



Thursday 1 October 2026

Tokenisation set to transform financial services, say UK's largest financial institutions

- Nearly three quarters of senior industry leaders expect tokenisation to transform how money and assets move through the financial system.
- Tokenisation could help create a faster, more efficient financial system, freeing up capital and liquidity for productive use elsewhere in the economy.
- Investment in emerging technologies, including tokenisation, is accelerating, with more than three-quarters of institutions now seeing it as a priority for growth.

As financial institutions invest in technologies that could reshape the future of the industry, senior leaders increasingly believe tokenisation could play a transformative role in how money and assets move through the financial system.

Nearly three quarters (71%) of the UK's largest financial institutions expect tokenisation to reshape the future of financial services, according to Lloyds' tenth annual Financial Institutions Sentiment Survey. The survey of 100 senior decision-makers across the UK's largest banks, insurers, financial sponsors and asset and wealth managers explored the technologies and trends expected to shape the future of financial services.

Tokenisation enables assets such as cash, bonds and funds to be represented digitally on blockchain-based infrastructure and transferred more efficiently. It achieves this while retaining the protections and safeguards associated with traditional financial assets.

Why does tokenisation matter?

By bringing assets and payments onto digital infrastructure, tokenisation can support faster settlement, more efficient collateral and liquidity management, and allow transactions to be processed automatically when certain conditions are met. This can simplify financial processes and reduce operational complexity.

As a result, for financial institutions and corporates, tokenisation could help free up capital and liquidity tied up in financial transactions, allowing it to be deployed more efficiently elsewhere. By reducing the time and resources needed to move money and assets, it could support increased lending, investment and innovation across the economy.

When asked about the key benefits, financial institutions identified faster payments and settlement as the biggest opportunity from tokenisation, cited by 60% of respondents. This was followed by collateral and liquidity management (41%).

Investment accelerates as digital infrastructure becomes a strategic priority

The growing focus on tokenisation is taking place alongside a wider acceleration in technology investment

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across financial services. More than three-quarters (77%) now identify investment in new and emerging technologies as a growth priority, almost doubling from 41% in 2025, while 64% plan to increase capital expenditure over the next 12 months.

Modernising financial and market infrastructure was also identified by respondents as one of the UK's greatest economic opportunities over the coming year, underscoring the potential benefits of upgrading the systems that underpin the movement of money and capital across the economy.

Lisa Francis, Global Head of CIB Coverage at Lloyds, said: "Financial institutions have spent years modernising how customers interact with financial services. Increasingly, attention is turning to the infrastructure behind those experiences. Tokenisation is a key part of that shift, with organisations exploring how it can help them transact in a safe, trusted environment, improve efficiency, make better use of capital and enable new products and services. Those that can turn that potential into real-world solutions stand to gain the greatest advantage."

Rob Hale, Co-Head of Global Markets at Lloyds, said: "The real opportunity is to make financial markets work faster, more efficiently and with greater flexibility for clients. Faster settlement, more efficient use of collateral and better movement of liquidity are tangible benefits that boost balance sheets. The next phase is about turning those individual use cases into infrastructure that works at scale, with the interoperability and common standards needed to connect digital and traditional markets."

Lloyds is already helping shape the development of digital assets working with industry partners to demonstrate how digital assets such as tokenised deposits and tokenised securities can be used to support faster settlement and more efficient movement of collateral and liquidity.

For example, earlier this year, alongside Archax and the Canton Network, Lloyds completed the UK's first public blockchain transaction using tokenised deposits to purchase a tokenised gilt, demonstrating how tokenisation could transform the way money and assets move through the financial system.

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Notes

The annual survey opened on 13 April and ran until 19 May 2026.

For the purposes of the survey, tokenisation was defined as using digital technology to represent traditional financial assets, such as cash deposits or securities, on secure and programmable digital systems.

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