

Private Credit Tokenization: The Next Frontier in Real World Assets

Market Intelligence Briefing

BE Global Advisors

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Executive Summary

The private credit market — now exceeding **\$2.5 trillion globally** — stands at an inflection point. Tokenization, once dismissed as a crypto curiosity, is rapidly emerging as a credible infrastructure play for alternative assets. With Hamilton Lane, Invesco, and BlackRock leading the charge, the question is no longer *if* tokenized private credit will go mainstream, but *how quickly* traditional asset managers can deploy it without breaking their compliance frameworks.

This briefing synthesizes market developments, competitive positioning, and strategic implications for asset managers evaluating the tokenization opportunity.

Market Context: The Private Credit Boom

Private credit has emerged as one of the fastest-growing asset classes in global finance:

Metric	Value	Source
Global Private Credit AUM	\$2.5+ trillion	Preqin, 2025
YoY Growth Rate	15-20%	Industry estimates
Projected 2028 AUM	\$4.0+ trillion	Preqin forecasts
Average fund yields	8-12%	Industry data

Key drivers include:

- **Higher yields** in a low-yield environment
 - **Illiquidity premium** relative to public markets
 - **Growing allocator demand** (endowments, pensions, family offices)
 - **Bank retreat** from middle-market lending creating supply gaps
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The Tokenization Value Proposition

For private credit specifically, tokenization offers four transformative capabilities:

1. **24/7 Settlement & Liquidity**

- a. **Traditional private credit:** Capital calls take days; secondary sales are manual, slow, and expensive
- b. **Tokenized:** Near-instant transfer between qualified investors; potential for 24/7 secondary markets
- c. **Impact:** Unlocks liquidity premium; attracts investors previously hesitant on illiquidity

2. **Fractional Ownership**

- a. **Traditional:** Minimum investment thresholds (\$250K-\$5M common)
- b. **Tokenized:** Fractional shares enable \$10K+ entry points
- c. **Impact:** Expands investor base; democratizes access (within regulatory limits)

3. **Real-Time Transparency**

- a. **Traditional:** Quarterly reporting lags; limited visibility between reporting periods
- b. **Tokenized:** On-chain data provides continuous, auditable record of holdings, distributions, performance
- c. **Impact:** Meets investor demand for transparency; reduces administrative burden

4. **Operational Efficiency**

- a. **Traditional:** Manual capital calls, wire transfers, reconciliation across multiple systems
- b. **Tokenized:** Smart contracts automate distributions, investor onboarding, compliance checks
- c. **Impact:** 60-80% reduction in operational costs; faster time-to-capital

Competitive Landscape: Who's Moving

As the tables below show, major financial services firms are aggressively entering the space, and a number of digital asset infrastructure companies are providing the plumbing.

Leading Adopters

Firm	Action	Status
Hamilton Lane	Tokenized equity fund on Polygon	Live — 2025
BlackRock	Tokenized Treasury fund (BUIDL)	Live — 2024
Invesco	Tokenized alternative products	Pilot — 2025
Franklin Templeton	On-chain money market fund	Live — 2024
Goldman Sachs	Tokenized securities platform	Internal — 2025

Infrastructure Providers

Provider	Role	Notable Activity
ZeroHash	Custody & settlement	SOC 2, \$50B+ processed
Securitize	Tokenization platform	Multiple fund tokenizations
BlackRock's BUIDL	Tokenized Treasuries	\$500M+ in first months

This is a short list of capable digital asset infrastructure providers. The partner a fund chooses will depend on their specific needs, taking into consideration their current capabilities and operations, statutory and federal regulations, and their ultimate objectives for fund tokenization.

Regulatory Tailwinds

United States: GENIUS Act (July 2025)

The GENIUS Act established federal framework for payment stablecoins — but its implications extend to tokenized securities:

- **Clearer custody rules** for digital assets
- **SEC engagement** on tokenized securities classification
- **Bank participation** incentives for digital asset services

European Union: MiCA (Full compliance end-2026)

- Comprehensive framework for crypto-asset issuers
- Clearer rules for tokenized traditional securities
- EU passporting for compliant issuers

Practical Reality

Regulatory clarity is improving but remains fragmented. The firms winning in tokenization are those treating compliance as infrastructure — building modular, auditable systems that adapt as rules evolve.

Strategic Implications for Asset Managers

The Window of Opportunity

We estimate a **18-24 month window** before tokenized private credit becomes commoditized and the early-mover advantages disappear. The following timeline provides an estimate as to when this will occur:

- **Now-2026:** Early movers establishing infrastructure, forming partnerships, learning operational models
- **2027-2028:** Mainstream adoption; differentiation shifts from “who can do it” to “who does it best”
- **Post-2028:** Commodity dynamics; margins compress; first-mover advantage critical

Build vs. Buy Decision

Asset managers face three paths:

Option	Description	Risk
Build	In-house tokenization platform	High cost; slow; execution risk
Buy	Partner with infrastructure provider	Dependency risk; less differentiation
Partner	Joint venture / strategic alliance	Alignment challenges; requires governance

Our recommendation: Strategic partnership — leverage existing infrastructure providers while building proprietary advisory and implementation capabilities.

Why This Matters

The asset managers who succeed in tokenization won’t be the ones with the most sophisticated technology. They’ll be the ones who:

1. **Understand the bridge** between traditional compliance and on-chain execution
2. **Treat tokenization as infrastructure** rather than a product launch

3. **Move deliberately but decisively** — capturing early-mover advantage while the market structures itself
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Conclusion

Private credit tokenization is not a question of *if* — it's a question of *when* and *how*. The market is moving. Early movers like Hamilton Lane have demonstrated viability. Regulatory clarity is improving. The infrastructure is ready.

The asset managers who act in the next 18 months will define the competitive landscape for the next decade.

The question is: Will you be orchestrating the transition, or will you be reacting to it?

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