

2025 Digital Assets Outlook

Reflecting on 2024

2024 saw two major growth periods for digital assets: March and November.

The rally that ended in March was started by the launch of the first Bitcoin ETF in the United States, marking a major milestone in the mass adoption of Bitcoin as a store of value. This development removed key barriers such as the difficulty of access and investor mistrust toward digital assets and exchanges, paving the way for broader institutional and retail engagement. This momentum also reignited interest in DeFi and drove a surge in stablecoin adoption.

Growth in November followed the U.S. presidential election, with Donald Trump's victory bringing heightened investor optimism about regulatory clarity and the potential for Bitcoin to play a strategic role in national reserves. His Nashville speech outlined plans to embrace digital asset innovation, signaling a paradigm shift in how the U.S. government views blockchain technology. These pivotal moments set the stage for elevated investor expectations in 2025, with many anticipating advancements in regulation, technology, and adoption across key sectors.

The Evolution of Key Sectors in 2025

Decentralized Finance (DeFi)

DeFi continued to evolve in 2024, growing its total value locked (TVL) by approximately 40% year-over-year as institutional players increased their participation. This adoption has been driven by real-world use cases such as JP Morgan's execution of forex trades using a DeFi protocol, demonstrating the technology's potential for efficiency and transparency. In 2025, we anticipate DeFi protocols will see broader integration with traditional finance (TradFi), including the tokenization of traditional assets like equities and bonds. Innovations like replacing stablecoin collateral with instruments such as BlackRock's Buidl fund have shown the potential to boost yields in cash-and-carry trades, attracting more institutional interest.

Stablecoins

Stablecoins saw a 30% increase in circulating supply in 2024, underpinned by their growing use in cross-border payments and corporate treasury management. Notably, Visa's stablecoin settlement pilot marked a major milestone, showcasing how TradFi can



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leverage blockchain technology to improve efficiency.

In 2025, we expect the role of stablecoins to expand, particularly in developing nations where they provide a more stable alternative to volatile local currencies. Additionally, the introduction of regulated stablecoins and the rise of CBDC projects could bridge the gap between digital currencies and traditional financial systems.

AI-Integrated Digital Assets

AI-integrated digital assets experienced a 50% growth in market capitalization in 2024, fueled by advancements in AI governance tokens and predictive analytics tools. Real-world applications include the use of AI-enhanced smart contracts for automated compliance checks and risk assessment in lending protocols.

In 2025, the convergence of AI and blockchain is expected to deepen, with platforms enabling decentralized AI model sharing and governance. This synergy will likely attract new enterprise and retail users, further embedding these technologies into daily operations.

Decentralized Physical Infrastructure Networks (DePin)

DePin networks expanded their user base by 60% in 2024, as projects like Helium and DIMO entered partnerships with logistics and telecom companies. For example, Helium's decentralized wireless network is now used by major IoT device manufacturers to enable real-time data exchange. DePin's development is finally getting more traction by partnering with tech giants and using innovative reward system to make everyone profiting of a strong and wide network. The ability to decentralize essential services will be key for DePin's scalability and long-term utility.

Tokenization

The tokenized asset market grew by 70% in 2024, driven by institutional initiatives like BlackRock's tokenized bond offerings. These projects showcased how blockchain can improve liquidity and reduce settlement times for traditional financial instruments.

We expect tokenization to expand into new asset classes such as intellectual property and fine art. Regulatory clarity in jurisdictions like the European Union will further bolster institutional confidence, paving the way for broader adoption of tokenized assets within TradFi systems.

Ethereum Outlook

The Deneb-Cancun upgrade in 2024 marked a significant milestone for Ethereum, drastically lowering transaction costs and increasing the network's ability to handle more activity. While users now benefit from much cheaper transactions, this improvement came with a tradeoff: a sharp decline in fees has greatly reduced Ethereum's revenue. Since fewer fees are being used to burn ether – a process that previously reduced the token supply – Ethereum's tokenomics have shifted into an inflationary state, with new token emissions outpacing the amount burned.

This change challenges the "ultra-sound money" narrative but highlights Ethereum's strategic bet on long-term growth. By focusing on scalability and accessibility, the network aims to attract more users and applications, creating a foundation for future adoption.

However, in the medium term, this approach may lead to underperformance compared to assets with faster growth rates or stronger short-term revenue generation.

Looking ahead to 2025, upgrades such as the Prague/Electra update will further enhance Ethereum's scalability and efficiency. Key improvements include increasing blob supply (a feature that reduces costs for Layer 2 solutions) and

optimizing the network's infrastructure to support higher transaction volumes. These updates aim to lower costs and attract even more users, setting the stage for sustained growth.

Another anticipated upgrade, PeerDAS, is expected in 2026 and will significantly boost Ethereum's capacity to process transactions by optimizing data availability.

Although these upgrades may not provide immediate financial benefits, they underscore Ethereum's long-term vision of balancing scalability with decentralization. For investors, this represents a forward-looking play on Ethereum's future dominance in the blockchain space but could lead to a slower price growth in the short to medium term compared to blockchain focusing on short term growth.

Solana Outlook

Solana has shown impressive growth in 2024, especially in terms of transaction volume and revenue generation. In November 2024, Solana's decentralized exchange (DEX) volume nearly doubled Ethereum's, reaching \$77.51 billion compared to Ethereum's \$38.81 billion. Additionally, Solana outperformed Ethereum in revenue, generating over \$2.54 million in daily network fees in October, while Ethereum made \$2.07 million. Though Solana's annual revenue remains below Ethereum's, this

performance underscores its growing adoption, particularly in the DeFi sector.

A major upcoming development for Solana is the Firedancer upgrade, which promises to boost transaction throughput and stability significantly, potentially enabling up to one million transactions per second. This upgrade will not only enhance the network's scalability but also make it more appealing for high-frequency trading platforms and decentralized applications that demand large transaction volumes.

However, Solana's revenue model is still heavily dependent on cyclical trends like memecoin trading, which introduces volatility. While these speculative trends have fueled recent growth, they do not ensure long-term stability. Solana's future success will depend on its ability to pivot towards supporting institutional use cases and real-world applications that generate lasting economic value.

If Solana can refocus and attract more value-driven use cases, it could surpass its previous all-time highs and outperform major assets like Bitcoin and Ethereum. For now, Solana's future depends on moving beyond speculative activities and creating a more sustainable revenue model.

Drivers of Adoption in 2025

Bitcoin National Reserves

The growing interest in Bitcoin from institutional investors is now being matched by potential adoption from nation-states and governments. A key development is President-elect Donald Trump's plan to create a national Bitcoin reserve for the U.S., with a goal of acquiring 1 million BTC over five years. This would position bitcoin as a strategic asset for the U.S. amid economic challenges like inflation and currency devaluation.

If Trump follows through, it could spark a major shift in global finance. The U.S. acquiring such a large amount of bitcoin would likely drive up its price, especially given the current market size. This move would not only legitimize Bitcoin as a reserve asset but could also trigger FOMO among other nations, prompting them to build their own bitcoin reserves to avoid missing out.

This race for Bitcoin would increase demand and push prices higher, with countries quietly accumulating the asset to prevent inflating prices too quickly. As more governments embrace bitcoin, its role as a global reserve asset would solidify, reducing volatility and boosting its financial prominence.

While this is not certain to happen, Trump's national Bitcoin reserve plan

could ignite a global wave of adoption, driving up the price as nations rush to secure their holdings before it's too late.

Corporate Adoption

An increasing number of companies are adding Bitcoin to their balance sheets, following the lead of pioneers like MicroStrategy. These firms have seen significant profits, reinforcing Bitcoin's value as a key asset for corporate treasuries. MicroStrategy, for instance, experienced a 477% stock price increase in 2024, largely due to its strategy of using debt to purchase more Bitcoin. This move has allowed the company to profit greatly from Bitcoin's rise, far exceeding its traditional business growth.

The effect on stock prices has been dramatic. As Bitcoin's value increases, companies holding large amounts of it see a boost in their market valuations. MicroStrategy, for example, is valued up to three times more than its core business, thanks primarily to its Bitcoin holdings. Other companies, such as Tesla, Metaplanet, KULR, and Bitcoin miners like Marathon (MARA) and Riot (RIOT), have also benefited from this strategy, with their stock prices rising alongside their Bitcoin reserves.

This growing trend highlights how Bitcoin can positively impact a company's balance sheet, offering new

growth opportunities and boosting investor confidence. If this strategy is widely adopted, it could create a virtuous cycle, driving up Bitcoin's price and enhancing the valuations of companies holding it. This feedback loop would benefit both corporate treasuries and Bitcoin's place in the global financial system, drawing in more institutional and retail investors.

Blockchain Regulation

The lack of consistent global regulation has long been a barrier to widespread blockchain adoption. In 2025, better regulatory frameworks could serve as a catalyst for growth by providing clarity and security for investors and institutions. Clear guidelines on taxation, compliance, and operational standards would reduce risks and foster trust, encouraging TradFi to embrace blockchain solutions. Regulatory developments in the European Union (MiCA) and the United States in the form of updated SEC guidelines are expected to create a more robust foundation for innovation and adoption.

Signs of mass adoption and the use of blockchains by TradFi and governments are becoming increasingly evident. The growing collaboration between blockchain innovators and major financial institutions highlights the potential for transformative change. Projects like Singapore's Project

Guardian exemplify the integration of blockchain technology into established financial systems. By enabling the tokenization of bonds and other assets, these initiatives are not only increasing efficiency but also proving the viability of decentralized technologies in highly regulated environments.

Governments are taking a proactive stance by exploring and implementing blockchain applications. Central banks worldwide are advancing the development of central bank digital currencies (CBDCs) to modernize monetary systems. For instance, countries such as China and Sweden are leading in piloting digital currencies, showcasing the potential for seamless transactions and improved financial inclusion. Simultaneously, blockchain's transparency and immutability are being leveraged for applications like public expenditure tracking and cross-border trade documentation.

The involvement of major TradFi players, such as JP Morgan and HSBC, in blockchain experiments underscores a shift in perception. Financial institutions are moving beyond skepticism to actively explore blockchain's benefits, from real-time settlements to enhanced security in transaction processing. In the insurance sector, smart contracts are automating claims processing, reducing fraud, and improving customer experiences.

These signs of adoption point to a future where blockchain technology becomes embedded in the global financial architecture. While challenges remain, the increasing participation of governments and TradFi in blockchain projects signals a pivotal step towards mainstream acceptance and utility.

Top Picks for 2025

Decentralized Finance (DeFi)

DeFi continues to lead as one of the most transformative sectors in the blockchain space, with many protocols demonstrating robust revenue generation over the years. While its potential to revolutionize traditional finance by enhancing liquidity management and introducing innovative financial products is immense, challenges such as high fees, limited interoperability, and accessibility issues for non-crypto users have hindered its progress.

Despite these barriers, 2024 saw renewed interest in DeFi, fueled by Bitcoin's multiple all-time highs. However, the total value locked (TVL) in DeFi remains below its 2022 peak. Recent innovations, such as the combination of DeFi with tokenization, underscore the sector's potential. For instance, the replacement of stablecoin collateral with advanced instruments like BlackRock's Buidl fund has significantly boosted yield

opportunities, making DeFi increasingly attractive to institutional investors.

Looking ahead, DeFi's growth in 2025 is expected to be driven by deeper integration with traditional financial systems, underpinned by increasing regulatory clarity. This alignment with TradFi is set to unlock new possibilities for scaling, adoption, and delivering on blockchain's promise of financial transformation.

Decentralized Physical Infrastructure Networks (DePin)

DePin projects like Render Network (RNDR) are revolutionizing resource sharing and decentralized computing. RNDR's recent partnership with Apple to integrate rendering solutions in iPads marks a milestone for decentralized networks, highlighting their potential in mainstream applications. In 2025, DePin growth could be fueled by collaborations with tech giants and the expansion of use cases in renewable energy and urban planning.

Overcoming Challenges for Mass Adoption

Despite the promising outlook, several challenges must be addressed for digital assets to achieve mass adoption. Regulatory uncertainty remains a significant barrier, limiting innovation and preventing massive collaboration

between TradFi and smaller protocols. Scalability issues, including high transaction fees and network congestion, continue to hinder user experiences. Simplified onboarding processes and better education are needed to attract a broader audience, while interoperability challenges must be resolved to enable seamless interactions between blockchain ecosystems. Security remains a critical concern, as hacks and exploits erode trust in the system. Addressing these issues will be essential for delivering value and building confidence in digital assets.

Summary

While it may seem late to invest in digital assets, only Bitcoin has reached the stage of massive adoption, embraced by both governments and corporations as a store of value. Most of the market, including DeFi, remains in the early-adopter phase, often hindered by the technical complexity required to unlock blockchain's full potential.

Although we are witnessing significant innovation and efforts toward mass adoption, it could take years before blockchain technology's transformative benefits become integral to global systems and widely utilized by the general population. Investors remain early in this journey, and identifying the

winning protocols now could yield extraordinary returns.

Regulations and ongoing initiatives from governments and institutions to harness the value of digital asset innovation will

play a critical role in the market's evolution. These efforts are essential not only for fostering growth but also for ending the boom-and-bust cycles that have characterized cryptocurrencies in recent years.

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