The overlooked dependency in DeFi risk: the fiat settlement leg

Focus: Response to Financial Services Regulatory Authority, Abu Dhabi Global Market's Consultation Paper No. 5 of 2026 on the proposed DeFi Risk Management Guidance.

Chains settle around the clock. The money behind them does not. Stablecoin redemptions, on- and off-ramps and margin funding all end on bank payment rails, with cut-off times, weekends and compliance reviews. Most DeFi risk frameworks treat the chain as the infrastructure and the bank leg as plumbing. In a stress event, the plumbing is where firms get stuck.

Why it matters now

- **Regulators are writing the rules.** ADGM's FSRA published draft DeFi Risk Management Guidance on 6 October 2026 (Consultation Paper No. 5), covering monitoring, incident escalation, recordkeeping and Fiat-Referenced Token exposures. Comments close on 30 November.
- **Cross-border fiat is slower than it looks.** In 2026, payments between Saudi Arabia and the UAE that used to settle within hours have often taken three to ten business days, held up by heightened compliance checks.
- **Weekends are the gap.** A token trades on Saturday; its redemption, and the bank transfer behind it, may not move until Monday.

Five controls that close the gap

1. **Map the fiat leg as a dependency.** For each material engagement, record the banking partners, payment rails, cut-offs and alternative routes, as you would for a custodian or an oracle.
2. **Reconcile to finality, not to the business day.** Book transactions as submitted, included or final, and release nothing dependent (client credit, collateral reuse) before final.
3. **Set a reconciliation standard.** Frequency matched to exposure, tolerance thresholds, ageing of breaks, independent ownership, and a test before go-live.
4. **Prove redemption works.** Know each token's redemption window and real elapsed time, and run a small live redemption periodically.
5. **Give the on-call person authority.** Pre-agreed triggers (peg band, stale oracle, break above threshold) and the authority to pause without convening a committee.

Where we help

Valika Global brings 20+ years of clearing, settlement, reconciliation and controls experience from banks and payment systems in the UK, Canada and the US. We help banks, payment providers and virtual asset firms design the operating model, reconciliation and incident controls that let them move at chain speed without losing control of the fiat leg.

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Sources: FSRA Consultation Paper No. 5 of 2026; AGBI, Saudi-UAE payment delays demand costly workarounds (Sep 2026)