

Top 5 crypto trends to watch in 2025

Published 13 January 2025

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Key Takeaways

- 2025 is set to be a defining year for crypto, as innovation, regulation, and adoption converge.
- Whether it is bitcoin cementing its position as a portfolio staple, Ethereum scaling for mainstream use, or tokenization unlocking liquidity in untapped markets, the crypto ecosystem is poised for explosive growth.
- For investors and institutions alike, the opportunities have never been clearer or more compelling.
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2024 was a landmark year for bitcoin, solidifying its role as a fully institutionalised asset class.

Institutional inflows into physical bitcoin exchange-traded products (ETPs) reached nearly \$35 billion¹ globally, signalling a major shift in how traditional investors view crypto. As bitcoin continued to enhance portfolios' risk-return profiles, more institutional investors followed suit, reshaping the financial landscape.

Looking ahead, 2025 promises to bring exciting developments across the crypto ecosystem. Here are the top five crypto trends to watch.

1. Fear of being left behind

The era of bitcoin as a niche investment is over. Institutional adoption is creating a ripple effect, forcing hesitant players to reconsider. Portfolios with bitcoin allocations are consistently outperforming those without, highlighting its growing importance.

Figure 1: Bitcoin in a multi-asset portfolio

Source: Bloomberg, WisdomTree. From 31 December 2013 to 30 November 2024. In USD. Based on daily returns. The 60/40 Global Portfolio is composed of 60% MSCI All Country World and 40% Bloomberg Multiverse. You cannot invest directly in an index. Historical performance is not an indication of future performance and any investment may go down in value.

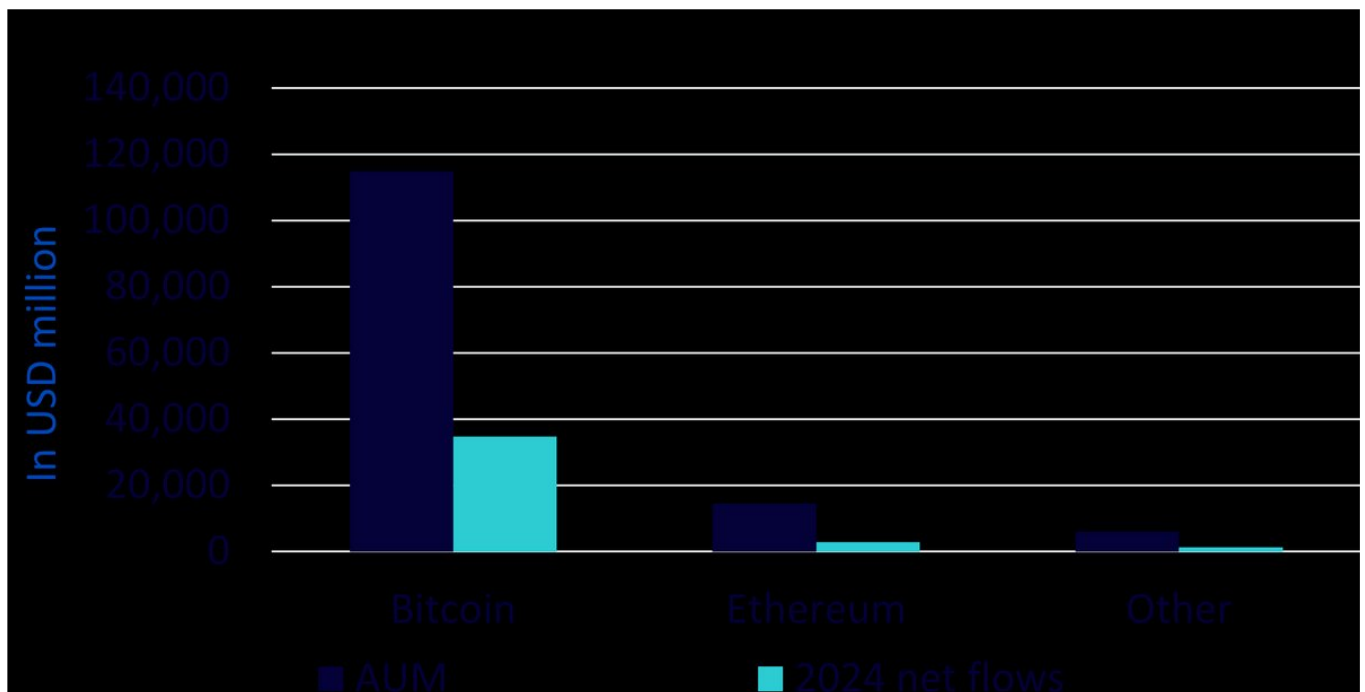
With bitcoin's ability to noticeably improve portfolios' risk-return profiles, asset managers face a clear choice: integrate bitcoin into multi-asset portfolios or risk falling behind in a rapidly evolving financial

landscape. In 2025, expect the competition to heat up as clients demand exposure to this powerhouse cryptocurrency.

2. Expanding crypto investment options

In 2024, regulatory breakthroughs opened the doors for physical bitcoin and ether ETPs in key developed markets. This marked a critical step towards making cryptocurrencies mainstream, providing seamless access to institutional and retail investors alike.

Figure 2: Global physical crypto ETP assets under management (AUM) and 2024 net flows



Source: Bloomberg, WisdomTree. 02 January 2025. **Historical performance is not an indication of future performance and any investment may go down in value.**

In 2025, this momentum is expected to accelerate as the crypto regulatory environment becomes more friendly in the United States and as key developed markets follow Europe's lead and approve ETPs for altcoins² such as Solana and XRP. With their clear utility and growing adoption, these altcoins are strong candidates for institutional investment vehicles.

This next wave of altcoin ETPs will expand the diversity of crypto investment opportunities and further integrate cryptocurrencies into the global financial system.

3. The maturing of Ethereum's layer-2 ecosystem

Ethereum's role as the backbone of decentralised finance (DeFi), non-fungible tokens (NFTs), and Web3 is unmatched, but its scalability challenges remain a hurdle. Layer-2 solutions—technologies such as

Arbitrum and Optimism—are transforming Ethereum's scalability and usability by enabling faster, cheaper transactions.

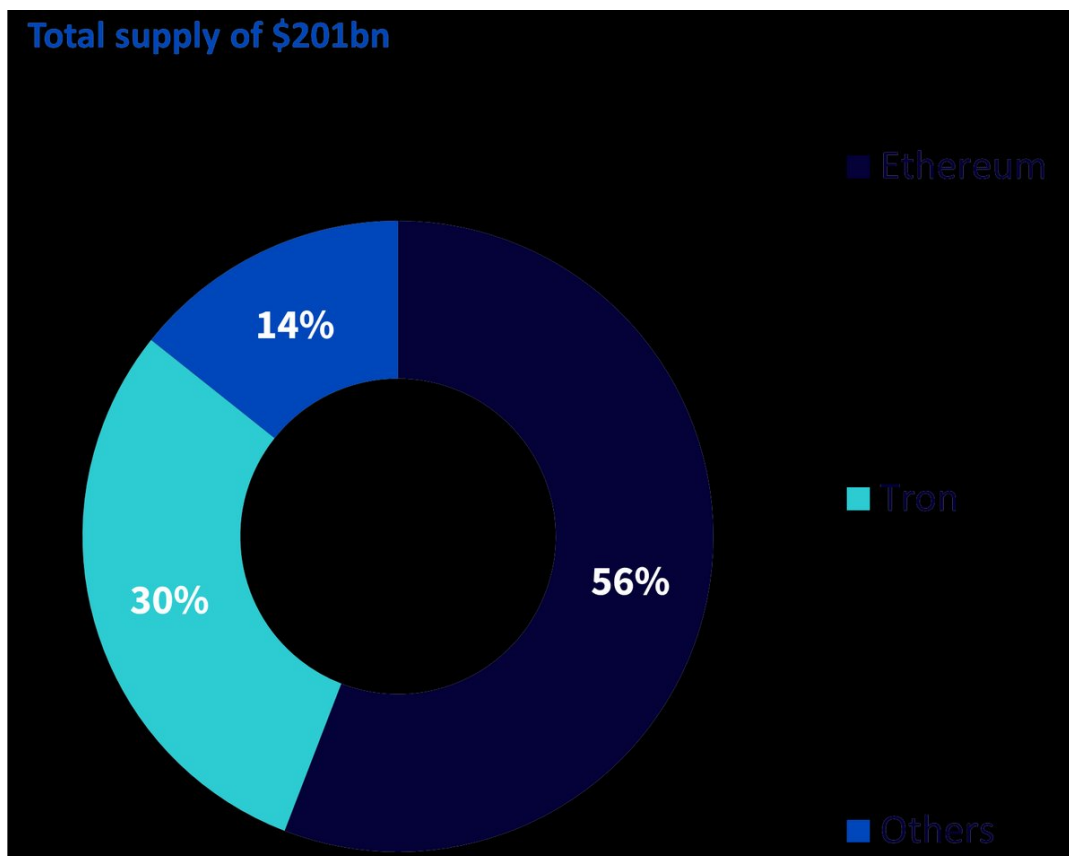
In 2025, Ethereum's recent upgrades, such as Proto-Danksharding (introduced in the 'Dencun' upgrade), will drive layer-2 adoption even further. Innovations like Visa's layer-2 payment platform leveraging Ethereum for instant cross-border transactions will underscore the platform's evolution.

Expect Ethereum's layer-2 ecosystem to power real-world use cases ranging from tokenized assets to decentralised gaming, positioning it as the infrastructure of a truly scalable digital economy.

4. Stablecoins: bridging finance and blockchain

Stablecoins are becoming indispensable to the global financial system, offering the stability of traditional assets with the efficiency of blockchain. Platforms such as Ethereum dominate the stablecoin landscape, hosting stablecoin giants Tether (USDT) and USD Coin (USDC), which facilitate billions in daily transactions.

Figure 3: Key stablecoin chains



Source: Artemis Terminal, WisdomTree. 05 January 2025. **Historical performance is not an indication of future performance and any investment may go down in value.**

As we move into 2025, stablecoins will increasingly interact with blockchain ecosystems such as Solana and XRP. Solana's high-speed, low-cost infrastructure makes it ideal for stablecoin payments and remittances, while XRP Ledger's focus on cross-border efficiency positions it as a leader in global settlements. With institutional adoption rising and DeFi applications booming, stablecoins will serve as the backbone of a seamless, interconnected financial ecosystem.

5. Tokenization: redefining ownership and revolutionising finance

Tokenization is set to redefine how we think about ownership and value. By converting tangible assets like real estate, commodities, stocks, and art into digital tokens, tokenization breaks down barriers to entry and creates unprecedented liquidity.

In 2025, tokenization will expand dramatically, empowering investors to own fractions of high-value assets. Platforms such as Paxos Gold and AspenCoin are already showcasing how tokenization can revolutionize markets for gold and luxury real estate. The integration of tokenized assets into DeFi will unlock new financial opportunities, such as using tokenized real estate as collateral for loans. As tokenization matures, it will transform industries ranging from private equity to venture capital, creating a more inclusive and efficient financial system.

For the avoidance of any doubt, tokenization complements crypto by expanding the use cases of blockchain to include real-world applications.

Looking ahead

2025 is set to be a defining year for crypto, as innovation, regulation, and adoption converge. Whether it is bitcoin cementing its position as a portfolio staple, Ethereum scaling for mainstream use, or tokenization unlocking liquidity in untapped markets, the crypto ecosystem is poised for explosive growth. For investors and institutions alike, the opportunities have never been clearer or more compelling.

1 Bloomberg, WisdomTree. 02 January 2025.

2 Short for 'alternative coins': any cryptocurrency other than the original cryptocurrency, bitcoin, is known as an altcoin. As the Ethereum network grows, it is increasingly being excluded as an altcoin.

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