Crypto Outlook 2025: the year crypto goes mainstream

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Dovile Silenskyte
Director, Digital Assets Research

Key Takeaways

- Institutional adoption is driving crypto's mainstream moment. With bitcoin exchange-traded products (ETPs) surpassing $34 billion in net inflows in 2024, institutional investors are now treating bitcoin as a core portfolio allocation rather than a speculative asset.
- Increasing regulatory clarity is accelerating innovation and adoption. Pro-crypto policies under the new US administration and expanding digital asset offerings signal a broader integration of blockchain into traditional finance.
- Stablecoins and tokenisation are redefining financial infrastructure. As stablecoins process billions in daily transactions and asset tokenisation unlocks liquidity across private markets, blockchain technology is cementing its role as a cornerstone of the financial system.

Crypto is no longer a niche experiment, it is rewriting the financial rulebook. 2025 is the year institutional adoption, macroeconomic shifts, and regulatory clarity push digital assets to the centre of global finance.

Institutional adoption of bitcoin: redefining multi-asset portfolios

2024 marked a pivotal moment for bitcoin, showcasing significant growth in both adoption and institutionalisation. The momentum began with the listing of physical bitcoin exchange-traded products (ETPs) in the US, culminating in bitcoin price reaching its all-time high of over $100,000[1] in December.

By the end of the year, the global market capitalisation of listed, investable assets stood at over $200 trillion[2]. Cryptocurrencies, with a combined market cap exceeding $3 trillion[3], accounted for approximately 1.5%[4] of the global market portfolio. This positioned the crypto asset class alongside established categories such as high-yield bonds, inflation-linked bonds, and emerging markets small-cap equities in terms of their market capitalisations.

Institutional investors increasingly embraced bitcoin ETPs, recognising bitcoin's potential as a volatile yet uncorrelated asset to improve the risk-return profiles of their multi-asset portfolios. Net inflows into physical bitcoin ETPs surpassed $34 billion[5] globally in 2024, reflecting growing confidence in the asset class. Moreover, many institutional investors started to acknowledge that opting for no allocation to bitcoin was an active decision to underweight, requiring a robust investment thesis to justify.

The trends that emerged in 2024 are expected to accelerate and evolve throughout 2025. Institutionalisation is likely to deepen as bitcoin gains greater acceptance among traditional portfolio managers. Institutional investors are anticipated to enhance their multi-asset strategies to better incorporate bitcoin into their portfolios. The approximately 1.5% neutral allocation to bitcoin is expected to become a widely accepted standard, with underweighting or excluding bitcoin increasingly perceived as a potentially suboptimal choice.

Figure 1: Bitcoin in a multi-asset portfolio

	60/40 Global Portfolio	1% Bitcoin Portfolio	3% Bitcoin Portfolio	5% Bitcoin Portfolio	10% Bitcoin Portfolio	MSCI AC World	Bloomberg Multiverse	Bitcoin
Annualised Return	5.68%	6.36%	7.72%	9.07%	12.41%	9.02%	0.41%	55.85%
Volatility	8.77%	8.84%	9.13%	9.60%	11.40%	13.89%	5.04%	66.98%
Sharpe Ratio	0.46	0.54	0.67	0.78	0.95	0.53	-0.24	0.81
Information Ratio		1.00	1.00	1.00	1.00			
Beta	70%	71%	73%	75%	81%	100%	24%	181%

Source: Bloomberg, WisdomTree. From 31 December 2013 to 31 January 2025. 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.

The developments of 2024 laid a solid foundation for bitcoin's evolution into a mainstream asset. As 2025 unfolds, bitcoin is well-positioned to solidify its status, drawing an even broader investor base. Continued adoption and potentially friendlier regulatory environments should also allow bitcoin to maintain, or even increase, its share of the global market portfolio.

Bitcoin as a macro asset: will it become a reserve asset?

Bitcoin solidified its status as a macro asset in 2024, with its price action increasingly tied to geopolitical and macroeconomic shifts. Amid persistent inflation and rising global tensions, its fixed supply and decentralised nature have made it an even more compelling alternative in the broader investment landscape.

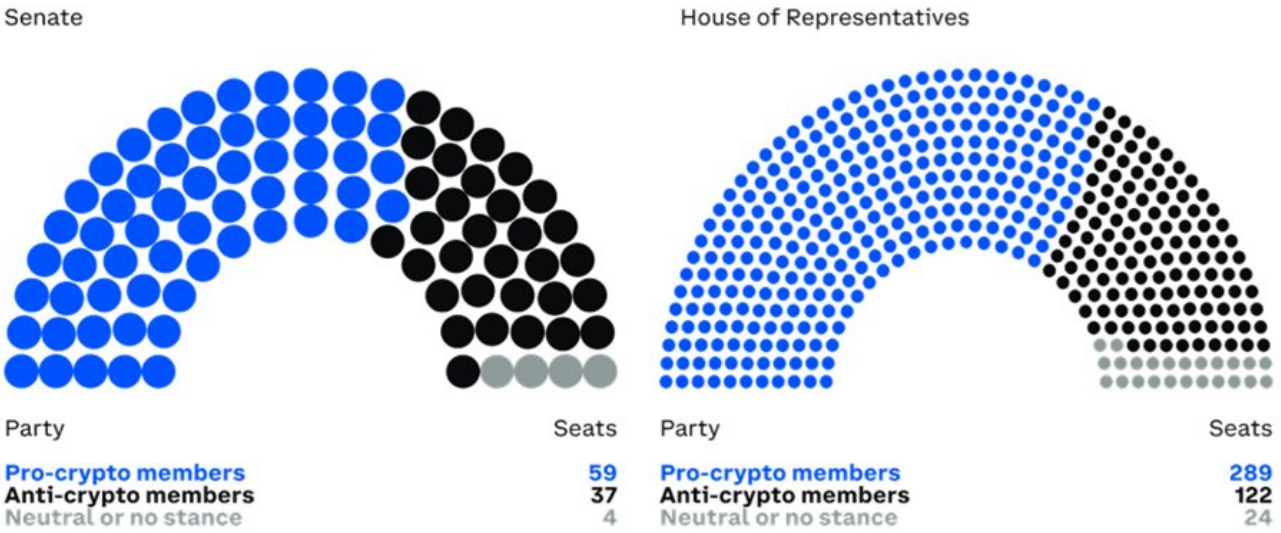
It is now evident that bitcoin serves as both the benchmark for the crypto ecosystem and a barometer for risk-on sentiment. Its disinflationary and decentralised design distinguish it from traditional assets, positioning it as a unique alternative growth vehicle in today's evolving macro environment.

This status is further reinforced by the United States' proposal to recognise bitcoin as a "strategic reserve asset". The timing is significant: the United States faces high borrowing costs, a ballooning budget deficit, and President Trump's "America First" policies, which the Congressional Budget Office projects could push federal debt to 160% of GDP by 2050. His mix of tax cuts and tariffs may stoke further inflation, a concern already reflected in bond markets, where the 30-year yield nearly hit 5% in January 2025.



US regulatory clarity: accelerator for innovation

Donald Trump's election as the first pro-crypto President, backed by Republican control of both the Senate and the House of Representatives, ushers in a defining moment for digital assets. With policymakers increasingly aligned on pro-innovation legislation, blockchain's acceptance is accelerating across the political spectrum. According to 'Stand With Crypto', more legislators than ever support blockchain initiatives, marking a decisive shift in sentiment.



The crypto investment landscape continues to evolve. While bitcoin and Ethereum ETPs dominate, recent filings for XRP and Solana ETPs in the United States signal broader market expansion. Enhanced staking features for Ethereum ETPs could further entice both retail and institutional investors, deepening US market participation.

2025 could mark a tipping point, where digital assets, blockchain, and traditional finance fully converge, unlocking a new era of financial innovation and efficiency. There are a few items to highlight:

- **Stablecoins** are fast becoming the financial system's digital backbone, merging the reliability of fiat with blockchain's speed, transparency, and efficiency. Ethereum remains the epicentre, hosting market leaders such as Tether (USDT) and USD Coin (USDC), which process billions in daily transactions. As adoption accelerates, stablecoins are set to expand their footprint across global finance in 2025.
- **Tokenisation** is redefining ownership. From real estate and commodities to equities and fine art, asset tokenisation is tearing down traditional barriers, unlocking liquidity, and democratising access. By 2025, the scale of tokenised assets is set to explode, allowing investors to hold fractional shares of assets once reserved for institutions and the ultra-wealthy.

Critically, stablecoins and tokenisation are not competing with cryptocurrencies—they are supercharging blockchain's real-world utility. Stablecoins provide essential liquidity, while tokenisation extends blockchain's reach into private equity, venture capital, and real estate.

Conclusion: embracing the new era

As 2025 begins, cryptocurrencies, stablecoins, and tokenised assets are no longer just speculative plays—they are becoming foundational to the global financial system. This shift is driven by increasing regulatory clarity, rapid technological advancements, and a growing recognition of their real-world utility.

This is not just an evolution; it is a financial revolution. Crypto is no longer a fringe asset class; it is a cornerstone of modern finance, redefining how we create, store, and transfer value. For those ready to

move, 2025 is not just an opportunity to watch history unfold, it is a chance to shape it. The future of finance is here, and it is digital.

For WisdomTree's full Market Outlook, please click here.

[1]Artemis Terminal. 31 December 2024
[2]Bloomberg, WisdomTree. 31 December 2024.
[3]Artemis Terminal. 31 December 2024.
[4]WisdomTree. 31 December 2024.
[5]Bloomberg, WisdomTree. 31 December 2024.

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