

Participate & Hazel Complete World's First Loan Participation or Syndication Payment Using Tokenized Deposits

Principal and interest reached the buying institution in less than three minutes with loan balances and notices updated in sync—a process that often takes days.

LITTLE ROCK, AR, UNITED STATES, October 19, 2026 /EINPresswire.com/ -- [Participate](#), the Loan Sales Ecosystem for financial institutions, today announced it has completed the world's first loan participation or syndication principal and interest payment between financial institutions using tokenized deposits. The payment between two Texas banks, [Vantage Bank](#) and Rio Bank, moved through the Hazel Network, the tokenized-deposit and stablecoin platform developed by Vantage Bank and [Custodia](#).



Participate Logo

“

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and interest were split to a participant and transmitted, as tokenized deposits, into the buying institution's digital wallet. Loan balances and payment notices updated automatically as the funds moved. Participation payments have traditionally relied on wires, spreadsheets, and emailed notices, with reconciliation that can take days and still not be accurate, creating unnecessary risk for the banking system.

“Banks will adopt tokenized deposits when they make routine work better, and few jobs are more routine than paying loan participants,” said Matt Johnner, President & Co-founder of Participate. “This payment showed that the money and the loan records can move together,

inside the workflows institutions already use. Participation and Syndication loan payments give financial institutions a practical place to start the sensible utilization of digital assets. Innovation is not just for the big banks or big tech players. Together with Hazel, Vantage and Custodia we have proven community oriented financial institutions can lead, not be led.”

Three layers. One connected workflow.

The payment brought three layers together through the Hazel Network:

- Participate — the orchestration and automation layer, coordinating payment allocations, instructions, automated notices, and loan-balance updates.
- Vantage Bank — the banking layer that provides reserves, orchestration, cash management and APIs.
- Custodia — the blockchain and tokenized deposit layer, handling wallets, compliance, blockchain operations and automated reconciliation monitoring between the deposit ledger and blockchain.

The workflow is designed to reduce manual coordination between loan sale servicing, notices, and payment processing. The selling institution handles remittance and servicing updates in a single process, and the buying institution receives principal and interest payments in synchronous timing with balances and automated notices.

Faster payments. Banks at the center.

Both institutions get a clearer view of the funds and the underlying loan activity. And banks competing with nonbank payment providers gain a practical way to modernize payments while keeping financial institutions at the center of the transaction.

“This payment helps prove value quickly while giving banks a future-proof path to using on-chain technology,” said Shawn Main, Executive Vice President and Chief Business Architect Officer at Vantage Bank. “We have more great things we can do with tokenized deposits and smart contracts in the future.”



Vantage Bank



Custodia

Custodia

"This milestone bank-to-bank transaction demonstrates how community banks can start using tokenized deposits, which we believe will eat stablecoins' lunch by automating back-office processes and freeing up capital currently tied up in bank-to-bank settlement delays," said Caitlin Long, Founder and CEO of Custodia Bank.

What's next.

The payment is the first completed under the collaboration Participate, Vantage Bank, and Custodia announced in April 2026, which gives Hazel Network access to Participate's network of more than 750 banks. Participate will begin offering access to loan sale payment automation using tokenized deposits and Fedwire automation for participation and syndication payments to all of Participates' 750 network banks.

About Participate

Participate, a BankLabs company, is the Loan Sales Ecosystem for financial institutions. Its patented technology helps banks and credit unions originate, distribute, and manage loan participations, syndications, and other loan sales at scale. Participate digitizes the lifecycle from initial sale through post-sale participant servicing, helping institutions improve liquidity, expand lending capacity, manage concentration risk, and reduce operational friction. Learn more at participateloan.com.

About Vantage Bank

Vantage Bank is dedicated to delivering sophisticated, innovative financial solutions while maintaining a strong commitment to the communities we serve. Family and employee owned, Vantage Bank is headquartered in Texas and operates through a diverse set of locations across the state. Our suite of powerful digital tools and services rivals those offered by fintechs and similar non-bank financial services companies. We operate within a safe and sound environment—providing peace of mind and the financial security that only a regulated institution can offer. By integrating advanced technology with personalized service, Vantage Bank empowers individuals and businesses to achieve their financial goals while upholding the highest standards of compliance and community engagement. Visit us at www.vantage.bank.

About Custodia

Custodia is a Wyoming special purpose depository institution formed to serve as a compliant bridge to the U.S. dollar payments system and a custodian of digital assets that can meet the strictest level of institutional custody standards. Custodia is required to fully comply with all applicable laws and regulations, including the Bank Secrecy Act and federal "know your customer," anti-money laundering and related laws and regulations. Custodia also complies with Wyoming's special purpose depository institution and digital asset laws, which include requirements that fiat deposits be 100% reserved and that Custodia meet the strictest investor protections in the digital asset industry. This press release may contain forward-looking statements, including forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements describe future expectations, plans, results, or strategies (including product offerings, regulatory plans and business plans) and may

change without notice. You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements, including the risks that actual results may differ materially from those projected in the forward-looking statements.

About Hazel

Hazel Network is a bank-led payments and digital asset infrastructure platform designed to unify tokenized bank deposits and stablecoins within a secure, regulated framework. Built by banks for banks, Hazel enables 24/7/365 programmable payments, faster settlement, enhanced treasury management, and embedded compliance controls while preserving core customer banking relationships. By connecting traditional banking systems with modern digital asset rails, Hazel helps financial institutions of all sizes deliver innovative payment and liquidity solutions without replacing existing core banking systems.

Matt Johnner

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