2025: a turning point for blockchain equities

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Key Takeaways

- The changing US policy stance towards blockchain and digital assets is setting the stage for the technology to flourish, which could benefit blockchain equities.
- Blockchain equities have historically been subject to major regulatory headwinds, which are now becoming tailwinds, unleashing new opportunities for potential growth and expansion.

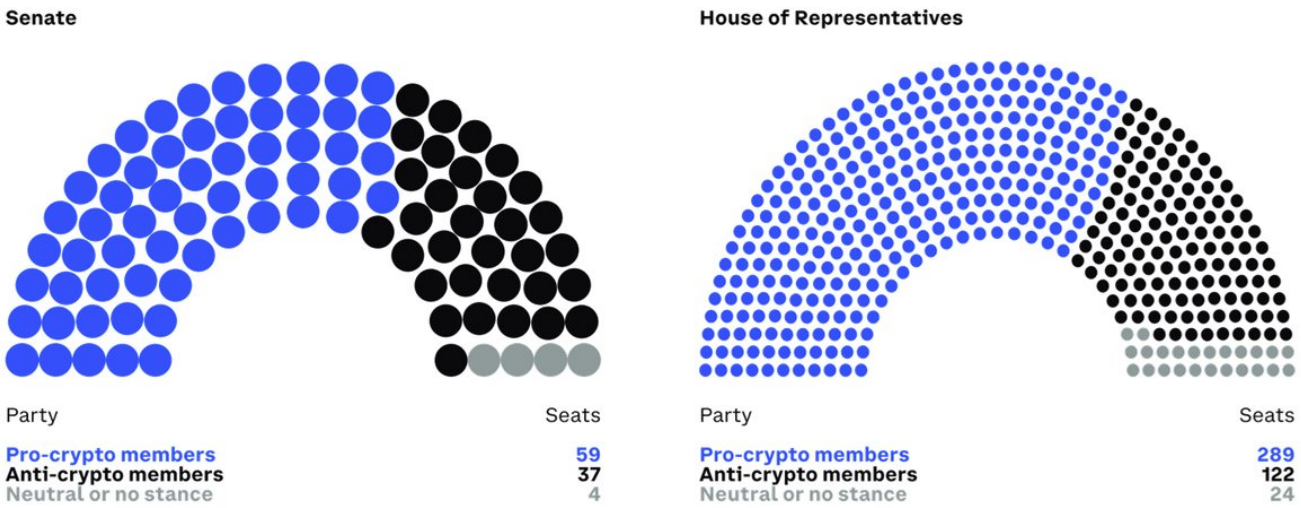
The landscape for blockchain and digital assets is currently undergoing a fundamental shift. With a pro-crypto administration in the White House and increasing institutional interest, the stage is set for a new era of adoption and technology proliferation. The key barrier that once stunted growth—US regulatory hostility—has now subsided, creating an opportunity to capitalise on the rapid innovation that is currently underway.

A policy shift in favour of blockchain technology

The regulatory landscape in the US has transformed, with the most pro-crypto administration in history now in power. Key policymakers are actively working to position the US as a global leader in digital assets:

- **Senator Cynthia Lummis** now leads the Senate Subcommittee on Digital Assets, who was the original proposer of the US Strategic Bitcoin Reserve.
- **Hester Peirce** is spearheading the SEC's new crypto task force, advocating for innovation-friendly policies.
- **Paul Atkins** has replaced Gary Gensler as SEC Chair, signalling a shift toward regulatory clarity and support for the industry.
- **David Sacks**, ex-PayPal executive and venture capitalist, has been appointed the White House Crypto & AI Czar, driving initiatives to spur the growth and proliferation of key strategic technologies like blockchain and artificial intelligence (AI).

Figure 1: Pro-crypto member majority in both the US Senate and House of Representatives



Source: Stand With Crypto and Coinbase. November 2024.

In the face of strong geopolitical competition, rising fiscal deficits, and persistent inflation, the US is prioritising policy action that puts 'America First'. As BRICS[1] nations push to reduce reliance on the US dollar, the government is weighing digital assets as a tool to manage debt and reinforce the dollar's global reserve status through strategic reserves. At the same time, it is prioritising support for blockchain technology to help keep the US at the centre of global capital markets. By placing the right leaders in key positions, the US is taking its first meaningful steps toward prioritising blockchain and digital assets as strategic pillars of economic leadership. This shift lays the groundwork for long-term dominance in the space.

Blockchain innovation is accelerating

The previous cycle of regulatory hostility saw the SEC aggressively pursuing lawsuits against crypto firms, creating uncertainty that stifled growth. Now, with a shift in leadership, we're starting to see the first signs of a reversal:

- **Kraken** has restarted US staking services after previously being forced to shut them down.
- **Coinbase** has launched bitcoin-backed loans, signalling increasing regulatory comfort with new financial products.
- **Federal Reserve (Fed) Chair Jerome Powell** has clarified that banks are 'perfectly able to serve crypto customers.'

With clearer, more supportive regulations, stronger growth and adoption of blockchain products and services is expected. This has already begun to take shape, particularly in the case of stablecoins and tokenized assets, which are bridging the gap between the traditional and decentralised economies. As clear policy changes come into effect, digital assets and blockchain technology could gain significantly from this pro-innovation regulatory stance.

Figure 2: Financial services are moving to the blockchain: tokenised assets, log scale USD billion



Source: WisdomTree, RWA.xyz as of January 14, 2024. **Historical performance is not an indication of future performance and any investments may go down in value.**

Capital influx

Institutional investment opportunities in crypto are expanding, supporting both the infrastructure providers, as well as the builders of the blockchain economy.

- A wave of crypto exchange-traded fund (ETF) submissions in the US is paving the way for broader investment beyond bitcoin and Ethereum, including altcoins and other multi-asset offerings.
- With regulatory uncertainty lifted, venture capital (VC) investment in blockchain startups is expected to accelerate, as proper scaling and exit opportunities become more viable.

Why blockchain equities? A unique investment opportunity

With US policy shifts, institutional capital inflows, and accelerating blockchain adoption, investing in blockchain equities could offer an opportunity to capture this transformation. While most attention has been on direct crypto assets, rapid technological and financial innovations across blockchain applications are demonstrating the growing economic impact of this technology. Yet, firms operating in this space remain underfollowed, creating an overlooked opportunity.

Blockchain equities offer:

- **Exposure to activity in the real economy**: blockchain companies generate revenue from infrastructure, products, and services, directly benefiting from adoption of blockchain and digital assets through financial and technical innovation.

- **Direct upside from regulatory clarity**: as regulations evolve, blockchain firms are poised to benefit from greater institutional participation and a more stable policy environment, expanding the market for products and services to support their long-term growth.
- **Clearer value accrual**: blockchain equities can be assessed using traditional financial analysis (income statements, balance sheets, and cash flow), making their value accrual more transparent and measurable.

Whether or not investors already hold crypto exposure, blockchain equities could provide an interesting addition to a well-balanced portfolio, combining growth potential with the structure and transparency of traditional equities. If 2024 was the year of crypto, 2025 may be the year that blockchain equities take centre stage.

[1] BRICS = an intergovernmental organisation originally consisting of Brazil, Russia, India, China, South Africa and now including Egypt, Ethiopia, Iran, the United Arab Emirates, and Indonesia (as of January 2025).

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