US CAPITAL MARKETS FINTECH: A SYSTEM IN FLUX, DRIVEN BY NEW ASSET CLASSES AND TECHNOLOGY MODERNIZATION

It's common to cite the tens of trillions of dollars in US equity markets as a meaningful measure of American finance. While this figure is often used to showcase the depth and breadth of US Capital Markets, the infrastructure underlying these and other non-equity markets is continually being upgraded, thanks to emerging technologies and innovative Fintech firms. The pace of this modernization cycle is accelerating rapidly due to the emergence of new technologies, such as tokenization and AI, evolving regulations, and the mainstreaming of new asset classes, including private credit and digital assets.

Some of these modernization efforts focus on enhancing existing Capital Markets infrastructure, while others are dedicated to building parallel, technologically robust systems for new forms of value. According to industry analysis, over 13,000 Fintech companies are currently operating in the United States—a number that has more than doubled since 2019. Many are building a parallel infrastructure that challenges basic assumptions about how Capital Markets work. The interaction between these new systems and established players is the sound of financial architecture being rebuilt in real time.

The pace of change has become so rapid that it is altering the "build vs. buy vs. partner" equation for many established financial services firms, questioning traditional value chains and rearranging profit pools across Capital Markets. Understanding what's happening requires a closer look at the key developments across a system in flux.

THE CAPITAL FORMATION VOID AND THE RISE OF PRIVATE MARKETS

A structural void has emerged in capital formation. For many promising emerging companies, traditional public markets are effectively 'closed' due to stringent listing requirements, the high costs of going public—which can average over $35 million—and the ongoing burdens of compliance. While venues like the OTC Markets exist, they are not a preferred path for many companies due to investor perceptions, the costs of regulatory compliance, and a persistent lack of institutional analyst coverage. A CFA Institute survey noted that over 68% of small-cap companies had no analyst coverage, a critical barrier to attracting investment.

This difficulty in accessing public capital has inadvertently fueled the growth of a robust private market alternative. Two key developments have significantly reduced the friction that once hindered private market transactions. First, a relaxation of investor conditions has broadened the pool of capital able to flow into private companies. Second, the emergence of sophisticated technology platforms has enabled end-to-end processing for the entire investment lifecycle.

These platforms, when operating under an established regulatory construct, are creating a new, more efficient infrastructure for private capital. Established players, such as Nasdaq Private Market, and specialists, including Rialto Markets and Templum, provide regulated Alternative Trading Systems (ATS) that offer secondary liquidity for these once-illiquid assets. This technological leap makes remaining private a viable long-term strategy, possibly challenging the primacy of public exchanges, but more importantly, offering a capital formation alternative for smaller businesses that play a crucial role in the US economy's growth. This shift is further amplified by tokenization, which enables the fractionalization of illiquid assets, potentially opening the door to broader investor participation and creating new mechanisms for trading and settlement outside traditional market structures. This creative process surrounding the formation of new capital venues will inevitably encounter some initial 'hiccups' and growing pains, but will ultimately create optionality for growth-stage companies. When a single private funding round — like OpenAI's $40 billion raise in Q1 2025 — exceeds the $38.3 billion collected by all 225 U.S. IPOs in 2024, it signals that private markets have shifted from a launchpad to a fully fledged, parallel system for capital formation. Like private markets, the boom in private credit is expanding capital access to qualified small and medium-sized enterprises, a topic explored in more detail below.

PRIVATE CREDIT: THE NEW BEDROCK OF CORPORATE FINANCE AND A NEW VECTOR OF RISK

Private credit has evolved from a niche alternative to a foundational pillar of corporate finance, with assets under management projected to soar past $2.6 trillion by 2029. This is not merely a shift in lending from banks to funds; it is a significant transformation. It represents a structural change in how a vast portion of the real economy is capitalized, creating new efficiencies and a new, less transparent nexus of systemic risk.

The key takeaway is the rise of the "private capital stack". What was once bank activity has been absorbed by large asset managers and private equity firms, which now control both the debt and equity components of a significant portion of middle-market companies. By offering flexible, one-stop-shop financing solutions, these managers have captured the strategic center of corporate finance, wielding a level of influence over private enterprises previously reserved for the banking sector. Since 2020, private credit has consistently financed more leveraged buyouts than the entire syndicated loan market, cementing its role as the engine of corporate M&A.

This new market is being built on a foundation of specialized technology. The sheer scale and complexity of the asset class would be unmanageable without a new generation of infrastructure. Firms like Siepe provide the critical workflow automation and data management needed to handle complex loan servicing and portfolio analytics at an institutional scale. Simultaneously, platforms like Percent are creating more efficient and transparent transaction venues for these private companies, offering end-to-end marketplace capabilities. Growth in private credit and purchase of Preqin by BlackRock, along with AI capabilities related to analyzing and synthesizing vast amounts of data to drive insights, is fuelling the need for robust private company information, as evidenced by emerging players like Veridion.

This same technology is now the vector through which this inherently illiquid, institutional asset class is being democratized. While tokenization promises future fractional ownership, the immediate reality is the proliferation of ETFs and other publicly traded vehicles packaging private credit for everyday investors. This trend signals a fundamental shift, offering broader access but also introducing complex credit and liquidity risks to retail portfolios that were previously insulated from them. Private credit is no longer just an asset class; it is a new, technologically enabled financial ecosystem with its own infrastructure, systemic importance, and rapidly expanding reach. As is the case with any market, the entry of new players in this segment will ultimately lead to more competitive credit pricing and lower margins, which

may not be a bad thing for good companies seeking credit. The growth of this segment will serve as a catalyst for new technology providers as well as incumbents seeking inorganic opportunities to expand their operations.

THE GREAT WEALTH TRANSFER

The widely cited $84 trillion intergenerational wealth transfer expected over the next two decades is catalyzing a fundamental restructuring of the wealth management industry. This new generation of investors demands a seamless digital experience, data-driven advice, and access to a broader array of asset classes for portfolio diversification. This is compelling a wave of investment by wealth managers to upgrade their technology and expand their offerings.

However, the core systems at many firms are a limiting factor. Built for an era dominated by liquid stocks and bonds with a greater emphasis on managing accounting and portfolios of these assets, they are often unable to accommodate the diverse assets that now constitute a significant portion of high-net-worth portfolios, such as private credit and digital assets. API integration and other technological advances have also made it easier to collect up-to-date information on these assets and consolidate it into a single platform for managing all assets, optimizing portfolios, and fulfilling accounting and reporting purposes. These changes, along with agentive AI capabilities that sit on top of existing systems to action insights, serve as catalysts for new players to enter the market.

Agentive AI is emerging as a key enabler in this transition, helping to accelerate the tech upgrade by making the vast amounts of data housed in core workflow systems actionable and accessible. This unlocks new capabilities across the wealth management value chain. Platforms like AllocateRite, for example, leverage an agentive AI to deliver dynamic asset management and portfolio optimization, providing advisors with data-driven strategies that were previously unattainable. This technology empowers financial advisors to personalize their service, provides clients with the intuitive digital experiences they demand, and helps portfolio managers optimize strategies at scale. For traditional tech stack providers, partnerships with companies like Automated Data Inc. (ADI) could make sense to develop an internal, customized agentive AI capability that extracts information and insights from existing workflow solutions.

The demand for a more integrated service model is also driving change. Wealth managers are increasingly expanding their services to include complementary offerings, such as tax planning and preparation. Innovators like TaxFyle offer an enhanced service model that integrates tax services seamlessly into the wealth management workflow. The core technology providers with captive customers (RIAs, family offices, etc.) are also becoming distribution 'hubs' for new adjacent service providers, offering a way for traditional players to add value to their existing clients while growing wallet share. This shift toward a comprehensive, digitally native, and multi-asset approach is not just an upgrade—it's a reinvention of the wealth management business model.

TOKENIZATIONS INFRASTRUCTURE MOMENT: FROM UTILITY TO INTEGRATION

Tokenization is finally moving from promise to practice, driven not by speculation but by its utility in upgrading inefficient market infrastructure. Its true disruption, however, is not the creation of new digital assets, but the radical integration of siloed financial functions. The primary impact is to collapse the layers of intermediation and delay that separate cash management, investment, and payment, transforming the financial system into a more unified, real-time operating ledger.

The journey of a single corporate dollar illustrates this best. Traditionally, it sits idle in a bank account, requiring a distinct, high-friction process to be invested. Innovation in this space will help reduce the friction and create new business models. An example is JIKO, which provides seamless access to Treasuries through an innovation called JIKO pockets, allowing users to earn a yield while also transacting with other pocket holders and, in the process, transforming cash management for treasury functions. Separately, the fact that major players like BlackRock and Franklin Templeton have launched tokenized vehicles, bringing billions of dollars in traditional assets on-chain, signals broad institutional acceptance of this integrated on- and off-chain model.

There are two things at play here: the tokenization of assets and the use of tokenization technology to streamline the movement of money (while adhering to regulatory frameworks). This architectural shift extends globally, presenting a direct challenge to legacy systems as well as existing regulatory frameworks (requiring a potential revisit - a topic for a separate discussion). To pay an international supplier, that same tokenized asset no longer needs to navigate the slow and costly correspondent banking network. Instead, it can be exchanged for a foreign currency in a single, atomic transaction on-chain, collapsing payment, foreign exchange, and settlement into one instantaneous event. This eliminates settlement risk and frees up global working capital.

The GENIUS Act, coupled with the CLARITY Act in the US, will serve as catalysts for financial services firms to explore (in an established regulatory framework) how they can use tokenization technology and stablecoin design to develop new business models and streamline their processing infrastructure. This transformation requires a new generation of technology that can unify traditional and digital markets. Companies like ZeroBeta are building these foundational layers, offering platforms that enable real-time asset mobility and unified collateral workflows across both tokenized and traditional assets. Rather than undermining the US dollar, this integration, powered by such a unified infrastructure, could reinforce its dominance. By making the dollar the most fluid and useful unit of account on these new rails—and with regulated stablecoins creating persistent demand for the Treasury securities they hold as reserves—this integration wave embeds the dollar as the primary currency of the digital age.

AI'S DATA MOAT: THE INTERNAL ARMS RACE

Artificial Intelligence in finance has moved beyond pilot programs to become a competitive necessity. However, its deployment is being shaped by a critical dynamic: financial institutions are not going to easily share their proprietary data or strategic use cases with third-party AI technology providers. The risk of compromising their most valuable asset—decades of client, trading, and market data—is too great.

The result is a splintering of the traditional vendor model. Instead of buying end-to-end AI "solutions," institutions are becoming master solution integrators. They are licensing specific, high-impact capabilities from a fragmented market of specialists, e.g., foundational tools for automated data onboarding and preparation from firms like ADI, advanced natural language processing models from another specialist, or data privacy toolkits from yet another. These components are then painstakingly integrated within the institution's own secure data environment. Another factor driving this approach is the lack of talent in the emerging AI segment and therefore the fierce competition (and associated expense) for hiring that talent.

This dynamic highlights the importance of new technologies, such as data "clean rooms," which enable models to be trained on sensitive information without ever exposing the raw data itself. The sharper takeaway is that the real AI arms race is not about algorithms, but about infrastructure. The "leave your data where it is" approach is only as effective as the

platform on which the data resides. Recent industry surveys show that legacy systems and data silos remain the single greatest barriers to AI adoption, ranking even higher than the cost of the technology itself. Consequently, the most critical and expensive battles are being fought internally over the multi-year, non-glamorous work of modernizing data architecture and governance. A firm's ability to securely and at scale activate its data has become the primary bottleneck to innovation.

Ultimately, the data moat dynamic means the future of financial AI is not bought but assembled. The competitive advantage will not go to the institution that simply licenses the most hyped algorithm. It will go to the one that builds the superior internal capacity to securely integrate best-in-class external tools with its own modernized data core, creating a proprietary intelligence engine that no vendor can replicate. Most importantly, smarter organizations are positioning themselves to control the agency around Agentive AI as data owners.

THE INEVITABLE COLLISION

The interaction between established financial institutions and the thousands of private fintechs is forcing a reconceptualization of the financial services firm. We are witnessing an ecosystem where the lines between vendor, partner, and competitor are constantly shifting. The market is entering a "re-bundling" phase, where the advantage shifts to those who can effectively curate multiple services into a seamless, integrated experience. This is leading to a consolidation in the partnership ecosystem and accelerating M&A activity as strategic buyers seek to integrate key technologies vertically. A bifurcation is occurring between fintechs that become essential, deeply embedded partners and those that face a more uncertain future.

Not all companies will successfully navigate this journey. Those who have raised capital at record valuations but have not been able to support those valuations with provable revenue scale or a sustainable business model will be forced to merge, be acquired, or cease to exist.

Confronting this complexity requires a new kind of intelligence layer that can trace relationships across asset classes, counterparties, and tech stacks—and flag weak signals early. A database like OPCO's FinoptiQ, for instance, aims to solve this by mapping over 4,000 capital markets fintechs using a proprietary ontology, enriching entries with insights from an executive network, and deploying AI to surface the key intersections. The data itself is only the substrate; the goal is to model the dependencies and feedback loops embedded in those connections, converting static facts into forward-looking insight.

The questions that determine success are now different. Instead of asking which company will win in a category, the relevant questions are: Which technological shifts will create winner-take-all dynamics? Where are the hidden concentrations of risk in building? Which emerging partnerships will become strategic necessities, and what implications will this have on operating and revenue models? In a system in flux, developing the analytical sophistication and a thoughtful framework as a guide to answer these questions is the most valuable capability of all.

This article was authored by members of OPCO Advisory Inc. with contributions from Oliver King of Mythmaker.io and Christine Sandler, Co-Founder of Triple Crown Digital.