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Digital Financial Infrastructure in Focus

NICOLE VALENTINE AND MAXWELL DEGREGORIO

About Us

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The Milken Institute is a nonprofit, nonpartisan think tank focused on accelerating measurable progress on the path to a meaningful life. With a focus on financial, physical, mental, and environmental health, we bring together the best ideas and innovative resourcing to develop blueprints for tackling some of our most critical global issues through the lens of what's pressing now and what's coming next.

About Milken Institute Finance

Milken Institute Finance tackles challenges across the financial system through thought leadership, research, and insights to influence private-sector practices and public-sector policies to improve fair access, efficiency, and reliability of markets and institutions.

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Introduction

Every period of economic and technological transformation is rooted in its infrastructure story. The Industrial Revolution brought new machines, new forms of enterprise, and foundational networks that made scale possible. Railroads moved goods across continents. Electricity powered factories and cities. Telegraphs and radio collapsed the cost of moving information across vast distances.

These systems were not ends in themselves. They were enabling layers that expanded what could be built and traded and who could participate in the economy.

For much of modern history, financial infrastructure evolved incrementally. New tools were layered onto systems designed for an earlier era. The result is a global economy that operates at digital speed, while much of its financial system remains slow, fragmented, and opaque. However, we are now witnessing a Digital Revolution wherein new financial rails are quickly upending this status quo. This revolution is being shaped by private innovators, guided by public policy, and tested in real time across payments, treasury operations, capital markets, and commerce.

This next generation of financial infrastructure matters because its design shapes outcomes across the economy. First, highways and then the internet became public goods that expanded economic opportunity. Now, digital financial infrastructure is beginning to play a similar role. It is becoming a shared layer that is powering growth, opportunity, and innovation in the global economy.

The Milken Institute's FinTech Advisory Council brings together leaders across finance, technology, policy, and academia to examine these questions. This report reflects those conversations and considers how digital financial infrastructure is being built, explores where it is already delivering value, and identifies the principles that should guide its continued development. The rails laid today will shape markets, institutions, and access for decades to come. Our shared responsibility is to ensure that what we are building is durable, inclusive, and aligned with the needs of end users.

Background

After years of rapid growth and adoption, there is increasing recognition that the underlying rails enabling payments, lending, investment, and value transmission in a digital economy are foundational and essential digital public infrastructure.[1]

Rising global demand for faster cheaper more accessible financial services is undeniable. Technological leapfrogging in regions with large young growing populations is driving the demand for a robust global "always on" digital infrastructure. However, the current system still comes up short for many users: Cross-border transfers can take days and incur 5–10 percent in fees, billions of people remain under- or unbanked, and small businesses struggle to access affordable credit.

Yet the technology to address these pain points already exists and is rapidly scaling to meet these needs. Notably, stablecoins processed more than $26 trillion of on-chain settlement volume in 2025,[2] demonstrating that these new digital rails can handle enormous throughput. In emerging markets facing inflation and volatile local currencies, stablecoins and digital assets have become lifelines.[3]

Policymakers around the world are beginning to provide the legal clarity for digital financial infrastructure that was previously missing. Recently, regulatory focus has shifted toward enterprise, payments, and banking applications of digital assets. In the US, breakthroughs in stablecoin legislation and regulatory guidance are driving a surge in interest in stablecoins as a new foundation for payments.[4] Likewise, Europe's comprehensive MiCA framework has been in effect for almost a year, and countries from Singapore to Brazil are establishing rules for tokenized money and assets. Regulatory clarity is eliminating much of the uncertainty that made large institutions hesitant to build and invest in the space, clearing the way for the next generation of financial plumbing.

As these new digital financial infrastructure systems continue to grow, an important question is "What key elements are necessary for their responsible development?" To answer this question, we asked our FinTech Advisory Council members to consider the elements needed by the next generation of digital financial infrastructure to expand access to finance, facilitate innovation, and improve economic mobility. Three key elements emerged from our interviews with the council members: interoperability, programmability, and trust.

By structuring the report around these pillars, we aim to identify the concrete requirements and best practices for each. Below, we describe each pillar and provide case studies from MoonPay, Plaid, and Wave that illuminate how these elements are being implemented in practice. Finally, we synthesize these findings into actionable recommendations for key stakeholders, regulators, financial institutions, and FinTech leaders, who are responsible for building and maintaining this new infrastructure.

The Three Pillars of Digital Financial Infrastructure

Interoperability: Connecting a Fragmented Financial System

We identified interoperability, the seamless connectivity across different networks and platforms, as the first key component of the next generation of financial infrastructure. Despite advances in FinTech, much of the legacy financial system remains siloed. Traditional bank payment networks, credit card networks, digital wallets, and blockchain networks often do not speak to each other natively.

This lack of integration requires a user or business to manage multiple accounts and integrations to transact globally. A merchant selling online may need separate payment processors for different regions, each with its own fees and settlement delays. Likewise, sending money between bank accounts and blockchain wallets remains cumbersome, requiring intermediary steps and off-ramps.

A truly interoperable digital financial infrastructure would function like an internet of value, enabling money to move instantly, globally, and securely across any system. Realizing this infrastructure requires developing common standards and "digital rails" that link together banks, FinTech platforms, and decentralized networks. MoonPay CEO Ivan Soto-Wright described the vision as a "universal money API [application programming interface]" that could route payments to any wallet or account, just as email is routed to any address. Achieving this vision requires technology standards, partnerships among industry players, and policies that support the sharing of and access to user financial data.

In our interviews, we identified several key benefits of interoperability that promote expanded access and economic mobility. Interoperability can dramatically lower transaction costs and times, especially for cross-border payments and remittances that are currently expensive and slow. It also fosters competition and choice: Consumers and businesses could use their preferred financial service providers while still transacting with others on different platforms.

Furthermore, by connecting legacy infrastructure with new innovations, interoperability ensures that no group is left behind as finance becomes increasingly digital. A well-designed interoperable system would enable someone with only a basic bank account to receive a payment from someone else's digital wallet or let a small business accept global stablecoin payments directly into its local currency account. Much like the internet's open protocols allowed disparate computer networks to interconnect, open financial protocols and partnerships will allow today's patchwork of financial services to coalesce into a global, real-time network for value exchange.

Programmability: Enabling Innovation Through Smart Money

The second pillar, programmability, refers to the ability to embed automated logic and conditional operations into financial transactions and instruments. In traditional finance, money and contracts are relatively static. Transactions must pass through many intermediaries and manual processes and often take days to settle, and financial agreements are fixed in legal documents and back-office systems. By contrast, programmable digital money and assets can execute actions automatically according to predefined rules and can be dynamically updated or integrated with software systems via APIs. This capability is transformative for innovation: It enables finance to behave like software.

Programmability improves the efficiency and settlement speed of financial infrastructure. In the case of settlement, instead of T+2 days for securities or a two-day bank wire transfer, a programmable tokenized asset can settle almost instantly upon trade execution because the code moves the asset ownership and funds simultaneously on a blockchain. Former Commodity Futures Trading Commission Chairman and Circle President Heath Tarbert discussed how this feature can reduce counterparty risk and frees up capital, during a spring conversation with Milken Institute Executive Vice President Michael Piwowar.[5]

Alternatively, in the case of corporate treasury operations, companies currently manage liquidity with legacy systems and reconciliations; with programmable money, they could set rules for automatic sweeping of funds across accounts or conversion of currencies when certain conditions are met. Our interviews noted that businesses increasingly want these capabilities, including the ability to automate settlements, embed compliance checks in transactions, and manage multi-currency liquidity in real time, none of which legacy banking rails offer natively. By using smart contracts and APIs, such features can be implemented to run 24/7 without manual intervention, as has been demonstrated in decentralized finance, where code handles trillions in transactions autonomously.

Furthermore, programmability is no longer just about writing conditions into a payment or smart contract. FinRegLabs explores this development in a recent paper, arguing that agentic AI will power the next wave of programmable money.[6] These software agents can integrate a person's financial data, understand their near-term goals and constraints, and then not only offer recommendations but also, in some cases, act on their behalf. In that world, "programmable money" becomes the execution layer for AI systems that plan, monitor, and transact continuously in the background.

Although agentic AI can exist without stablecoins or tokenized deposits, the combination is powerful. Always-on, programmable digital dollars enable agents to act across borders and time zones, continuously optimizing cash management, bill payment, and working capital in ways that today's batch-based systems cannot support.

Programmability also enables financial inclusion and customization. Financial services can be tailored to individual needs at scale when rules can be encoded. Micro-insurance policies that auto-pay upon an event, credit that adjusts rates based on real-time data, lending pools that are governed by smart contracts or agents, and real-time streaming payments are examples of innovations made easier by programmable money. Governments could also program conditional disbursements that ensure that funds are used as intended, improving the efficacy of social programs, which we have already begun to see in the development aid space, spearheaded by initiatives at Circle and the Stellar Foundation.[7]

The financial system will increasingly evolve at a software-like speed, fostering products that are more accessible, efficient, and tailored. The challenge going forward is to provide widespread access to programmable infrastructure, so that a broad range of institutions can leverage it, which will require maintaining safety and trust.

Trust: Ensuring Security, Compliance, and Confidence

No matter how interoperable or programmable a system is, it will not achieve mass adoption without trust. Trust ensures that all participants, from retail consumers to multinational banks and governments, have confidence that the digital financial infrastructure is safe, reliable, and compliant with relevant statutes and regulations. Establishing trust involves both predictable governance and technical robustness.

One critical component of trust is regulatory clarity. The past uncertainty around digital assets created hesitation among institutional players. Now, more jurisdictions, most notably the US, are seeing regulatory clarity emerge with frameworks for stablecoins, clearer accounting rules for crypto assets, and licensing regimes. These developments have signaled that digital assets are becoming mainstream and safer to engage with.

While many of our council members emphasized that dealing with a patchwork of regulations across jurisdictions has been a major challenge, they have found success by investing heavily and early in compliance and global licensing. This compliance-first approach by digital assets firms gives partners and users confidence that working with such an infrastructure provider will be legally sound worldwide.

Consumer and institutional protection mechanisms are also crucial to building trust. These mechanisms include fraud prevention, privacy safeguards, and reliable identity systems. During interviews, our council members noted a mindset shift among regulators from avoiding questions about digital assets innovation to asking, “If this change is inevitable, what risks should we be managing?” From a policy perspective, risk management will require focusing on consumer protection for digital contexts, for example, handling transaction disputes or wallet hacks, and ensuring data privacy in open finance.

Open finance and data sharing also create an opportunity for improved trust, compliance, and stability. Jo Ann Barefoot, CEO of AIR, discussed how technology can enable real-time supervisory access. Regulators could move from periodic reporting to continuous monitoring by accessing industry data streams. Such data access models could improve oversight and trust, although they raise their own questions about privacy and implementation.

On the other hand, our interviews noted that recent moves to raise barriers to financial data[8] could stifle innovation and limit people's ability to use financial apps. Trust also involves open data ecosystems, where consumers ultimately have control of their financial information, and regulators can access the information they need to ensure safety and soundness.

Finally, trust is reinforced by education and user experience. Several council members noted that everyday users will not adopt crypto or digital finance at scale until it feels as invisible and intuitive as any other traditional financial tool. If using a digital wallet is confusing, consumer and institutional trust will erode. Our interviews also revealed that growing institutional trust in the digital assets space has also been driven by continued education and engagement by innovators with sectors unfamiliar with digital assets, such as state and local officials, institutional allocators, market makers, ratings agencies, and the key actors in the financial services sector.

Trust will be the linchpin that holds together the new financial infrastructure. The dramatic institutional collapses, frauds, and failures that have occurred over the past decade offer lessons for industry to consider when building accountability measures, which are necessary if the financial system is to realize the full potential of these new financial rails. This work requires aligning the innovation of the private sector with the safeguards of the public sector. While private companies are inventing and pushing frontiers, the government continues to set baseline standards for safety, soundness, and supervision. In building digital financial infrastructure, all stakeholders must prioritize robust compliance, security engineering, transparent governance, and user-centric design to earn the trust that will make this infrastructure truly transformative.

Case Studies: The Next Generation of Financial Infrastructure

The case studies below highlight the application of interoperability, programmability, and trust by three leading companies, illustrating both progress and remaining challenges. We selected these examples from MoonPay, Plaid, and Wave Digital Assets (Wave) because each company sits at critical junctions of the traditional and digital financial worlds.

The case studies draw on both the insights from the Council members and external data to describe the manifestation of the three pillars in real projects. They also offer lessons for regulators, institutions, and entrepreneurs alike.

Case Study: MoonPay—Bridging Traditional Finance and Digital Assets

Launched in 2019, MoonPay initially gained notoriety for its interface that allowed users to buy cryptocurrencies with a credit or debit card, a critical on-ramp that bridged the gap between fiat money and crypto for retail users. This early product addressed a usability challenge when few people knew how to navigate crypto exchanges, enabling anyone with a card to participate in the digital asset market.

Over the past few years, MoonPay expanded beyond that first use case, driven by an ethos of making value transfer "as easy, safe, and universal as sending an email." Today, MoonPay is constructing an interoperable network for the digital economy, aiming to connect "every wallet, every blockchain, and every payment method through a single secure account." In this network, if a partner integrates MoonPay's platform, its customers can pay with a variety of currencies and methods and have the funds flow seamlessly to the intended destination, whether a crypto exchange account, a merchant, or another user. Notably, MoonPay partnered with Mastercard to enable the spending of stablecoins at more than 150 million merchant locations worldwide, an example of interoperability between blockchain-based money and the existing card network in practice. Through this integration, a user's digital stablecoin can be used at any store that accepts Mastercard, with MoonPay acting behind the scenes to instantly convert and settle the transaction in a compliant manner.

MoonPay has also invested in programmability and enterprise services. Recognizing that institutions have unique needs, MoonPay acquired companies such as Iron, an API-first platform for treasury and payouts, and Helio, a crypto payments processor for merchants, now MoonPay Commerce. These acquisitions enable MoonPay to offer API-based tools for treasury management, stablecoin acceptance, and programmable payouts. For example, an online marketplace can, via MoonPay's API, automatically route a customer's payment into different

currencies or trigger a payout to a supplier in stablecoins immediately upon sale. This level of automation enables businesses to manage liquidity in real time and to reduce reliance on batch processes or costly intermediaries.

Such "programmable money" capabilities have broad applications that corporate treasury management can harness, such as the ability to embed compliance checks and business logic directly into transactions. MoonPay's platform effectively provides these capabilities as a service, accelerating innovation for any enterprise client that plugs into its network.

In terms of building trust in these new infrastructure layers, MoonPay has been proactive in working within regulatory frameworks. The company touts having "one of the strongest regulatory stacks in the industry," having obtained both a New York BitLicense and a New York Limited Purpose Trust Charter, complemented by numerous Money Transmitter Licenses in the US, and being among the first to receive regulatory approval under the European Union's MiCA regime. By securing these approvals, companies such as MoonPay provide reassurance to institutional partners that integrating with them will meet legal requirements globally. Digital assets companies that have pursued this compliance-first strategy have turned it into a competitive advantage, especially in the US, where many offshore and noncompliant competitors continue to struggle for a toehold in the richest, deepest capital market in the world.

Beyond compliance, user experience is a key component to building trust in new systems. Many consumers still find crypto confusing or intimidating. As MoonPay's CEO noted, issues such as wallet setup, seed phrases, and gas fees lead to drop-off. MoonPay considers elimination of this friction as a key to mass adoption; thus, it aims to make crypto "feel invisible" to the end user, akin to using any traditional FinTech app. By abstracting away the blockchain complexity and focusing on intuitive design, MoonPay hopes to build trust with everyday users who do not need to know the technical details behind their transactions.

MoonPay demonstrates the "bridging" that is already well underway between two formerly separate worlds—traditional finance and decentralized finance—by focusing on interoperability with legacy systems, embedded programmability, and trust building. By doing so, at an institutional scale, MoonPay is enabling other FinTechs, banks, and brands to leverage the advantages of digital assets without having to build the infrastructure themselves. We are already seeing the integration of stablecoins and blockchain technology into familiar payment experiences and enterprise operations in a compliant manner. The MoonPay story confirms that the goals of expanding access and accelerating innovation can be achieved simultaneously, provided that interoperability and trust are built into the rails from the start.

Case Study: Plaid—Open Data at the Foundation of Financial Infrastructure

Over the past decade, open data has emerged as a cornerstone of digital financial infrastructure by enabling access to consumer financial data at scale. Platforms, such as Plaid, securely connect bank accounts to a vast ecosystem of FinTech applications, powering innovation across sectors from payments and lending to digital assets and agentic ecommerce. Plaid illustrates how open financial data access is foundational to modern payments infrastructure: advancing interoperability between legacy institutions and digital services and equipping developers with programmable access to financial rails, while building security and trust in data sharing.

Plaid's network bridges traditional financial institutions and today's digital finance apps. What began as an easy way for consumers to link traditional bank accounts to FinTech apps is now one of the largest real-time financial data networks in the country. By standardizing connections to more than 12,000 banks and financial providers, Plaid eliminates the need for one-off integrations and makes previously isolated systems interoperable. More than 150 million people are connected via Plaid to thousands of apps and services, a scale that underscores how essential open banking connectivity has become.

The interoperability that Plaid facilitates helps to level the financial playing field by expanding access, competition, and innovation across the economy. By empowering consumers and institutions alike to use financial data more effectively, it is creating new opportunities for growth, efficiency, and inclusion nationwide:

- **Consumer FinTech** can offer personalized apps and services; secure, convenient payments; seamless account opening; and faster access to credit.
- **Small businesses** can more easily access capital and manage cash flow through affordable data sharing.
- **Community banks and credit unions** can better access the tools to compete with large institutions through innovation and deeper local engagement.
- **Artificial intelligence tools** enable advanced analytics that enhance personalization, risk assessment, and efficiency across financial services.

Critically, open data connectivity also links traditional finance with emerging payment rails. Crypto exchanges and blockchain-based services rely on consumers' ability to permission access to their bank accounts via platforms such Plaid. When a user links their checking account to a digital asset wallet, open data sharing makes moving funds between legacy financial rails and new technological networks feel seamless. Low-friction access to bank data enables millions of Americans to participate in new digital asset markets and decentralized finance. By serving as connective tissue, Plaid and the broader open banking movement form the infrastructure that makes money and data flow between old and new systems.

Beyond connectivity, open banking data is a catalyst for programmability in finance. Open data provide developers with API access to banking rails, enabling them to build automated, tailored financial services on top of existing accounts. The result is an explosion of innovation, evidenced by US FinTech adoption soaring from 58 percent of consumers in 2020 to 78 percent in 2025.[9] Financial processes that once required paper and manual steps can now be executed with open data sharing, enabling products such Esusu's credit building for renters, Experian's cash flow data solutions, and Robinwood's anti-fraud detection.[10]

Opening up financial data at this scale requires robust trust frameworks. Plaid's model hinges on secure, consumer-permissioned data sharing: Users authenticate and consent to connect their bank accounts, and Plaid serves as a neutral conduit, never moving money and using strong encryption and compliance measures to protect data. This approach improves on earlier, less secure methods, such as screen-scraping and password sharing, and has paved the way for industry and regulators to codify safer standards.

In the US, the Consumer Financial Protection Bureau's forthcoming open banking rule, under Dodd-Frank Section 1033, aims to cement these principles in policy, giving people clear rights to their financial information and setting guardrails for data security. The long-awaited, bipartisan rule aims to boost competition and innovation by allowing people to securely share their financial information with apps and services of their choice.

Open banking treats the customer as an empowered participant who can choose which apps to trust with their information and expects those apps to handle it responsibly. This shift toward user-centric data control has resulted in an emerging consensus that secure data portability can coexist with confidentiality. Jurisdictions that implemented open banking earlier, such as the UK and EU, have shown that strong security requirements, such as rigorous authentication and auditing, can make data sharing both safe and widely adopted. Users and institutions will only embrace interoperable, API-driven payments if they trust the integrity of the systems and the protection of their assets and data.

Case Study: Wave Digital Assets—Innovating at the Intersection of Public Finance and Crypto

Wave Digital Assets and its collaboration with the state of New Hampshire provide a compelling example of the applications being built with our traditional financial systems that are starting to leverage new digital financial infrastructure. In 2025, Wave, a Los Angeles–based digital asset investment firm, partnered with the New Hampshire Business Finance Authority (BFA) to launch the world's first rated Bitcoin-backed municipal bond. This transaction illustrates how traditional finance can be bridged into the world of digital assets, the new value that can be realized through these capital structures, and the public and private collaboration that built the trust necessary to realize that value.

Digital asset and public-sector entrepreneurs have been trying to take public finance on chain for the past decade. Many of these first attempts were in the tokenization space. The first-ever tokenized municipal bond issuance took place in Lugano, Switzerland, where CHF 520 million has been raised with tokenized bonds to date.[11] The first-ever tokenized US municipal bond issuance occurred in Quincy, MA, where $10 million was raised, and the bonds were maintained on JPMorgan Chase Inc.'s Onyx private permissioned blockchain.[12] In both cases, the issuing municipality wanted to take advantage of the fractionalization capabilities of a tokenized asset to make it easier for residents to buy into the issuance and keep coupon payments circulating in the local economy.

The Wave issuance in New Hampshire takes a different approach, pursuing a traditional rated issuance collateralized against Bitcoin. The BFA approved the $100 million Bitcoin-backed conduit bond, letting companies borrow against over-collateralized Bitcoin held by a private custodian. Although BFA is a state entity, the bond is not backed by the state or taxpayers. Instead, BFA acts as a conduit, approving and overseeing the deal without assuming repayment risk, while investors are covered by Bitcoin held in trust.

To protect investors from the volatility of the underlying collateral, if the value of Bitcoin drops beneath a certain threshold, the trust will automatically liquidate, and bondholders will be repaid. Under the proposed structure, the borrower will post about 160 percent of the bond's value in Bitcoin as collateral. Liquidation would trigger at a drop below roughly 130 percent. The BFA will collect a fee for acting as a conduit in this transaction, which will be paid in Bitcoin and deposited into a new Bitcoin Economic Development Fund, which the agency will use for future economic development in New Hampshire.

Wave Co-founder Les Borsai said that "this isn't just one transaction; it's the opening of a new debt market" that connects traditional fixed-income with digital assets. Through instruments such as this, reserves of digital assets become productive collateral, supporting new lending and bond issuance. Governments have long been able to borrow against assets, a notable example being the 1998 tobacco settlements that several states used to collateralize tobacco bonds, which account for 7.6 percent of the high-yield municipal bond market in the US.[13] This product represents a new frontier in asset-backed borrowing, in that the public sector owns more digital assets that sit at a higher valuation.

Historically, the US federal government has accumulated nearly 200,000 Bitcoin through asset seizures and law enforcement action.[14] Although state governments have also accumulated smaller holdings through seizures and unclaimed property, some states, such as New Hampshire, have established formal state digital asset reserves that could be used to collateralize future bonds.

Beyond bringing the public sector to the table, an institutional product such as municipal debt requires engaging key private-sector stakeholders, such as the ratings agencies. To unlock liquidity for crypto-collateralized credit products, institutional allocators will need trust that

comes from those ratings. For this issuance, Wave has engaged one of the leading ratings agencies to subject its bond to the same standard ratings process that any other municipal issuance seeking an investment-grade status would undergo. Taking a rated bond with digital asset collateralization to market would be a significant step toward building institutional trust in the asset class.

Wave and its partners wrapped a new collateral asset in familiar, tried, and trusted components of the financial system, engaging with ratings agencies, trust companies, investment banks, and a state economic development agency to build out an investment vehicle as similar as possible to traditional asset-backed issuances. This approach demonstrates the value of an actively institutional orientation as digital assets grow increasingly financialized.

Conclusions and Strategic Recommendations

The next generation of digital financial infrastructure will be built on the pillars of interoperability, programmability, and trust. The case studies of MoonPay, Plaid, and Wave demonstrate not only that this transformation is already underway but also that careful strategy is needed to overcome remaining hurdles. Technology is not the limiting factor, but responsible governance will determine how these new rails are adopted and how quickly and broadly their advantages can be realized.

Our interviews and convenings throughout the year repeatedly highlighted that we have a window of opportunity. Regulatory clarity is improving, institutional appetite to embrace innovation is growing, and successful prototypes have been proven in the market. To capitalize on this momentum, the following strategic recommendations are offered to key stakeholders.

For Regulators and Policymakers

- Establish clear frameworks: Prioritize and implement clear and durable legislation and regulation for digital asset market structure and open banking to remove legal ambiguity.[15] Regulators are not only policing markets but also codesigning the future of digital infrastructure. Bringing industry, engineers, technologists, and innovators to the table as rules are promulgated will ultimately make the system more resilient, enduring, and trusted.

- Convene with global regulators: Meet with global regulators and understand the problem and solution sets that have been tried and tested. Regulators who adopt this global approach have achieved great success in translating policy abroad into solutions at home. This success is a key to encouraging standardization and supporting the development of a common taxonomy for digital financial infrastructure. The global regulatory framework should aim to be as interoperable as the underlying tech stack.

For Financial Institutions and FinTech

- Build with interoperability, programmability, and trust in mind: Whenever possible, design your platforms and products to integrate easily with others. Use open standards and APIs, and contribute to them if they exist. When creating a new payment protocol or blockchain application, consider how it might connect to bank systems or other networks. Connectivity will make your innovation more attractive to partners and more compatible with regulatory standards in the long run.

- Drive institutional adoption with pilot projects and partnerships: There is a first-mover advantage for financial Institutions that have started to experiment on these new rails. They

are realizing the advantages of cost, speed, and agility that these new networks offer. Some have launched pilot programs or partnered with seasoned FinTechs to build out infrastructure. Leverage the expertise already available in the market. Players have been innovating in the space for decades. This process can be incremental. Early adopters can build parallel systems alongside existing networks.

- Prioritize compliance and regulatory engagement early: FinTechs that started investing in compliance early and decisively have benefited from a competitive edge. Engage with regulatory advisors, get the necessary licenses, and build compliance tools into your product. Explain your technology, lay out its benefits, and listen to the concerns of policymakers. Take a seat at the table and demonstrate a proactive, responsible approach. Trust is difficult to earn back once lost, so bake it into your brand from day one.

- Focus on creating the most value: Focus on where your infrastructure innovation creates the most value. Look for spaces where infrastructure modernization can deliver the greatest returns in terms of cost, economies of scale, and the network effect. Consider what you can develop that other infrastructure providers cannot readily replicate.

As with any new infrastructure, from railroads to the internet, progress will require shared vision, investment, and cooperation between the public and private spheres. Digital infrastructure will shape how money moves and who benefits in the next generation. By committing to the pillars of interoperability, programmability, and trust, and by acting on the strategies we have outlined, we can ensure that our financial future is one of greater inclusion, dynamism, and shared prosperity. The Milken Institute will continue to use its convening power to track and promote the responsible development of our financial infrastructure.

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