



Minting the future— Asset tokenization is ready for its big moment

Why asset managers are pursuing tokenization and how you can get started



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41% ↑

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Tokenization stands at a pivotal inflection point in the evolution of global financial markets. It began as a speculative concept tied to the rise of Bitcoin and blockchain technology, but it's maturing into a tangible, tested, and strategically critical capability for asset and wealth management firms. The convergence of durable technology, regulatory clarity, and institutional adoption creates conditions that are more favorable to tokenization than ever before.

At its simplest, tokenization digitally represents asset ownership on a programmable ledger. Tokenization's value, however, lies in its enablement of faster ownership transfer, new forms of ownership, and automation of both markets and a firm's operations. Once an asset (or a claim on an asset) is represented as a token, you can transfer it more easily, embed rules around who can hold it, and automate the asset's life cycle.

PwC expects tokenized fund AUM to grow at a 41% CAGR to \$715 billion globally by 2030, based on our November 2025 [survey of managers, investors, and distributors](#). Over 40% of managers taking part in the survey say tokenization will be their most important future product innovation. (For details on the mechanics of tokenization, see PwC's [Tokenization in financial services: Delivering value and transformation](#).)

This bolsters our view that tokenization should be central to an asset manager's strategy and business model. In the last few years, both traditional and alternative

asset managers have launched tokenized funds. Based on those early successes and other evolutionary changes, we believe asset managers should realign their business models around what we call Universal Asset Access, which would give investors access to a broader range of global assets.

For asset managers operating across both regulated and private funds, we see tokenization becoming the foundation of the next generation of investment management, significantly transforming how funds are structured, distributed, and operated. Tokenization can reduce reliance on fragmented, intermediary-dependent infrastructure with a seamless token-based ecosystem where settlements execute instantaneously, compliance is embedded within the token architecture, and fractional ownership opens both public and private markets to a broader global investor base.

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Why tokenize assets?

Asset managers see tokenization strengthening distribution, helping reshape operating economics, and accelerating product innovation in four main ways.

Expand demand and distribution

Tokenization can expand reach to global and digital-first investors and support new distribution models such as digital subscription and continuous market access. For example, 52% of hedge funds express an interest in tokenization in our survey. Multiple managers have tokenized money market funds where fund shares are issued and held in digital-native form, demonstrating how tokenized interests can be distributed via blockchain-based rails. For continuous digital markets, tokenized fund interests can also better align with extended operating expectations by allowing eligible holders to hold and move positions in digital-native form, subject to transfer restrictions.

Accelerate product innovation

Tokenization can accelerate the creation of bespoke instruments (whether SMAs, sleeves, or custom indexes), automate the allocation of income flows, and reduce asset servicing friction. In alternatives, several managers launched tokenized feeder structures, where an investor's interest is represented by digital tokens. That helps strengthen distribution options and create a pathway toward more efficient transferability within fund documentation and eligibility controls.

Learn this new way of operating

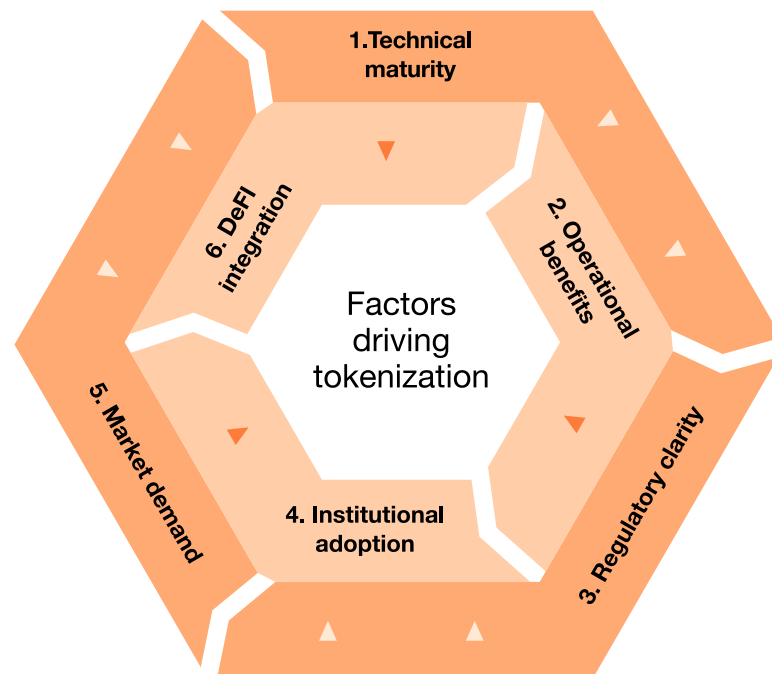
Tokenization workflows can be very different from traditional ones. This raises new liquidity management customer verification, and authorization risks. Firms should become familiar with these changes to help reduce their learning curve as tokenization goes mainstream. Even controlled launches typically require new operating procedures around wallet workflows, smart contract controls, whitelisting, and transfer restrictions—capabilities that are built through a pilot rather than at scale.

Generate operational benefits

Tokenization can deliver structural transformation that protects margins through transparent and immutable record-keeping and 'atomic' settlement. This can matter for high-velocity treasury use cases where reserve and collateral assets should be mobilized, verified, and settled with less operational friction. One asset manager operates a blockchain-based fund structure where the share register is maintained on-chain, illustrating the potential to help reduce reconciliation and improve auditability. Meanwhile, digital ledger technology (DLT)-based settlement initiatives in areas like repo/collateral have demonstrated the feasibility of near real-time settlement workflows.

Six forces shaping tokenized funds and tokenized real-world assets

Momentum behind tokenization is being driven by six forces that are converging and reinforcing each other, though not uniformly or simultaneously: **Technology maturity, operational benefits, regulatory clarity, institutional adoption, market demand** and **DeFi integration**. No single catalyst explains tokenization's current momentum. Rather, a set of long-building trends is reaching a critical mass simultaneously, and together they are rewriting the economics and operating models of asset management. These six forces show why the tipping point has arrived—and why standing still is no longer a neutral choice.



- Outer ring: External forces contributing to tokenization
- Inner ring: Internal company forces contributing to tokenization

1

Technical maturity—Infrastructure ready for institutional scale

Early blockchain ecosystems had scalability, security, interoperability, and user experience deficiencies. But now, certain blockchains are increasingly enterprise-grade and capable of supporting institutional finance. With this foundation in place, tokenization is shifting from an experiment to a platform, enabling institutions to move from 'proof of concept' to building product and operating models that scale.

Key developments

- **Enterprise-grade blockchain platforms:** Platforms such as Layer 2s on Ethereum, Solana, Stellar, and purpose-built permissioned chains provide security and reliability that meet the standards of leading institutions and central banks.
- **Smart contract sophistication:** These complex, auditable financial instruments encode distribution waterfalls, dividends, capital calls, NAV calculations, transfer restrictions, and compliance logic.
- **Interoperability:** Some assets can be bridged onto other networks, increasing asset value composability and investor optionality, providing a solution to the fragmentation problem.
- **Digital identity and compliance:** On-chain identity solutions for KYC/AML and verifiable credential frameworks enable issuers to enforce regulatory compliance automatically, verifying that only eligible investors own tokenized securities.

2

Operational benefits: Efficiency gains reshape fund management economics

Based on that technical foundation, tokenization's operational benefits begin to appear, enabling structural operating model transformation. Asset managers and asset servicers are reducing costs, improving speed, enhance transparency, and offer superior investor experiences, which creates operational alpha in a competitive, low-margin industry.

Key developments

- **Settlement efficiency (T+0 or 'atomic' settlement):** The use of near real-time settlement is expanding. Atomic settlement, where delivery and payment occur simultaneously, helps reduce counterparty risk and frees up capital. Large institutions use tokenized collateral workflows for intraday repo and collateral management to improve capital efficiency.
- **Automated compliance and corporate actions:** Smart contracts automate dividend and interest payments, capital calls, fund redemptions, voting, and regulatory reporting. This helps reduce manual intervention, human error, and the cost of back-office operations.
- **Transparent and immutable record-keeping:** Blockchains can provide an immutable record of ownership, transactions, and compliance status. Audit and reconciliation costs are reduced while regulators attain near real-time visibility. Regulated tokenized fund structures use blockchains to record share ownership, showing that on-chain recordkeeping fits within existing frameworks.
- **Round the clock market access:** Tokenized assets can be issued, transferred, and redeemed around the clock. This is particularly valuable for global investors that benefit from continuous liquidity. Hedge funds and institutional investors in our [survey](#) are increasingly using regulated, tokenized money market funds and treasuries for liquidity management and collateral purposes.

3

Regulatory clarity: From ambiguity to action

Increasing US regulatory clarity for digital assets removes a major barrier to mass adoption and positions tokenized funds and real-world assets (RWAs) as legitimate components of the financial system. In PwC and AIMA's recent [hedge fund survey](#), 52% of hedge fund respondents expressed interest in tokenization, but many of them cited legal uncertainty as a barrier.

Key developments

- The SEC has shifted from an enforcement-led posture toward more structured engagement, including a dedicated Crypto Task Force, staff statements, no-action relief, and guidance addressing tokenized securities, custody, broker-dealer activity, and when certain crypto assets may fall within securities laws.
- Congress has moved from proposals to enacted legislation in at least one key area: the GENIUS Act created a federal framework for payment stablecoins, while broader market-structure legislation, including the CLARITY Act, has continued to advance.

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Institutional adoption: The ultimate validation signal

When large financial institutions commit resources, brand reputation, and client relationships to tokenization, it cascades through the industry, shaping conventions around technology, operating models, and distribution. And where bellwethers move smaller asset managers, regional banks, and fintech platforms follow, creating a self-reinforcing adoption cycle.

Key developments

- Providers of clearing, custody, and stock exchange services are proposing blockchain-enabled securities workflows, including on-chain trading and settlement of tokenized securities.
- Tokenized funds are evolving as structures that automatically retain and compound yield prove better suited for automated collateral and derivatives workflows, highlighting how operational efficiency, not just institutional backing, is becoming the key differentiator in tokenized markets.
- A large, distributed ledger repo platform processed nearly \$8 trillion in repo transactions in April 2026, illustrating growing institutional-scale activity on DLT rails.

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Market demand: The ultimate arbiter of any financial innovation

The convergence of crypto-native capital seeking yield, a new generation of digital-first investors and traditional investors seeking efficiency creates a diversified demand base for tokenized products. More than 80% of respondents believe tokenization will boost global reach and 24/7 accessibility within the ETF market over the next three years, according to [PwC's ETFs 2030: Capitalizing on disruptive innovation](#).

Key developments

- **On-chain participation is scaling:** Today's 822,000 asset holders is ten-times higher than the roughly 81,000 holders at the end of 2024 (RWA.xyz, as of May 27).
- **Stablecoin adoption continues to expand:** Stablecoin holders now number 259.0 million, up 83% from 141.5 million at the end of 2024 (RWA.xyz, as of May 27).
- **The market is asking for institutional-grade rails:** In our recent hedge fund report, 41% of institutional investors say improved custody and trading infrastructure would prompt them to raise allocations, primarily due to lowered operational risk.
- **Credit is scaling on-chain:** Figure's \$17.8 billion HELOC token shows tokenization is moving beyond funds.

6

DeFi integration: Bridging traditional finance and decentralized finance

One of the most uniquely powerful aspects of tokenized funds and RWAs is integration with decentralized finance. DeFi is a blockchain-based platform replicating functions like trading, lending, and collateral management, but often without intermediaries. Platform integration can create liquidity and utility that's not possible in traditional financial infrastructure.

Key developments

- **Tokenized RWAs as DeFi collateral:** Tokenized Treasuries and RWAs are increasingly deployed as collateral in institutional and DeFi workflows, but not all tokenized assets qualify. Of the \$340 billion represented asset value tracked by RWA.xyz, only the \$33.8 billion that is distributed on chain can actually transfer across blockchain rails and serve as live collateral. This is the utility driving scale in products like Circle's USYC (\$3 billion).
- **On-chain fund distribution:** DeFi protocols enable tokenized fund shares to be distributed, traded, and redeemed through decentralized exchanges and automated market makers—creating liquidity for illiquid products. Compliant DeFi platforms (aka institutional DeFi or permissioned DeFi) enforce KYC/AML requirements while preserving the efficiency of decentralized infrastructure.



How should firms responsibly enable tokenization?

Tokenization may not be a problem of technology but fitness. The asset-management industry developed over 50 years around many separate databases, reconciled over days, governed by humans, moving at the speed of paper. A fast, shared, automated record on top of the old system is what's often slowing firms down. Participating responsibly in tokenization means getting over these speedbumps before scaling up.

Three tokenization speedbumps to overcome

Governance

The new system automates rules, but a fund's most important decisions can't be automated. Smart contracts can enforce certain rules, but they can't exercise fiduciary judgment. Fund boards should still approve certain things. The on-chain money funds show the pattern: The authoritative record lives on the shared ledger, but people are accountable for the board minutes, fiduciary decisions, and regulatory filings. The questions now are which decisions will you automate, which will you keep human, and is that map written down and reviewable by a regulator?

Settlement

Liquidity

Tokenized settlement system is fast, but the plumbing it plugs into is slow.

In a tokenized fund, it can take mere seconds to change the ownership record, but the cash, accounting, tax records, and regulatory reports run on a traditional schedule. Firms advertising 'instant settlement' without rewiring their back office could create reconciliation breakdowns, not faster settlement. The approach of market leaders is to allow the ownership token to move fast on the shared record while the custodian handles the cash leg on a conventional cadence. The questions now are where do you want to be faster and what in your back office has to change to deliver instant settlement?

Tokenized systems can trade around the clock, but your funds do not.

Private credit liquidity is quarterly. Private equity is multi-year. Putting those funds on a 24/7 rail doesn't change their redemption schedule, but it can make the timing and market depth issues visible to investors. This is where sales and legal may quietly disagree and where regulatory problems begin. Market leaders who are tokenizing feeder funds didn't promise daily liquidity. Instead, it's used to help lower minimums, simplify subscriptions, and enable whitelisted transfers. The promise was access, not liquidity. The questions now are whether you are selling liquidity you can't deliver, access you couldn't previously offer, or operational efficiency?

Every step you take to tokenization matters

To scale up tokenization, start with governance, then move to settlement, then liquidity. Firms that start with technology are likely to stall. A practical 12-month plan often looks like this:

- **Phase 1, month 1: Decide what you are trying to do.** Produce a one-page governance map (automated/assisted/fully human) and four legal memos: 1940 Act, ERISA, custody, and tax. Board vote at day 30: Proceed or pause?
- **Phase 2, months 2–3: Choose the product, partner, and custodian.** Decide what to tokenize: A tokenized money-market share class if you have a money fund or a tokenized feeder if you don't. Run a structured vendor bake-off. Decide custody. Board vote at day 90: Approve a pilot charter with five written numbers, notional, investor count, counterparty count, duration, and named anchor investor.
- **Phase 3, months 4–6: Build the safety net.** This includes outside audits, independent security reviews, compliance integrations, and tested incident-response runbook. Audit committee vote at day 180: Go live or remediate.
- **Phase 4, months 7–12: Run the pilot, watch five numbers, decide.** These five numbers are important: Settlement quality, incidents, reconciliation breaks, investor satisfaction, and cost per dollar of AUM. Board vote at day 365: Scale, pivot, or pause with a required second vote before growing beyond the charter's original limits.

If you treat tokenization as a technology choice, you may spend two years integrating software with little to show. But a firm that crosses the three speedbumps can, within a year, have a production program worth scaling or a documented, board-approved reason to stop.

By converting fund interests, capital commitments and underlying asset holdings into programmable digital tokens, asset managers can automate the fund life cycle—from capital calls, waterfall distributions, and investor reporting to subscriptions, redemptions, and regulatory compliance—reducing the manual, error-prone operations that consume enormous resources today. For asset managers bold enough to embrace it, tokenization is not simply the next evolution of financial technology—it's the new financial ecosystem itself, and those who build their businesses upon it can help define the future of asset management.

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