



Solving the challenge of settling tokenized assets

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Centiglobe - a front-runner in cross-border payment solutions and the link between traditional payments and tokenized assets, designed to transform payments for banks and companies.



Introduction

As the transformative power of tokenization evolves rapidly, so does the need for adequate settlement of tokenized assets. In this whitepaper, we dive into the opportunities and challenges to settle trading of tokenized assets, in particular aspects of reducing counterparty risk and cross-border payments. While many are investing in this space, our unique approach sets us apart.

The Tokenization Opportunity

The emergence of cryptographic tokens and the advent of decentralized applications operating on peer-to-peer networks have provided opportunities for the development of tokenization. Tokenization enables the creation of unique and immutable digital representations of the world. That the tokens are cryptographic means that they enable transactions that are secure, transparent, and immutable. Through tokenization, several bottlenecks regarding the issuance and trading of assets are resolved as the assets, when being tokenized, are managed in a digital format on a decentralized ledger. New opportunities in distribution, settlement, fractionalisation and access to various asset classes ranging from property, royalties, small cap equities to private companies and airplanes, arise, driving a megatrend poised to have a profound impact on the world. Although many of the dominant financial institutions and infrastructure providers are investing heavily in this area, the new distribution models and the low cost of go to market also allow for smaller market places. These tend to be faster and nimbler and drive the development forward. A recent study from Boston Consulting Group expects that the value of tokenized assets will reach 11 trillion USD in 2030.*

The settlement challenge

The challenge for the tokenized world arise when it is limited by dependencies on the old world. This creates bottlenecks and limits the efficiency gains and business opportunities that tokenization offers. When settling traditional assets vs cash, intermediaries like clearinghouses and banks bridge the gap between buyers and sellers. However, in the decentralized world of tokenization, where there are no intermediaries, the traditional settlement process presents unacceptable settlement risks and time delays particularly in secondary markets where the buyer and seller are unknown to each other. In the crypto

* Boston Consulting Group, [“Relevance of on-chain asset tokenization in ‘crypto winter’”](#)

markets the problem has been resolved by using crypto stablecoins such as USDC and Tether. As tokenization is becoming more mainstream, crypto is not acceptable as a settlement mechanism for many issuers and investors of tokenized assets. For issuers in the primary market, converting crypto to fiat is costly and the risk of illicit financing looms. Investors will have a poor user experience, having to acquire stable coins and face additional costs from the on ramp/off ramp unless they are ready to accept settlement risks.

The Competitive Edge

To truly unlock the potential of tokenization platforms and to broaden their appeal to investors and issuers, a seamless settlement solution of fiat vs tokens allowing for removal of settlement risk is needed. Such a solution is also required to create actively traded secondary markets.

Tokenization platforms that offer a robust solution offering delivery versus payment (DvP) possibilities, will gain a significant competitive edge. They will attract more issuers, institutional capital, and build liquid markets. Providing a superior settlement mechanism may be the ultimate differentiating factor in offering a market leading platform in the new tokenized economy.

The Solution bridging the gap

What is needed is to find a payment solution that can combine the functionality of smart contracts and timelocks that exist in tokenized markets with access to local payment systems across geographies with full FX conversion capabilities. To enable the solution, one bank providing collection and payout is not sufficient. A network of banks cooperating and providing access to each other to access local payment systems and liquidity is needed.

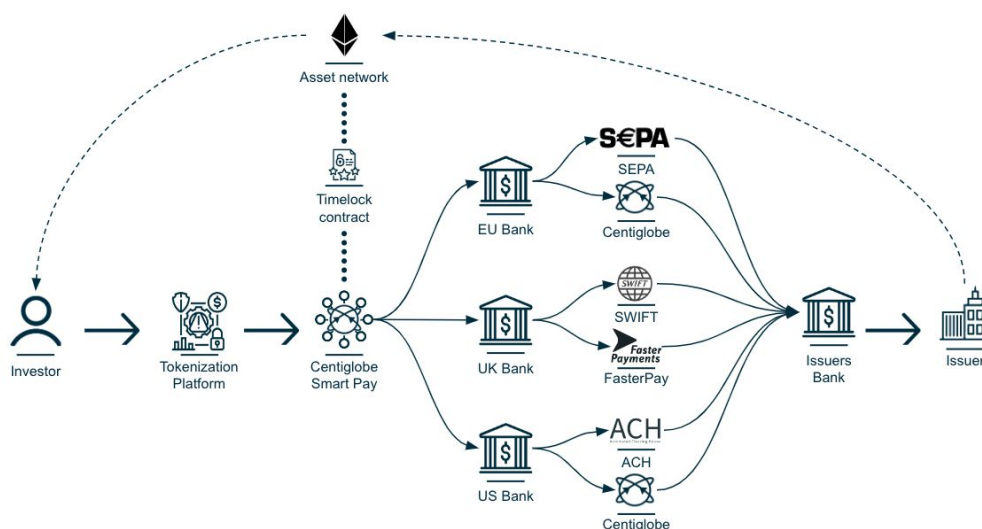
Centiglobe Smart Pay - the settlement solution for the next generation of tokenized asset markets

With a single API integration, Centiglobe Smart Pay provides tokenization platforms access to numerous local payment systems across the world via a global network of banks for collection and payouts. This is facilitated by Centiglobe's DLT-based permissioned payment network, Centiglobe Connect, backed by tokenized bank deposits. This unique, non-crypto solution enables banks to collaborate and to execute instant global payments seamlessly. Centiglobe Smart Pay is bank and system agnostic meaning that any bank or payment institute can be integrated and payments can be executed via either Centiglobe Connect,

Swift/correspondent banks or via domestic payment systems such as SEPA or ACH. To mitigate settlement risks, Centiglobe Smart Pay utilizes “time-locks”, smart contracts ensuring assets are released only upon payment confirmation.

With our banking and payment institute partners we deliver plug-and-play solutions providing investors and issuers industry-leading settlement functionality enabling instant delivery vs payment for any asset against any currency.

Centiglobe “Smart Pay” for Tokenization platforms



Settlement of tokenized assets vs cash- DvP

- With one API integration the tokenization platform gets access to all banks on the Centiglobe Connect platform
- Centiglobe Smart Pay routes the investor to the local payment provider enabling both local and cross-border payments for settlement
- Centiglobe Smart Pay locks the asset on-chain with time-lock and releases when the payment is done. This removes the counterparty risk between issuer and investors and settles the tokenized assets delivery vs payment in fiat currency
- The tokenization platform provides interface towards the investor for seamless customer experience - “first mile” local payment
- Cross-border payments can settle instantly via the Centiglobe Connect network or via Swift/correspondent banks in markets without Centiglobe Connect Access
- Centiglobe Smart Pay enables settlement of any tokenized assets e.g. real estate, gold, securities. No more need for bank intermediaries or crypto stable coins and credit cards to eliminate counterparty risk.

Contact us for more information or to schedule a demo and embark on the journey to transform settlement of tokenized assets.

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About Centiglobe

Centiglobe are front-runners in offering DLT cross-border payment solutions, and advisory services, designed to unlock and accelerate business value by modernizing and transforming payments, resulting in instant secure transfer of value and data for banks, payment institutes and companies.

Our payment transactions platform, and unique technology, create trust and transparency in payments, enable financial flows, reduce counterparty risk, cost of capital and operating cost to compete more effectively.