The Rise of Tokenized Assets



NEW YORK LIFE Investment Management

Tokenization is emerging as one of the next major shifts in how financial assets are owned, traded, and managed.

As institutions move beyond experimentation toward real-world applications, its role in the financial system is expanding.

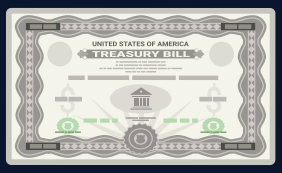
What Is Tokenization?

Tokenization is the process of representing the rights to a traditional asset as a digital token on a digital ledger.

How It Works

1. Traditional Asset

Example:
U.S. Treasury Bill



A digital token representing the Treasury bill is issued on a blockchain.

2. Digital Token

Represents rights to the bond



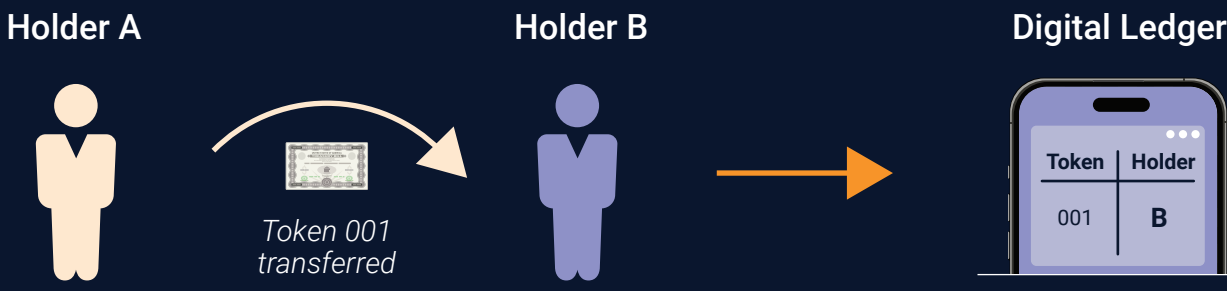
The digital token is assigned an owner in the ledger.

3. Digital Ledger

A record of token holdings and transfers



When a token's ownership changes, the ledger updates.



Source: Bank of Canada. 06/2026. Note: The traditional asset still exists.
This diagram shows how rights to the asset are represented and transferred digitally.

Tokenization has the potential to drive faster transactions, greater automation, and unified recordkeeping across institutions. Several forces are now converging to accelerate its adoption across financial markets.

What's Shaping Tokenization?

Advances in technology, evolving regulation, and growing institutional participation are among the factors influencing the pace and direction of adoption.

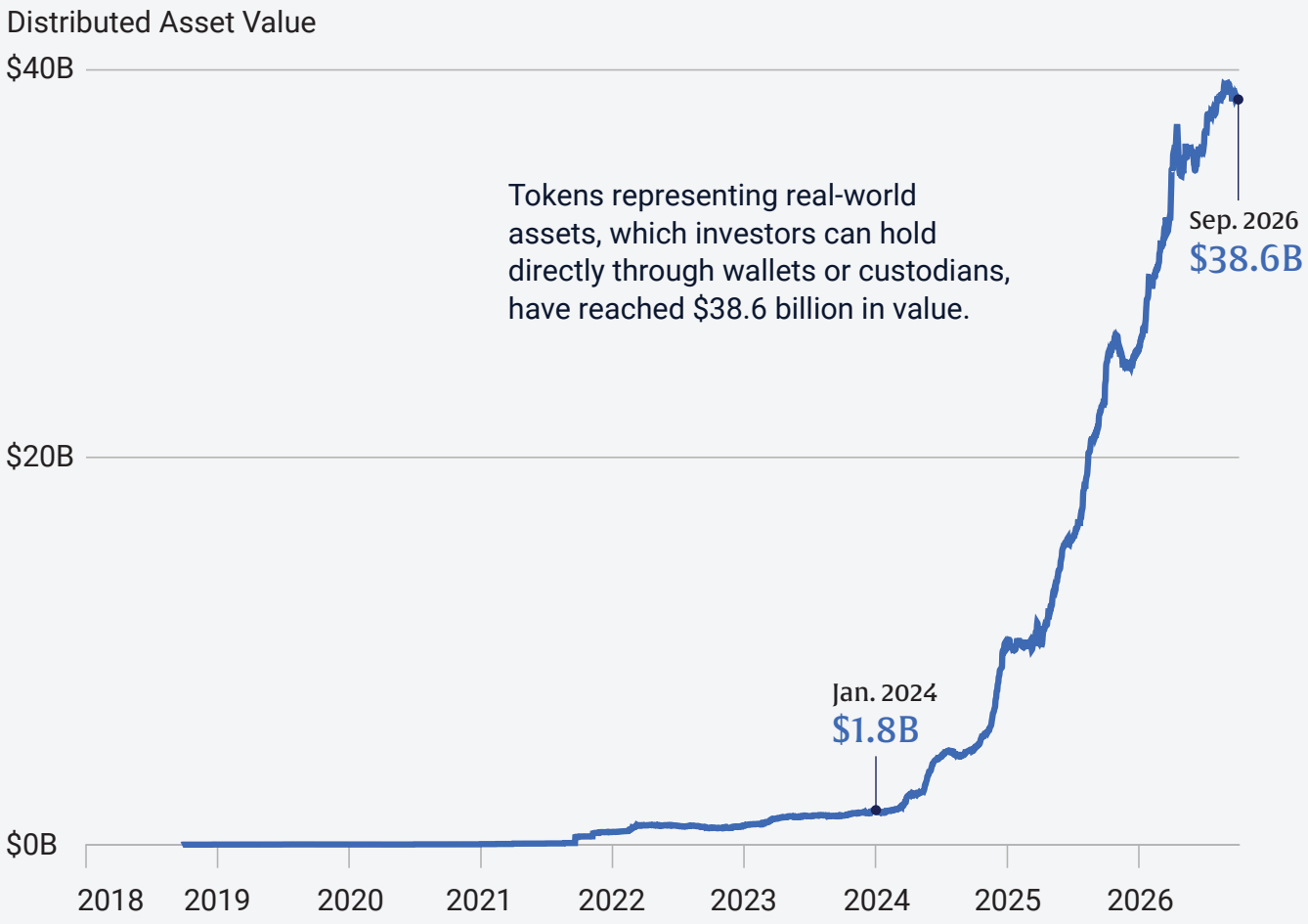
External Forces		Internal Forces	
Technical Maturity	Certain blockchains have solved early deficiencies and are ready to support institutional finance.	**Operational Benefits**	Fund managers can get a competitive advantage as tokenization helps reduce costs, improve speed, and more.
Regulatory Clarity	More U.S. regulatory clarity around digital assets helps position tokenized assets as legitimate.	**Institutional Adoption**	Large financial instutions are proposing tokenized processes, which shapes conventions within the industry.
Market Demand	Younger digital-native investors and traditional investors looking for efficiency are creating demand.	**Decentralized Finance (Defi) Integration**	Connecting tokenized assets with block-chain-based financial platforms could make them easier to trade and more useful to investors.

Source: PwC. 06/04/2026.

This momentum is now showing up in the rapid growth of the tokenized asset market.

Tracking the Growth of Tokenized Assets

After years of experimentation, the market for tokenized assets has expanded as real-world applications continue to develop.

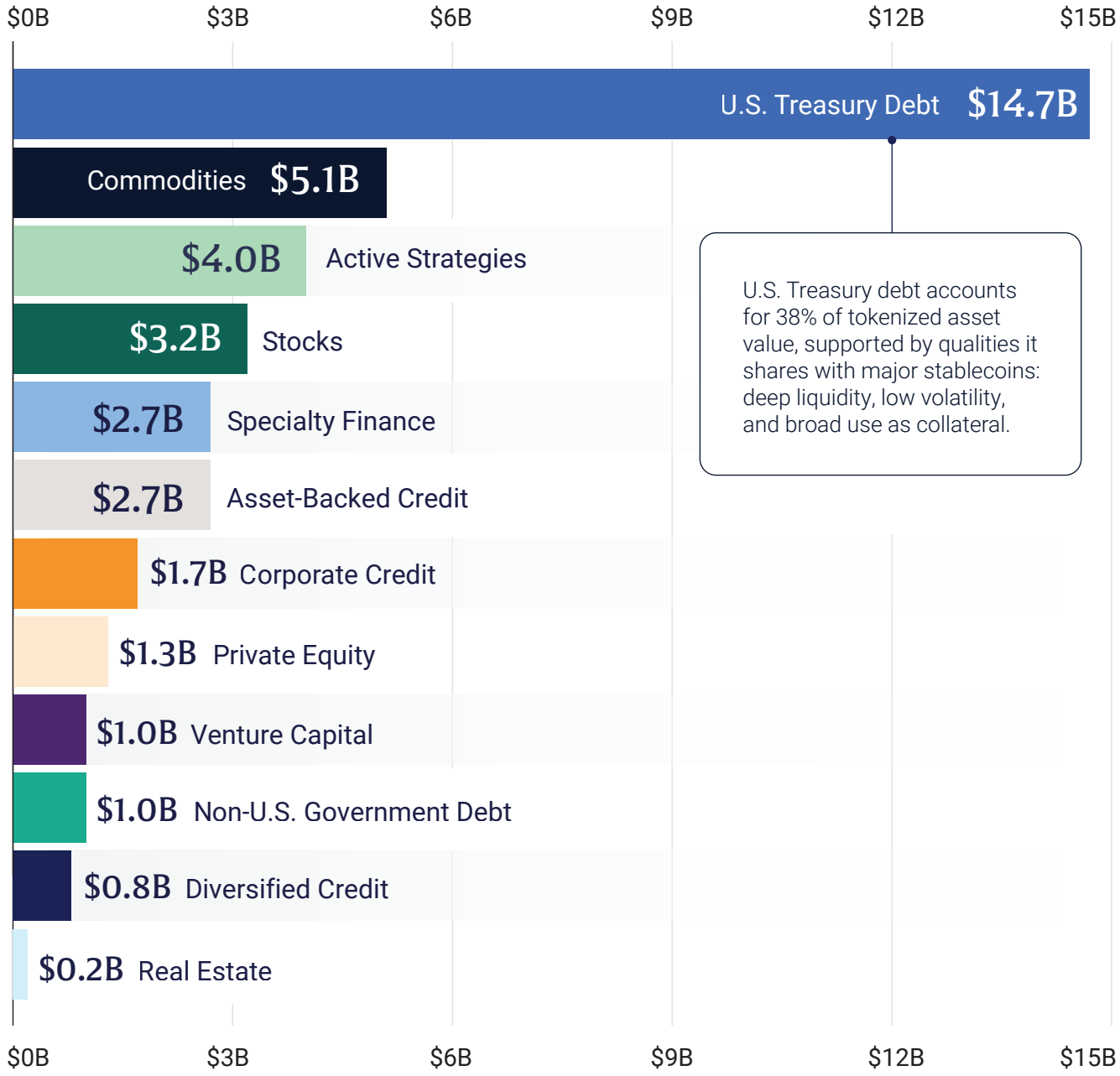


Source: RWA. 09/30/2026. Note: Includes distributed assets held onchain by investors. Excludes represented assets that use blockchain only for recordkeeping, and stablecoins.

But that growth isn't evenly distributed across asset classes.

Which Asset Classes Are Being Tokenized?

Tokenization now spans a wide range of assets, with some categories representing a larger share of the market today.



Source: RWA. 09/30/2026. Excludes stablecoins.

What to Watch Next

As tokenization evolves, it could offer investors greater choice and flexibility, while helping institutions streamline transactions and reduce costs.

Continued progress in regulation and market infrastructure could help unlock these benefits.





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