



Texel Insights

Rebuilding the Loan Market for the Digital Age

April 2026

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About Texel Insights

Texel insights are reports that analyse how the credit and political risk insurance market is evolving and what these trends and changes mean for our clients. We combine data and emerging trends with our specialist expertise and market perspective to support informed decision making in a complex and ever changing environment.

Foreword

When Texel was founded almost three decades ago, the fax was the height of technology sophistication. Neither the iPhone nor Google existed, online banking and contactless payments were unheard of, and Artificial Intelligence (‘AI’) largely belonged to the realm of science fiction. Today, that landscape has shifted dramatically. We are operating in a period of extraordinarily rapid technological change.

Digitisation has fundamentally reshaped the way businesses function—and continues to redefine how our clients operate, manage risk and execute transactions.

We have been exploring our own digital journey to ensure we understand both the opportunities and challenges that digitisation presents, and working with clients and partners to assess how these changes are impacting their businesses too. Remaining at the forefront of this journey is critical for us. It ensures we continue to provide bespoke credit risk insurance (“CRI”) products, advice and solutions that help clients navigate an increasingly complex risk environment, while always looking to use technology as a genuine process enabler.

This report, the first in the Texel Insights series, centres on one of the most established—yet operationally complex—areas of financial services, the loan market. We look at how technology and digitisation are changing the financial industry—and what that could mean for the evolution of CRI over the next 12 months.

We explore the structural challenges inherent in loan transactions, consider how technologies such as tokenisation and AI are likely to shape the future of the market, and examine the tangible benefits that financial institutions (‘FIs’) can realise through the adoption of digital platforms. We also look at how ongoing digital transformation can deliver even greater value when insurance solutions are integrated directly into digital loan processes.

If you would like to discuss your own digital journey, or explore any of the themes raised in this report in more detail, please do get in touch.

Regards,

Ivan Jesensky

Associate Director and Head of Digitisation
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Executive Summary

01. Digitisation is a competitive necessity for FIs

Manual workflows are a hindrance and an operational risk. There is pressure to replace them with digital solutions to improve efficiencies and support higher transaction volumes, particularly as loan volumes are expected to recover over the next 12 months.

02. Digital transformation is happening in stages, not as a single “big bang”.

Virtual data rooms are the first step for many FIs, this is followed by integrating marketplaces or execution platforms, collating structured data for AI supported decision making before they reach digital maturity and have an intelligent financial ecosystem supported by AI, tokenisation and smart contracts.

03. Tokenisation could materially improve liquidity and settlement efficiency

Potential benefits include: near-real time settlement, improved transparency/auditability, and programmable workflows. All of these contribute to increased economic growth.

04. CRI should be designed into digital loan workflows – not bolted on as an afterthought

Integrating CRI into digital loan platforms and eventually smart-contract enabled processes can improve data accuracy, ease management of risk and policies and potentially increase origination opportunities for insurers.

05. An integrated ecosystem is a plausible “2030 process”

One option is an ecosystem that incorporates AI-assisted credit analysis, tokenised loan issuance/settlement, and CRI bound and administered via a smart contract – this would give users a single, real time view of exposure and policy status.

The Loan Market

According to Loan Radar, the total volume of loan transactions (consisting of leverage finance, corporates and financial institutions and asset finance) throughout 2025 was in the region of USD 2,455bn across 1924 undertaken deals. This represents a decrease of **24.99%** in comparison to 2024, which saw the total volume of loan transactions at USD 3,283bn across 3019 deals. Fitch reported the spike registered in 2024 was predominantly due to refinancings and extensions dominated transactions¹ but the decline in global loan volume in 2025 was not driven by a single factor; rather it was driven by a confluence of macroeconomic, market and behavioural dynamics².

Risk mitigation and capital efficient structures will play an important role in enabling banks to lend, so it is a timely opportunity for banks to consider how they can embrace digital solutions to achieve improved efficiency, scalability and control.

\$2,455bn

across 1924 undertaken deals

The volume of transactions is expected to gradually increase throughout 2026 and 2027, supported by the easing of interest rates and increased refinancing activity.

Structural Challenges

Loan transactions are renowned for being complex to originate, often paper based with a burden on the post-trade loan processing teams. Many FIs face similar challenges, spanning from fragmented processes due to multi-party involvement (borrower, lender, arranger, issuer, agent, broker and insurer), to manual documentation, which is often restrictively customised per loan, non-standard in nature and therefore not easy to streamline or automate. Then there is also the issue of isolated data.

The loan credit approval data input into the core banking system(s) is often a time consuming and error-prone task; a proportion of the data is shared with broker(s) who then circulate it to selected insurers. The integrity of the data can be lost as it may be re-keyed several times.

The delayed settlement cycles can also result in elevated counterparty risk and lower liquidity in the market.

Finally, the settlement processes are predominantly manual. The holding positions and reconciliation can lead to mismatches and accumulated past dues as the operational teams, who face increased volumes of primary or secondary loan activity, may not communicate the latest position or notices with the broker(s) in a timely manner; this impacts subsequent downstream (now overdue) communications to insurers. The delayed settlement cycles can also result in elevated counterparty risk and lower liquidity in the market.

1. <https://www.fitchratings.com/research/corporate-finance/trade-tensions-to-slow-leveraged-loans-high-yield-surges-as-sector-forecasts-cut-30-07-2025>

2. <https://indexes.morningstar.com/insights/markets-review/blta41a25f5a7a1ef41/morningstar-leveraged-loan-index-monitor-q4-2025>

The Digital Transformation Journey

The digital transformation journey differs for each FI and it is often driven by the volume of business, internal demands and desired outcomes. It is a multi year process of modernising technology, processes, data, operating models, and customer interactions to remain competitive in an increasingly digital financial ecosystem. It typically unfolds across clear stages, each with distinct priorities, capabilities, and potential risks.

The digital transformation journey map

01

Stage 1 - Digitisation

Replace manual tasks with digital documents (for example electronic data rooms such as Intralinks or DebtDomain), information, richer data sets, and processes. This is a first step to reducing duplication



02

Stage 2 - Digitalisation

Integrate such digital processes and data sets across various workflows. Optimising the data for credit analysis decisions engines, pricing tools or optimal investor allocation



03

Stage 3 - Full digital transformation

Adoption of different technology, alignment of products, channels and operation models, resulting in interoperability and real-time communication between market participants



04

Stage 4 - Digital maturity

Operate as a continuously learning, intelligent financial ecosystem supported by AI, tokenisation and smart contracts



Stage 1 – Digitisation

Virtual data rooms are often the first step in the digital journey as electronic documentation is shared with other counterparties via access-restricted permissions. Every time a new version of a document is shared, the other parties involved receive a notification and can preview or download the document. It streamlines the process and reduces duplication.

At least 50% of our clients have adopted various electronic platforms for loan documentation sharing and are exploring options for loan process efficiencies.



Andrew Underwood
Head of Political Risks
and Credit at Chaucer

At Chaucer, we know technology plays a critical role in delivering a superior experience for brokers and clients. By augmenting the underwriting process, we can drive operational efficiency, allowing human capital to be deployed directly to the most important, high value tasks.

chaucer
A China Re Company

Stage 2 – Digitalisation

Marketplaces and execution platforms

Marketplace engagement, along with incorporated agency services and decision-making engines, is a natural step for FIs in their digital transformation journey. Loan data can feed into the marketplace directly from the core banking system, or it can be input into the marketplace manually. Depending on pre-set criteria, the decision engine can highlight the most suitable syndication partners, or outline who the loan can be syndicated to.

In certain cases, the platform may include a credit insurance module for unfunded solutions. The opportunities for efficiencies of syndication of primary loans and marketing of secondary positions is clearly sizeable but the fragmentation of suppliers, internal barriers of costs, and third party software onboarding has slowed the integrations of such marketplaces into the loan market.

Digitisation teams across financial institutions have to focus on achieving efficiency, automation, and facilitating an end product that benefits all departments, without compromising on regulatory requirements, compliance and cybersecurity. These latter points add to the complexities and project timeframes, as the onboarding of a technology solution can be a lengthy process due to the extensive level of due diligence required.

Case Study:

Partnering with LoanBook through CRI Integration

LoanBook is an online marketplace for electronic loan trading and one we are working with to ensure the CRI product is considered as they develop the platform's processes as it is such a core distribution tool across the syndicated loan market.

Integrating CRI into these types of marketplaces can deliver multiple benefits including:

- Efficiencies in data and document exchange
- Increase origination of new transactions for insurers

Insurers would be able to see how their product could be considered in the context of a bank's primary syndication or secondary loan purchase as the integration of CRI within the marketplaces gets further adopted

At LoanBook, we see the following issues coming up regularly during our conversations with financial institutions:

1. Desire to have an execution platform that offers more than just a document depository platform
2. Access to more data and market intel in terms of providing a deeper dive on liquidity analysis
3. Having a platform that can do away with excel spreadsheets and emails
4. Platform that can link market practitioners through a matching engine / marketplace concept for both, primary and secondary transactions



Mark Waters
CEO LoanBook

Our key strategic focus is to work with the loan market practitioners and create a multi-functional platform that meets their requirements. With my own previous knowledge and career within the syndicated loan market, this has given us a huge advantage in staying close to market peers and working towards the creation of a "one stop" platform experience. The strategy is very much focused on a digital marketplace environment by bringing Bookrunners and investors and buyers and sellers together in an efficient way in order to create the long overdue efficiencies linked to more automated functionality - with a significantly reduced reliance on excel and emails! Whilst primary and secondary functionality will be key areas of activity on the platform, we recognise other key elements required by the market where LoanBook's focus will also cover Credit Risk Insurance, Customer Relationship Management (CRM with investor matching capabilities) and a AI enabled Loan Agency.



Benefits of the Digital Transformation Journey

The tangible benefits of undertaking a digital transformation journey include:

- **Real-time data exchange of limits and exposures** making managing loans and insurance policies far simpler. All parties have synchronised views of risk positions.
- **Improved auditability and data integrity** reducing operational errors
- **Integration**, through API or other channels, with borrower systems, aforementioned marketplaces, credit management tools and the insurance brokers' platforms

Selecting the optimum components across the various integrations to form a digital ecosystem in a timescale that is workable for all parties remains difficult to execute. There is not currently an end-to-end digital solution as such, though noticeable effort is being made to achieve this goal across the loan financial services market globally, for example marketplaces such as LoanBook intend to develop a multi module platform covering the majority of loan processes in a digital fashion.

As more mature regulatory frameworks are being developed in relation to the crypto currency and tokenised bonds (such as EU's MiCA legislation³ or the US SEC), we have seen increased interest from FIs in tokenisation test cases.

Market Use Case: Euroclear Launches DLT Solution

Euroclear, in collaboration with the World Bank, launched its Digital Financial Market Infrastructure (D-FMI) on October 24 2023 to support the issuance, distribution, and settlement of digital securities (Digitally Native Notes) utilising Distributed Ledger Technology ('DLT').

The inaugural DNN was issued by the World Bank (International Bank for Reconstruction and Development, IBRD, rated Aaa/AAA), raising EUR 100 million to support the financing of the World Bank's sustainable development activities and was listed on the Luxembourg Stock Exchange. Citi's Issuer Services acted as the issuing and paying agent, TD Securities as the dealer, and Euroclear Bank as the issuer Central Securities Depository⁴.

The D-SI service operates as part of Euroclear's D-FMI DLT platform. The D-FMI is connected to the traditional settlement platform of Euroclear for secondary market operations on the DNN, granting investors full access to trading venues and liquidity management facilities. A key benefit of this service is full CSDR compliance⁵.



3. MiCA institutes uniform EU market rules for crypto-assets. The regulation covers crypto-assets that are not currently regulated by existing financial services legislation. Markets in Crypto-Assets Regulation (MiCA)

4. Euroclear launches DLT solution - Euroclear

5. <https://www.euroclear.com/services/en/primary-issuance/digital-financial-market-infrastructure.html>

Stage 3 - Full Digital Transformation

Tokenisation and Distributed Ledger Technology (DLT)

Distributed Ledger Technology (DLT/Blockchain)

is the underlying, shared, and synchronised digital record-keeping system that makes tokenisation possible. You can also refer to it as the 'shared registry' aspect.

What are tokens or digital assets?

Tokens are digital assets created and managed on a DLT/blockchain, often using smart contracts. They represent value, rights, or utility within a specific ecosystem.

What are smart contracts?

Smart contracts refer to automatically executing pre-defined rules related to the terms of an agreement when the conditions are met. The key advantage is that it requires limited or no third party or agents to process payments or automate lending and borrowing.

Tokenisation

Tokenisation is emerging as a transformative force in financial markets. For transaction banks **tokenisation**, combined with AI technology, unlocks targeted strategies in payments and also in trade finance, loan and private credit. It can streamline, automate, and simplify most stages of the investment cycle. The various market use cases leverage blockchain's programmability under regulatory frameworks, ensuring interoperability, efficiency and risk management in cross-border flows.

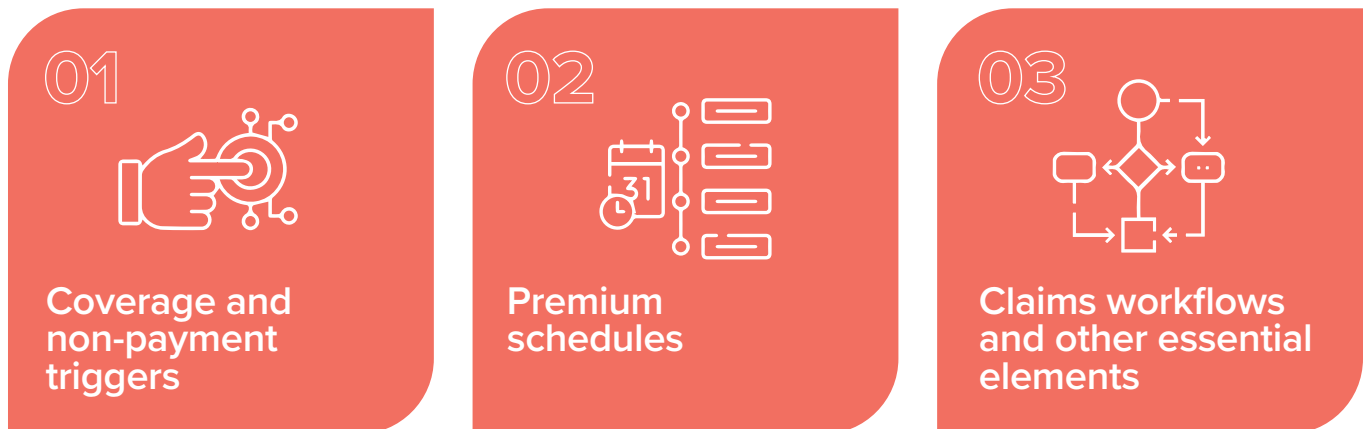
- Tokenisation involves converting rights to a real-world asset, such as a loan or bond, into a digital token recorded on a distributed ledger.
- Smart contracts automate transaction workflows and compliance, reducing human and operational processing costs and reliance on centralised systems and counterparties acting as custodians. Faster settlement times, often T+0 instead of T+2 or longer, minimise liquidity lockups in private credit, where delays exacerbate funding costs.
- Greater transparency and trust stem from immutable ledgers, providing real-time visibility into asset provenance and reducing fraud in financial documents.

The key tokenisation benefits for FIs:

- **Liquidity** – tokens (loan or other instruments) are tradable digital assets, therefore they can attract new pool of investors to achieve the required off-risking target
- **Settlement efficiency** – tokens can be settled same day vs T+2 or T+3, it releases often trapped capital into the market, and it is globally accepted
- **Transparency** – immutable chain records minimise fraud, improves auditability and compliance records and enables tracking of loan settlement status
- The smart contract acts as the **automated loan agent** and can govern throughout the lifecycle of the syndicated loan as it can define loan terms based on the agreement i.e. principal amount, interest rate, repayment schedule. It minimises dependency on processing intermediaries.

How CRI Can Come Into Play on the Chain

The process for insurance policy tokenisation is very similar to loan agreements, with the primary focus on policy conditions such as:



Currently the broker and insurer rely on a manual client notification(s) of a delayed or non-payment. This triggers all the subsequent steps, which are performed individually and can be time consuming. With a smart contract policy the workflow of notifying the relevant parties, along with conducting alterations to the schedule or initiating the claims process, can be automated based on the policy conditions.

There are no CRI smart contract policies in the CPRI market. But if one can be integrated it could be transformational. It would automatically highlight non-payment (or payment defaults), or other credit events. It would also adjust the premium schedules subject to utilisation, and communicate changes to the relevant participants thereby reducing operational risks and inefficiencies.

The Growing Impact of AI

AI is rapidly reshaping how financial markets operate, particularly as semi-automated processes are introduced to assist with the manual and administrative burden.

One key development is FIs' desire for structured data which allows them to triage the volume of transactions, or create decision making solutions based on pre-agreed conditions leading to fewer loan defaults and better investments. It significantly increases back office and middle office day to day efficiencies, introduces cost reduction and improves management of risk.

AI can run various data and financial models; it can monitor in real-time vast datasets and identify anomalies, which reduces fraudulent transactions and strengthens cybersecurity.

FIs are implementing strong, proportionate controls around governance, data and resilience as part of a wider due diligence programme to embed robust AI frameworks. These controls are working well but the technology is evolving quickly, so FIs and regulators need to remain vigilant to new risks as they emerge. We are monitoring the adoption of AI with interest and exploring the competitive advantages it brings.

The insurance market is following suit by exploring how implementing safe AI protocols can streamline certain credit and risk analytical exercises.



Kristina Mydlar,
Founder and CEO
at Mydlar Consulting
Limited

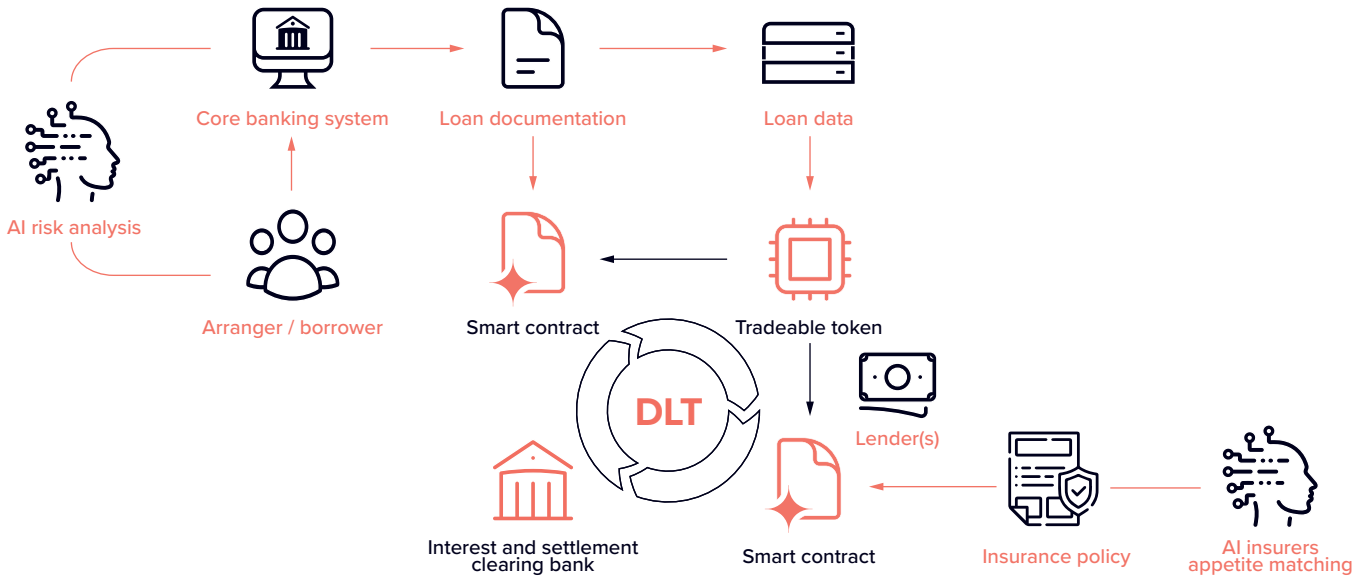
At Mydlar Consultancy, we had a very productive year in the financial sector as more financial institutions commenced AI related initiatives to address a variety of issues such as manual overload, lack of efficiency, structured data, semi automation of workflows. We conduct a thorough gap analysis on site before proposing the best suited solution for all clients. We strongly believe that adoption of AI technology will be the differentiator in the market and it is not about how, but when. AI is a competitive advantage, and we are seeing an increased volume of requests from clients to set and implement their companywide AI strategy.



What the Process Could Become C.2030

We envisage the future-state digital ecosystem may look like the below.

High-level on chain loan ecosystem



At a high level, the AI technology assists with the risk analysis of the borrower before a loan is issued on a core banking system(s) after the documentation is agreed between the arranger/lender and borrower. Data is transmitted to a DLT for primary issuance or syndication of funded or unfunded solutions. The loan is converted into a tradeable token.

A proportion of the loan might be settled by other lender(s) within a same day settlement timeframe, significantly reducing the settlement risk. Utilising the loan smart contract (based on the loan agreement's conditions), it manages all elements such as loan issuance, interest and principal repayments as well as secondary trading and settlement.

Provided the lender(s) requires non-payment protection, the AI technology using the data matching can determine the eligible insurers. The relevant policy is then bound in the form of a smart contract. All participants share a single, real-time view of position data.

Whilst progress is being made in the tokenisation space, there are a few obstacles hindering wider adoption including but not limited to:

- lack of interoperability of tokenised platforms
- wider market standardisation on token components,
- small number of early adopters
- potentially high cost for centralised DLTs (although as stated earlier, the efficiencies of tokenisation will result in reduced transaction costs.)

The governance and regulation is vital for the FIs to grow their confidence and prioritise implementation of these digital solutions.

Conclusion

The loan market is entering a vital phase. As digital tools evolve from marketplaces to tokenisation and AI, the potential to transform loan origination, execution, settlement, and insurance becomes clearer.

Though the journey requires investment and co-ordination across many stakeholders, early adopters stand to benefit from greater efficiency, reduced risk, and enhanced market agility.

Insurance products should not be forgotten in the rush to digitise loans and bonds. They need to be considered and integrated into these processes as the product is an integral distribution tool for FIs. It is also beneficial engaging insurers in these discussions, as the opportunities for new origination and the ability to collaborate with their clients and brokers can be significantly improved through technology.

We remain committed to guiding clients through this transition and working with our insurer partners, applying deep market insight, structuring expertise and playing an active role in shaping the evolution of digitally enabled loan market.


Our Digitisation Priorities

Our priority is to remain at the forefront of the digitisation revolution by supporting clients with their digitisation initiatives and by actively participating and seeking solutions that enable clients to successfully execute their strategies. We are also providing guidance on how all the various components fit together, what best client-specific combinations of these may yield optimum results and, ultimately where we think the digitisation journey is heading.

We continue to aid and advise our clients on navigating the digitisation landscape, and help create solutions in emerging and complex markets for them.


We are actively involved in the following:

01




Digitisation processes between broker and insurers to expedite feedback turnaround and retain data integrity

02



Open to collaborating and integrating with other loan syndicated marketplaces or, where suitable, directly with our clients to support them in their digital transformation journey

03



Participate in discussions and events focusing on digital assets, tokenisation and Digital Ledger

If you want to discuss any of this in more detail then please get in touch with our team



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About Texel

We are the leading independent credit and political risk specialist insurance broker based in London, with offices in Brussels, Singapore, New York and Los Angeles. We create innovative, bespoke non-payment insurance solutions for financial institutions, corporations, multilateral development banks and commodity traders. In 2025 we cemented our independence by transitioning to 100% employee ownership through the creation of the Texel Employee Ownership. This move ensures our long-term independence, protects our unique culture, and directly rewards the dedication and hard work of our employees.

Philanthropy is a cornerstone of our culture and identity and in 2015 we formalised our volunteering and fundraising activities through the creation of the Texel Foundation. Businesses have a social responsibility to give back – and the more profitable we are, the more money we can give away. Every year we allocate 10% of net profits to the Foundation, which partners with charities and social enterprises that promote health, education, social mobility and artistic opportunity. Since its formation, it has supported over 100 programmes across 25 countries, donating over £4,200,00.

We received a Bronze medal from EcoVadis in 2025, a company that helps others assess and manage sustainability practices within their supply chain. We are also a signatory to the United Nation's Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI); this initiative is the largest collaborative initiative between the UN and the insurance industry.




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