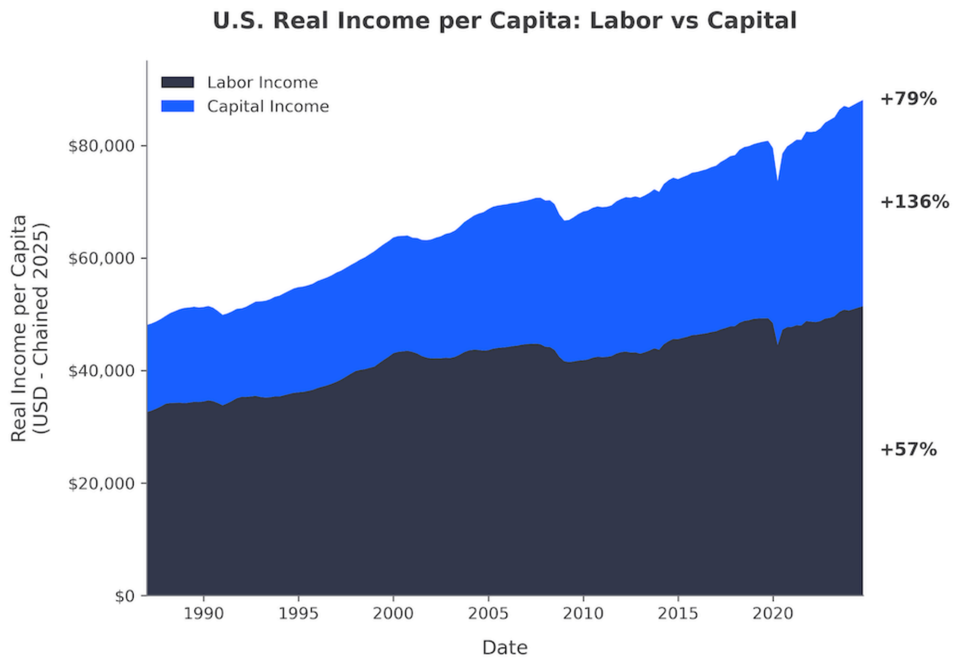
Tokenized Capital Markets: Unlocking Wealth Creation in the U.S.

Modern prosperity is powered by labor income (what people earn) and capital income (what comes from owning assets like stocks and bonds). Over the last four decades in the United States, these two engines have sharply diverged: labor income has grown, but capital income has grown much faster, widening the gap between those who can invest and those who cannot.



A new paper from the Coinbase Institute, *From the Unbanked to the Unbrokered: Unlocking Wealth Creation for the World*, argues that the real divide is not just between higher and lower earners—it's between people who can access capital markets and those who are locked out of them.

- Roughly 4 billion adults worldwide have no access to equity or bond markets at all.
- In the United States, about 96% of households in the top 10% of income own stocks, compared with only 17% of households in the bottom 20%.

This gap compounds over a lifetime: households that can invest in markets see their wealth grow far faster than those relying on wages alone.

From the "Unbanked" to the "Unbrokered"

Traditional financial inclusion efforts have focused on the unbanked and underbanked—people who lack reliable access to mainstream financial services. But in the U.S., many people are technically "banked" and still cannot realistically invest. While the unbanked lack basic banking services, the *unbrokered* have no practical path to invest in a diversified portfolio of assets.

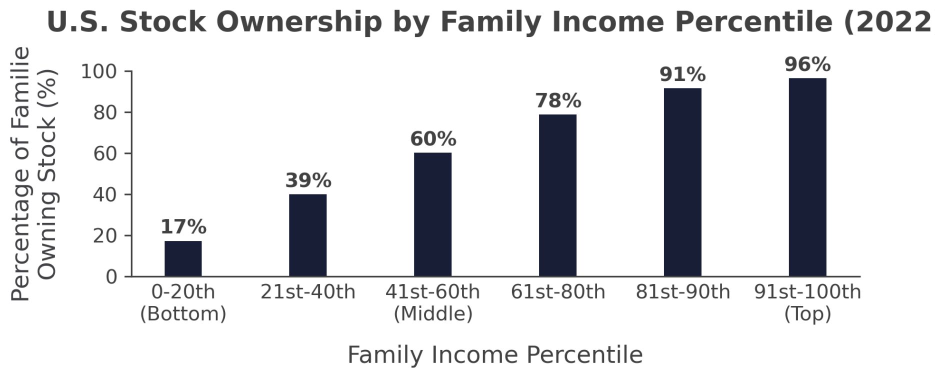
This is because legacy financial infrastructure was built for large transactions and wealthy clients. High minimums, complex onboarding, paperwork, and fees make it hard for everyday Americans to turn small, frequent savings into long-term ownership of productive assets.

How Tokenization and Open Blockchains Can Help

The technology to narrow this gap already exists: specifically, the convergence of tokenization and public, permissionless blockchains offer a new model for market access.

- Stablecoins demonstrate that value can move globally, quickly, and at low cost on public networks.
- Applying the same model to traditional assets—equities, bonds, and funds—by issuing them as programmable tokens on public blockchains can:
  - Enable fractional ownership, reducing minimum investments from "weeks of

wages" to amounts comparable to a mobile phone top-up.
    - Shorten settlement from days to near-instant, lowering operational risks and costs.
    - Cut transaction costs for investors by over 30% in the near term, with potential for even larger savings over time.



The real impact goes beyond less costly trading. By making markets more accessible, tokenization can widen participation and support a broader distribution of wealth, especially for under-served communities across the country.

What Policymakers Can Do

Technology alone cannot close the capital chasm. Key directions for policymakers include:

- Preserve neutral, open public blockchains. Treat public blockchains as neutral infrastructure and avoid rules that favor specific technologies or intermediaries.
- Create clear pathways for tokenizing traditional assets. Provide regulatory clarity so that issuers, brokers, and venues can confidently bring tokenized versions of stocks, bonds, and funds to market.
- Allow banks and regulated intermediaries to participate. Enable banks and other supervised institutions to plug into tokenization infrastructure, custody tokenized assets, and support on-chain settlement where appropriate.
- Recognize the right to self-custody. Affirm individuals' ability to hold their own digital assets securely, with clear rules that ensure consumer protection.

A Vision for U.S. Households

The paper ultimately points to a future where anyone in the U.S. with a smartphone and a bit of savings can:

- Seamlessly convert extra earnings into fractional ownership of diversified, productive assets.
- Invest in global markets as easily as sending a text message.
- Build long-term wealth not only through work, but also through ownership of capital.

In this vision, the question is no longer whether someone has a bank account—it's whether they have a fair, affordable way to invest, to participate in economic growth, and to turn labor into lasting wealth. That is what it means to move from a world of the unbanked to a world no longer unbrokered.