



The Modernization of Banking

Financial Modernization in the First State¹

by
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In the first half of 2026, the Delaware General Assembly passed a series of bills to begin to modernize Delaware’s financial services industry for the 21st century, based in part on the recommendations of a small task force convened by Governor Matt Meyer to consider ideas for financial innovation. This financial modernization package is comprised of the Delaware Banking Modernization Act of 2026² (the “Modernization Act”), the Delaware Money Transmission and Virtual Currency Modernization Act³ (the “Money Transmission Act”), the Delaware Payment Stablecoins Act⁴ (the “Stablecoin Act”) and the Family Trust Company Act⁵ (the “FTCA”, and together with the Modernization Act, the Money Transmission Act, and the Stablecoin Act, the “Acts”). Governor Meyer signed the Modernization Act, the Money Transmission Act and the Stablecoin Act into law on July 6, 2026, and signed the FTCA into law on July 13, 2026.

Collectively, the Acts reflect Delaware’s effort to reinforce its position as a leading jurisdiction for banking, financial innovation and trust administration.⁶

The Acts’ sponsors and supporters, including Governor Meyer, Senator Spiros Mantzavinos, and Representative Bill Bush, have compared the series of bills to the 1981 Financial Center Development Act, which set off a flurry of economic development by attracting credit card issuers and other banking subsidiaries to Delaware.⁷ While the economic impact of the Acts will be evaluated over the coming years, the enactment of this legislative package signals that Delaware is committed to creating a regulatory environment conducive to attracting new business in the financial sector. This article highlights some of the key provisions of, and the rationales behind, each of the Acts.

Cover Story

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Delaware Banking Modernization Act of 2026

Digital assets are increasingly held and used by U.S. adults, including as investments and in financial transactions.⁸ As digital assets become a larger part of the economy, banks and trust companies increasingly will be called upon to hold and otherwise deal with digital assets for their clients, and innovative digital asset service providers may seek to form special purpose banks and trust companies to access payment systems or otherwise offer non-traditional banking or trust services to clients. To do so, banks and trust companies need clear authority to hold, administer, and otherwise deal in digital assets. The Modernization Act was passed, in part, to clarify in the Delaware Banking Code that banks and trust companies possess the power to hold, administer and otherwise deal in digital assets, like any other personal property, including in their fiduciary capacities.⁹ The Modernization Act now provides Delaware banks and trust companies with clear statutory authority to hold, purchase, convey, mortgage, lease, and receive for safekeeping digital assets, including virtual currencies, and to exercise powers incidental thereto.¹⁰ With the passage of the Modernization Act, Delaware has joined the ranks of other states that have explicitly addressed the authority of banks and trust companies to hold and administer digital assets.¹¹

The Modernization Act also empowers the Delaware State Bank Commissioner to charter banks and trust companies that engage in specialized activities, such as digital asset or payment activities.¹² Under the Modernization Act, the State Bank Commissioner may adopt different application requirements based on the underlying risks and proposed activities of the institution.¹³ This framework grants the Delaware State Bank Commissioner latitude to create tailored application requirements and supervisory standards for new financial activities and business models, thereby creating a regulatory environment capable of fostering financial innovation commensurate with regulatory risk. These developments broadcast a clear signal for market participants that Delaware is open to financial innovation by providing an attractive chartering alternative to the special purpose national trust bank charters offered by the Office of the Comptroller of the Currency and other charter types offered by competing states.¹⁴

Recognizing that Delaware's renewed focus on financial innovation may be attractive to existing banks and trust companies currently located outside of the State of Delaware, the Modernization Act also contains conversion and merger mechanisms that provide a clearly defined process for out-of-state banks and trust companies to redomicile to Delaware.

Delaware Money Transmission and Virtual Currency Modernization Act

The Money Transmission Act is primarily based on the Conference of State Bank Supervisors' Model Money Transmission Modernization Act (the "Model Act").¹⁵ The Money Transmission Act aligns Delaware's money transmission regulatory framework with thirty other states that have enacted the Model Act in full or in part.¹⁶ Currently, 99% of money transmitters already have a license in a state that has enacted a version of the Model Act.¹⁷ Delaware's adoption of the Model Act will help to reduce state licensing and compliance burdens for multistate money transmitters that do business in Delaware.

As a further indication of Delaware's openness to digital assets, the Money Transmission Act also specifically addresses transmission activities involving virtual currencies.¹⁸ Those provisions of the Money Transmission Act are based on the virtual-currency title of the Model Act.¹⁹ The virtual currency section of the Money Transmission Act governs, in part, the exchanging, transferring, or storing of virtual currency.

Delaware Payment Stablecoins Act

U.S. dollar pegged payment stablecoins, unlike other digital assets, are generally designed to maintain a one-to-one redemption relationship with the U.S. dollar and are subject to reserve and redemption requirements under applicable law.²⁰ Stablecoin trading, payments, and transfers totaled \$27.6 trillion in 2024.²¹ Further, stablecoins are used worldwide, particularly in countries where remittances are common or where the home-currency is subject to high levels of inflation.²²

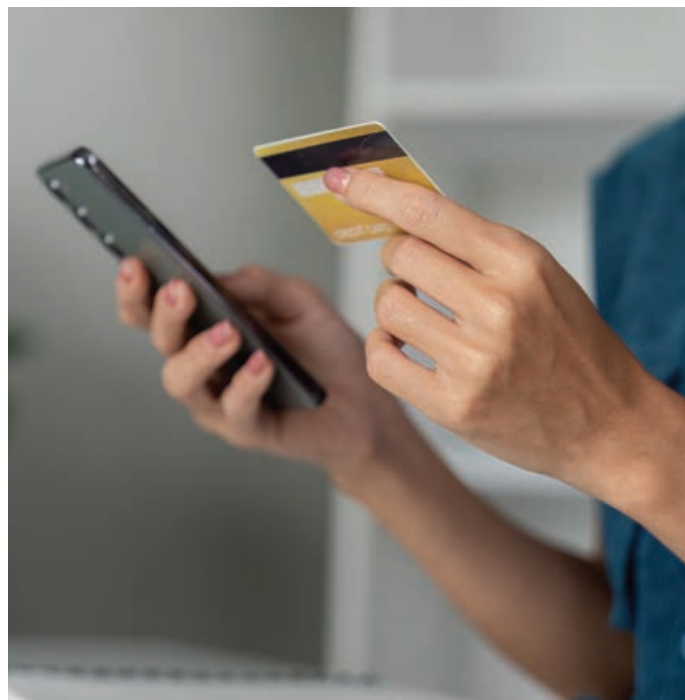
The Stablecoin Act is designed to align substantially with the federal Guiding and Establishing National Innovation for U.S. Stablecoins Act, commonly referred to as the GENIUS Act.²³ The GENIUS Act provides for a series of consumer protection measures, including maintenance of required reserves, redemption rights, disclosures, capital and liquidity requirements, and related issuer obligations.²⁴ Importantly, the GENIUS Act contemplates a dual state/federal regulatory framework in which smaller issuers with less than \$10 billion in issued stablecoin can opt to be licensed and regulated at the state level, provided the state regulatory framework is "substantially similar" to the federal regulatory framework. States may apply to the Stablecoin Certification Review Committee, and if approved by such committee, may license and supervise certain payment stablecoin issuers.²⁵ Delaware is establishing its regulatory framework for payment stablecoins in a manner that will allow it to license and supervise payment stablecoin issuers that seek a state, rather than federal, regulatory framework. The Stablecoin Act was drafted to be substantially similar to the GENIUS Act and the proposed regulations promulgated thereunder so that Delaware's framework can be certified by the Stablecoin Certification Review Committee.²⁶

With certification from the Stablecoin Certification Review Committee, Delaware would be a natural choice for payment stablecoin issuers who want to opt in to a state regulatory framework. Both the GENIUS Act and the Stablecoin Act generally only allow financial companies to issue payment stablecoins, many of which already have other Delaware subsidiaries.²⁷ Because Delaware is the leading jurisdiction for entity formation in the United States and a leading jurisdiction for financial institutions, it would be a natural choice for stablecoin issuers to form a payment stablecoin issuer subsidiary and seek state licensure and supervision for that subsidiary in Delaware.²⁸

Family Trust Company Act

Delaware has long been considered one of the preeminent jurisdictions in the United States for the creation and administration of trusts.²⁹ Notably, however, Delaware previously lacked a specific statutory framework permitting families to form and operate their own family trust companies, a specific charter or licensing type permitted by other jurisdictions such as South Dakota, Nevada, Wyoming, New Hampshire, Ohio, Tennessee and Florida. Family trust companies are attractive because they allow greater privacy and family control over trust administration. Although several family trust companies were formed in Delaware as limited purpose trust companies, the vast majority of families who have formed a family trust company have done so in a jurisdiction with a statutory and regulatory framework specifically tailored to family trust companies.

Family trust companies formed under the FTCA can serve family members related to a single designated family member



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(or such designated family member's spouse) within ten degrees of lineal kinship or collateral kinship.³⁰ The FTCA establishes required capital and surplus requirements for family trust companies that are commensurate with the lower operating risks of a family trust company compared to a commercial trust company, with a maximum required capital and surplus of \$375,000 absent safety and soundness concerns or extraordinary circumstances that necessitate a higher level of capital. The FTCA also permits family trust companies to utilize Delaware's experienced and sophisticated network of trust professionals by contracting with commercial banks and trust companies, or other service providers, for office space, shared employees and other services. Banks and commercial trust companies located in Delaware can now offer an integrated in-state platform for families and family offices that includes the operation of a separate family trust company.

Taken together, the Acts position Delaware to build on its historic reputation as a preeminent jurisdiction in the United States for financial services by offering a modern and flexible regulatory framework for banks, trust companies, family trust companies, money and virtual currency transmitters, payment stablecoin issuers, digital asset service providers, and other financial innovators

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Notes:

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²SS 1 for S.B. 16, 153rd Gen. Assem., Reg. Sess. (Del. 2026).

³S.B. 18, 153rd Gen. Assem., Reg. Sess. (Del. 2026).

⁴SS 2 for S.B. 19, 153rd Gen. Assem., Reg. Sess. (Del. 2026).

⁵S.B. 327, 153rd Gen. Assem., Reg. Sess. (Del. 2026).

⁶Delaware.gov, Gov. Meyer Signs Banking Modernization Package to Strengthen Delaware's Leadership in Financial Services (July 7, 2026), <https://news.delaware.gov/2026/07/07/gov-meyer-signs-banking-modernization-package-to-strengthen-delawares-leadership-in-financial-services/>. "Delaware didn't become the financial capital of America by standing still," said Gov. Matt Meyer. "More than 40 years ago, our state set the national standard for banking innovation. Today, we're doing it again by creating a modern framework that welcomes new financial technologies, protects consumers and ensures Delaware remains the premier place to innovate, invest, and succeed in financial services."



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⁷Delaware Senate Democrats, *Mantzavinos, Bush Introduce Banking Modernization Legislation* (Mar. 23, 2026), <https://senatedems.delaware.gov/2026/03/23/mantzavinos-bush-introduce-banking-modernization-legislation/> “‘In 1981, our predecessors in the General Assembly passed the Financial Center Development Act, paving the way for Delaware to become the ‘credit card capital’ of the nation. That was decades ago — and much has changed in our financial sector in that time,’ said Sen. Mantzavinos, chair of the Senate Banking, Business, Insurance & Technology Committee.”; see also Eleanor Erdevig, *Small States Teach a Big Banking Lesson*, Fed. Rsrv. Bank of Chi., Fed. Letter, No. 10 (June 1988).

⁸The Federal Reserve System’s 2025 Survey of Household Economics and Decisionmaking found that “[n]early 1 in 10 adults bought or held cryptocurrency as an investment in the prior year,” and “2 percent of adults said they used cryptocurrency to make a financial transaction, which includes using cryptocurrency to buy something, make a payment, or send money to friends or family.” Bd. of Governors of the Fed. Rsrv. Sys., *Economic Well-Being of U.S. Households in 2025* (May 19, 2026).

⁹“This amendment ensures that Delaware-chartered banks exercising fiduciary powers may hold and administer digital assets on behalf of customers.” Synopsis, S.B. 16, 153rd Gen. Assem., Reg. Sess. (Del. 2026).

¹⁰See 5 Del. C. § 761.

¹¹See e.g., Neb. Stat. § 8-1001 et seq. (2026); Wyo. Stat. § 13-1-206.

¹²See 5 Del. C. § 701.

¹³*Id.*

¹⁴Delaware Senate Democrats, *supra* note 7 “This legislative package sends a signal loud and clear: here in Delaware, we’re democratizing our financial services and lowering the barriers to entry, making it easier for all residents to send, receive and save money with just an internet connection.”; see Stephen T. Gannon, Max Bonici, and Paige Knight, *OCC’s Recent Charter Approvals Signal Momentum for Digital-Asset Bank Charters* (Aug. 5, 2026) Davis Wright & Tremaine, <https://www.dwt.com/blogs/financial-services-law-advisor/2026/08/occ-signals-digital-asset-charter-momentum>.

¹⁵Conf. of State Bank Supervisors, *2022-2026 Money Transmission Modernization Act Proposed and Enacted Legislation* (Aug. 2026), https://www.csbs.org/sites/default/files/external-link-files/MTMA%20Legislative%20Update_August%202026.pdf.

¹⁶*Id.*

¹⁷Conf. of State Bank Supervisors, *Money Transmission Modernization Act Legislative Guide*, MTMA Legislative Guide_Public.pdf.

¹⁸5 Del. C. §§ 2333-39.

¹⁹*Supra* note 15

²⁰Fed. Rsrv. Bank Phila., *Stablecoins and the Future of the Dollar* (June 2026), <https://www.philadelphiafed.org/the-economy/banking-and-financial-markets/stablecoins-and-the-future-of-the-dollar>.

²¹The Economist, *Stablecoins: the real crypto craze* (Feb. 23, 2025), <https://www.economist.com/finance-and-economics/2025/02/23/stablecoins-the-real-crypto-craze>.

²²*Id.*

²³Synopsis, S.B. 19, 153rd Gen. Assem., Reg. Sess. (Del. 2026).

²⁴S.B. 1582, 199th Cong., Reg. Sess. (2025).

²⁵*Id.*

²⁶Synopsis, S.B. 19, 153rd Gen. Assem., Reg. Sess. (Del. 2026); see Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency, 91 Fed. Reg. 10202 (proposed Mar. 2, 2026) (to be codified at 12 C.F.R. pts. 3, 6, 8, 15, and 19); see also Permitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism Program and Sanctions Compliance Program Requirements, 91 Fed. Reg. 18582 (Apr. 10, 2026) (to be codified at 31 C.F.R. parts 502, 1010 and 1033); see also GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions, 91 Fed. Reg. 18534 (Apr. 10, 2026) (to be codified at 12 C.F.R. pt. 324, 330 and 350); see also GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale, 91 Fed. Reg. 53368 (Aug. 18, 2026) (to be codified at 12 C. .R. ch. XV).

²⁷Del. Div. of Corp., *Annual Report Statistics - A Message from the Secretary of State Charuni Patibanda-Sanchez*, <https://corp.delaware.gov/stats/> (“Delaware offers the most predictable and business-focused legal home in the world, which is why more than 2.28 million entities and over two-thirds of the Fortune 500 call Delaware their corporate home.”)

²⁸*Id.* (“In 2025 alone, 334,461 new entities were formed in the First State, a more than fifteen percent increase over 2024, continuing a decades-long trend of migration to the state.”)

²⁹See Wealth.com, *Location, Location, Legacy: The Top Trust Jurisdictions You Need to Know in 2026* (Jan. 11, 2026), Top Trust Jurisdictions 2026: Nevada, South Dakota & More | Wealth.com.

³⁰S.B. 327, 153rd Gen. Assem., Reg. Sess. (Del. 2026).