

## Scenario 4: Digital reinvention

*Dr Alexander Ressos, TEP  
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),  
Solicitor (England & Wales)*

The fourth scenario places technology at the centre. It assumes that tokenisation of financial instruments, the integration of crypto-assets and digital assets into ordinary portfolios and the use of artificial intelligence transform private banking during the coming decade. Assets that are today held in custody accounts and transferred through correspondent chains would be held as tokens on regulated ledgers and settled in seconds against tokenised money. Advice would be supported by systems that analyse portfolios, tax situations and regulatory constraints in real time.<sup>1</sup> The scenario does not presuppose any particular outcome of the capital debate. It focuses on the way banks produce their services.

In this scenario, the boundaries of the bank would change. Platforms would separate custody, advice, execution and lending, which a traditional private bank combines in one institution. Licensed asset managers and new digital providers could offer advice on assets booked with specialised custodians, while large technology firms might enter the market through payment services or partnerships. The Swiss DLT legislation and the new licence categories discussed for payment and crypto-asset institutions would give Switzerland a framework for such a market.<sup>2</sup> Switzerland could become a leading location for tokenised private banking, building on the expertise of its banks in custody and of its supervisors in crypto-assets and digital assets.

The risks of this scenario lie in execution. Swiss banks have often been slow to adopt new technologies, and the experience of the Basel cantonal banks with Zak and radicant shows how difficult it is to build digital businesses at scale. Competitors in Singapore, Hong Kong and Dubai have also positioned themselves as hubs for digital assets, with supportive regulators. Cyber risks, the concentration of infrastructure in a few technology providers and the possibility of failures of new institutions would require supervisory attention.<sup>3</sup> The signposts would include the volume of tokenised assets held by Swiss banks, the adoption of settlement

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in tokenised central bank money, the number of licences granted under new categories and the speed with which banks replace their core systems.

For Basel, digital reinvention would be the scenario with the greatest potential. The city combines the BIS and its Innovation Hub, a university with research in computer science and economics, and banks that have already experimented with digital models. The expertise of the life sciences industry in data and artificial intelligence could also spill over into finance. Realising this potential would require cooperation between the cantonal banks, the private banks, the university and the authorities that has not yet taken a concrete form.

### 1 Notes

1. On the tokenisation of financial instruments, the settlement of tokenised assets against central bank money (BIS projects such as Helvetia and Agorá) and the use of artificial intelligence in wealth management, see Part K, Chapters I and V. Speculative construct. ↩
2. On the Federal Council's consultation draft of 2025 on new licence categories for payment instrument institutions and crypto institutions under the Financial Institutions Act, and on the existing DLT trading facility licence, see Part K, Chapter I, and the publications of the Federal Department of Finance. Status to be verified. ↩
3. On the strategies of Singapore (Project Guardian), Hong Kong (Project Ensemble) and the UAE in the tokenisation of financial assets, and on the related operational and cyber risks, see the publications of the MAS, the HKMA and the BIS. Status to be verified. ↩

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