS, Citi)

These banks have kept costs flat, declining or tightly contained while still delivering solid revenue growth. This is where the improvement looks most structural, in line with the restructuring and synergy programmes mentioned above.

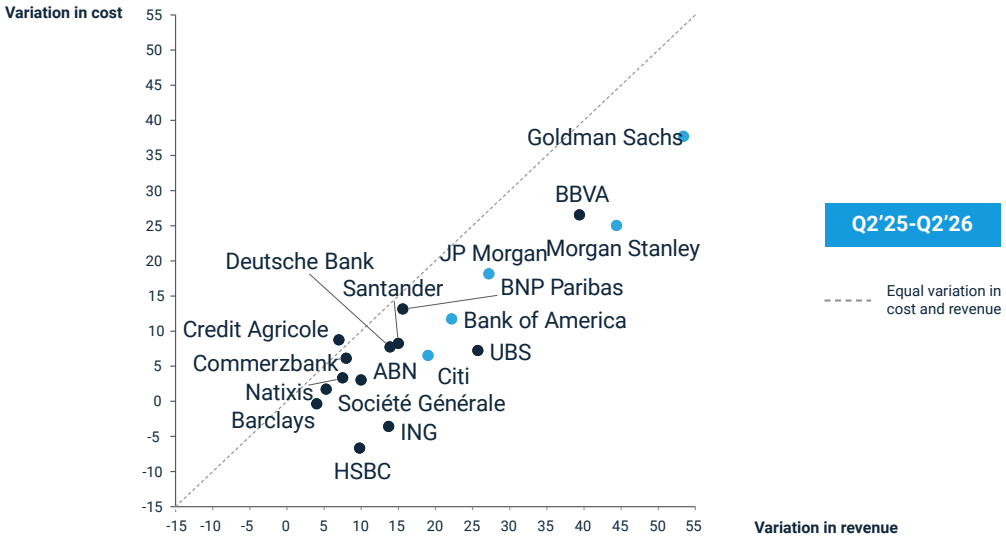
Balanced growers (Bank of America, Deutsche Bank, Santander, BNP Paribas)

Revenue and cost growth remain well balanced, generating steady operating leverage.

Lower-momentum European players (Crédit Agricole, Commerzbank, Natixis, Société Générale, ABN AMRO, Barclays)

With limited revenue growth and costs moving almost in step, these banks sit close to the equal-variation line and generate limited operating leverage. Crédit Agricole is the only one where costs have outpaced revenues.

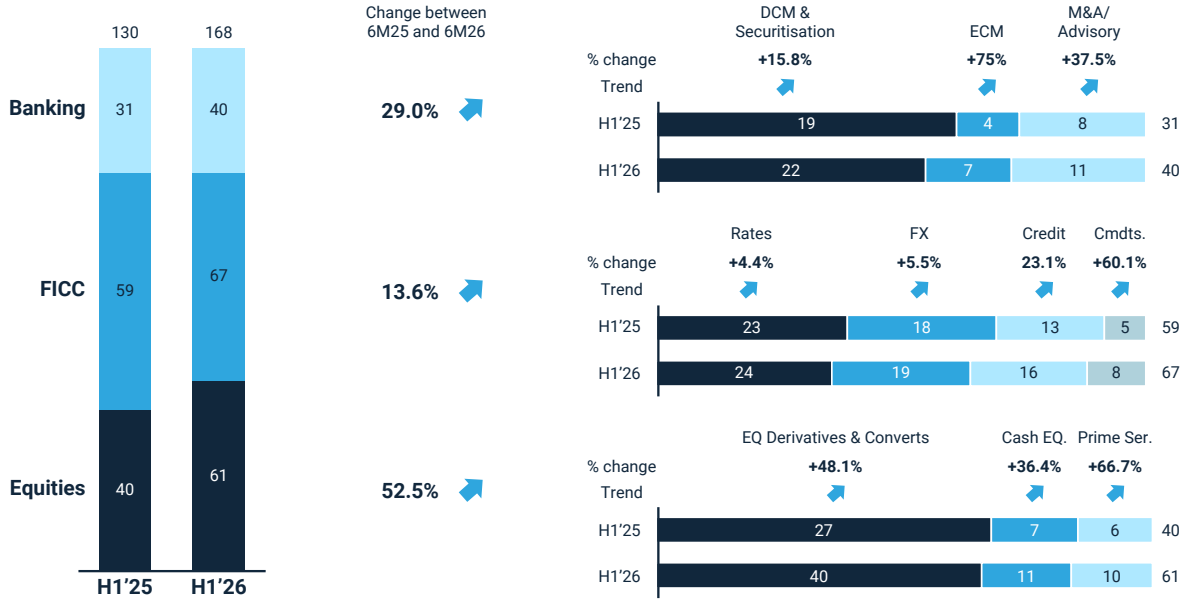
Figure 9: Cost and revenue variation



Source: Quarterly Series / Eurogroup Consulting analysis
Data converted to USD, using FX as of quarter end

Equities drove growth, and capital markets pure players captured it

Figure 10: Capital markets activity and revenue by segment (USD bn)



Source: Tricumen, Eurogroup Consulting analysis
Note: The Tricumen bank panel is based on different banks than the one used in previous analyses

Capital Markets revenue rose 30% year-on-year to $168bn in H1 2026, across all segments and regions[1]. Equities delivered more than half of the c.$39bn uplift, with Banking and FICC adding c.$9bn each[2].

Equities were the growth engine. Equity derivatives and equity-convertible securities accounted for about two-thirds of the increase, driven by client hedging and structured products. Cash equities posted record volumes on AI-themed inflows, and Prime Services rode near-record balances and rising hedge-fund leverage. Front-office productivity rose from $2.2m to $3.2m per FTE[3].

Banking growth was broad-based. ECM grew fastest, with its best first half since 2021 and IPO volumes tripling. DCM benefited from record bond issuance and acquisition-finance lending.

M&A reached a record of above $3tn (see section 2), carried by megadeals: transactions above $10bn made up close to half of total value while the number of deals fell to a six-year low. Excluding deals above $5bn, value was actually down 4% year-on-year.

Three factors explain this resilience:

- Technology and utilities & energy led, driven by AI infrastructure and energy security;
- Corporates drove the market while sponsor buyouts declined;
- Stock-plus-cash funding of megadeals reached a historical high, reducing sensitivity to rates.

Geographically, the US captured 63% of global value, while EMEA posted its best first half since 2007.

FICC growth came from market shocks rather than client flows. Commodities revenues rose by +60% on Hormuz-related volatility. Credit proved resilient but bifurcated, with highly rated issuers far outperforming lower-rated, sponsor-backed and software names. Rates lagged despite high volumes.

Commercial Banking & Treasury Services: Treasury Services did the heavy lifting ($47bn to $54bn) on deposits, cross-border flows and APAC payments. Commercial Banking was flat, as US loan growth was offset by tighter European credit standards.

US outperformance is in fact a two-bank story. Goldman Sachs and Morgan Stanley were the only banks to gain Capital Markets revenue share (+3pp and +2pp). GS added 7pp of pre-tax profit share overall and 11pp in Equities, while JPMorgan, Citi and Bofa all ceded share. Pure-play capital markets exposure, rather than US domicile, was the real differentiator. The pace may not hold: July's AI sell-off triggered collateral calls in prime, FINRA is scrutinising worst-of structured notes.

[1]Based on the Tricumen CIB panel.
[2]Tricumen CIB Review 2Q26.
[3]Tricumen. Op Cit.

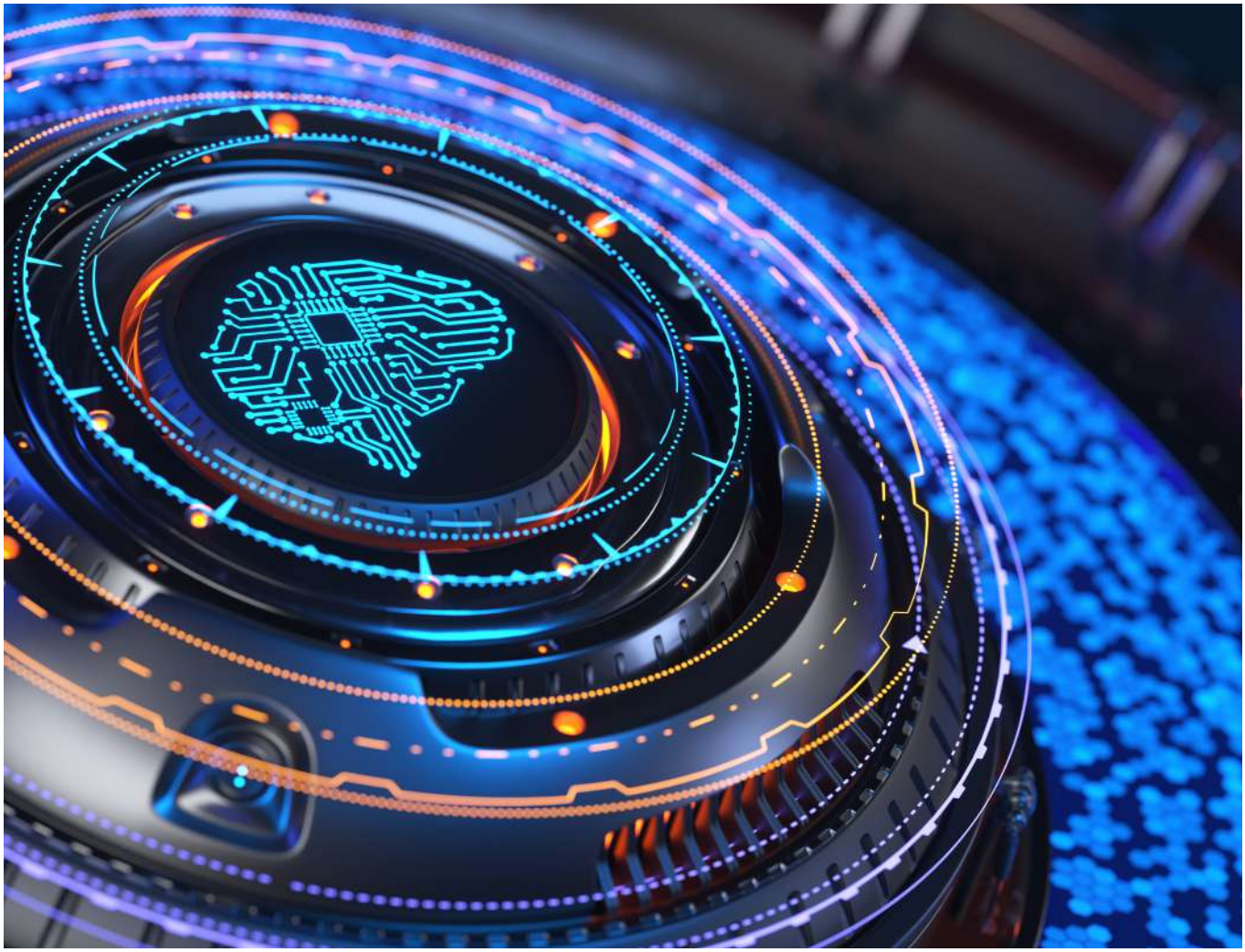
AI is driving revenues before it drives efficiency

AI has supported CIBs through two channels of different magnitude.

AI as a client theme has had a large impact since the capex cycle took off in 2023-2024. The financing needs of hyperscalers, AI developers and utilities have fed DCM, ECM and M&A, and AI-themed flows have supported equities. The five largest US banks generated $114bn of capital markets revenue in H1 2026, up 31.5%, and one leading analyst sees AI as the top earnings driver for big banks this year.

AI as an operating lever is spreading fast and remains modest in the P&L. JPMorgan has rolled out its internal LLM suite to more than 200,000 employees on a technology budget of around $18bn, and Goldman Sachs has deployed its AI assistant firm-wide. Where benefits are quantified, they remain in the hundreds of millions: BNP Paribas attributes €635m of cost and revenue gains to AI in 2025, rising to €750m in 2026. The clearest effect is on headcount. Goldman Sachs is using AI to constrain headcount growth, and Citi expects its headcount to keep falling as it leans on automation.

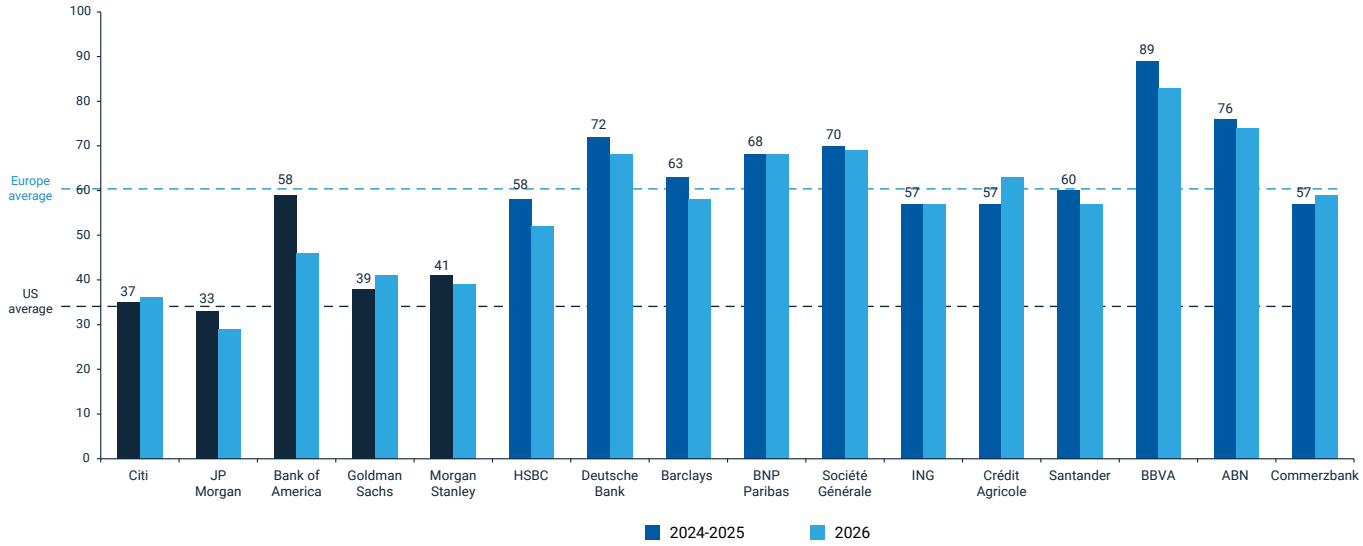
This puts the productivity jump in perspective. At +45%, it exceeds Deloitte's estimate that generative AI could lift front-office productivity at top investment banks by up to 27-35%[4], so it is mainly a revenue effect. AI's contribution so far is to keep headcount in check, which amplifies operating leverage in an upcycle. The payoff for the heaviest technology investors should show when revenues normalise, in more resilient cost-income ratios.



[4]Deloitte Center for Financial Services (2023).

Beyond Financials: Modest ESG Progress Amid Shifting Regulation

Figure 11: Evolution of environmental pillar scores among US and European CIBs



Climate commitments recede as energy security moves to the fore

For the first time in our analysis, more than two-thirds of our panel[5] saw their environmental pillar rating decline. These are S&P Global CSA scores, assessed at group level rather than for CIB activities alone[6].

Three factors are at play:

1. The assessment itself hardened

S&P added a Transition Plan question to the 2026 CSA, under a Climate Strategy criterion that carries 56.25% of the environmental dimension for banks, and tightened its evidence requirements so that questions previously answerable with private material now demand public disclosure.

2. The substance retreated too

The Net-Zero Banking Alliance suspended activities in August 2025 and was wound up in the autumn, and the unwinding has continued. Fossil fuel financing rose to $906bn in 2025, with JPMorgan the largest lender for a third year, a trend the Hormuz shock is likely to reinforce.

3. Disclosure requirements were relaxed as S&P asked for more of it

The EU Omnibus directive, in force since March 2026, cut the scope of the CSRD by an estimated 90% (see 1.3.2). European banks, holding the highest scores, had the most to lose.

Commerzbank, Crédit Agricole and Goldman Sachs were the exceptions to this trend, and the first two cases support the methodology reading. Commerzbank published its first climate transition plan in early 2026, while Crédit Agricole set three sustainable finance targets to 2028 under ACT 2028. Goldman Sachs is the outlier: it has dropped its coal and Arctic drilling exclusions, so its upgrade points to disclosure rather than financing policy.

[5]Excluding UBS and Natixis.
[6]S&P Global, ESG Scores and Raw Data.

CIBs do not explain the direction, since the decline spans banks with very different CIB weights, but it explains the dispersion. Fossil fuel financing sits largely in lending and bond underwriting, leaving the largest energy franchises weakest on the performance questions whatever their group policy says.

Capital rules are recalibrated as competitiveness takes priority

2026 marked a broad shift towards regulatory easing, with authorities softening or delaying both prudential capital rules and wider compliance requirements.

United States: the agencies re-proposed Basel III endgame in March 2026, in a form expected to modestly reduce overall capital, a sharp reversal from the 2023 version that would have raised requirements significantly.

European Union: having exhausted the deferral period for FRTB, the Commission adopted temporary adjustments, including a capital multiplier, to apply for three years from January 2027 to protect EU banks' competitiveness.

United Kingdom: Basel 3.1 takes effect on 1 January 2027, with the FRTB internal models approach pushed to January 2028.

Beyond capital:

- The EU AI Act's high-risk obligations, which cover credit scoring, were deferred to 2 December 2027 by the Digital Omnibus, in force since late July 2026;
- The Omnibus I directive, in force since March 2026, sharply narrowed CSRD and CSDDD scope, limiting mandatory sustainability reporting to companies above 1,000 employees and €450m turnover.

For CIBs, the net effect is capital relief for US banks, while EU and UK regulators adjust mainly to avoid a widening competitive gap. This could further entrench the transatlantic divergence described in Section 2.





Focus On Investment Banking & Capital Markets: A Record Rebound

Volatility and Mega-Deals Are Powering a Historic Fee Rebound

The first half of 2026 saw a sharp acceleration in the global investment-banking recovery: large transactions, buoyant equity markets and persistent volatility lifted global investment-banking revenue to $61.4bn in H1 2026, up 24% year-on-year, with JPMorgan the global revenue leader and Goldman Sachs leading M&A advisory[7]. M&A was the clearest driver, with global announced volumes reaching $3.28tn, 48% above H1 2025 and above the prior H1 record of $3.11tn in 2021, while mega-deal volumes rose 125%, in what Goldman Sachs calls a "volatility paradox" of strategic urgency overriding uncertainty as companies pursue scale, technology and competitive positioning[8].

Equity underwriting has followed suit: the near-$86bn SpaceX IPO, Cerebras' $6.4bn IPO and Alphabet's $85bn share sale underline the scale of capital being raised as technology and AI investment needs grow substantially.

The recovery also extends into trading. JPMorgan, Goldman Sachs, Citigroup and Bank of America generated a combined $19.3bn of equities-trading revenue in Q2 2026, up 72% year-on-year, driven by AI and semiconductor equities, IPO-linked activity and Asian markets[9]. This marks a break from a conventional rebound: geopolitical and AI-related uncertainty is fuelling trading even as it complicates deal execution, while elevated valuations, leverage, inflation and geopolitical tensions leave the cycle exposed to future correction.

European banks are benefiting too. Barclays' Q2 pre-tax profit rose 32% to £3.3bn, helped by equities trading and ECM, though the market reaction underlined the tougher benchmark set by leading US banks[10]. Overall, 2026 increasingly resembles a broad capital-markets upcycle across M&A, underwriting and trading, with the key question being which institutions capture the expanding fee pool.

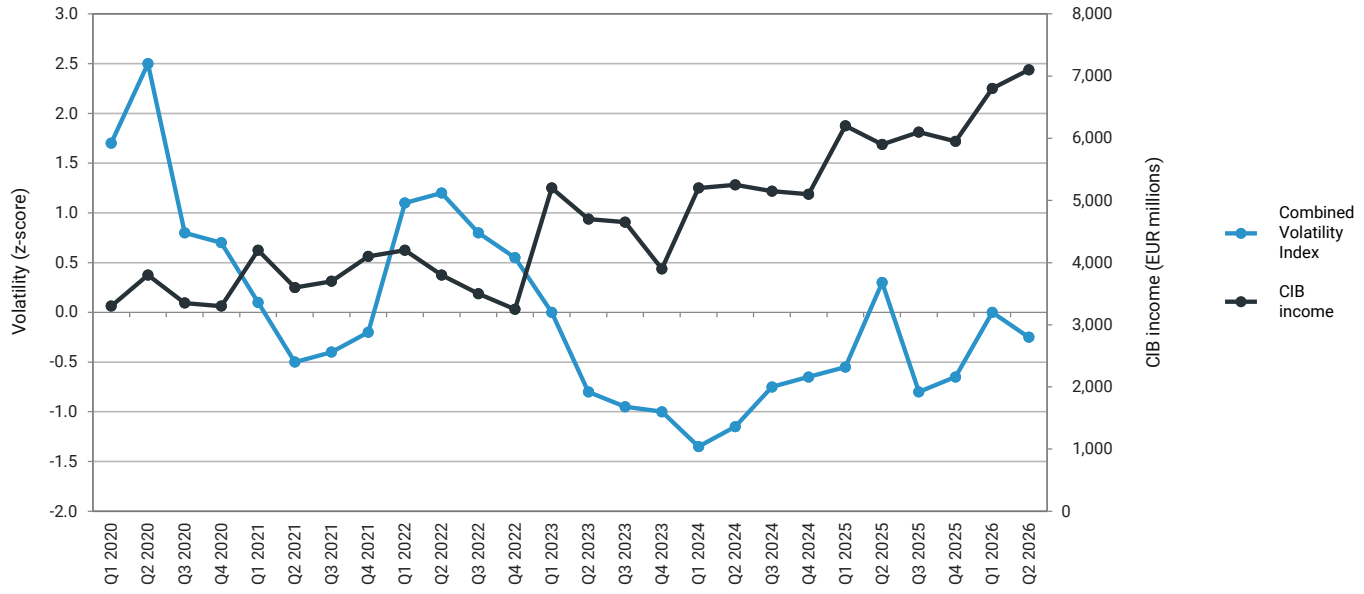
The UK has been one of the single largest contributors to that volume. Announced offers for UK-listed companies passed $231bn by the start of July, up roughly 210% year-on-year, with foreign bidders accounting for 86% of deal value against 75% a year earlier and US acquirers more than half



of that inbound total[11]. Discounted FTSE valuations and a predictable takeover framework explain much of the pull, and financial services has been squarely in scope. Nuveen agreed a £9.9bn cash acquisition of Schroders in February, ending more than two centuries of independence for the UK's largest standalone asset manager[12], while NatWest completed its £2.7bn purchase of Evelyn Partners in June, taking combined assets under management and administration to around £127bn[13,14],. Set alongside EQT's £9.4bn offer for Intertek and Zurich's £8.1bn acquisition of Beazley, with the top ten transactions close to two-thirds of UK deal value in H1[15], the pattern is a liquid market generating substantial advisory fees while progressively transferring ownership of its own financial institutions abroad.

[7]Reuters, "Wall Street bank earnings surge, lifted by trading and investment banking", 14 July 2026.
[8]Goldman Sachs, "2H 2026 Global M&A Outlook: Embracing the Volatility Paradox", 22 July 2026.
[9]Reuters, "Wall Street bank earnings surge, lifted by trading and investment banking", 14 July 2026.
[10]Financial Times, coverage of Q2 2026 equities-trading revenue at JPMorgan, Goldman Sachs, Citigroup and Bank of America, July 2026.
[11]Reuters, "Foreign bids help drive UK targeted M&A to new highs over $231 billion already in 2026", 1 July 2026.
[12]CNBC, report on Nuveen's agreed takeover of Schroders, 12 February 2026.
[13]Sky News, report on NatWest's takeover of wealth manager Evelyn Partners, 2026.
[14]WealthBriefing, "NatWest Group Wraps Up £2.7 Billion Evelyn Partners Acquisition", 2 July 2026.
[15]City A.M., report on the value of UK M&A in H1 2026 (PwC data), 2026.

Figure 12: Combined Volatility Index vs average income



Sources: STOXX (VSTOXX)[16], CBOE VIX[17], Eurogroup Analysis

Measured market volatility tells a more nuanced story than the "volatility paradox" suggests. The composite index standardises euro-area (VSTOXX) and US (VIX) equity volatility and sets it against average CIB income for a panel of US and European banks, quarterly from 2020. The sharpest readings came during the 2020 pandemic shock and through most of 2022, when average CIB income stalled in a €3.2bn to €4.2bn range, as uncertainty supported trading but delayed issuance and deal execution. Since 2023 the index has sat below its 2020–25 average in almost every quarter, and income has climbed from around €5bn in early 2024 to just over €7.0bn by Q2 2026, pausing only around the Q2 2025 tariff shock, the one above-average reading of the period. H1 2026 fits the same pattern: despite the geopolitical and AI-related uncertainty described above, measured volatility was close to its average in Q1 and below it in Q2, enough market movement to support trading without the stress that stalls deals. The record M&A volumes, large IPOs and trading revenues of the first half therefore reflect uncertainty in the macro narrative rather than disorder in markets, and sustained fee generation appears to depend on the intervals between volatility spikes, in which mandates convert into completed transactions.



[16]RSTOXX, EURO STOXX 50 Volatility (VSTOXX) historical data.
[17]Investing.com, CBOE Volatility Index (VIX) historical data.

US Banks Are Widening Their Lead, Including Inside Europe

The first half of 2026 points to a further widening of the transatlantic divide in corporate and investment banking. European banks' share of global investment-banking fees fell from 29% in 2015 to 21% in 2025, while US banks rose from 46% to 51%; by Q1 2026, Europe had fallen to 20% against the US's 54%[18]. The divergence partly reflects post-crisis choices: European institutions restructured their CIB divisions and some exited or shrank equities, prime brokerage and parts of fixed income, while US banks rebuilt capital faster and kept investing in their advisory, underwriting and markets franchises, and now capture more than three-quarters of global equities and fixed-income trading revenues.



Their advantage increasingly extends into Europe, where the European Commission estimates US banks hold a 40% EMEA market share versus 29% for EU global systemically important banks. US advisers also dominate the European M&A league table, though European banks remain relatively stronger in DCM[19]. Structural factors reinforce the gap: deeper US domestic capital markets let banks build underwriting and distribution scale at home before expanding abroad, while a more market-oriented financing system supports fee and commission income with less balance-sheet intensity, leaving European CIBs more reliant on corporate lending and structured financing to win and retain mandates[20].

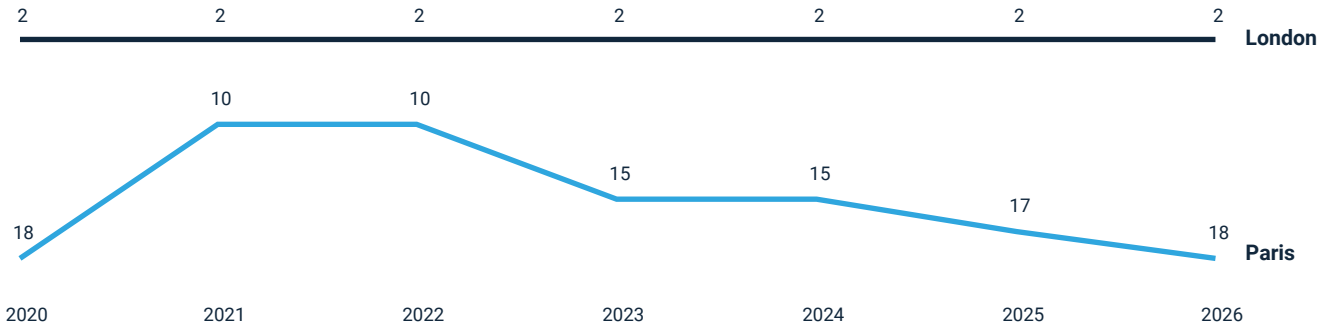
Capital flexibility could widen the gap further as proposed US Basel III and G-SIB surcharge revisions could cut capital requirements at large Wall Street banks by around 4.8%, adding capacity for market-making, financing and client activity while Europe remains constrained by a less integrated banking and capital-markets architecture[21]. These differences translate into returns: major US investment banks have generated roughly 10% ROE over the past decade versus around 7% for large European peers, reflecting stronger investment-banking and trading revenues, deeper markets, scale and sustained technology investment.

The European picture also poses positive aspects: UBS investment-bank revenues rose 27% year-on-year in Q1, supported by strong trading and a relatively "capital-light approach" – though the model faces a sharper capital burden at home - and European houses remain competitive in DCM and still win major advisory mandates, with Barclays advising Schroders and BNP Paribas advising Nuveen on the year's largest UK asset-management deal. Analysts forecast further investment-banking growth through 2026[22,23]. The competitive gap nevertheless looks increasingly structural rather than cyclical: US institutions enter the upcycle with greater scale, deeper home markets and more capital capacity, making the structure of Europe's financial market, post Brexit, central to understanding the divergence.

[18]Reuters, "European investment banks stutter as Wall Street rivals power ahead", 5 May 2026.
[19]European Commission, Commission Staff Working Document SWD(2026) 615 final, "Competitiveness of the Banking Sector and the Single Market in Banking", 17 July 2026.
[20]BNP Paribas Economic Research, EcoWeek analysis on competitive banks and European financial sovereignty, 1 June 2026.
[21]Reuters, "European investment banks stutter as Wall Street rivals power ahead", 5 May 2026.
[22]Reuters, "European banks set for profit boost from lending, trading windfall", 21 July 2026.
[23]Reuters, "European investment banks stutter as Wall Street rivals power ahead", 5 May 2026.

Brexit Has Left European Banking Resilient but More Fragmented

Figure 13: Global Financial Centres Index Ranking



Sources: The Global Financial Centres Index[25]

Within Europe, the sharpest test of Brexit's effect is the comparison between London and Paris. Brexit removed part of London's EU market access and prompted firms to relocate some elements of their operations, and Paris has been the most deliberate beneficiary, climbing from 37th in 2015 to 15th by 2024 as it attracted asset managers and clearing activity seeking stability inside the EU[24], while London has used its regulatory flexibility to pursue opportunities beyond Europe. Both compete for similar talent and capital: London offers competitive tax rates, financial product exemptions and a tailored regulatory approach, while Paris counters with targeted incentives for asset managers and seamless access to the single market. Regulatory divergence cuts both ways, the UK's flexibility set against the consistency Paris derives from EU frameworks.

The index illustrates both the scale of that shift and its limits. London has held second place in every edition since 2020, unmoved by the loss of passporting. Paris rose sharply from 18th in 2020 to 10th across 2021 and 2022, the clearest evidence of a genuine Brexit dividend, but has since slipped back towards its pre-referendum position, at 15th in 2023 and 2024 and around 18th by 2026. The gain therefore looks front-loaded rather than cumulative: Paris captured a one-off relocation of specific activities or roles without converting it into sustained convergence, while London's standing has proved more durable than the referendum's aftermath implied.

Nearly a decade after the 2016 referendum, London remains one of the world's leading financial centres despite losing EU passporting rights: the City of London's 2026 benchmarking ranked it ahead of New York, Singapore, Paris and Frankfurt, a sixth consecutive year at the top of the City's competitiveness survey[26]. Brexit nevertheless created a measurable regulatory barrier. A 2026 Bank of England study found that banks losing passporting rights cut their EEA loans and deposits by around 45% more than comparable institutions that retained authorisation[27].

Banks responded by selectively redistributing activities: Morgan Stanley set up a Frankfurt entity and moved asset management to Dublin, and by 2021 more than 440 financial firms had relocated some business, staff or legal entities to the EU, with banks moving over £900bn in assets and insurers and asset managers a further £100bn. Amsterdam, Dublin, Luxembourg, Paris and Frankfurt developed complementary specialisms, though no single centre replaced London[28]. The result is better described as redistribution than substitution seeing that London remains the main European hub for many activities while banks added EU entities to preserve market

[24]Z/Yen and Long Finance, The Global Financial Centres Index 40, September 2026.
[25]Z/Yen and Long Finance, The Global Financial Centres Index 40, September 2026.
[26]Investing.com, report on the City of London Corporation's 2026 global financial centre benchmarking survey, 2026.
[27]S. Bhalotia, S. Piton and J. Woods, "Trade in services under regulatory barriers: evidence from UK banking", Bank of England Staff Working Paper No. 1,181, 8 May 2026.
[28]New Financial, Brexit & the City: The Impact So Far, April 2021.

access, a "multi-hub" model that UK Finance notes carries greater coordination costs and more fragmented risk booking; major US banks now combine London headquarters with substantial EU operations[29,30].

Cross-Channel integration nevertheless remains substantial: City of London and New Financial research estimate EU banking activity involving UK institutions has risen 60% since the referendum, with UK lending into the EU still equal to 12% of total UK bank lending and EU lending into the UK at 8%. Evidence that Brexit changed the operating architecture without severing economic links[31]. This creates a measurement challenge, since comparing "US" and "European" investment banking can conflate an institution's nationality, where a transaction is booked and where the client sits: US banks may book EU activity through continental entities while retaining major infrastructure in London, and EU-headquartered banks may still run sizeable markets businesses from the UK.

Brexit did not create Europe's fragmentation, but it added a cross-Channel layer to an existing fragmented market that still spans multiple national insolvency regimes, capital markets and supervisory structures thus limiting scale[32]. Greater integration is therefore tied to CIB competitiveness as well as investment financing: deeper, more liquid markets could improve underwriting, trading and advisory economics and enlarge the home market available to European banks, though the Commission expects these benefits to emerge only progressively, so the US advantage is unlikely to disappear soon[33].

The first half of 2026 therefore presents a contradiction: investment banking is booming globally and European banks are benefiting, yet US institutions are taking a larger share, while the record wave of inbound UK M&A shows a deep, liquid European market generating substantial fees even as it cedes ownership of its own institutions. Brexit has not displaced London and instead has reinforced a more distributed European model in which London remains central alongside Frankfurt, Paris, Dublin, Luxembourg and Amsterdam. With scale, technology and capital flexibility becoming ever more valuable, European CIBs must convert the current upcycle into more durable global competitiveness.



[29]UK Finance, report on the future of international banking in the UK.
[30]Le Monde, article on the City of London ten years after Brexit, 23 June 2026.
[31]City of London Corporation, press release, "The interconnectedness of EU and UK financial markets", January 2026.
[32]Reuters, "EU plans measures to help EU banks build scale and compete with US rivals", 17 July 2026.
[33]European Commission, 30 April 2026.



Focus On Stablecoins: A New Frontier for CIBs



This chapter focuses on fiat-backed stablecoins, which make up the vast majority of supply; algorithmic and crypto-collateralised variants remain marginal and carry materially higher risk, as the collapse of TerraUSD in 2022 illustrated.

Before delving deeper, it is important to define what a stablecoin is. A stablecoin is a digital bearer token issued on a blockchain and redeemable one-for-one against a fiat currency, backed by a reserve of cash and short-dated government debt[34]. Three properties distinguish it from a conventional payment instruction: it settles in seconds on a shared ledger, it is programmable, and it moves without passing through the correspondent banking chain.

For CIBs, the critical distinction is not stablecoin versus crypto but rather stablecoin versus tokenised deposit. A stablecoin is a claim on an issuer's segregated reserve pool and typically circulates permissionlessly. A tokenised deposit is a claim on a bank's balance sheet, stays inside the regulated perimeter, and circulates only among vetted counterparties. Most bank initiatives announced over the past twelve months concern tokenised deposits, even though they are often described as stablecoin projects.

What tokenised money, whether stablecoins or tokenised deposits, adds to wholesale banking is not cheaper payments. It is capital velocity. Stablecoins are increasingly used as the cash leg in atomic settlement, where two assets are exchanged simultaneously and either both legs settle or neither does, removing settlement risk by design[35]. Applied to FX, collateral and treasury, that property compresses exposure windows, releases pre-funded nostro balances, and allows the same liquidity to be reused several times a day. In a business where securities transactions still settle with a lag of one to two days and tie up collateral longer than necessary, incremental gains in velocity compound into material balance sheet efficiency. Tokenised deposits offer the same settlement properties within the regulated perimeter, which is why the choice between the two instruments shapes the strategies discussed below.

[34]C. Lagarde, 'Stablecoins and the future of money: separating functions from instruments', speech at the Banco de España LatAm Economic Forum, May 2026.
[35]Ibid.

Stablecoins Are Gaining Ground in Institutional Finance, From a Small Base

The market has scaled. Stablecoin supply has grown from under USD 10 billion six years ago to more than USD 300 billion[36]. The more instructive number is the growth rate: supply rose 14.3% year-on-year to USD 308 billion in August 2026, and has decoupled from the crypto price cycle, holding near record highs through the 2026 downturn[37].

Regulatory clarity was the turning point. MiCA, the European Union's comprehensive legal framework, brought stablecoins inside the EU regulatory perimeter, with its stablecoin provisions applying since 30th June 2024[38]. In the US, the GENIUS Act was signed on 18th July 2025, with the full regime expected to be operational by January 2027[39]. The effect on bank behaviour was immediate: a product that had been a supervisory liability became a licensable business line. In the UK, the Cryptoassets Regulations passed Parliament in February 2026 and the FCA published final issuance rules in June, with the new regime taking effect in October 2027[40].

Whilst use cases for CIBs are broadening, the base is still small. Cross-border B2B payments already account for roughly 60% of stablecoin payment volume, yet that volume represents about 0.01% of global B2B flows[41]. Gross on-chain transfer volumes in the tens of trillions far overstate economic usage; actual end-user payment activity in 2025 was closer to USD 390 billion[42]. Traction is concentrated where the alternative is worst: transaction flows reach around 7.7% of GDP in Latin America and 6.7% in Africa and the Middle East[43].

The genuine institutional momentum is in tokenised collateral, not payments. Tokenised money market funds, deployable as collateral in derivatives and repo, roughly doubled in market capitalisation in 2025 to around EUR 7 billion, outpacing both stablecoins and traditional MMFs[44].

Tokenised traditional assets on public blockchains grew from USD 5.5 billion at end-Q1 2025 to roughly USD 27 billion a year later[45]. As those markets scale, they generate structural demand for an on-chain settlement asset, which is where CIB relevance begins.

One structural fact frames every strategic choice below: close to 98% of stablecoins are denominated in US dollars[46], and the market is dominated by two private, non-bank issuers: Tether, whose USDT accounts for around 60% of supply, and Circle, whose USDC holds above 20%[47]. For European CIBs in particular, relying on this market as-is would mean settling in a foreign currency, through issuers they neither control nor supervise.



[36]Ibid.
[37]DefiLlama, total stablecoin market capitalisation USD 269.4bn (August 2025) to USD 308.0bn (13 August 2026), +14.3% year on year.
[38]Regulation (EU) 2023/1114 (MiCA).
[39]The White House, 'Fact sheet: President Donald J. Trump signs GENIUS Act into law', press release, 18 July 2025.
[40]The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 were passed by Parliament on 4 February 2026.
[41]Artemis Analytics, February 2026.
[42]Ibid.
[43]M. Reuter, 'Decrypting Crypto: How to Estimate International Stablecoin Flows', July 2025.
[44]A. Born et al., 'Tokenised money market funds: new technology, familiar risks?', April 2026.
[45]Lagarde, 8 May 2026, op. cit.
[46]I. Aldasoro et al., 'The impact of stablecoins on the international monetary and financial system', Bank for International Settlements, May 2026.
[47]DefiLlama, August 2026, op. cit.

CIBs Face a Strategic Choice: Compete, Defend, or Partner



The past twelve months have resolved much of the ambiguity. Almost no major CIB is still taking a wait-and-see approach.

Compete

Consortium issuance is now committed, not exploratory. On 1 September 2026, 21 financial institutions including Bank of America, Citi, Goldman Sachs, UBS, Deutsche Bank, Santander, Wells Fargo, MUFG and Fidelity committed to form a company in H2 2026 to issue a USD stablecoin, targeting market launch in H1 2027, with a euro token the priority for expansion[48]. The initiative grew out of a ten-bank feasibility exercise announced in October 2025. In Europe the parallel track is further along: Qivalis, the ING-backed consortium, has expanded to 37 member banks including BNP Paribas, UniCredit, CaixaBank, Intesa Sanpaolo, Groupe BPCE and Nordea, and plans to launch a regulated euro stablecoin in the second half of 2026 subject to approval[49]. The logic is explicitly network-driven: more members mean more liquidity, broader distribution and the adoption conditions needed to move beyond experimentation.

Defend

Tokenised deposits are the larger and quieter bet. JPMorgan's Kinexys unit rolled JPMD out to institutional clients on Base in November 2025 and began extending it to the Canton Network (a blockchain built for regulated financial institutions) through 2026; it is by invitation-only and restricted to vetted institutional clients, which is the defining difference from a permissionless stablecoin. Citi runs Citi Token Services for Cash, moving money between its branches 24/7 for corporate and institutional clients, with Mars among the early adopters. Most significantly, JPMorgan, Citi, Bank of America and Wells Fargo plan a shared tokenised deposit network operated by The Clearing House[50] by the first half of 2027, converting deposits into blockchain-based tokens that move around the clock while keeping the funds inside the regulated banking system[51]. The strategic objective is deposit defence, stated plainly.

Partner and serve

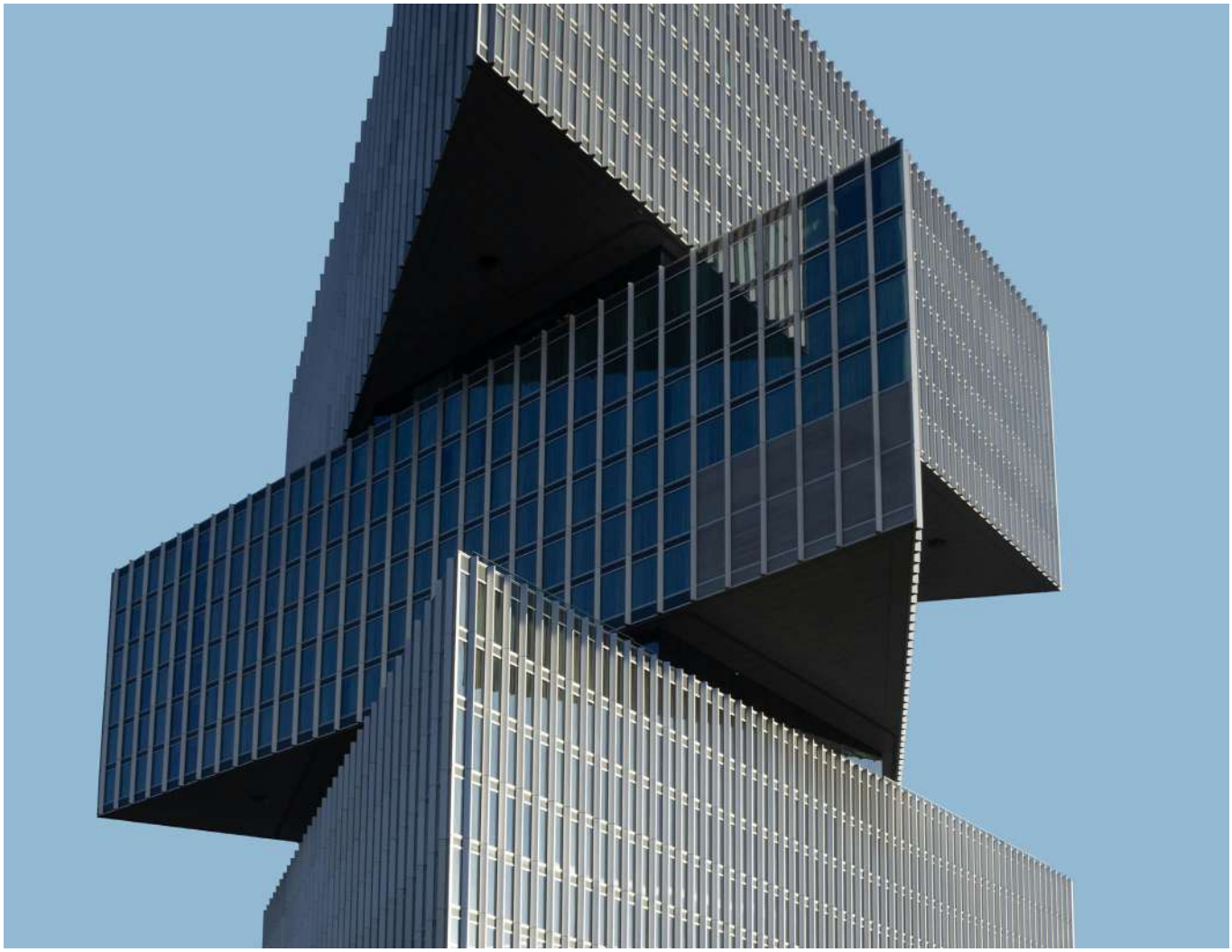
Lower capital, lower risk, recurring revenues. Custody, on- and off-ramps, FX at the conversion point and compliance infrastructure generate fee income without balance sheet expansion or issuance risk. Some banks combine this service offering with issuance of their own: Société Générale has issued EURCV since 2023 and USDCV since June 2025 through SG-FORGE, and Standard Chartered's Anchorpoint venture secured one of Hong Kong's first issuer licences in March 2026. For most CIBs outside the top tier, however, service provision remains the most accessible entry point.

The disintermediation risk is real but frequently mis-specified. The headline threat is deposit migration: Bank of America's CEO has cited a Treasury estimate that up to

[48]Joint announcement of 1 September 2026 by 21 financial institutions. Members: Bank of America, Capital One, Citi, Fidelity Investments, Goldman Sachs, PNC Financial Services, Scotiabank, TD Bank Group, Wells Fargo and WisdomTree (North America); Banco Santander, BBVA, Commerzbank, Crédit Agricole, Deutsche Bank, Lloyds Banking Group, Rabobank and UBS (Europe); MUFG Bank (East Asia); and further institutions in the Middle East and Africa, including Standard Bank.
[49]ING press release, 19 May 2026; Qivalis added 25 banks to reach 37 institutions across 15 countries.
[50]Clearing House: bank-owned utility behind the CHIPS (large-value dollar payments) and RTP (real-time retail payments) systems.
[51]The Wall Street Journal, 5 June 2026.

USD 6 trillion could move if stablecoins paid interest, which the GENIUS Act prohibits issuers from doing[52] although exchanges and intermediaries can still offer holders rewards funded from reserve income. A less obvious finding is that banks that win stablecoin reserve deposits also face constraints. New York Fed research shows they must hold materially larger balances at the central bank, and lending accounts for a smaller share of their assets than at peer banks[53]. Their balance sheet moves closer to a narrow-banking model, invested mainly in liquid assets rather than loans.

The competitive set has widened beyond crypto-native issuers. On 30th June 2026, more than 140 companies backed Open USD, a dollar token built by Open Standard, an independent company led by Bridge co-founder Zach Abrams, and governed by a board drawn from participating partners[54]. Visa, Mastercard, Stripe, Coinbase, BlackRock, Ripple, Google and Standard Chartered are among them. The economics are the material feature. Minting and redemption carry no fees and no volume caps, and most reserve income is returned to partners after a management fee. That structure removes the float revenue on which single-issuer models depend, and on which most bank business cases for issuance rely. Circle's shares fell 17.6% on the announcement, their worst session in months, after Coinbase, its own USDC distribution partner, signed on to the rival token[55]. Competition to control the settlement layer is now playing out among payment networks and technology platforms. Waiting has therefore become more costly than it was twelve months ago: late entrants will have to accept terms set by firms that already control distribution.



[52]Brian Moynihan, Chief Executive Officer, Bank of America, Q4 2025 earnings call, 14 January 2026.
[53]M. J. Lee and D. Tou, 'Stablecoin Disintermediation', Federal Reserve Bank of New York, February 2026.
[54]Open Standard announcement, 30 June 2026. Partners include Visa, Mastercard, American Express, Stripe, Coinbase, BlackRock, BNY, Standard Chartered, DBS, Ripple, Google, IBM, Samsung and Shopify.
[55]CoinDesk, 30 June 2026.

Implications for CIB Business Models and Risk Management

Although reserve deposits take the legal form of bank deposits, they are as volatile as overnight funding. Stablecoin reserve balances are concentrated, uninsured, wholesale and redeemable 24/7 against a bank whose own liquidity operations are not. They attract punitive outflow assumptions and force intraday and weekend liquidity capabilities that most treasuries do not currently run. Federal Reserve analysis notes that as retail deposits substitute into stablecoins, banks end up with more concentrated, uninsured wholesale funding, raising both liquidity risk and funding costs even where total deposits are broadly unchanged[56].

Issuance economics are a rates-bet dressed as a payments business. The primary revenue from issuance is the float, net interest earned on the reserve pool. That model compresses in an easing cycle and is structurally vulnerable to any regulatory change permitting yield pass-through. The durable revenue sits elsewhere: custody, FX conversion, distribution, and compliance-as-a-service. When evaluating stablecoin issuance, CIBs may find it more prudent to rely on fee-based revenues than on income earned from the yield on reserve assets.

MiCA places banks at the centre of stablecoin reserve management. The regulation requires issuers to hold at least 30% of reserve assets as deposits with credit institutions, rising to 60% for significant issuers, with the remainder in low-risk, highly liquid instruments such as sovereign bonds[57]. For banks, this is a business opportunity, but one that carries the liquidity constraints described above. For the system, it creates a concentration risk. It also creates a supervisory asymmetry the ECB has flagged: in multi-issuer schemes spanning EU and non-EU entities, MiCA's safeguards reach only the EU issuer, and in the event of a run investors will redeem where protections are strongest, potentially against reserves insufficient to meet concentrated demand.

AML/CFT is the binding constraint on scale. Bearer instruments on permissionless ledgers break the assumption underpinning correspondent banking compliance: that every hop has an identifiable intermediary. Travel Rule obligations, sanctions screening against wallet addresses, and transaction monitoring must reconcile chain analytics with internal engines, consistently across on-chain and off-chain environments and



across jurisdictions with divergent interpretations. The perimeter question is live: US bank trade groups have argued for extending customer identification duties into stablecoin secondary markets while crypto policy groups want them to stop at the issuer. Where that line lands determines who bears KYC cost across the entire chain.

Correspondent banking and trade finance are likely to change, although gradually and unevenly. The most immediate benefit lies in foreign exchange settlement for currencies not covered by CLS, the main multilateral FX settlement system, and for trades executed outside its operating hours. In these cases, typically emerging market currency pairs, the two legs of a transaction are often settled separately. One party is then exposed to the risk of paying without receiving the counter-currency. Token-based payment-versus-payment, in which both legs settle simultaneously, can eliminate this exposure. Trade finance is a more difficult case. Its main frictions stem not from settlement speed but from documentary and legal requirements. Automating payment through a smart contract does not, in itself, verify or transfer a bill of lading.

Liquidity fragmentation is a further risk that is not yet widely reflected in investment decisions. Tokenised and conventional payment rails may operate side by side without funds being able to move freely and instantly between them. Banks would then need to hold separate liquidity pools in each environment. This could offset the capital efficiency gains that tokenisation is expected to deliver. Real-time reconciliation between on-chain positions and internal ledgers is therefore a prerequisite[58].

[56] J. J. Wang, 'Banks in the Age of Stablecoins: Some Possible Implications for Deposits, Credit, and Financial Intermediation', 17 December 2025.
[57] Regulation (EU) 2023/1114 (MiCA).
[58] H. Song Shin, 'Tokenomics and blockchain fragmentation', Bank for International Settlements, March 2025; and Lagarde, 8 May 2026, op. cit.

Outlook: Five Calls for 2027



Regulatory frameworks are now largely in place on both sides of the Atlantic, and central banks are accelerating their own on-chain initiatives. Together, these shifts will redraw the competitive landscape for wholesale payments. We see five developments shaping that landscape by 2027, each with direct implications for how CIBs should prioritise investment:

1. Tokenised deposits prevail for core wholesale flows

The ECB has said as much, arguing that tokenised commercial bank deposits carry the credit quality of regulated institutions and may in time prove preferable to stablecoins for many wholesale use cases[59].

2. Consortium launches will underwhelm on day one

Both the 21-bank venture and Qivalis face the same cold-start problem. Value accrues to corridor density and distribution, not to issuance.

3. Public infrastructure is the swing factor in Europe

The Eurosystem's Pontes service went live on 21 September 2026, linking DLT platforms to TARGET so that on-chain wholesale transactions settle in central bank money[60]. It starts with limited operating hours, with round-the-clock service targeted for 2028. In parallel, the Appia roadmap is set to culminate in a blueprint for an integrated European tokenised ecosystem in 2028[61]. If central bank money becomes natively available on-chain, the commercial case for a euro stablecoin narrows considerably. That is the explicit ECB position: separating the monetary function from the technological one leaves the case for promoting euro-denominated stablecoins far weaker than it appears.

4. Regulatory divergence, not regulatory absence, becomes the operating cost

With GENIUS fully operational from early 2027 and MiCA fully applicable, multi-currency issuance means multi-regime compliance under non-interchangeable rules. The single biggest variable for deposit migration is whether yield-bearing stablecoins are permitted. With US market-structure legislation now stalled, exchange-paid rewards remain a regulatory grey zone, and any move to close or open it would reshape the competitive picture immediately[62].

5. The revenue pool shifts from execution to orchestration

Value migrates away from moving the payment and towards liquidity provision, custody, FX at the conversion point, and compliance infrastructure that regulators and corporates trust. The CIBs that win this cycle will be those that build corridor density and a compliance stack others are willing to rent.

The strategic risk for 2026-2027 is therefore not moving too slowly on issuance. It is moving too slowly on the "plumbing" (custody, wallet orchestration, on-chain screening, real-time reconciliation) without which no issuance strategy becomes usable at institutional scale.

[59]Lagarde, 8 May 2026, op. cit.
ECB, 'Pontes'.
European Central Bank, Appia, roadmap published in March 2026.
The Digital Asset Market Clarity (CLARITY) Act would ban yield on idle stablecoin balances while permitting activity-based rewards. After clearing the Senate Banking Committee 15-9 in May 2026, it failed a Senate cloture vote 49-50 on 15 September 2026 and is now stalled. The GENIUS Act bans issuer-paid interest but is silent on exchange-paid rewards, which remains the point of contention.



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Founded in 1982, Eurogroup Consulting is a global leader in strategy and management consulting, headquartered in Paris and with a strong footprint across Europe. Through our NextContinent international network, we bring together over 3,000 consultants in 30 countries, delivering high-quality advisory services across both public and private sectors. With a particular expertise in financial services, especially corporate and investment banking, we support major banks and financial institutions in addressing the challenges of a rapidly evolving market.

As a founding member of Next Continent, Eurogroup Consulting contributes to a global alliance of independent consulting firms, each a leader in its market, united by a common entrepreneurial vision.

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