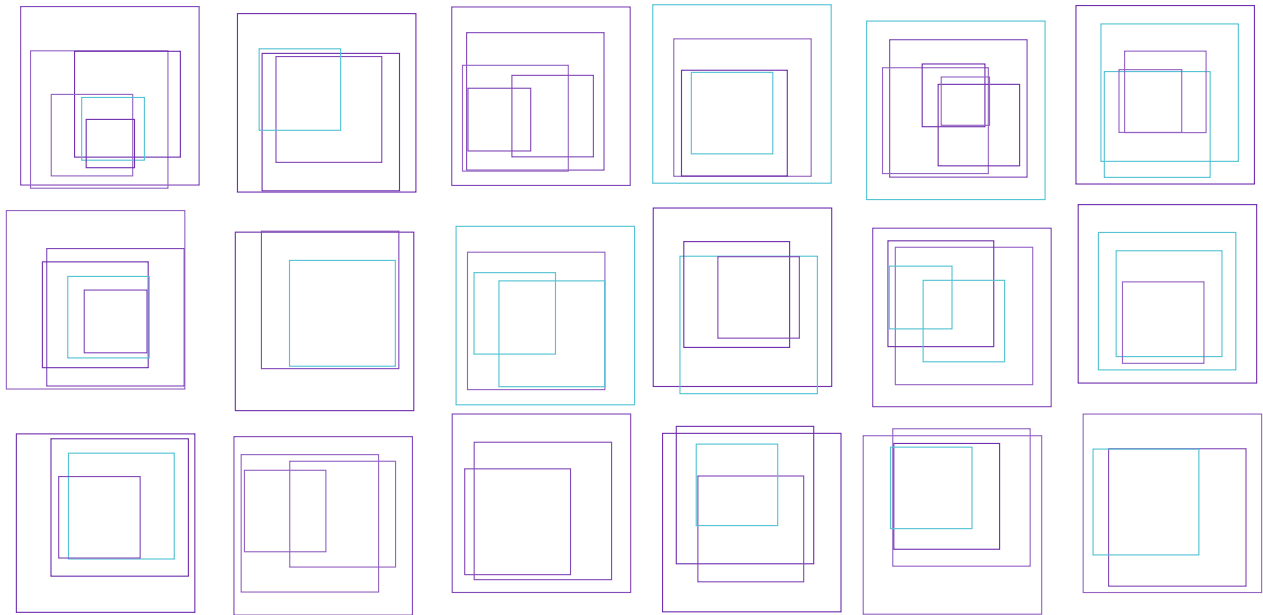


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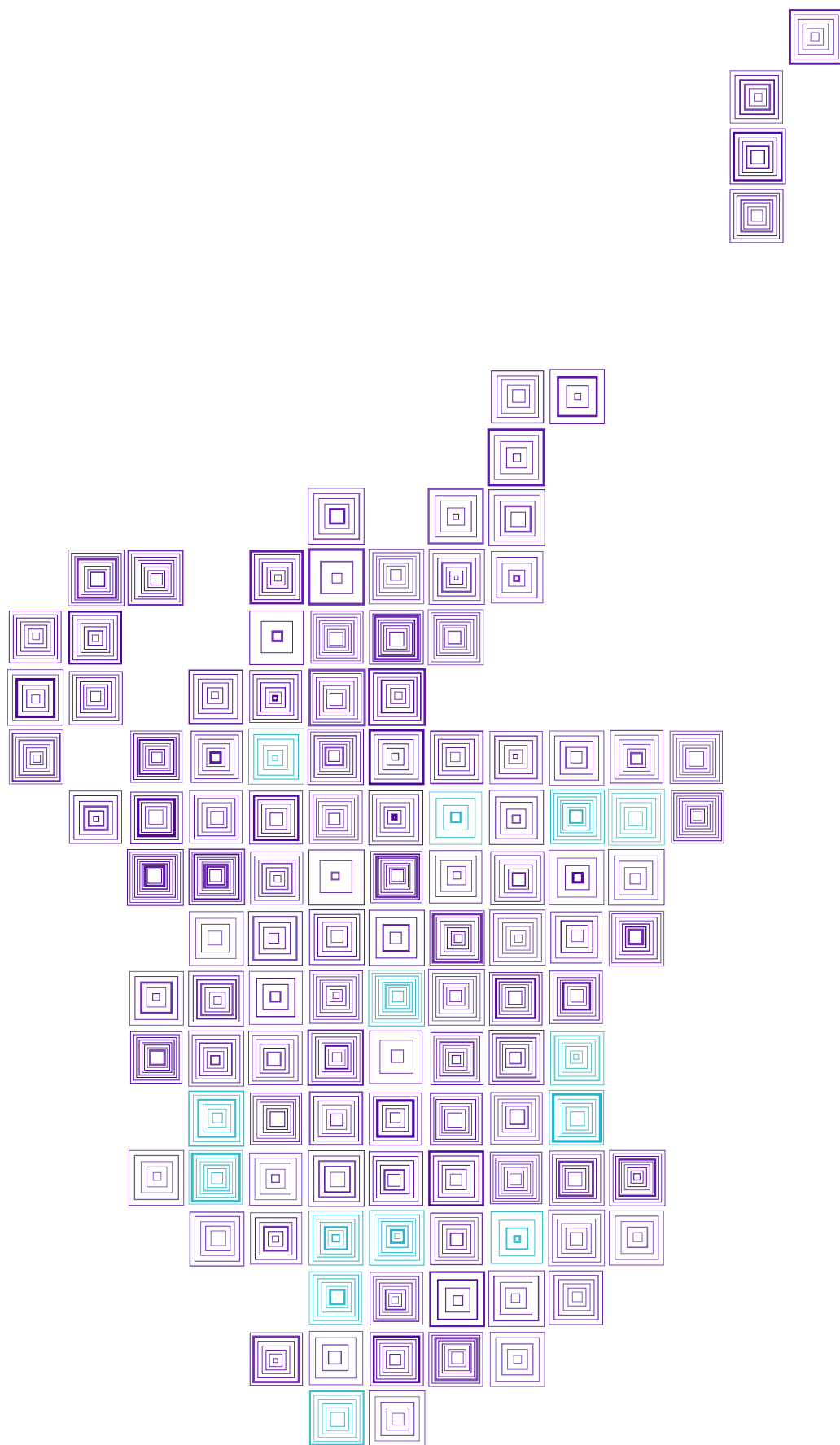
Scotland's Roadmap for Digital Assets and Tokenisation

Seizing the National Growth Opportunity
in Global Financial Markets

Digital Trust Centre of Excellence

Peter Ferry

James Ball



About This Report

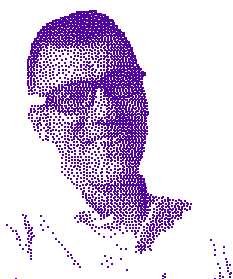
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Global financial markets are undergoing significant change as the adoption of AI, digital assets and blockchain technology accelerates. Scotland's financial services industry faces a growing competitive and economic risk if it does not adapt.

This report sets out the regulatory, economic and structural evidence for making digital assets and tokenisation a core priority for Scotland's financial industry and wider ecosystem. Key milestones for the UK financial services sector include the move to T+1 securities settlement on 11 October 2027 and the introduction of the new cryptoasset regulatory regime on 25 October 2027.

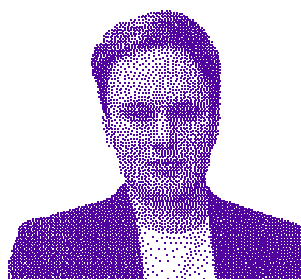
In conclusion, the report proposes eight fast-start actions and five strategic pillars for a Scottish national digital asset strategy and roadmap.

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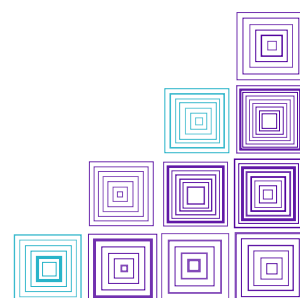
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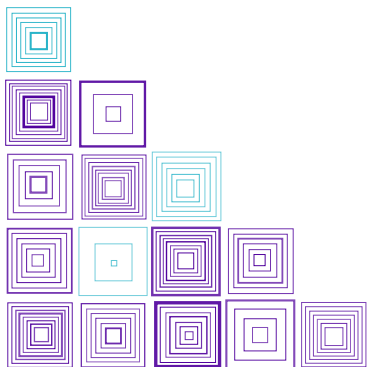
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Executive Summary

The Shift in Financial Markets

Global financial markets are being transformed by the transition towards digital assets recorded on shared electronic ledgers. However, Scotland's financial services industry faces growing competitive and economic risks if it is slow to adapt.

In this major industry change, assets such as funds, bonds or shares are tokenised: recorded in digital form using distributed ledger technology (DLT). Conventionally, each bank, customer, intermediary, and custodian keeps its own records of who owns what, and these must be checked against one another. A shared record reduces this work¹⁰ and can raise productivity, create new jobs and support new innovative financial products.

Payments are also changing as part of this transformation - markets are demanding lower-cost, faster and more flexible global transactions, while recognising the potential of new capabilities such as programmable payments. UK authorities are now setting the rules for trusted digital money: tokenised bank deposits; regulated sterling stablecoins; and synchronisation with the Bank of England's payment system¹¹⁰.

Tokenisation is arriving at the same time as the rapid adoption of Artificial Intelligence (AI) across the sector. Together, they will reshape fund management, banking, insurance, and pensions, affecting jobs, services, and competition. Scotland needs a coordinated response to capture the benefits and manage the risks of both.

Established companies are already changing their systems and the way they transact. Scotland hosts major operations for global financial companies, including some of the functions that will be rebuilt to support digital assets. Scotland can lead that work rather than lose it, and become a hub where fintech companies and start-ups choose to innovate and build the tools these companies need.

In June 2026, Edinburgh-based asset manager Baillie Gifford launched the UK's first publicly available, digitally native, regulated tokenised investment fund, demonstrating that the global trend of tokenisation is already evident in Scotland's asset management scene.

Overall, Scotland has the industry depth to lead this change across a large asset-management and banking base; an established workforce; and a significant share of the Scottish economy in financial services. Global and Scottish companies are already rapidly adopting tokenisation. Scotland hosts an academic head start, with three prestigious universities running established research labs in this field, linked to industry and regulators through the Digital Trust Centre. The Scottish Parliament has also passed the Digital Assets (Scotland) Act 2026, which gives digital assets a clear legal footing under Scots law.

The UK timetable is now evolving, and the window to prepare is short: over the next 12 to 24 months, new rules for cryptoassets, tokenised markets and faster settlement will come into force.

Scotland's finance industry and ecosystem must make digital assets and tokenisation a priority and act together now. Without this, jobs and new business will move to places that act sooner.

Risks of Inaction

Without coordinated action across industry, government, academia and the wider financial services ecosystem, Scotland could be exposed to six main risks, set out in Section 3.3:

- **Loss of assets and fee income.** Asset managers could lose clients and new mandates to competitors offering tokenised funds.
- **Operations and jobs moving out of Scotland.** Fund-servicing and banking operations could be rebuilt elsewhere as companies move to shared ledgers.
- **AI exposure in middle- and back-office roles.** AI could change or remove work in these functions unless Scotland develops the skills needed to retain it.
- **Reduced investment and economic growth.** Investment in technology, infrastructure and skills could go to locations with clearer routes to customers, funding and infrastructure, slowing productivity growth.
- **Reduced influence over standards.** Scottish companies could miss the chance to shape UK tokenisation standards while they are being set.
- **Dependence on overseas settlement infrastructure.** Limited sterling options could push some activity towards US-dollar services, adding currency costs and counterparty dependencies.

The Ask

This report draws on input from financial institutions and fintech companies in Scotland. It asks government and industry leaders to:

1. Designate financial services, digital assets, and tokenisation as a high-priority economic-development objective for Scotland, so that companies and public agencies can work together.
2. Agree the fast-start actions in Section 5, including a Scottish Government policy statement, a readiness assessment, and an economic impact study, and use the findings to commission a National Strategy and Roadmap.
3. Fund and organise activity across government, public agencies, industry and universities. This should include a renewed mandate for the Digital Trust Centre to run the Scottish Tokenisation Testbed (Action 4) and prepare Scottish companies for the UK regime.

The Evidence

The case for action outlined in this report rests on four key points:

Regulation Is Enabling Adoption

Globally new regulation is driving issuance of regulated digital assets within the traditional financial services industry. In the EU, the MiCAR framework is in force, with the ECB (European Central Bank) preparing for a possible first issuance of the digital euro in 2029, subject to legislation and an ECB decision^{44,41}. In the US, a more progressive GENIUS Act became law in July 2025 and covers payment stablecoins⁴⁶. The UK roadmap is now being solidified. The FCA authorisation window for cryptoasset companies runs from 30 September 2026 to 28 February 2027⁴⁹; the UK tokenisation roadmap is due by the end of 2026⁵²; UK T+1 securities settlement becomes active on 11 October 2027⁴⁸; and the new cryptoasset regime starts on 25 October 2027. Any UK legislation

is of course imperative for financial services in Scotland, as financial services regulation remains a reserved matter.

Scotland's Banking and Asset-Management Sectors Are Directly Exposed

£480bn

Assets managed from Scotland in 2024

The Investment Association⁹⁷

Approximately £480 billion in assets was managed from Scotland in 2024. The financial and related professional services industry employed 151,000 people in Scotland in 2023^{100,97}, and banking accounted for around 42,000 jobs, making it Scotland's largest financial services employer by sub-sector¹⁰⁰. Changes in payment and settlement systems will inevitably affect banking operations and fund administration roles in the country. The scale and timing of the employment effects require a Scotland-specific assessment of how these new technologies might impact the Scottish labour market.

Scotland Has a Basis to Act Now

Scotland has an influential research capability across three university laboratories³⁸. These include Edinburgh Napier University's Blockpass ID Lab (led by Professor Bill Buchanan OBE), the University of Glasgow (led by Professor Lei Zhang) and the University of Edinburgh's Blockchain Technology Laboratory (led by Professor Aggelos Kiayias¹⁰⁸). Scotland also has an established finance sector, with tokenisation activity at Baillie Gifford and Aberdeen. The Digital Trust Centre has participated in the Bank of England and BIS Innovation Hub's DLT Innovation Challenge¹². In addition, the most recent and substantive provisions of the Digital Assets (Scotland) Act came into force on 1 July 2026^{89,88}. These laws cover devolved matters of property rights and the treatment of digital assets in finance that fall within the purview of Scots law.

Scotland thus has the opportunity to use its devolved economic-development powers to support Scottish companies within the UK regulatory framework and prepare for the new cryptoasset regime due to commence in October 2027^{106,49}.

Significant Economic Impact – and Cost of Inaction

**Up to
£53bn**

Additional annual UK output by 2035

TheCityUK/PwC scenario for broad financial-services reform¹⁰²

Industry and consultancy analyses agree that adoption of digital assets and tokenisation could have a significant economic impact.

Research by TheCityUK and PwC¹⁰² predicts up to £53 billion in additional annual UK economic output by 2035 under a broad programme covering financial technology, regulation and tax, trade and investment, capital for national priorities, and wider participation in investment. A separate Barclays/PwC scenario cited by the Wholesale Digital Markets Champion estimates up to £33 billion in additional annual output and £14 billion in annual tax revenue from tokenisation by 2035, conditional on UK leadership and wider adoption¹¹⁰. In addition, Citi's June 2026 base-case forecast puts

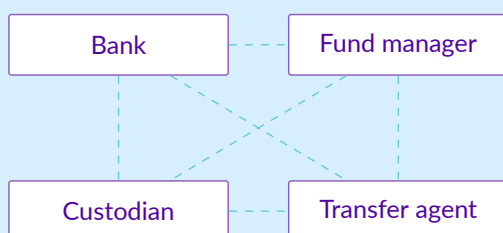
tokenised financial assets at a US\$5.5 trillion market by 2030²⁸, and Calastone and ValueExchange estimate potential economic benefits of US\$135 billion from end-to-end fund tokenisation²³. There is a clear opportunity here, within a broader picture of global change and the adoption of tokenisation technologies alongside AI. Scotland needs to decide how it will retain and grow its role in a fast changing financial-services industry.

These are UK and global figures. However, Scotland needs its own assessment of benefits, costs and employment effects - one which recognises the unique history of its financial services industry. The recommended Tokenisation Readiness Assessment (Action 2) would gather companies' plans, costs and implementation constraints, and the economic impact study (Action 3) would use this evidence to assess the Scottish opportunity.

Box 1 - How Shared Ledgers Transform Financial-Market Operations

Traditional Financial-Market Infrastructure

- Each bank keeps its own copy of its records
- Custodians, transfer agents and fund administrators all reconcile
- Finality depends on law and system rules
- Differences between companies' records can require investigation and correction



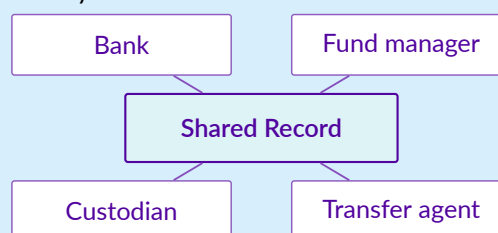
Today, each firm must maintain its own records and reconcile them with other institutions.

From separate records to shared records. A shared ledger can reduce duplicate records for supported transactions. Companies retain accounting, regulatory and oversight responsibilities. Connections between ledgers need interoperability and privacy controls. Existing systems already provide legally final settlement; shared ledgers must comply with applicable law and system rules, alongside reliable technical execution^{16,12,10}.

Programmable settlement can reduce operational work. Smart contracts can link payment and delivery and automate defined servicing steps. Companies still need oversight, exception handling and controls for connections to other systems. The benefits depend on the assets, settlement arrangements and system design^{12,10}.

Shared-Ledger Infrastructure

- A shared authoritative record that is recognised by law and system rules.
- Code - through smart contracts - co-ordinates settlement within a clear legal framework.
- Duplicate reconciliation can be reduced.
- Atomic settlement can link payment and delivery.



For supported transactions, participating institutions use a shared authoritative record alongside their own required records.

1 A Global Race Is Underway

Tokenisation is not confined to early activity. Large banks, market infrastructure providers, asset managers, and governments are already using shared ledgers for real transactions, some at scale. Evidence 1 summarises four areas: wholesale settlement, central bank experiments, tokenised funds and securities, and government bonds. The sections that follow set out how the EU and the UK are building the rules and infrastructure around this activity.

Evidence 1 – Institutional Adoption

- **Wholesale settlement.** In its 2026 update, J.P. Morgan reported that Kinexys had processed more than US\$3 trillion since inception, with average daily volume above US\$5 billion⁶⁰. Broadridge Distributed Ledger Repo ran an average daily volume of \$384 billion in December 2025 (~\$9 trillion per month), with 490% year-on-year growth in average daily volume; the corresponding growth rate in January 2026 was 508%^{22,21}.
- **Public-sector settlement experiments.** The Eurosystem's 2024 blockchain settlement work involved 64 participants, €1.59 billion in transactions and more than 40 trials and experiments, according to its December 2024 summary⁴⁰. This exploratory work informed the ECB-led Pontes project, initially launched on 21 September 2026⁴². By November 2024, Singapore's Project Guardian had convened more than 40 financial institutions, industry associations and policymakers for tokenisation trials⁶⁵. BIS Project Agorá brings together eight central banks and more than 40 financial institutions to test a shared programmable platform for wholesale cross-border payments⁹.
- **Tokenised securities and funds.** BlackRock's BUIDL tokenised US-dollar liquidity fund launched in March 2024 and has since expanded to several public networks⁹¹; other asset managers have followed with on-chain money-market funds. On 29 April 2026, Computershare and Securitize announced a partnership enabling issuer-sponsored tokens for US issuers; Computershare remains transfer agent for participating issuers and continues to process corporate actions⁹². Baillie Gifford's BAGEY is detailed in Section 4.2.
- **Sovereign debt issuance.** HM Treasury appointed HSBC as the DIGIT (Digital Gilt Instrument) pilot's platform provider on 12 February 2026. The pilot is intended to test digitally native UK sovereign debt issuance using HSBC Orion within the Digital Securities Sandbox⁵⁵. The Republic of Slovenia issued the first EU sovereign digital bond – €30 million on 25 July 2024⁷⁵. The Wholesale Digital Markets Champion's report recommends prioritising the first DIGIT pilot issuance by Q1 2027, with further issuances to follow¹¹⁰.

1.1 EU Momentum

The EU is rapidly implementing its digital assets framework.

The EU Markets in Crypto-Assets Regulation (MiCAR) has been applied in full since 30 December 2024, establishing common requirements and cross-border permissions for in-scope cryptoasset activities⁴⁴, allowing authorised companies to operate across member states. Tokenised financial instruments (shares, bonds, fund units and similar) remain subject to securities law rather than MiCAR. The DLT Pilot Regime has enabled tokenised securities to be traded and settled on ledger-based market infrastructure since March 2023⁴³.

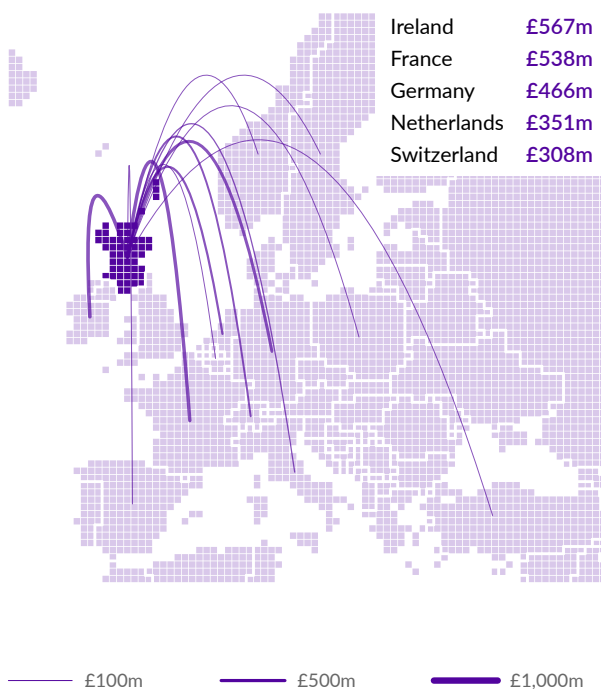
The UK and the euro area already have systems in which the securities and the payment in a trade move together. Both are now extending this to tokenised markets. The European Central Bank has

run ledger settlement trials (Evidence 1) and is preparing a digital euro. On 21 September 2026 it launched Pontes, which settles transactions on private tokenised-asset platforms in central bank money⁴². A comparable service is planned by the Bank of England in 2028⁵¹.

Scotland's Financial and Insurance Services Exports

Selected published destinations in £ million (2023)

European Destinations



Global Reach



Significant Destinations

United States	£3,485m
Ireland	£567m
France	£538m
Germany	£466m
Canada	£401m

Other destinations (not mapped): £2,176m

Figure 1. Selected destinations for international services exports by Scotland's financial and insurance sector, 2023. Source: ONS⁷⁰; map outlines: Natural Earth.

The EU remains an important market for Scotland's financial services, accounting for 29% of the sector's international exports in 2023⁷⁰ (Figure 1). Any Scottish companies serving EU clients will need to assess the applicable UK and EU rules for their clients, which may include securities, cryptoasset and digital-identity requirements and, where Luxembourg is relevant, any CSSF authorisation or notification requirements³⁰.

1.2 UK Timeline

On 19 May 2026, the Deputy Governor of the Bank of England, Sarah Breeden, set out the case for the City to adopt tokenised finance in international markets²⁰. The day before, the FCA and the Bank had jointly opened an industry consultation on a shared vision for UK wholesale tokenisation⁵¹. The authorities' feedback statement of 14 September 2026⁵² confirms the approach, commits to a joint tokenisation roadmap with dates for each workstream before the end of 2026, and commits to developing a clear pathway from the Digital Securities Sandbox to permanent authorisation.

"The task now is for authorities, government and industry to build on the UK's strong foundations – to put some 'runs on the board' and show that we are deepening our tokenised finance ecosystem."

Sarah Breeden, Deputy Governor, Bank of England

City Week 2026, 19 May 2026²⁰.

In April 2026, HM Treasury appointed Christopher Woolard CBE as Wholesale Digital Markets Champion. His first report (13 July 2026)¹¹⁰ set out an industry-led approach: nine Taskforce Action Groups covering the full life of a trade, from issuing and trading to payment, legal, tax and compliance. Early live pilots, a tokenised repo trial and a first tokenised government bond (DIGIT) by spring 2027 are intended to prove the model in practice (Figure 2). Baillie Gifford is among the companies supporting the Champion's Taskforce¹¹⁰.



Figure 2. UK digital-finance milestones. Sources: FCA^{49,48}, FCA/Bank of England⁵², Bank of England^{51,13}, HM Treasury¹¹⁰.

The timeline brings three strands of change together:

- New rules for cryptoasset companies, such as stablecoin issuers, crypto trading platforms and companies holding crypto for customers, which must be authorised by the FCA.
- Building blocks for tokenised markets: a regulators' roadmap, rules for stablecoins, a first tokenised government bond, and a Bank of England service that connects its payment system to tokenised ledgers, so the asset and the payment settle at the same moment in central bank money.
- Move to next-day (T+1) settlement for shares and bonds. The two largest changes coincide in late 2027: T+1 and the new cryptoasset regime arrive within weeks of each other. T+1 affects every firm, not only those moving into digital assets, and requires faster, more automated trade processing, fund dealing and cash management¹³.

UK Digital Payments Settlement Moving to Live Trials

On 24 September 2026, UK Finance reported the first live customer transactions using tokenised sterling deposits through the Great British Tokenised Deposit initiative¹⁰⁴. Participants in these trials include NatWest Group and Lloyds Banking Group. The case studies covered in the trials included two remortgage completions and a consumer marketplace payment, with money released when agreed conditions were met. These are sophisticated, programmable payment workflows that present clear opportunities to improve bank operational efficiency and reduce costs. Further pilots will connect tokenised deposits with digital assets¹⁰³.

For Scotland, payments bring banking transformation into the same discourse as tokenised funds, given banking's critical role in providing money and payment services that households and businesses depend on. Scotland should thus aim to be a technology, business and operations hub for UK banking companies and technology providers to develop these products and incubate the expertise needed to operate them, alongside its asset-management capability. While tokenised payment services in the UK remain in the trial stage, their wider availability and benefits will depend on how banks bring them to market. Clearly, technological and policy advancements in the industry are pointing toward increased adoption.

Scotland needs a more explicit sector-wide policy and delivery plan to understand and react to these broad-sweeping cross-sectoral changes.

1.3 Scotland's Economic Potential

It is proposed that an economic impact study should assess the specific opportunity in Scotland from regulated financial institutions modernising settlement and developing tokenised products.

UK scenarios published by leading consultants and companies in key industries provide a basis for an independent, Scotland-focused assessment. Overall, Scotland contributed approximately 6% of the UK's financial and related professional services GVA in 2023¹⁰⁰; however, its eventual share of tokenisation benefits cannot be determined by applying that proportion to UK forecasts. A full economic impact study (Action 3) should account for the sector's composition, adoption costs, implementation timetable and the activity retained in Scotland.

Tokenisation could improve the transfer and use of assets such as private-fund units, loans and collateral, where legal rights, investor eligibility and market infrastructure support it. Payment and invoice-finance applications could also benefit small businesses, although faster settlement alone does not resolve commercial late payment. The Centre's Future Payments challenge addresses SME trade finance (Section 4)³⁴. An economic impact study should assess potential gains in access to investment and financing, as well as operating cost savings.

Realising these potential benefits will require investment by companies and decisions on public support.

Implementation costs of migrating to a digitally native or token-based system depend on scope, legacy systems, and integration requirements. Ripple and BCG have published illustrative costs ranging from US\$2 million or less for a targeted use case to US\$15–20 million for full integration at a mid-sized bank and up to US\$100 million for a Tier 1 institution⁷⁶ - however, it should be noted that these are US and international examples and may not translate reliably to a Scottish context. A Scottish investment estimate requires evidence from participating companies, and this is a strong case for a proposed Tokenisation Readiness Assessment (Action 2), which would gather the plans, expected costs, and implementation constraints of core Scottish financial services providers as they navigate this transition.

Financial institutions worldwide are investing in technology, product development, operational change and skills to move to tokenised systems. Global banks and custodians decide at group level where to carry out this work, and choose locations with the right skills, suppliers and test facilities. Scotland already hosts major operations for many of these firms. With the right capability in place, it can attract part of this global investment, as well as the spend of Scottish-headquartered firms. Investment won in this way adds to Scottish output, and the new systems and innovation it brings raise productivity in one of Scotland's largest sectors. The economic impact study (Action 3) should estimate the share of investment Scotland could capture and its effect on productivity.

The proposed public-sector contribution outlined by this report includes sustained support for the Digital Trust Centre and the development of a Scottish Tokenisation Testbed. The Centre's Phase 2 proposal describes the development and maturation of a shared capability in applied research, skills, policy and industry engagement, alongside support for startups³³. Funding levels and delivery responsibilities would need to be agreed by the relevant organisations within the Scottish financial ecosystem.

The aim of the proposals outlined by this report is to strengthen Scottish companies and entrepreneurs and empower them to develop, supply and service this new digital infrastructure.

2 Scotland's Stake

Scotland has a substantial banking industry alongside its asset-management sector. Changes in how money moves and assets are serviced will affect the companies and skilled employees based in the country. Banking needs to be central to Scotland's digital-finance strategy:

1. Approximately £480 billion was managed from Scotland in 2024, representing 4.8% of UK assets managed by Investment Association members⁹⁷. The annual survey recorded £700 billion at year-end 2021⁹⁶.
2. Around 151,000 people were employed in financial and related professional services in 2023¹⁰⁰. Edinburgh is the UK's second-largest investment management hub after London⁹⁷. Scotland hosts major asset managers, banks, insurers and asset-servicing businesses.
3. Financial and related professional services contributed approximately £17.7 billion to Scottish GVA (gross value added) in 2023, around 10.5% of the Scottish economy¹⁰⁰.

In 2023, banking employed around 42,000 people in Scotland, compared with 8,000 in TheCityUK's fund-management category. Under this consistent sector classification, banking employed more than five times as many people, and accounted for half of Scotland's 84,000 financial services jobs and generated an estimated £8.0 billion in GVA¹⁰⁰.

Banking Transformation: Benefits for Consumers and Businesses

For Scottish consumers, the practical benefits could include shorter delays at mortgage completion and greater control over when payments are released. In the UK Finance trials of digital payments, funds were released upon remortgage completion or upon exchange of goods, highlighting the new utility unlocked by these programmable payment rails. UK Finance, the British trade association for the UK banking and financial services sector, also identified the potential for mortgage customers to continue earning interest on funds until completion¹⁰³.

For Scottish businesses, the opportunity of digital payments also includes more predictable cross-border transactions and less work reconciling them. The BIS's Project Agorá is testing how tokenised commercial bank deposits and central bank money could work together for wholesale payments - such rails could be leveraged by domestic commercial banks to streamline cross-border settlements, reducing costs and dependence on slow correspondent banking relationships. Its prototype embeds payment conditions and compliance processes into a shared platform to reduce delays and manual intervention⁹. For an exporter or a business based in Scotland paying overseas suppliers, the benefits would include greater certainty about when funds are available, swifter transaction confirmation, and potentially reduced costs. Whether this reduces customer costs will depend on the service and its pricing.

Tokenised money could also provide a means of payment for AI agents acting on behalf of consumers and businesses. For example, an agent could pay for data or digital services within spending limits set by its user. Protocols such as x402 already support stablecoin payments for these services, linking programmable money to the emerging use of AI agents²⁷.

The proposed readiness assessment should therefore include banks and their business customers. It should identify payment problems that matter to Scottish companies and test whether new digital payment services improve them. In addition, banks should assess customer costs and protection

alongside settlement speed, including how disputes and failed transactions would be handled. The Bank of England is also exploring a potential digital pound through the Digital Pound Lab¹⁴; this is a separate workstream from commercial bank deposits or BIS Project Agorá.

Scotland should aim to retain the work involved in designing and operating these services; this includes involving banking teams based here in product development and giving local technology companies opportunities to work within them. The strategy should assess the skills and investment needed to keep and expand this activity in Scotland.

Evidence 2 – UK Context: The Sterling Stablecoin Question

Stablecoins are widely used as settlement assets in cryptoasset markets. In a September 2026 speech, Carolyn Wilkins reported that around US\$300 billion had been issued by mid-2026, about 98% denominated in US dollars¹⁰⁹. Sterling was on one side of 10.2% of global FX trades in April 2025⁸. Agant Finance, incorporated in Scotland in March 2024, issues the sterling stablecoin GBPA^{31,1}. The development of sterling-denominated tokenised money remains an important policy and market question. This is a UK-level question of monetary and regulatory design, and banks and asset managers will need to address it at UK level. Without competitive sterling settlement options, some activity could migrate to dollar-denominated infrastructure.

The Digital Trust Centre's March 2026 evidence set out concerns about wholesale settlement:

"The holding limits and backing requirements address retail payment risks but are likely to stymie B2B settlement."

Digital Trust Centre

Written evidence to the House of Lords Financial Services Regulation Committee, 11 March 2026³⁵.

The Centre's submission also argued that regulatory delay was itself a potential systemic risk. The Bank of England's June 2026 policy statement subsequently dropped holding caps in favour of a per-coin issuance ceiling¹³.

This example highlights how Scotland's contribution via advocacy through UK channels (Pillar 1) draws on the Centre's evidence. The Bank of England's own use of Scottish banking history to frame stablecoin design (Section 4) shows that this is a debate in which a Scottish precedent is relevant.

2.1 Fund Servicing Concentration

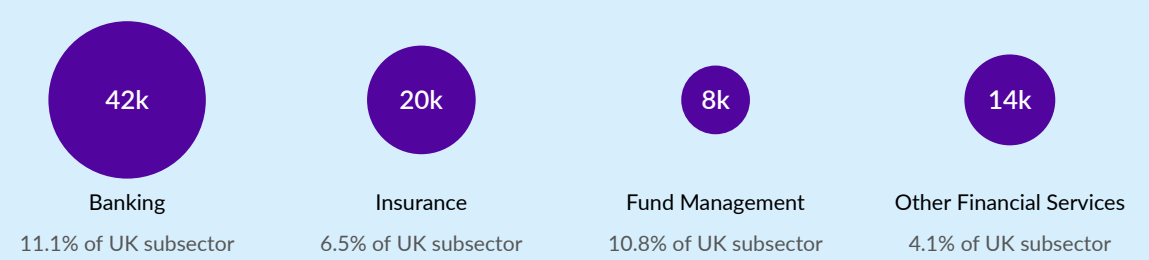
In 2024, 18% of investment-management employees in Scotland worked in operations and fund administration, compared with 10% in London⁹⁷ (Figure 3). These figures concern employees of investment managers, not the whole financial and related professional services workforce. Advances in settlement processes and AI use may impact the tasks and skills in these roles, with the risk that these skills may become redundant or change in ways that are unrecognisable today as new technologies are introduced to the market.

UK assets managed by Investment Association members reached £11.1 trillion in 2025, up from £10 trillion in 2024. Overseas clients accounted for 53% of the 2025 total⁹⁸. Scotland's share of fund operations fell from 24% of investment-management employment in 2023 to 18% in 2024; IT support, technology and innovation roles together account for 20%, while distribution and client-service roles represented 19%. Separately, the overseas-domiciled share of UK-managed fund assets rose from 45% to 69% between 2014 and 2024, with Ireland becoming the largest domicile⁹⁷. While this shift alone does not establish that Scottish jobs moved abroad and may highlight the need for broader reforms in UK financial services policy to retain these functions, it does demonstrate a trend of declining activity in funds servicing.

Exposure of Scotland's Financial Sector

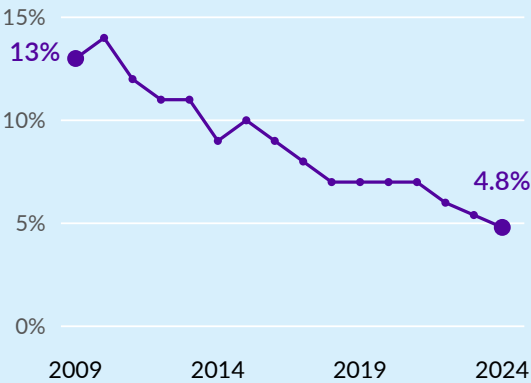
Employment, 2023

84,000 jobs, representing 7.6% of UK financial-services jobs



Investment Management

Scotland's share of IA/IMA UK-managed assets

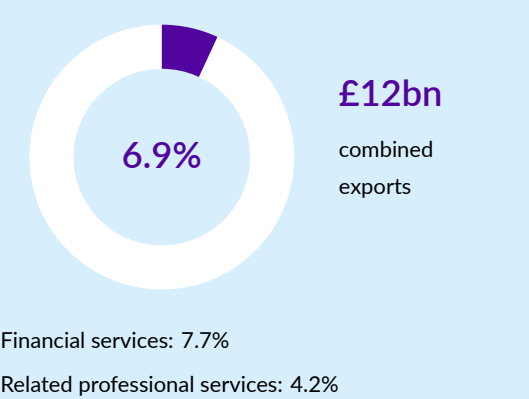


£480bn managed from Scotland in 2024

Figures use rounded shares of year-end survey estimates

International Exports, 2023

Scotland's share of GB sector exports



International sales; figures exclude sales to the rest of the UK

Financial-Services Output, 2023

£14.2bn, representing 7.2% of UK FS sector GVA

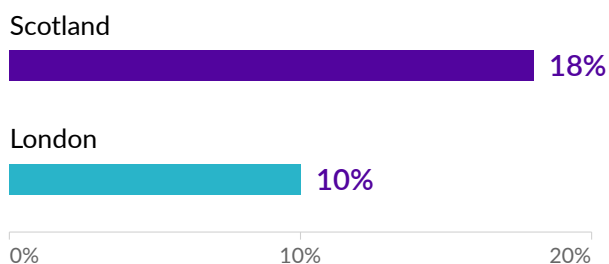


Real gross value added (GVA).

Sources: Employment and output – TheCityUK, *Enabling Growth Across the UK 2025*¹⁰⁰. Assets – IA/IMA, *Investment Management in the UK*, annual surveys for 2009–2024^{99,97}. Exports – TheCityUK, *Exporting From Across Britain 2026*¹⁰¹. Asset shares are published annual estimates; note survey coverage and methods can change. Rounded counts are used for employment share figures. GVA and related professional-services exports include TheCityUK estimates. Export figures use Great Britain while the other national shares use the UK.

(a) Fund-Operations Employment, 2024

Share of investment-management workforce

**(b) UK-Managed Fund Assets Overseas**

Share of assets domiciled outside the UK

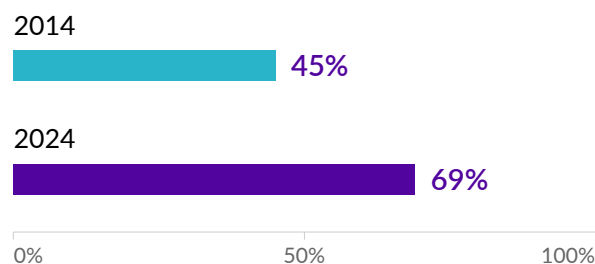


Figure 3. Fund-servicing concentration. Scotland has a larger share of investment-management staff in fund operations than London. UK-managed fund assets domiciled overseas rose from 45% to 69% between 2014 and 2024. Source: The Investment Association⁹⁷.

The Investment Association (IA) also links Scotland's changing share of assets under management to industry consolidation and faster asset growth elsewhere in the UK⁹⁷. The historical series provides context for changes in the competitiveness of the Scottish financial services industry; identifying causes requires evidence on mandates, market values and organisational changes.

The introduction of shared records and automation technologies could reduce some reconciliation and processing tasks required by the asset management industry in Scotland, thereby improving margins across facets of the industry that are less likely to be automated or disintermediated by digital asset technology, such as front-office and client-facing roles. Employment outcomes resulting from transformation will also depend on adoption, new services, skills and the work that companies retain locally. A Scottish assessment of digital transformation should examine these effects directly.

Published industry analysis identifies potential efficiency benefits from tokenised settlement:

1. PwC⁷⁴: Tokenisation could reduce asset-servicing work, but governance, legacy interfaces and ownership records must be aligned to realise the benefits.
2. Deloitte¹⁹: Its 2025 forecast projects that one in four large-value international money transfers could settle on tokenised platforms by 2030, with a 12.5% reduction in corporate cross-border transaction costs.
3. EY Luxembourg⁹⁵: Its 2025 analysis identifies faster settlement and reduced processing delays as potential benefits of fund tokenisation.

Companies will need to assess the cost of tokenised settlement and the models available to them. Any regulatory uncertainty could encourage new product activity to shift to other jurisdictions, with consequences for Scotland's asset-management sector.

The FCA's PS26/7, published on 30 April 2026, provides guidance on tokenised authorised funds and an optional Direct to Fund dealing model for both conventional and tokenised funds⁵⁰. These published changes could help Scottish managers reduce dealing costs and develop new distribution models - and are already being experimented with.

It is important to note, for the funds servicing industry, that while there remain immediate risks and threats, the broader picture of adaptation and the introduction of digital asset technologies could further increase the industry's competitiveness.

2.2 AI Adoption and Scotland's Place in the Value Chain

There is a real risk that AI will hollow out Scotland's financial-services sector, particularly its middle- and back-office operations. To keep its place in the global value chain, the sector will need to innovate rather than defend existing activity.

The concern centres on the servicing and operational work carried out in Scotland and delegated by global investment companies to regional offices. The Investment Association reports that 18% of investment-management employees in Scotland worked in operations and fund administration in 2024, compared with 10% in London; 13% of direct employees across UK investment-management companies worked in these functions.

This report does not attempt to predict the broader impacts of AI on the job market or economy, but instead identifies possible implications for Scotland's financial services industry and areas that warrant further assessment. This briefing does not address Scotland's particular advantages in AI, and the skills investment needed to serve the AI economy.

Evidence 3 – AI Task Exposure and Changes in Work

MIT's US-based Iceberg Index models the overlap between AI capabilities and workforce skills²⁵.

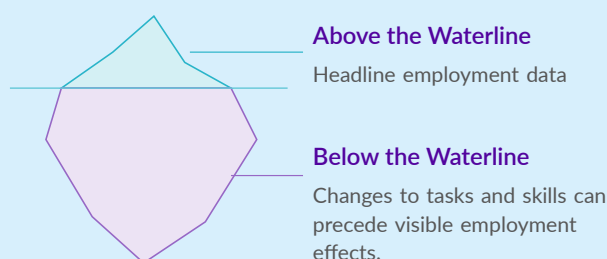


Figure 4. AI exposure below the surface. Authors' illustration, informed by the Iceberg Index²⁵.

Economists and research teams at frontier AI labs, including Anthropic and OpenAI, are leveraging usage data to study how AI is changing work and what its wider long-term impacts on labour markets could be. Two recent studies examine different aspects of this:

- **Anthropic.** A March 2026 study (Figure 5) distinguishes theoretical capability from observed use. For computer and mathematical occupations, theoretical task coverage is substantially higher than observed use. Its analysis found no systematic increase in unemployment among highly exposed workers, while identifying tentative evidence of slower hiring for younger workers⁶³.
- **OpenAI.** The 2026 AI Jobs Transition Framework examines how technical capability, human involvement and demand could lead to automation, job redesign or growth. Its EU-specific extension presents categories for planning, rather than employment forecasts^{73,72}.

AI is already being used intensively in the UK banking sector's operations. In the Bank of England and FCA's 2024 survey, 75% of respondents reported using AI. Large UK banks reported a median of 39 use cases, compared with nine across all respondents. Across the survey, applications included improving internal processes and detecting fraud, with further adoption planned for customer support and regulatory compliance¹⁸. These findings provide evidence of workplace adoption alongside the capability benchmarks discussed below.

For Scotland, the question is how advancements in AI change the work carried out here. The readiness assessment should examine where AI can improve banking services, which tasks are likely to change, and what training staff will need. This would give companies and policymakers a stronger basis for decisions about investment and employment (Figure 5).

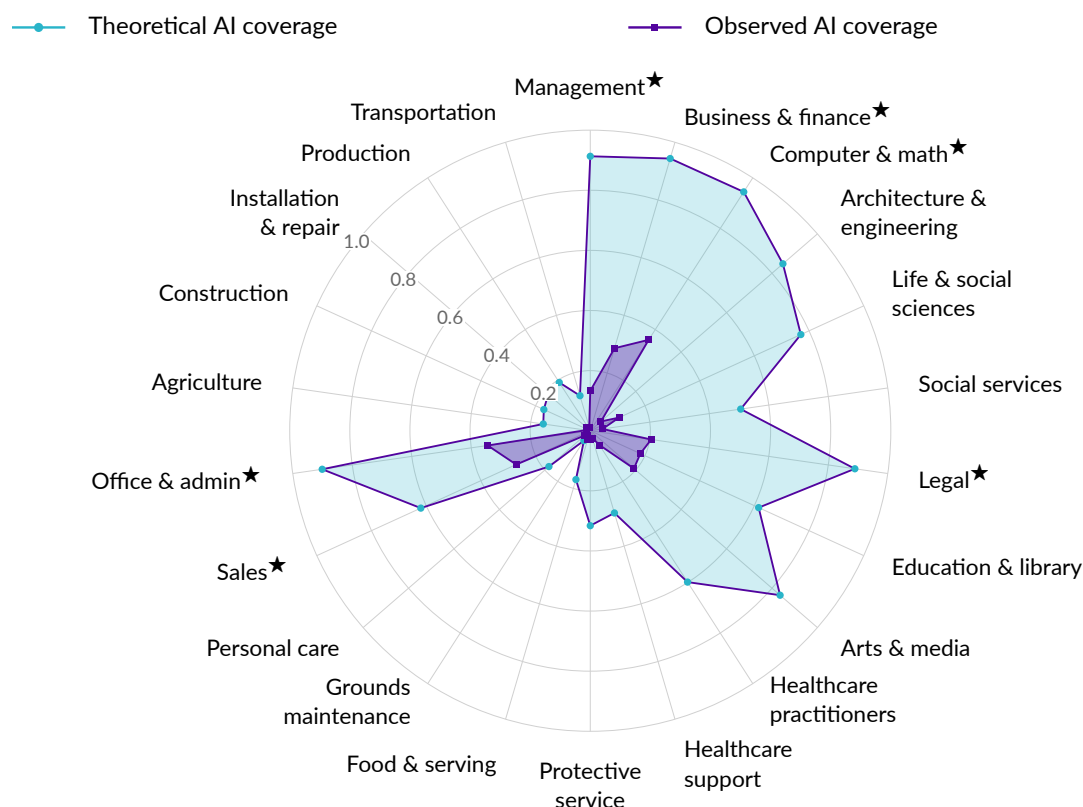


Figure 5. AI task exposure across US occupational groups. Blue shows theoretical capability; purple shows observed exposure derived from Claude usage. These measures describe task exposure, not job losses or a forecast for Scotland. [★] Occupations adjacent to financial services that the authors consider most at risk of transformation by AI. Source: Massenkoff and McCrory (2026), Figure 2⁶³.

There is emerging evidence that AI will continue to have a profound impact on office work, especially the types of work essential to financial services. METR, an independent research organisation responsible for benchmarking frontier AI models, finds that general-purpose AI models can complete increasingly long tasks, with the human-equivalent task duration rising exponentially as the success rate increases. Its follow-up research finds similar trends in other domains, although capability varies considerably between them. This suggests scope for AI applications to extend beyond narrow specialisms and take on longer sequences of work. The main evaluations published by the body cover software engineering, machine learning and cybersecurity. Generally, task duration is an indicator of difficulty rather than a direct measure of all types of complexity⁶⁴, but it can serve as a useful analogue for gauging how performant AI models are at challenging work.

Independent model evaluations such as GDPval provide evidence closer to office work, the work usually undertaken in the financial services industry. The benchmark covers a selection of professional tasks, including spreadsheets, presentations, and documents, across 44 occupation groups⁷¹. Figure 6 shows how the latest frontier models released through September 2026 compare on Artificial Analysis's independent evaluation and continue to not only outperform recently developed models but also excel at this benchmark. This evaluation measures the quality of work produced with these tools and shows their ability to complete complex office tasks improving quickly (Figure 6).

For Scotland, the practical question is where these expanding capabilities meet the operational services on which the sector depends. As AI systems handle longer, more reliable sequences of work,

AI Performance on Professional Work Tasks

GDPval-AA v2.1: relative rating (Elo), higher is better

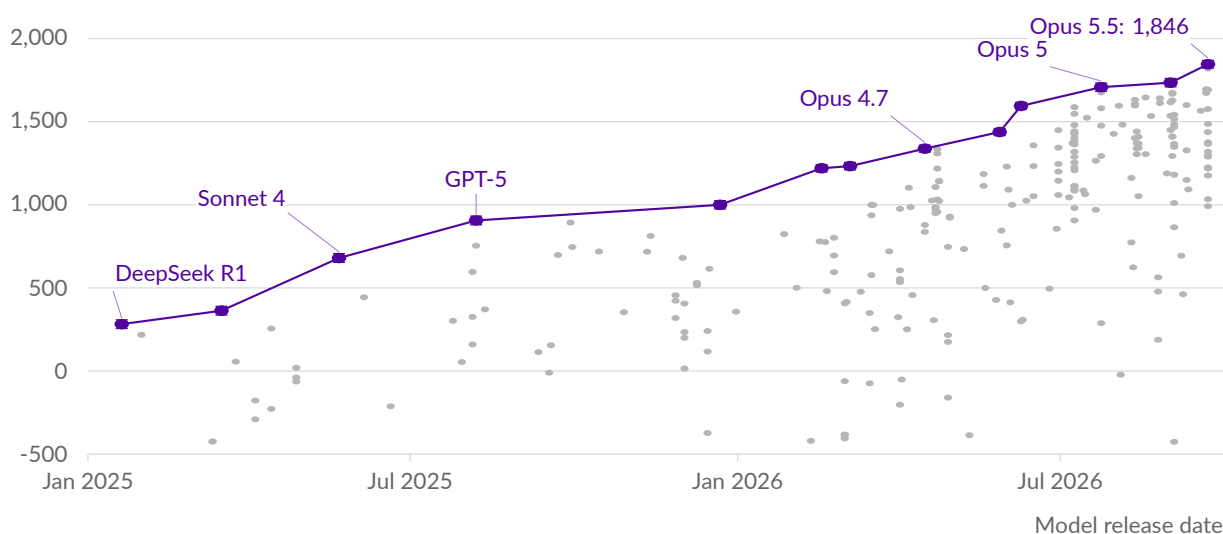


Figure 6. Professional-task performance by model release date. Grey points show all 248 listed configurations, including their published reasoning and fallback settings, released since January 2025; the purple line joins successive highest scores, with 95% confidence intervals. All ratings use the same GDPval-AA v2.1 snapshot, retrieved 26 September 2026⁵. Tool-assisted outputs are compared by an LLM judge panel; Elo is a relative rating⁶.

companies may automate parts of middle- and back-office workflows, redesign roles, or move work to new service providers.

This is why simple linear forecasts can understate the speed of change. In 2021 these models were research tools that could not reliably do basic arithmetic or write more than a few hundred words; five years later they can complete a wide range of professional tasks. Ray Kurzweil described the challenge humans face in both appreciating and forecasting the rate of change of growth in 2001: “we humans live in a linear world”⁶². His core point was that human intuition can underestimate the exponential change of technology - humans struggle to understand how profoundly and rapidly the world around them is improving.

The relationship of humans to their work is also evolving. As more work is delegated to AI agents, human roles can move from direct operation towards more supervisory and abstract roles. In their 2025 working paper, Feng, McDonald and Zhang describe roles ranging from operator to observer, and argue that “autonomy can instead be a deliberate design decision made by agent developers”⁴⁷. Their framework applies across industries and treats the extent of human involvement as a design choice. This warrants renewed investment to ensure that Scotland plays a role in designing and developing these systems, as well as in building the skills needed to operate and oversee them.

Scotland may need to innovate on new ways to remain part of the financial services value chain across banking and asset management. This could mean moving closer to where the value of human capital accrues in the era of AI - which might include innovating on new funds, investment products and payment services. The wider impact of AI and continued global investment in it should also inform policy decisions, although these issues are not examined in detail in this report. Policy should recognise the importance of developing skills and infrastructure, including data centres, alongside AI investment. These could support job creation and the development of talent in this industry. This is further amplified by Scotland's unique social, geographical and political circumstances which could make it an attractive destination for foreign investment.

3 Scotland's Response

Scotland has already begun to assess this opportunity. In May 2023, Scottish Enterprise published the Blockchain Industry in Scotland Landscape Overview³², a Deep Knowledge Analytics study estimating a potential £4.48 billion contribution to GDP by 2030 across several sectors.

A Digital Trust Taskforce developed a Scottish Blockchain Roadmap in response to the 2023 study, with a focus on demand-led innovation across sectors including financial services, energy and manufacturing³⁸.

In January 2025, the Scottish Centre of Excellence in Digital Trust and Distributed Ledger Technology launched at Edinburgh Napier University, with Professor Bill Buchanan as Director. The Centre brings together partners The University of Edinburgh, The University of Glasgow and FinTech Scotland, with initial funding from Scottish Enterprise and a two-year focus on industry-led innovation, applied research and skills³⁸. Scottish Enterprise also supported proof-of-value projects in energy and manufacturing through a call and grant funding through March 2026⁷⁷.

3.1 The Digital Assets (Scotland) Act 2026

The Property (Digital Assets etc) Act 2025 covers England, Wales and Northern Ireland. It received Royal Assent on 2 December 2025. Its drafting relies on common-law development through the courts to fill in detail. The Scottish Act is more prescriptive by design: a smaller jurisdiction has fewer opportunities for incremental judicial development.

The Scottish Act classifies digital assets, within its statutory definition, as incorporeal moveable property and sets out rules governing control, ownership, and transfer. It does not settle every legal question for tokenised securities or other claims. These Acts strengthen the property-law foundations for digital assets across the UK through different legal approaches^{89,107,90}.

Property law provides a foundation for digital assets; however, any national strategy should also address issuance, custody and settlement, including delivery-versus-payment, collateral reuse, transferability and the treatment of assets in insolvency or default. Companies need clarity on these activities when deciding whether to base digital-asset services in Scotland⁸⁹.

3.2 Converting the Act Into Economic Activity

The legal certainty provided by the Digital Assets (Scotland) Act is necessary but not enough on its own. The Act does not connect funds to regulated settlement services or create the skills and jobs needed to build and run these systems.

Scotland should assess the economic development work required to support adoption within the UK regime.

Luxembourg and Ireland account for 91% of global cross-border fund assets under management, according to a September 2025 J.P. Morgan report citing ALFI⁶¹. Their experience illustrates the value of specialist services, fund structures and operational infrastructure alongside regulation.

Switzerland and Singapore offer examples of coordinated tokenisation activity. Switzerland combined its legal framework for blockchain-based assets with regulated market infrastructure; the City of Lugano issued a CHF 100 million digital bond in July 2025^{94,29}. Singapore's Monetary Authority has convened financial institutions, industry associations and policymakers through Project Guardian to develop trials and common frameworks⁶⁵.

These examples suggest several areas for Scottish policy to consider: investment and promotion; public-sector use cases where justified; skills and infrastructure; and sustained coordination. Scotland already has organisations that could contribute, including Scottish Enterprise, the Scottish National Investment Bank, Scottish Financial Enterprise, FinTech Scotland and the Digital Trust Centre. FiSGAD provides an existing forum for industry and government engagement⁸⁵.

3.3 The Cost of Inaction

"The principal risk embedded in the proposed regulatory framework is not the risk of moving too fast, but of moving too slowly."

Digital Trust Centre

House of Lords Financial Services Regulation Committee Submission³⁵.

Delay could weaken Scotland's competitiveness. The following table gives a qualitative assessment of prospective risks. The proposed readiness assessment should test their likelihood and scale.

Table 1. Material risks of failing to designate digital assets and tokenisation as strategic priorities.

Risk	Description	Level
Loss of assets and fee income	If Scottish asset managers do not adopt tokenisation as investor demand grows, clients could move assets to competitors offering tokenised funds or place new mandates elsewhere. Scotland could lose assets under management and the fee income that goes with them, and managers that adopt later would miss the operating savings gained by earlier adopters.	High
Operations and jobs moving out of Scotland	Global companies run fund administration, transfer agency and custody processing from Scotland today. When they rebuild these functions for tokenised assets, head office decides where the new systems and teams sit. If the skills and infrastructure are not here, the rebuilt functions go elsewhere, and Scottish teams shrink as the old processes close.	High
AI exposure in middle- and back-office roles	AI can change work in asset management, including trade monitoring, position briefing, reconciliation and reporting. MIT's US-based Iceberg Index ²⁵ indicates that sector composition affects technical exposure to AI. A Scottish assessment is needed to establish local task exposure and skills requirements.	High
Reduced investment and economic growth	Global and Scottish firms are investing in technology, infrastructure and skills for this transition, and specialists and fintech companies are choosing where to locate. Jurisdictions that pair their laws with promotion, public-sector demand and a coordinating body will attract this investment. If Scotland is not established as a leading centre for digital finance, it will go elsewhere, slowing productivity growth, limiting innovation and weakening Scotland's ability to win new financial services business.	High
Reduced influence over standards	UK tokenisation standards are being set now, through the FCA/Bank of England roadmap and the Wholesale Digital Markets Champion's Action Groups. Active participation by Scottish companies can help make sure standards reflect their fund-servicing needs and work across UK and international markets.	Medium
Dependence on overseas settlement infrastructure (UK-level)	Limited sterling settlement options could push some activity towards US-dollar infrastructure, with possible currency costs and counterparty dependencies. The remedy sits with UK authorities; Scotland's role is advocacy through UK channels.	Medium

4 Scotland's Competitive Advantages

Scotland has a unique competitive strength in research, institutional, and industry capabilities that, combined, could further support the growth of a digital-asset and tokenisation industry sub-sector.

4.1 Positional History Through Past Digitalisation Phases

Scotland has long-established banking, insurance, and investment-management industries and a substantial fund-servicing workforce⁹⁷. Its response to digital assets should build on those capabilities while assessing changes in the work that companies need. The proposed readiness and economic-impact studies would provide evidence for that response (Figure 7).

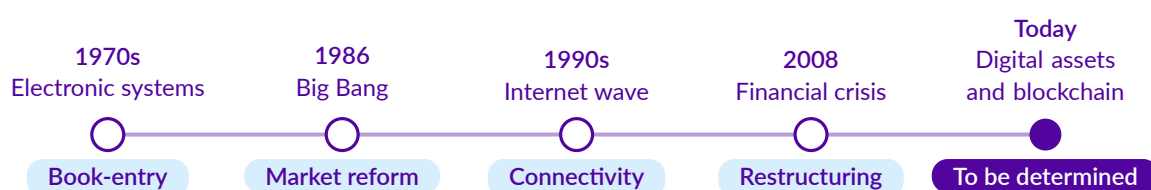


Figure 7. Paradigm shifts in financial markets technology from the mid-20th century to the present. These events had differing impacts across firms and functions within the Scottish financial services sector.

4.2 Industry First-Movers and the Digital Trust Centre

Two major Scottish asset managers are already using tokenisation:

- On 22 June 2026, Baillie Gifford launched the Baillie Gifford Enhanced Yield Fund (BAGEY) with BNY, which the issuer described as the first publicly available fully native UK-regulated tokenised fund. The US-dollar, short-duration corporate-bond fund uses an OEIC structure on the Ethereum and Solana ledgers. Tokens represent eligible investors' holdings, with public blockchains serving as the legal record of ownership⁷.
- Archax has tokenised interests in Aberdeen money-market funds, including sterling fund interests on Hedera and euro fund interests on Algorand, announced in June 2024^{54,3}.

These models involve infrastructure and servicing partners. The share of related employment and spending retained in Scotland should be assessed. Scotland's strategy should consider the development of infrastructure and servicing capability alongside adoption by asset managers. There are already strong first-mover enterprises in the Scottish ecosystem: Edinburgh-based Zumo provides digital asset custody services, while Aberdeen-founded Agant develops sterling stablecoin infrastructure^{111,1}. The Digital Trust Centre's innovation programme supports development of early-stage enterprises in payments and digital trust, and its recent Future Payments challenge selected two Scottish-based startups, Stabledrop and Stableport, for funded development in 2026, with the aim of addressing invoice liquidity and cross-border B2B payments frictions³⁴. These specific examples highlighted by the challenge are potential benefits for businesses beyond financial services. Companies planning to hold digital assets for clients should check whether they need FCA authorisation under the new cryptoasset regime, or a change to existing permissions. A Scottish digital assets strategy should also consider supporting Scottish companies in issuing regulated sterling stablecoins.

Actions 6 and 7 propose support for companies that could provide custody and issuance services for the UK's tokenised fund market.

The Digital Trust Centre's work includes:

- Participation in the Bank of England and BIS Innovation Hub's DLT Innovation Challenge, with Siccar, Nethermind and TrackGenesis¹².
- Participation in Phase 2 of the Bank of England's experimental Digital Pound Lab, which uses simulated infrastructure; no decision to introduce a digital pound has been made^{14,17}.
- Submission of formal evidence to the House of Lords stablecoin inquiry³⁵. The Centre opposed wholesale holding limits. The Bank's subsequent June 2026 policy statement replaced its proposed holding limits with an issuance guardrail¹³.
- Provision of panel input to the Digital Assets (Scotland) Act through the Scottish Parliament Economy and Fair Work Committee.
- An innovation programme supporting digital-trust and payments development, including the Future Payments challenge^{37,34}.

4.3 Digital Identity and Tokenised Finance

Tokenised markets need clear asset rights and reliable checks on the parties transacting. Scotland should also support the use of digital verification services frameworks⁶⁷ in financial services, drawing on UK and EU practice⁴⁵ and the Digital Trust Centre's digital identity and KYC work through its innovation challenges.

A digital identity system could support tokenised payments by simplifying customer verification and reducing the need for repeated document checks. HM Treasury's February 2026 guidance confirms that certified and registered digital verification services can be used for customer identity checks under the Money Laundering Regulations. Companies remain responsible for broader customer due diligence⁵⁶.

Digital identity is becoming a key partner to digital settlement. Under the eIDAS 2.0 standard, every EU member state must offer a digital identity wallet by the end of 2026⁴⁵. Banks and other regulated companies will be required to accept the wallet for customer checks from 2027.

The UK has taken a different route: after cancelling its national digital ID scheme in July 2026, it relies on privately run identity services certified against a government trust framework, alongside the GOV.UK wallet for official documents⁵⁸. In Scotland, a Scottish Government public services app is planned to be connected to ScotAccount, the government's digital identity service⁸⁴. Neither ScotAccount nor the UK's GOV.UK One Login and Wallet is currently designed for use by financial companies to check their customers. But example frameworks from further afield, such as South Korea's National Integrated Mobile ID Platform², provide invaluable case studies on how such a system might work. Financial services instead rely on private identity providers, some of which are certified against the UK trust framework. In contrast, EU-regulated companies will be required to accept the EU wallet.

Considerations must be made for how digital identity is implemented, and any such system must consider a privacy-by-design approach. As identity systems are implemented at a national scale, often without an opt-out or consent, the system should be designed so that people can share only the information needed for a service. Where appropriate, this could include proving that they meet an eligibility condition without disclosing the underlying personal details. These systems should provide strong privacy assurances, supported by cryptography such as zero-knowledge proofs.

This briefing does not advocate directly for a digital identity system as a prerequisite for a tokenised financial ecosystem, but strongly suggests that there are synergistic benefits for a complementary digital identity system when paired with tokenised payment and settlement systems. It is also noted that such systems should consider the growing risk of AI impersonation attacks and the increasing need to prove both uniqueness and humanity when interacting with online digital systems.

Scotland should explore these capabilities alongside tokenised payment trials, drawing on the UK's existing digital verification framework⁶⁷. The National Audit Office highlights the need for clear public- and private-sector responsibilities and services that work together⁶⁶. Trials should test both practical benefits and privacy safeguards.

4.4 Established Financial Centre

Edinburgh's concentration of asset-management, insurance and banking activity provides a foundation for coordinated technology adoption - with potential benefits when industries move in lockstep. The Digital Trust Centre's aim is to bring together industry and academic partners to realise these mutual, holistic ecosystem benefits³⁸. FinTech Scotland reported more than 260 companies in the Scottish fintech cluster in January 2026⁵³, and the 2021 Kalifa Review identified Scotland as a large and established cluster⁸² of fintech enterprises (Figure 8). These organisations could help companies and public agencies implement the strategy outlined in this report.

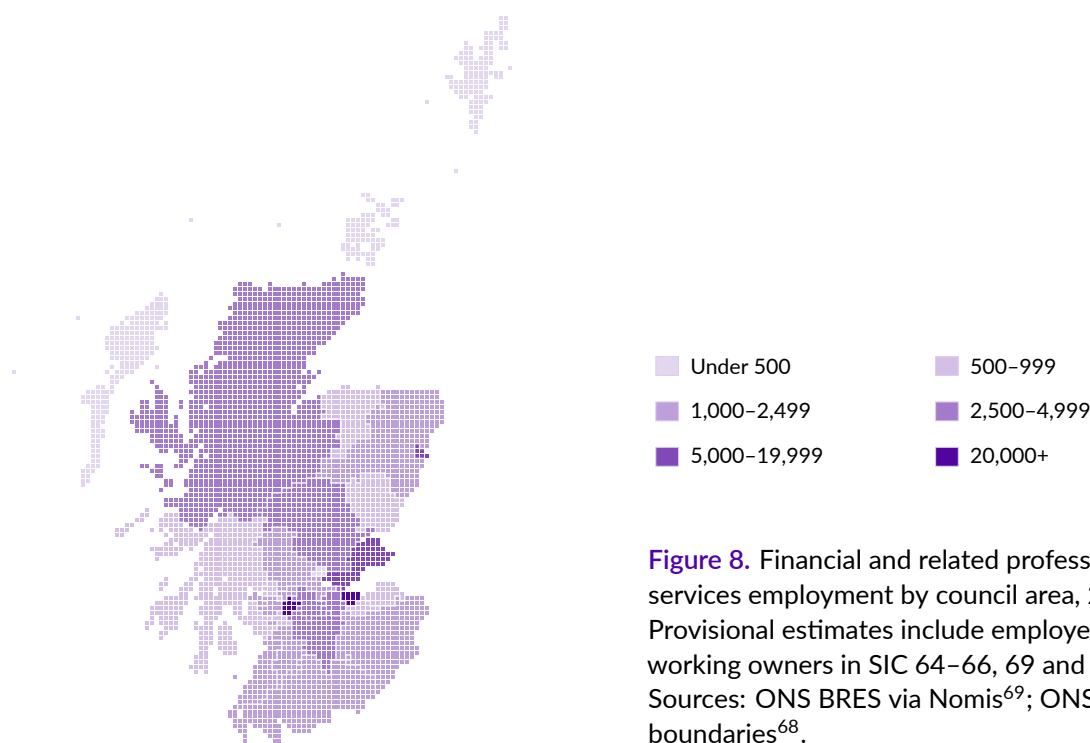


Figure 8. Financial and related professional services employment by council area, 2024. Provisional estimates include employees and working owners in SIC 64-66, 69 and 70.2. Sources: ONS BRES via Nomis⁶⁹; ONS council boundaries⁶⁸.

4.5 Regulatory Precedent: Scottish Banknotes

On 15 September 2026, Carolyn Wilkins, an external member of the Bank's Financial Policy Committee, drew on Scottish banking history to discuss the convertibility, backing, regulation, settlement and crisis arrangements needed for stable private money¹⁰⁹.

Scotland's banknote regime provides a domestic example of privately issued money backed by reserve assets. Its experience is relevant to the design of sterling stablecoins. While this specific example does not apply to the issuance of Scottish stablecoins, it points to the heritage of the Scottish banking sector and the example of its devolved powers.

Part 6 of the Banking Act 2009 and the Scottish and Northern Ireland Banknote Regulations 2009 establish the current legal framework. At the end of February 2024, Scottish authorised banks had a £5.37 billion backing requirement, including £5.13 billion of notes in circulation. Across Scotland and Northern Ireland, the Bank recorded no serious or under-backing compliance failures during the reporting year, although it assessed four notable failures¹¹. The Bank's June 2026 policy statement permits systemic sterling-stablecoin issuers to hold up to 70% of backing assets in short-term UK government debt in steady state, with at least 30% in unremunerated Bank deposits, and introduces an initial £40 billion issuance guardrail per coin¹³. The banknote regime instead requires full backing in Bank of England notes, UK coins or Bank deposits¹¹. These arrangements provide different models of reserve composition and liquidity protection.

Christina Segal-Knowles's speech "Stablecoins: What's Old is New Again" (June 2021) frames stablecoins as the latest form of private money⁹³, and recent analysis by Jeff Alvares at the Oxford Business Law Blog ("What Scottish Banknotes Can Teach Stablecoin Regulators", February 2026) identifies Scottish banknotes as a regulatory precedent directly relevant to GBP stablecoin backing design⁴.

4.6 "Kilts": A Tokenised Scottish Government Bond?

Scotland's "kilt" bond programme (£1.5 billion in principle; Aa3 / AA ratings) could provide a UK example of tokenised sub-sovereign issuance if structured for that purpose, and a digital-first issuance could send a clear signal of Scottish innovation in digital assets⁸⁶.

The Scotland Act 2012 extended Scottish Ministers' capital borrowing powers. A 2015 order enabled bond issuance for capital investment from 1 April 2015¹⁰⁵. Scotland already borrows through the UK National Loans Fund; its first bond issue is planned for 2026–27⁸¹. The Scottish National Investment Bank was established separately in November 2020 under its own 2020 Act⁸⁷.

Separately, HM Treasury appointed HSBC as the DIGIT pilot's platform provider on 12 February 2026. The pilot is intended to test digitally native UK sovereign debt issuance using HSBC Orion within the Digital Securities Sandbox⁵⁵. Comparable sovereign issuances of this scale include the Republic of Slovenia's €30m sovereign digital bond (25 July 2024), the European Investment Bank's ongoing tokenised issuances, and the World Bank's and Inter-American Development Bank's digital bond programmes. It should be noted that a tokenised kilt bond would need clear custody arrangements and protection for investor claims if the custodian or issuer fails, and any such structure would need to specify the custodian and the applicable regulatory regime.

If Scotland proceeds with a kilt bond, this briefing advocates issuing it in digital form. The UK is preparing a digital gilt pilot, separate from its main debt programme⁵⁵. A pilot could be assessed for compatibility with the Digital Securities Sandbox and infrastructure developed for DIGIT, while protecting the wider borrowing programme's objectives. Such an issuance could help build Scottish capability in tokenised public-sector debt and give Scottish asset managers a domestic instrument around which to develop settlement, custody and reporting services.

4.7 Aligned Government and Enterprise Infrastructure Innovations

It is imperative that a focused national strategy is established with agreed priorities, funding, and clear responsibility for developing a digital assets innovation ecosystem. Scottish Enterprise's investment in the Digital Trust Centre and the Scottish Government's digital strategy provide a starting point for this work. FinTech Scotland provides an industry network of organisations, enterprises and entrepreneurs that could support delivery of an early-stage investment programme.

Attracting Early-Stage Investment

Scotland must attract early-stage investment into the companies building new digital assets business models and services. These efforts require coordination among Scottish Enterprise, universities, and private investors, with banks and asset managers involved as potential customers for pilots, testing, and deployment. Additionally, it is important to provide universities with a clear route to a viable business model, while founders need access to customers as well as seed capital.

Scotland should also attract founders from elsewhere to accelerate the creation of digital assets businesses. Estonia's e-Residency programme is a demonstration of what a deliberate startup strategy could achieve, generating a record €125 million in state revenue in 2025 from taxes paid by e-resident companies³⁶. Scotland cannot set its own visa rules, but it can use UK routes such as the Innovator Founder visa to continue to attract talent to its cities, in addition to other incentives such as support packages targeting innovation pathways such as the Scottish Tokenisation Testbed.

Economists Byrne Hobart and Tobias Huber argue that concentrated funding and a willingness to take risks can help drive major technological breakthroughs⁵⁷. Models for driving early-stage investment should encourage risk-taking. Young entrepreneurs, including students and recent graduates, should have the environment, opportunity and access to capital to explore new, high-risk and innovative ideas as a viable alternative to entering lower-risk, established professions.

Activities intended to create these conditions should attract private investment, particularly angel and venture capital, with the state playing an enabling and additional role. Zurich and Zug offer useful lessons. Switzerland's legal framework provides clarity on tokenised assets and regulated trading venues while retaining safeguards against financial crime⁹⁴. In Zurich, companies founded on ETH Zurich's research and expertise raised CHF 540 million across 41 financing rounds in 2025³⁹.

Zug, Switzerland, is an instructive example of what can be achieved with good policy and a strong mandate for digital assets innovation. The canton has committed CHF 39.35 million to a joint blockchain research initiative involving the University of Lucerne and Lucerne University of Applied Sciences and Arts²⁴.

These examples support an approach that combines an innovation-friendly legal environment with a strong base of intellectual capital and access to private investment. Public support should help develop research and address gaps that constrain commercial investment. Innosuisse, the Swiss Innovation Agency, explicitly limits its support to projects whose innovation and market potential would otherwise remain unrealised⁵⁹. For Scotland, the lesson is to use public funding to build capability and attract additional private capital.

There are established routes to build on - Scottish Enterprise's High Growth Spinout Programme supports researchers through commercial development and company creation⁷⁸ and its Scottish Co-investment Fund and Scottish Venture Fund invest alongside private investors in eligible businesses⁷⁹.

The proposed Tokenisation Testbed should connect promising companies with paid pilots and help them produce evidence that investors can assess. Scottish Enterprise and university commercialisation teams should work with angel and venture-capital investors from Scotland and elsewhere to help companies prepare for seed and follow-on rounds. The aim should be to build companies that can grow from a Scottish base and sell products and services into wider, global markets.

5 Near-Term Actions

Scotland's financial institutions, public agencies and universities need to agree what they will do and who will lead each part of the work.

The Digital Trust Centre proposes the following fast-start actions for discussion and adoption by financial institutions, Scottish Financial Enterprise, Scottish Enterprise and FinTech Scotland, alongside the Centre.

These proposed actions align with several UK milestones: a joint tokenisation roadmap and final systemic-stablecoin Code of Practice planned for the end of 2026; the Wholesale Digital Markets Champion's recommendation for a DIGIT pilot by Q1 2027; the initial cryptoasset application period ending on 28 February 2027; the move to T+1 securities settlement on 11 October 2027; commencement of the new cryptoasset regime on 25 October 2027; and the Bank's synchronisation-service target of 2028^{51,110,52,13,49,48}.

Table 2. Proposed fast-start actions.

1	Publish a Scottish Government Policy Statement on Digital Assets and Tokenisation.
Q4 2026	A short public statement that sets a national aim, commits funding and leads to a detailed plan. It should: • State the aim for Scotland to become a leading hub for digital assets and tokenisation, where tokenised funds, securities and payments are issued, held and serviced. • Commit to a National Strategy and Roadmap by a set date, based on the Readiness Assessment and economic-impact study (Actions 2 and 3). • Commit funding for skills, the Scottish Tokenisation Testbed, early-stage companies and inward investment, with the amount set by the evidence from Actions 2 and 3. • Name a lead minister and directorate.
2	Commission a Tokenisation Readiness Assessment.
Q4 2026	Survey major asset managers and banks operating in Scotland on their tokenisation plans, expected costs, barriers and infrastructure requirements. Use the results to identify the support companies need.
3	Commission a Scotland-Specific Economic-Impact and Jobs Analysis.
Q4 2026	Quantify the GVA opportunity, infrastructure-investment requirement and jobs profile of tokenisation for Scotland under three scenarios (leader, follower, late), including the share of investment Scotland could capture and the effect on productivity.
4	Renewed Digital Trust Centre funding mandate and a Scottish Tokenisation Testbed, aligned to the UK Regulatory Timeline.
Q4 2026	The testbed will build on the Centre's industry-driven Innovation Challenge series, providing a common platform for innovation and collaboration in development of new financial services. Its scope will include how digital assets could be used alongside other technologies, such as privacy-preserving digital identity services and AI agents. Serving both established financial services and fintech companies, this would accelerate readiness for the UK Digital Securities Sandbox, to which admission and progression would remain subject to regulators' assessment¹⁵.

Table 2. Proposed fast-start actions (continued)

5 Q4 2026	Assemble a Financial Services Growth and Development Board Digital Assets Taskforce. The FiSGAD Board (co-chaired by the First Minister and the SFE chair, with senior ministerial and industry membership) ⁸⁰ should oversee a national strategy through a taskforce of asset managers, banks, fintech companies working on digital assets, and the Digital Trust Centre.
6 2027	Scottish Enterprise support for digital assets and tokenisation, sized to the opportunity. A support programme, responding to the results of the economic-impact study: • Focus on digital assets, payments and tokenisation in Scottish financial services, timed to the UK regulatory timetable. • Set out the support needed by established financial institutions and by early-stage companies operating within the regulatory framework. Routes include Digital Trust Centre innovation challenges, support for university spin-outs, eligible Scottish Enterprise funding, and seed and follow-on investment from private investors. Work with university commercialisation teams, and assess any Scottish National Investment Bank role against its mandate and investment criteria. • Set the level of support from the costs and benefits identified in Action 3.
7 Q2 2027	Launch a Digital Assets Investment Proposition. Develop an investment programme to attract tokenisation companies, infrastructure providers and institutional technology vendors operating within the regulatory framework. The aim would be to establish Scotland as a UK centre for tokenised banking and payments as well as fund servicing. Scottish Enterprise and universities should coordinate investor introductions and commercialisation support, with established companies providing routes to paid pilots. Include seed and follow-on capital for eligible early-stage businesses alongside inward investment.
8 Q2 2027	Commit to an Annual Scotland Digital Finance Competitiveness Report. Publish an annual assessment of regulatory clarity, skills, investment and institutional readiness so that progress can be checked. The proposed annual report would track indicators established through the proposed Tokenisation Readiness Assessment, for example: AUM on tokenised rails; Scottish companies launching tokenised fund structures or pilots; international companies establishing Scottish entities; and graduate placements through the skills pipeline.

6 Strategic Pillars

The Digital Trust Centre proposes a National Strategy and Roadmap for Digital Assets and Tokenisation to guide work beyond the fast-start actions. Government, public agencies and industry would need to agree on their priorities and funding.

The proposed strategy would cover the five priorities below. Each is linked to the relevant Action Group within the UK Wholesale Digital Markets Champion's programme¹¹⁰.

1

Pillar

An Evidenced Scottish Position in UK Regulatory Design

Feeds Action Groups 3 and 4 (collateral and prudential standards; market infrastructure and cash leg)
Financial-services regulation is reserved to the UK Parliament. Scotland has devolved powers in property law, economic development and skills, within the limits of the devolution settlement^{106,83}. This report proposes a named owner for Scotland's tokenisation policy and a shared evidence base. The Readiness Assessment and economic impact study (Actions 2 and 3), together with the Centre's regulatory work³⁵, would provide the initial evidence. It should be updated as adoption develops.

2

Pillar

Shared Innovation Infrastructure

Feeds Action Groups 1, 4 and 7 (primary issuance and funds; cash leg; financial-crime compliance and identity)
The proposed Scottish Tokenisation Testbed (Action 4) would provide shared infrastructure for companies taking part in the Centre's Innovation Challenges. It should also test how digital assets work alongside digital identity services and AI agents. It should help companies prepare for the UK Digital Securities Sandbox and support engagement with the FCA and the Bank of England on market infrastructure. Admission to the Sandbox would remain subject to regulatory assessment.

3

Pillar

Skills and Talent

A contribution that supports all nine Action Groups
Workforce planning should begin with an assessment of the tasks and skills affected in Scotland. The strategy should develop digital-asset education from the undergraduate to the professional level and set out how Scotland could attract specialists from elsewhere.

4

Pillar

Industry Coordination Through FiSGAD

Feeds Action Groups 1, 2 and 4 (funds; secondary markets; cash leg)
A Digital Assets Taskforce within the existing Financial Services Growth and Development Board would bring together Scotland's largest managers and banks to agree on a strategy and roadmap. It should also work with Scottish Enterprise to include digital assets in its sector plans.

5

Pillar

International Positioning

Feeds Action Group 9 (promotion of the UK as a digital-assets centre)
Promote Scotland as a UK centre for tokenised banking, payments and fund servicing, and build links with regulated financial centres abroad. Scottish companies serving EU clients should keep their products and identity checks aligned with the applicable EU securities, cryptoasset, and digital identity frameworks. Publish an annual competitiveness benchmark to track progress.

7 Conclusions

This report argues that Scotland must prioritise digital assets and tokenisation in its economic development strategy. Government and industry should agree the fast-start actions in Section 5 and assign responsibility for delivery.

Scotland has a substantial financial sector, university research and organisations that can coordinate this work. Scottish legislation has clarified aspects of digital-asset property law alongside the UK's financial-services framework^{89,106}. A shared strategy would give these organisations agreed priorities and a basis for action.

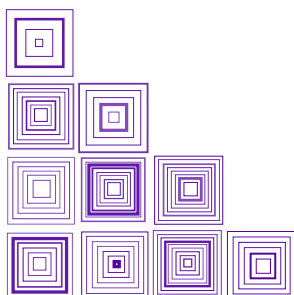
The 2026–27 period contains important milestones in the adoption of digital assets across the UK. Within this timescale, Scotland should act quickly to retain its financial services industry, grow activity, develop new skills and infrastructure, and create the jobs needed to serve tokenised financial markets.

The proposed actions outlined in this report would help Scotland assess and manage the transition of its financial services industry into a new era of finance. It is important that the scale of local benefits, costs, and employment effects is established and understood through the proposed readiness assessment and economic impact study. Any delays could weaken the Scottish financial services industry's ability to retain activity and jobs and to develop new capabilities.

"This technological shift is beginning to reshape finance. But the effects will be different from the predictions made by Mr. Nakamoto. As finance becomes more digital, it will depend more, not less, on a widely trusted public form of money."

Piero Cipollone, Member of the ECB's Executive Board and Chair of the Eurosystem High Level Task Force on the Digital Euro

The Economist, 21 September 2026²⁶.



Terms and Abbreviations

Digital Asset

in this report, principally a tokenised financial right or claim, such as a share, bond, fund unit or unit of money.

Tokenisation

recording a digital representation of an asset on a programmable platform, often using blockchain technology.

Central Bank Money

money issued by a central bank: reserves held by eligible institutions and banknotes.

Commercial Bank Money

money held in deposits at commercial banks and used for most everyday electronic payments.

Tokenised Deposit

a commercial bank deposit represented on a programmable ledger. It remains the issuing bank's liability and should be redeemable at par with an ordinary deposit.

Cash Leg

the payment side of a transaction: money transferred against delivery of an asset.

Blockchain Technology

a shared ledger of linked transaction blocks, synchronised across participating systems. Public networks such as Ethereum and Solana allow broad participation; individual assets may restrict eligible holders. Permissioned networks restrict participation.

Smart Contract

code that automatically executes defined actions when programmed conditions are met.

Stablecoin

a cryptoasset designed to maintain a stable value relative to a reference asset, commonly a currency. Reserve-backed designs hold assets to support that value.

On-Chain

recorded or executed on a blockchain.

Settlement Rail

the infrastructure over which payment and delivery of an asset are completed.

Atomic Settlement

linked transfers execute together as one indivisible operation, or none executes.

Delivery-versus-Payment (DvP)

links securities delivery to payment so that each occurs only if the other occurs.

Reconciliation Layer

the staff and systems that compare and correct records between firms after a trade.

Scottish Tokenisation Testbed

proposed Digital Trust Centre infrastructure to help firms prepare for regulated experimentation, subject to mandate and funding (Action 4).

Sandbox

in this report, the UK Digital Securities Sandbox (DSS); see below.

T+1

settlement one business day after a trade. T+2 means two business days.

AUM

assets under management.

GVA

gross value added.

FX

foreign exchange.

RWA

real-world assets – conventional assets represented as tokens.

MO/BO

middle and back office.

DSS

UK Digital Securities Sandbox.

DIGIT

Digital Gilt Instrument.

FISGAD

Financial Services Growth and Development Board.

WDMC

Wholesale Digital Markets Champion (HM Treasury).

MiCAR

EU Markets in Crypto-Assets Regulation.

eIDAS 2.0

EU digital identity regulation (EU Digital Identity Wallet).

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About

About the Digital Trust Centre of Excellence



This report was published by the Scottish Centre of Excellence in Digital Trust and Distributed Ledger Technology (Digital Trust Centre) at Edinburgh Napier University. The Centre is led by Peter Ferry (CEO) and Professor Bill Buchanan (Director), with Vanessa Majnaric as the Innovation Lead. It is co-funded by Scottish Enterprise and partners with FinTech Scotland, the University of Glasgow, and the University of Edinburgh.

The Centre supports companies and develops skills in blockchain technology, digital wallets and privacy-enhancing technologies. Its research also covers quantum-ready cryptography, formal verification, digital identity and ledger governance.

This report presents the authors' proposals for discussion with Scottish Enterprise, Scottish Financial Enterprise (SFE), FinTech Scotland and the private sector.

For more information, visit coetrust.com.

About Zumo



Zumo is a UK-based digital assets platform, with a sharp focus on compliance and sustainability. The company acts as a trusted local partner for firms seeking to access the UK market and switch on crypto services for their UK customer base, providing the infrastructure and expertise they will need to go live responsibly and with confidence.

Registered with the UK's Financial Conduct Authority (FCA) as a cryptoasset business, Zumo is continually evolving its turnkey digital-assets-as-a-service proposition in line with the latest regulatory expectations.

Through one simple API connection, Zumo orchestrates all the services a client needs to enable end-customers to securely hold, buy, sell, and send digital currencies. This includes custodial services, KYC/AML, trading, and fiat on- and off-ramping.

Zumo is also a proud pioneer of sustainability-led crypto. The company was part of the World Economic Forum's Crypto Sustainability Coalition and subsequently introduced the Oxygen toolkit to help firms better manage the carbon footprint of their digital asset activities.

For more information, visit Zumo.co.uk.

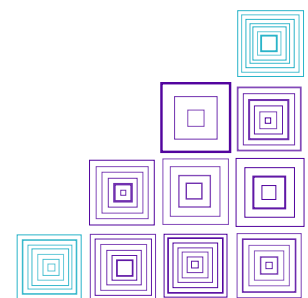
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Cover artwork generated by computer in homage to Hungarian artist Vera Molnár, an early pioneer of computer art. Molnár played a very important role in the creation of generative art and in the use of computers to generate art. In the age of AI and cryptography, her work is more important than ever, and she serves as an inspiring pioneer of the bridge between art, technology and innovation.

