

Open Banking, Stablecoins, and the Deposit-Drain Risk

Why banks and credit unions should respond with embedded fintech capabilities — not compliance-only programs

Source qualification: Public sources verify Standard Chartered deposit-flight estimates of roughly US\$500B for U.S. banks and US\$1T for emerging-market banks. J.P. Morgan's publicly reported view is more conservative, projecting the stablecoin market from around US\$500B to US\$750B by 2028 / in coming years. The US\$3.3T figure is best treated as broader neobanking market-size context, not as a verified J.P. Morgan deposit-drain estimate. [1][2][3][4]

Executive Summary

The next phase of financial-services competition is not simply about branch networks, card rewards, or mobile app design. It is about who controls the customer's financial relationship when data and payments become portable. Open banking gives customers and SMEs the ability to share bank-account data and initiate services through approved third parties. Open finance extends that same logic across mortgages, investments, pensions, insurance, savings, payroll and business finance. Once that happens at scale, the bank account is no longer the natural center of the relationship; it becomes one connected data source among many.

This is why recent deposit-drain warnings matter. Standard Chartered has warned that stablecoin adoption could pull about US\$500 billion from U.S. bank deposits by 2028, with regional banks particularly exposed, and earlier estimated that up to US\$1 trillion could leave emerging-market banks for stablecoins over roughly three years. J.P. Morgan has taken a more conservative view of stablecoin growth, but still sees a US\$500 billion-plus market emerging. The signal is clear: digital money, fintech wallets, low-cost remittance platforms and neobanks are competing for the same balances, transactions and relationships that traditional institutions historically controlled. [1][2][3]

For banks and credit unions, open banking is therefore not just a compliance project. It is a customer-retention and revenue-defense strategy. Consumers and enterprise customers are already moving activity to providers such as Wise, Revolut, KOHO, neo-Financials, and other digital-first platforms because they can see lower fees, faster execution, cleaner onboarding and better user experience. The strategic question is simple: will the bank or credit union embed those capabilities inside its own trusted environment, or will it let the customer leave to get them elsewhere?

1. The Evidence: Deposit Risk Is Becoming Structural

Standard Chartered's thesis is that stablecoins are no longer just trading instruments; they are becoming savings and payment alternatives. In its emerging-market analysis, the bank described stablecoin accounts as effectively USD-denominated bank-account substitutes and estimated that current stablecoin savings in developing economies could rise from about US\$173 billion to US\$1.22 trillion by 2028. Its later U.S. analysis warned that payment networks and core banking activities shifting to stablecoins could expose bank deposits, especially where reserves are held in Treasuries rather than redeposited with banks. [1][2]

The J.P. Morgan view is more cautious, but still strategically important. Reuters reported that J.P. Morgan forecast stablecoin growth to about US\$500 billion by 2028 and argued that payments adoption remains limited today. Deloitte Canada similarly summarized J.P. Morgan research as suggesting a US\$500 billion to US\$750 billion stablecoin market by 2028. Even the conservative-view points to a large new digital-money layer that banks cannot ignore. [3]

At the same time, neobanks and money-movement platforms are scaling quickly. Revolut reported 70+ million retail customers and US\$67.5 billion in customer balances, while Wise reported 15.6 million active customers and GBP145.2 billion in annual cross-border volume. KOHO, a Canadian fintech with more than 2 million customers, has also joined Payments Canada as a supervised payment service provider, strengthening its role in Canada’s modernized payments ecosystem. These are not fringe apps; they are becoming customer gateways. [9]

2. Why Open Banking and Open Finance Accelerate the Shift

Open banking and open finance change the customer relationship in four connected ways:

Mechanism	What changes	Risk for banks and credit unions
Data portability	Customers and SMEs can share account, payroll, lending, mortgage, pension, investment and insurance data with approved providers.	Third-party apps can understand the customer better and offer cheaper, faster alternatives.
Payment initiation	Fintechs can initiate payments or guide customers to the best payment route without relying on legacy bank UX.	The customer starts the journey outside the bank, weakening the primary relationship.
Instant settlement rails	Stablecoins, real-time payments and open-finance payment flows make low-cost, near-instant cross-border movement more practical.	High-fee wires and slow cross-border settlement become easier to compare and harder to defend.
Embedded experience	Financial services move into ERP, payroll, e-commerce, treasury and mobile workflows.	Banks become invisible infrastructure unless they embed competitive tools into those workflows.

Canada’s consumer-driven banking framework explicitly aims to let individuals and businesses share financial data with approved providers through secure APIs, replacing screen scraping and enabling lower costs, tailored products and greater choice. The UK shows what adoption can look like: open banking reached 16.5 million user connections by December 2025, up 36% year over year. [5][6]

The next step is broader. The FCA’s open-finance roadmap covers SME lending, mortgages, insurance, pensions, savings, investments, credit, debt management and account switching. The Arab Monetary Fund has also emphasized that open banking and open finance enable customized retail and SME services through consent-based data sharing with regulated entities via secure APIs, and notes that Arab countries are actively progressing toward adoption. [7][8]

3. The Strategic Implication: Compliance Is Not Enough

A bank can comply with open-banking rules and still lose the customer. Compliance answers the regulator’s question: can the customer safely share data? Strategy answers the market question: **once the customer can share data, why should they stay with us?**

Enterprise customers are especially important. They do not move payroll, supplier payments and cross-border transfers to fintech platforms only because the apps are attractive. They move because the business outcome is better: lower cost, faster settlement, cleaner reconciliation, better visibility and happier counterparties.

For a company paying global staff, contractors or suppliers, a two-day delay and high FX/wire cost is not just a payment problem; it is an operational problem. That is why firms use Wise, Revolut Business and other platforms when bank channels feel slow, expensive or opaque.

Credit unions and regional banks face an even sharper challenge. They often own deep customer trust, community relationships and local deposit relationships, but may not have the budget or internal capacity to build modern cross-border orchestration from scratch. If they wait until customers have already built their daily financial lives around external wallets and neobanks, **winning the relationship back will be more expensive than defending it now.**

4. HATI: Embedded Fintech for Banks and Credit Unions

HATI, developed by Blokketen Solutions Inc., is designed as an embedded payment-orchestration layer for banks, credit unions and enterprise banking channels. The purpose is not to replace the bank. The purpose is to help the bank offer fintech-grade payment outcomes inside its own customer environment.

In practical terms, HATI can sit above existing bank connectivity, ERP connectivity, approved open-banking providers and available payment rails. For each payment batch or cross-border transfer, HATI can help evaluate available routes based on cost, speed, jurisdiction, compliance rules, settlement availability and customer policy. The customer sees a simple experience: choose the payment objective, compare route options, approve, execute through the approved provider or bank rail, and receive audit-ready status back into the bank or enterprise system.

This positions the bank or credit union to keep the customer relationship while delivering the very capabilities customers seek from fintechs: lower-cost cross-border payments, faster settlement, better transparency and modern workflow integration. Instead of watching balances and payment activity migrate outward, the institution can turn open banking and open finance into a defensive and growth-oriented product strategy.

Recommended Next Step

Banks and credit unions should not wait for deposit flight to become visible in quarterly reports. They should run a controlled pilot focused on one high-value use case: cross-border payments for SMEs, enterprise payroll, supplier payments, or member remittances.

Blokketen Solutions Inc. can brief your leadership team on how HATI could be embedded into your existing digital-banking, ERP or treasury environment to help retain customers, defend deposits and offer a modern low-cost instant-payment experience.

Contact:

Alan Hamid
Founder & CEO
Blokketen Solutions Inc.
Ontario, Canada

admin@blokketensolutions.com

<https://blokketensolutions.com>



Sources

- [1]** Reuters, Jan. 2026: Standard Chartered estimated that stablecoins could pull around US\$500 billion in deposits out of U.S. banks by the end of 2028.
- [2]** Reuters, Oct. 2025 and Standard Chartered Global Research: Standard Chartered estimated that up to US\$1 trillion could leave emerging-market banks for stablecoins within roughly three years, with stablecoin savings rising from about US\$173 billion to US\$1.22 trillion by 2028.
- [3]** Reuters, July 2025; Deloitte Canada, Mar. 2026: J.P. Morgan projected a more conservative stablecoin market of roughly US\$500 billion to US\$750 billion by 2028 / in coming years, while questioning multi-trillion forecasts.
- [4]** Allied Market Research: Global neobanking market projected to reach approximately US\$3.25 trillion by 2032. This is market-size context, not a verified J.P. Morgan deposit-drain estimate.
- [5]** Government of Canada, Budget 2025 Consumer-Driven Banking Framework: open banking lets individuals and businesses share financial data with approved providers through secure APIs, replacing risky screen scraping and enabling lower costs, tailored products and greater choice.
- [6]** Open Banking Limited, Jan. 2026: UK open banking reached 16.5 million user connections by December 2025, up 36% year over year.
- [7]** UK Financial Conduct Authority, 2026 Open Finance Roadmap: open finance extends secure data sharing beyond payments into SME lending, mortgages, insurance, pensions, savings, investments, credit, debt management and account switching.
- [8]** Arab Monetary Fund, Guidelines for Effective Open Banking / Finance Adoption: open banking and open finance enable customized retail and SME services through consent-based data sharing with regulated entities using secure APIs; Arab countries are actively progressing toward adoption.
- [9]** Revolut 2025 Annual Report: Revolut reported 70+ million retail customers and US\$67.5 billion in customer balances, with balances rising 66%. Wise FY2025 report: 15.6 million active customers and GBP145.2 billion in cross-border volume. KOHO reports 2M+ Canadian customers and joined Payments Canada as a supervised PSP in 2026.