

Sector Insights

Global Securities Research

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Tokenization's impact on Financials sector equities

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Summary

Tokenization is often discussed in the context of crypto innovation, yet its real significance for public equity investors lies in the modernization of financial infrastructure already underway. This report reframes tokenization in that context — one that streamlines how assets are issued, recorded, and transferred — and we provide our recommendations on established financial companies likely to benefit as adoption progresses.

Tokenization without tokens

How can investors participate in the disruptive force of tokenization without owning digital assets? For traditional financials, there are many ways that tokenization will impact the financial infrastructure in place today, and we attempt to provide an examination based on a risk-centric, infrastructure-first lens, focusing on Financials across payments, banking market infrastructure, and data. We assess where tokenization may present incremental optionality, where it might compress margins, and where it simply shifts risk from operational processes to technology and governance frameworks.

What tokenization means for Financials stocks

From an equity investor perspective, tokenization is best understood as an efficiency and volume story, with near-term benefits flowing to activity and balance-sheet efficiency rather than pricing power.

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We believe the primary and initial impact from tokenization will center around increasing transaction velocity by reducing settlement times. For trading operations, it may reduce operational friction and failed trades and provide an overall improvement in transparency and automation across workloads.

Over the longer term, we believe margin expansion will occur selectively for companies that offer deeper value through trust, compliance solutions, and identity protections. Careful consideration of the evenness of adoption is warranted as we believe tokenization is unlikely to move in a straight line, and benefits may accrue more slowly than investors anticipate while costs, complexity, and competition emerge sooner.

Mapping tokenization to our recommended stocks

The impact of tokenization is not uniform across Financials. Some companies are positioned on the payment transaction rails where faster settlements can increase activity, while others support the infrastructure, data, or balance sheets that make these systems work. The following sections outline how tokenization may show up across our recommended stocks, based on where each plays a role in the financial system.

Payments and network gatekeepers

Companies that authorize transactions, manage fraud, enforce rules, and connect merchants to consumers are natural touchpoints as settlement and payment processes evolve.

We believe Visa, Inc. (V) and Mastercard Incorporated (MA) sit at the sweet spot of global payment flows and may benefit as new formats lift volumes and settlement times accelerate. However, their pricing power will depend on their ability to control network rules and retain their role as trusted arbiters of security, compliance, and dispute resolution as payment formats evolve.

Core banking and financial infrastructure

We believe tokenization will create new requirements on how financial records are kept, reconciled, and reported — initially increasing operational complexity before efficiency benefits emerge.

Many large-cap banks are involved in custody, settlement, Treasury services, and cross-border flows, positioning them at a crucial infrastructure provider rather than a pure-play beneficiary of tokenization. JPMorgan (JPM) appears to be the industry leader with its Kinexys platform that processes about \$2 – \$3 billion a day and has handled over \$1.5 trillion cumulatively since its formation. Citigroup (C) is a leader in the industry as well and has participated in industry-wide trials of the Regulated Settlement Network, settling tokenized Treasuries against tokenized bank money on a shared ledger. Tokenized trading allows for better capital efficiency as near real-time settlement reduces the need for collateral. Additionally, tokenization platforms can deepen client relationships with their bank of choice as the bank's rails become clients' default infrastructure for cash, collateral, and asset movements. While all seemingly positive for banks offering these services, client adoption remains low, and investments made to develop tokenization infrastructure and platforms have likely not produced meaningful (or positive) returns.

Supporting these tokenization platforms is Jack Henry & Associates (JKHY), which provides back-office software, record-keeping, and communications that become more important as settlement speeds increase. Intercontinental Exchange (ICE) recently announced it is developing a platform for trading and on-chain settlement of tokenized U.S. equities and exchange-traded funds (ETFs), with features like constant operations, instant settlement, fractional or dollar-sized orders, and stablecoin or tokenized-deposit funding. S&P Global Inc (SPGI) has licensed tokenized asset indices, enabling tokenized

Key takeaways

- We view tokenization as an infrastructure evolution, not a business-model reset and one that primarily impacts how financial activity happens, not who earns the economics.
- Faster settlement may increase activity but does not automatically mean higher profits.
- Systems need updating before benefits begin to show up, making this a gradual and behind-the-scenes change.

index exposures, and publishing a cryptographic proof-of-index feed. This lets licensed managers issue tokenized index vehicles that remain tied to S&P Global's governance, bridging benchmarked strategies and programmable finance. Lastly, FactSet's (FDS) partner catalog and integration capabilities make third-party datasets and tools available on the same desktop and workflows investment professionals already use.

Insurance and balance sheet anchors

Insurance companies are not primary beneficiaries of tokenization. While the infrastructure shift may alter how financial activity is processed, they do not materially change what risks these companies assume or how they generate earnings. That said, strong balance sheets, liquidity management, and underwriting discipline become more important during periods of technological transition, regulatory change, or market stress — conditions that often accompany infrastructure shifts.

What could go wrong

At this early stage, tokenization promises efficiency gains, but the path forward is not risk-free. Faster settlement can compress pricing, competition between rails may intensify, and regulatory frameworks may evolve unevenly across regions. Adoption rates could be slower than expected and costs could exceed initial benefits. In periods of market stress, confidence and liquidity still matter more than technology and should remain a prominent characteristic in public equities. We believe the key risk is not missing a technological breakthrough but overestimating the speed at which infrastructure efficiency translates into durable earnings growth for public companies.

Appendix table: Companies discussed

Company	Symbol	Price
Citigroup Inc.	C	\$114.79
FactSet Research Systems Inc.	FDS	\$268.66
Intercontinental Exchange, Inc.	ICE	\$173.28
Jack Henry & Associates, Inc.	JKHY	\$178.96
JPMorgan Chase & Co.	JPM	\$300.31
Mastercard Incorporated Class A	MA	\$520.41
S&P Global, Inc.	SPGI	\$526.67
Visa Inc. Class A	V	\$325.26

Sources: FactSet, Wells Fargo Investment Institute. Prices as of January 27, 2026.

Financials sector equity recommendations

Ticker	Company name	Market cap (billions)	Price	Dividend	Dividend yield	Estimated NTM EPS	NTM P/E	Core	DSIP	Growth	Focus	High Yield	SMID	Value
AFL	Aflac Incorporated	\$56.13	\$108.38	\$2.24	2.1%	\$7.34	14.8x		X					
AXP	American Express Company	\$249.15	\$359.45	\$3.16	0.9%	\$17.59	20.6x							X
BLK	BlackRock, Inc.	\$184.33	\$1,106.69	\$20.84	1.9%	\$54.85	20.4x	X	X		X	X		
BRK.B	Berkshire Hathaway Inc. Class B	\$1,033.30	\$474.67	\$0.00	0.0%	\$21.77	-	X			X			
BRO	Brown & Brown, Inc.	\$27.03	\$74.12	\$0.60	0.8%	\$4.66	17.1x		X					X
BX	Blackstone Inc.	\$183.56	\$148.41	\$4.26	2.8%	\$6.51	23.1x	X						
C	Citigroup Inc.	\$203.24	\$114.79	\$2.32	2.0%	\$10.39	11.1x					X		X
CB	Chubb Limited	\$118.42	\$301.47	\$3.76	1.2%	\$26.52	11.4x	X	X					X
CBSH	Commerce Bancshares, Inc.	\$7.92	\$52.09	\$1.04	2.0%	\$3.98	13.3x		X					
CPAY	Corpay, Inc.	\$22.42	\$317.96	\$0.00	0.0%	\$24.97	13.0x			X			X	
FDS	FactSet Research Systems Inc.	\$10.64	\$268.66	\$4.34	1.5%	\$18.14	15.8x		X				X	X
ICE	Intercontinental Exchange, Inc.	\$98.60	\$173.28	\$1.89	1.1%	\$7.58	23.1x		X					
JKHY	Jack Henry & Associates, Inc.	\$13.40	\$178.96	\$2.29	1.3%	\$6.79	27.0x		X					

Ticker	Company name	Market cap (billions)	Price	Dividend	Dividend yield	Estimated NTM EPS	NTM P/E	Core	DSIP	Growth	Focus	High Yield	SMID	Value
JPM	JPMorgan Chase & Co.	\$810.47	\$300.31	\$5.80	1.9%	\$21.43	14.1x	X			X	X		X
KKR	KKR & Co Inc	\$108.08	\$116.00	\$0.72	0.6%	\$6.81	17.4x			X				
MA	Mastercard Incorporated Class A	\$471.21	\$520.41	\$3.04	0.6%	\$19.35	27.3x	X	X		X			
MKL	Markel Group Inc.	\$25.59	\$2,012.36	\$0.00	0.0%	\$113.62	17.9x							X
MS	Morgan Stanley	\$284.49	\$182.66	\$3.85	2.1%	\$11.26	16.2x	X			X	X		
PFJ	Principal Financial Group, Inc.	\$20.04	\$92.23	\$3.02	3.2%	\$9.45	9.8x							X
PNC	PNC Financial Services Group, Inc.	\$86.04	\$223.70	\$6.60	3.0%	\$18.33	12.0x					X		
PYPL	PayPal Holdings, Inc.	\$52.98	\$55.51	\$0.00	0.0%	\$5.79	9.8x							X
SPGI	S&P Global, Inc.	\$161.58	\$526.67	\$3.79	0.7%	\$20.16	26.6x	X	X		X			
V	Visa Inc. Class A	\$623.73	\$325.26	\$2.36	0.7%	\$13.33	24.6x	X	X		X			
WRB	W. R. Berkley Corporation	\$25.51	\$67.23	\$0.34	0.5%	\$4.64	14.4x		X				X	
XYZ	Block, Inc. Class A	\$40.61	\$64.59	\$0.00	0.0%	\$3.24	20.3x			X				

Sources: FactSet, Wells Fargo Investment Institute. Prices and data as of January 27, 2026. NTM = next-twelve-months. EPS = earnings per share. P/E = price-to-earnings.

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