Digital assets: The next frontier for markets and investors

STATE STREET
INVESTMENT MANAGEMENT

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Bitcoin. Ethereum. Tokenization. Mining. Staking. Blockchain technology.

Today, it’s common to hear these words in the news and financial discussions. But if you’re not immersed in the digital asset ecosystem, these terms can quickly become overwhelming. And it’s understandable, given the novelty and technical complexity of these assets and technologies.

Since 2008, digital assets have captured investor interest and grown at an astounding pace. And with recent advancements in AI and other disruptive technologies, the digital asset industry continues to propel financial innovation forward.

To simplify the digital asset marketplace and its investment possibilities, we’ve compiled this concise explainer that covers what digital assets are, how they’ve evolved, what’s propelling the market, how to gain exposure, and why you might choose to use them in a portfolio.

Digital assets: Understanding the building blocks of the future

Knowledge generally precedes better outcomes. With that in mind, it's important to understand the foundations of financial digital assets before you can effectively integrate them into an investment strategy.

What is a digital asset?

The term "digital asset" is universally recognized, yet it's still ambiguous and contextual. Owning digital assets can have a vast number of implications depending on the type and purpose of the asset.

That's because digital assets are incredibly diverse. They can serve as mediums of exchange, stores of value, or proof of ownership. They can grant voting rights, provide anonymity, or even generate yield. And, unlike traditional financial instruments, digital assets are purely virtual and supported by a decentralized ledger known as a blockchain.

Blockchain technology is hailed as one of the most disruptive technologies of all time. Its capabilities—such as decentralization, immutability, programmability and transparency—enable a host of applications across the private and public sectors, including finance, healthcare, insurance, supply chain, media, law, and others.

While there aren't standardized parameters for defining digital assets, they can be grouped into a few categories.

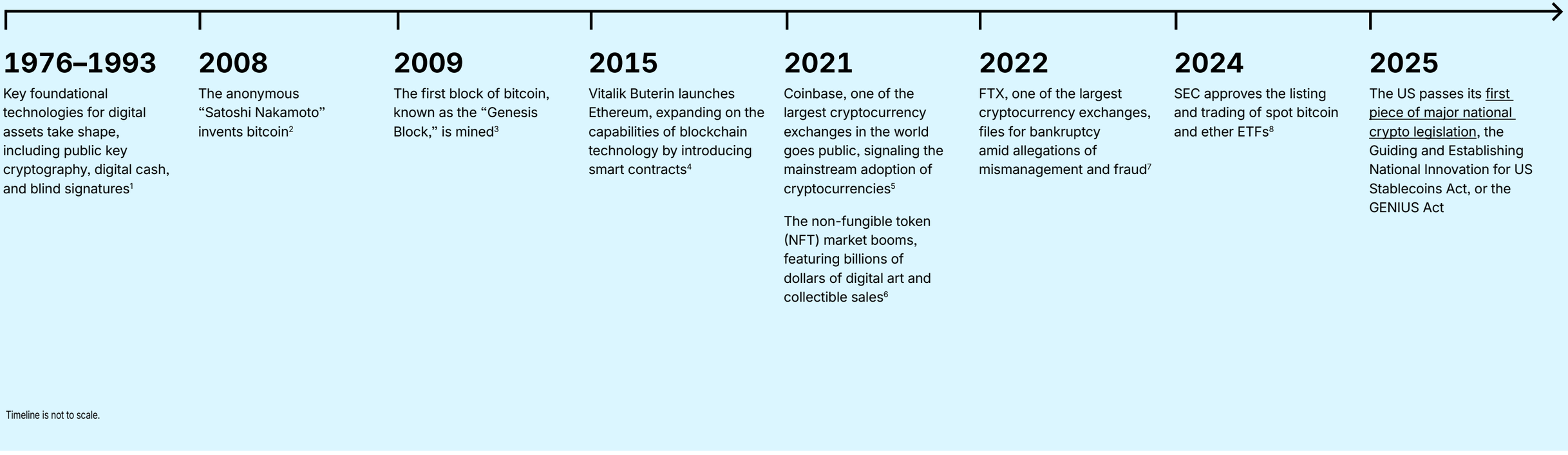
Digital asset examples and types

Cryptocurrencies	Cryptocurrencies, such as bitcoin (BTC) and ether (ETH), are the most popular digital assets. Although these cryptocurrencies can be purchased, sold, or held as a store of value, they also can support a greater purpose or functional use case.	Ethereum's ether coin is a prime example. Ether is both a currency and the fuel that powers the Ethereum network, enabling smart contracts and decentralized applications (DApps). This makes Ethereum a foundational technology in the blockchain ecosystem, as it allows developers to build and deploy decentralized solutions across various industries.
Tokenized money	Tokenized money is the digital equivalent of traditional fiat currency, such as stablecoins and Central Bank Digital Currencies (CBDCs). These assets are intended to stabilize the ecosystem. Stablecoins are cryptocurrencies that are pegged to a stable asset, such as the US dollar, to minimize volatility. Examples include Tether (USDT) and Circle's USD Coin (USDC). Stablecoins are often used for trading,	remittances, and as a bridge between fiat currencies and the cryptocurrency market. CBDCs, on the other hand, are issued and regulated by central banks. They are designed to combine the long-established trust of sovereign currencies with the efficiency of digital transactions. Examples include China's e-CNY, India's e-Rupee, and the Bahamas' Sand Dollar.
Tokenized assets	Tokenized assets digitalize real-world assets—like stocks, bonds, real estate, money market funds, and commodities—as well as provide proof of ownership for virtual items and intellectual property (like non-fungible tokens, or NFTs). For example, traditional real estate requires physical deeds and documents. By tokenizing the asset, the physical records are replaced with blockchain tokens, which constitute ownership	of the property. This, in turn, allows for fractional shares, increased liquidity, and easier transfer of holdings. Tokenization extends beyond finance too—the art and music industries are leveraging fractionalized ownership as well, selling shares in blue-chip art and songs, which allows investors to participate in sale profits and royalties.
Indirect funds	Indirect funds typically provide managed or diversified exposure to digital assets like cryptocurrencies or to the digital assets ecosystem. These funds can buy crypto directly or hold cryptocurrency futures and ETFs, stocks of blockchain-related companies, or shares of firms with significant crypto assets. Indirect funds include exchange traded funds (ETFs), other exchange traded products (ETPs), mutual funds, and trusts designed to track the performance of digital assets or industries associated with them. This structure	allows investors to benefit from the growth of digital assets while avoiding having to manage digital wallets, secure private keys, navigate unregulated exchanges, or conduct their own research and investment analysis on individual companies. Indirect funds can be especially appealing for those reluctant to buy cryptocurrency as they can be used by investors to capitalize on the broader digital asset industry's long-term growth potential without the complexity of direct ownership.

The history of digital assets

In many ways, digital assets are still a novel concept—but the underlying mechanisms that support their capabilities date back to the 1970s.

Figure 1
Timeline of digital asset evolution



Timeline is not to scale.

The budding promise of digital assets

Although relatively young compared to traditional and more familiar financial instruments, digital assets have experienced explosive growth in a short span of time—similar to the internet's exponential adoption in the 1990s.

Why now?

The door is open for additional innovation and integration of digital assets with traditional investment vehicles. But why should investors consider stepping through that door?

Perhaps most importantly, these assets continue to overcome regulatory hurdles (such as custodial services, tax reporting, and fund inclusion), paving the way for broader use and portfolio integration. Several catalysts illustrate why the momentum is undeniable (Figure 2).

Figure 2
The driving forces behind digital asset growth

Tokenization of traditional assets	Tokenization of traditional assets like real estate, intellectual property, and financial assets can improve liquidity and reduce management costs.
Rise of decentralized finance	Decentralized finance (DeFi) can further democratize finance by enabling users to access financial services without intermediaries.
Disruptive potential	Digital assets can reduce transaction costs and unlock new ways to store value. In addition, blockchain can provide cheaper access to capital.
Mainstream adoption	In 2020, there were an estimated 66 million crypto owners.[9] By June 2025, that number reached over 700 million.[10]
Growing institutional interest	A survey revealed that 94% of institutions believe in the long-term value of blockchain technology and digital assets, a strong indicator of staying power.[11]
Recent regulatory clarity	In January 2024, the SEC approved the first spot bitcoin ETFs. A few months later, the SEC approved Ethereum ETFs, many of which began trading in July 2024.[12]

The case for investing in digital assets

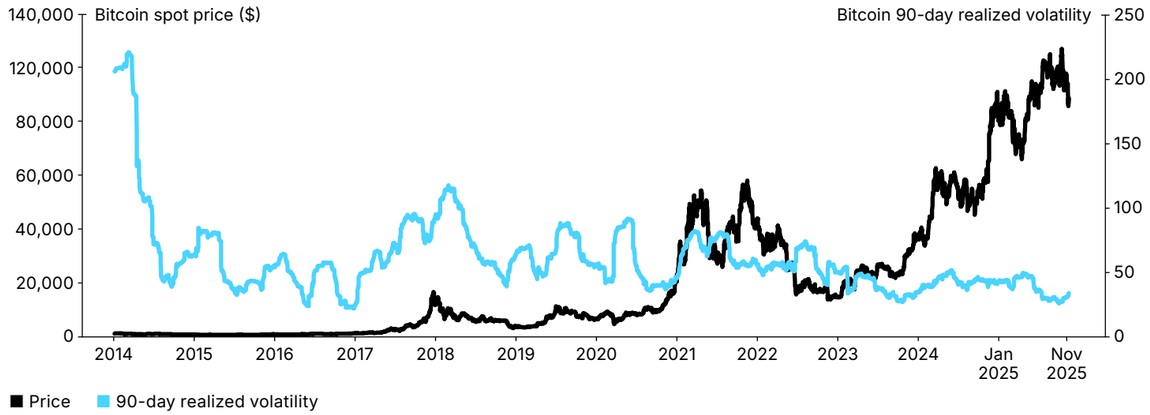
Notable tailwinds are picking up and making a compelling case for investing in digital assets.

Risk and return characteristics

Dating back to the first block of mined bitcoin, cryptocurrencies have been widely associated with speculation and volatility. This is unsurprising for an asset class that's already featured several booms and busts in its brief history. Even so, bitcoin's 90-day realized volatility has steadily trended downward over the last seven years (Figure 3).

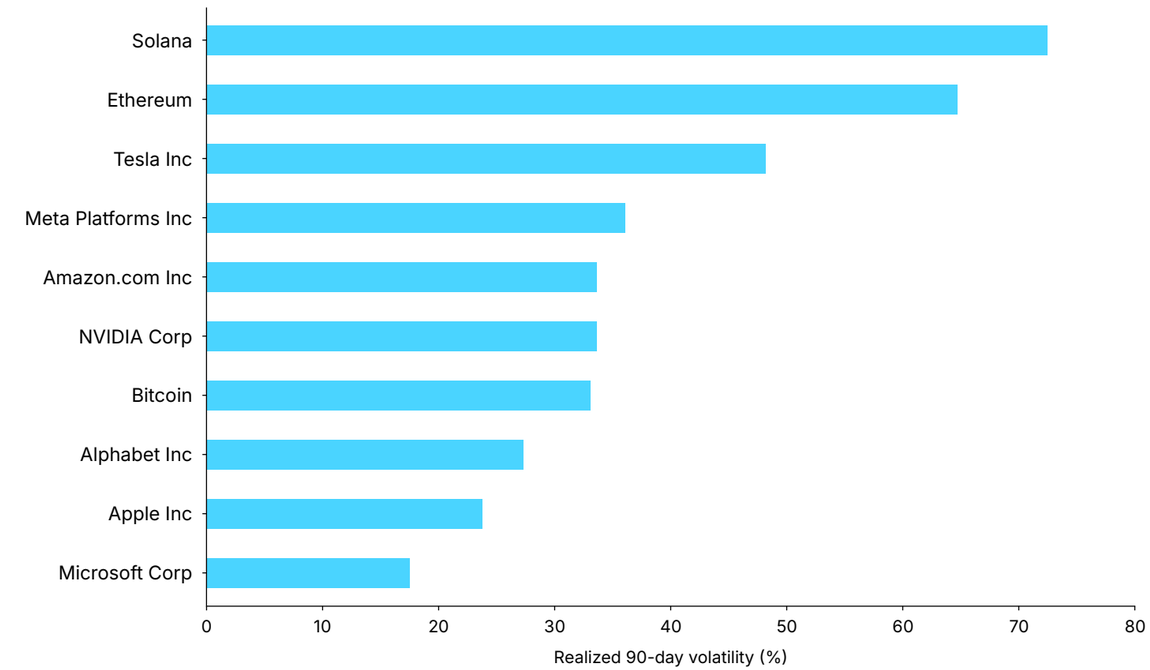
To put bitcoin's risk profile into perspective, it helps to view the world's largest cryptocurrency alongside some of the world's largest stocks. When analyzing the 90-day realized volatility of the Magnificent Seven, bitcoin falls between NVIDIA Corp and Alphabet Inc (Figure 4).

Figure 3
Bitcoin realized volatility vs. BTC price



Source: Bloomberg Finance, L.P., as of November 7, 2025. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

Figure 4
90-day volatility among the Magnificent Seven

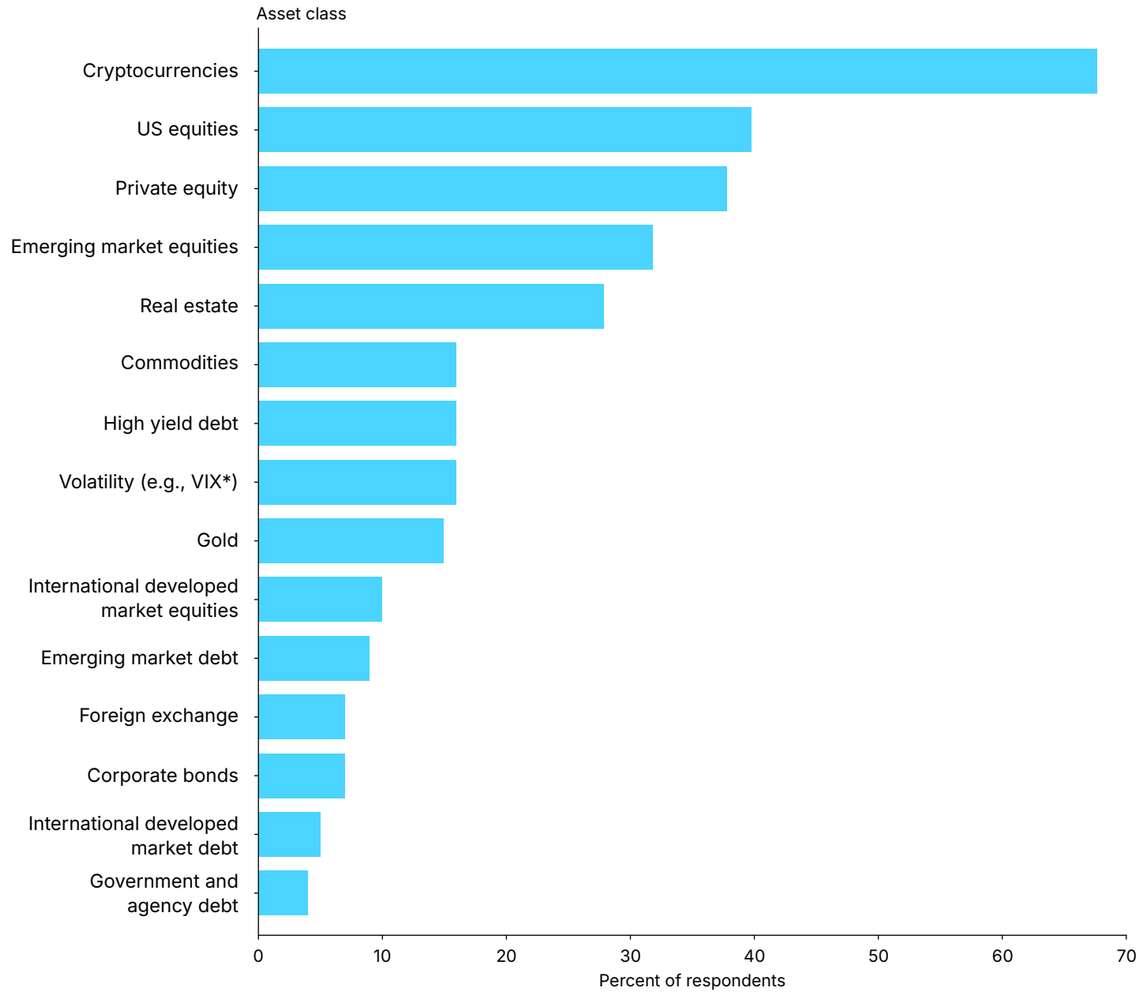


Source: Bloomberg, as of November 11, 2025. Based on 90-day realized volatility. **The performance data quoted represents past performance. Past performance does not guarantee future results.** References to specific company stocks should not be construed as recommendations or investment advice. The statements and opinions are subject to change at any time, based on market and other conditions.

Favorable risk-adjusted returns

Moreover, institutional sentiment toward cryptocurrencies is shifting. Nearly 70% of institutions see cryptocurrencies as one of the biggest opportunities to generate attractive-risk adjusted returns in the next three years, ahead of both US and private equity (Figure 5).

Figure 5
Most institutional investors see big opportunities in crypto



Source: Increasing Allocations in a Maturing Market: 2025 Institutional Investor Digital Assets Survey, January 2025, EY-Parthenon and Coinbase. Question asked: "Thinking about the next three years, in which asset classes do you see the biggest opportunities to generate attractive risk-adjusted returns? Please select top 3.

Institutional investor involvement

Arguably the most significant accelerant behind the recent—and future—adoption of financial digital assets is the increasing involvement of institutional investors. Newly approved products, like digital asset ETFs, are behind the recent momentum.

As a result, concerns around regulatory uncertainty are beginning to fade; 60% of institutional investors expressed a preference for gaining exposure to crypto through registered vehicles, where the underlying asset is cryptocurrency, rather than acquiring spot crypto directly.[13] 64% of retail investors are already investing in digital assets or digital asset-related products.[14]

$3.5 T

The total market capitalization of the cryptocurrency market—6% of the size of the S&P 500[15]

Diversification and new investment opportunities

Over the past six years, equities have exhibited an unusually high correlation with bonds (0.47),[16] prompting many investors to seek new avenues for diversification.

Tokenized assets, particularly those tied to alternative funds, are emerging as a promising diversification strategy. In an EY-Parthenon and Coinbase survey, 57% of respondents said they were interested in investing in tokenized assets, particularly alternative funds, to drive diversification.[17]

Historically, asset managers have focused on tokenizing money market funds and Treasurys. The tides may be shifting though—40% of asset managers are interested in tokenizing their own assets, particularly private funds and real estate.[18] Tokenized assets may not only enhance portfolio diversification, but also continue to expand access to traditionally illiquid and exclusive markets.

Market maturation

Cryptocurrencies themselves are not new, nor are ETFs as an investment vehicle. However, the ability to gain crypto exposure through an ETF wrapper is a novel concept that has already driven sizable inflows. Year-to-date bitcoin ETF inflows reached $24.78 billion through November 7, 2025.[19]

This development could have long-term implications and eventually pan out to be a watershed moment, laying the groundwork for additional funds that offer a wider assortment of crypto assets. And while it's still early in the adoption cycle for digital assets and blockchain technology, artificial intelligence (AI) could accelerate growth exponentially and may even help accelerate blockchain adoption by leveraging synergistic value chains.

The role of digital assets in a portfolio

To date, digital assets have played a speculative role in most portfolios, but there are signs of stabilization. For most investors, digital assets would comprise only a small portion of a well-diversified portfolio, with the goal of complementing core holdings and potentially improving its overall performance.

Practical portfolio applications for digital assets

Enhancing portfolio diversification and resilience

Cryptocurrencies like bitcoin and ether have exhibited lower correlations with traditional asset classes such as stocks, bonds, and real estate. This may help hedge against market-specific downturns, potentially increasing portfolio resilience while helping reduce overall susceptibility to price fluctuations.

Managing impact of inflation and monetary policy

In an environment of increasing money supply, inflation is a prevalent, ongoing concern. By holding bitcoin, investors may be able to strategically offset the impacts of inflation in a portfolio.

Unlike fiat currencies, bitcoin cannot be endlessly printed or mined—it has a capped supply of 21 million coins. This built-in scarcity has helped bitcoin earn the nickname "digital gold," with many investors viewing it as a deflationary asset and dependable store of value. Like gold, bitcoin has exhibited a negative correlation with the US dollar since 2018.[23]

Bitcoin/S&P 500 correlation[20]	**0.43**
Bitcoin/US Agg correlation[21]	**0.21**
Bitcoin/US REITs correlation[22]	**0.40**

Participating in emerging technologies

Blockchain, smart contracts, tokenization—these are undoubtedly some of the most cutting-edge and innovative concepts of the 21st century. Investors can likely expect an increasing number of funds will offer exposure to these technologies, which are disrupting industries and creating entirely new markets in the process.

Dive further into tokenization

Tokenization of assets is revolutionizing ownership—turning real-world assets into secure, tradable digital tokens for faster, fractional investing. Find out how.

For example, Ethereum's blockchain supports a self-contained ecosystem of DApps, revolutionizing sectors like healthcare. Patient data, for instance, is prone to data breaches and corruption; blockchain can help not only improve patient data security but also prevent counterfeit pharmaceuticals and streamline clinical trials, thanks to an immutable and timely authentication process.

Positioning for long-term growth

In the last five years, the total crypto market cap has increased nearly 2131%, from $156.9 billion to over $3.5 trillion.[24] No one can promise that level of return going forward, but innovation tends to go hand in hand with long-term performance, historically.

Digital assets are rapidly evolving and increasingly integrating into the investment ecosystem. Investors with a long-term outlook may be able to position their portfolios to ride the coattails of this asset class's maturation and advancement. To manage risk and volatility, though, it's important to balance digital assets with more stable, conventional investments as well.

Accessing new markets

Certain markets and asset classes, such as private equity and credit, have ordinarily been reserved for a smaller subset of wealthy individuals and institutional investors. Digital assets are challenging that norm.

Through tokenization, assets like real estate, art, and even venture capital can be fractionally owned and traded on global platforms. For instance, certain platforms tokenize equity in startups, enabling a broader range of investors to invest in early-stage companies alongside traditional VCs.[25]

Gaining satellite exposures

Investors with traditional, lower-risk portfolios can leverage digital assets as a satellite allocation. This strategy allows investors to complement their core holdings with the potential upside of digital assets—either directly or indirectly—without disproportionately increasing their portfolio's overall risk exposure.

Ways to gain investment exposure to digital assets

Just as there are many different types of digital assets, there are many ways to gain exposure to this unique class of investments. Popularity does not imply simplicity—digital assets present unique risks and challenges. And so, it's imperative for investors to perform due diligence and research before stepping into this market.

Figure 6
Ways to gain digital asset exposure

Exposure type	Definition	Examples	Key stat
Direct ownership	Investments in spot, lending, or derivative products on exchanges	• Cryptocurrencies • Stablecoins • Security tokens	6.8% of the global population owns cryptocurrencies[26]
Indirect exposure	Investments in fund structures	• Exchange traded vehicles, such as digital asset ETFs	$160B+ combined assets for US spot bitcoin and ether ETFs[27]
Venture investing	Investments in early-stage companies that are building the new financial ecosystem	• Crypto-native venture capital (VC) firms • Traditional VC firms • Crypto exchanges venture units	$115B capital invested in crypto VC (2017–2025)[28]
Public equities	Investments in established companies that are either participating in or contributing to the ecosystem	• Strategy (formerly MicroStrategy) • Circle • Coinbase	$63B combined market cap of crypto-related companies that have IPOed in the US in 2025[29]

What's on the horizon for digital assets?

Anna Paglia, Chief Business Officer for State Street Investment Management, sat down with **Mike Novogratz**, CEO of Galaxy Asset Management, for an incisive conversation on why digital assets may hold the power to further democratize finance and economies in the years to come.*

*The interview took place in November of 2024

Anna: What's next on the horizon for the digital asset ecosystem? As adoption of digital assets accelerates, what impacts do you think might surprise people?

Mike: Blockchains underpin the entire digital asset ecosystem and have the potential to upgrade our financial rails, creating a faster, more accessible, and equitable economic system.

At the core of this transformation are stablecoins—digital currencies pegged to traditional assets, like the US dollar. They provide the price stability necessary for everyday transactions and cross-border payments. Similar to how stablecoins and other tokenized assets will modernize the movement of money, decentralized finance (DeFi) will transform financial services.

DeFi platforms are offering traditional financial services—lending, borrowing, insurance—without intermediaries. And the potential implication is significant: A more open and inclusive financial system, where anyone with an internet connection can access capital markets without the toll takers.

The real innovation here is how smart contracts on blockchain can automate and streamline these services. DeFi introduces new ways to generate yield, manage risk, and deploy capital, all while reducing friction and cost. We're at the early stages of this evolution, but DeFi—and blockchains—are poised to democratize finance in ways we haven't seen before.

> **"We're at an inflection point where digital assets are becoming integral to the future of finance. The institutions that recognize this and move early will capture market share and innovation. Those that don't? They may face challenges to catch up or risk becoming obsolete."**

Anna: What needs to happen for digital assets to go mainstream? How do investment vehicles like the ETF wrapper help?

Mike: The upcoming Great Wealth Transfer is one of the most significant economic events of our time. As baby boomers age, approximately $84 trillion in wealth is set to move to younger generations, primarily millennials and Generation Z, over the next two decades.[30]

This unprecedented shift in capital represents not only a transfer of wealth but a transformation in how that wealth will be managed, invested, and grown.

For institutions, this moment presents a strategic opportunity. Digital assets are primed to become a mainstream component of the investment landscape—those who recognize and adapt to this change may be well-positioned for the future.

> **"We're at the early stages of this evolution, but DeFi—and blockchains—are poised to democratize finance in ways we haven't seen before."**

But a few things still need to happen. Clear, consistent regulation is essential for digital assets to be treated as legitimate financial instruments. Once a comprehensive regulatory framework is established, traditional financial players can engage with this asset class more confidently and at scale.

The good news is we've seen great progress on the regulatory front in 2024. With the approval of spot bitcoin and Ethereum ETFs earlier this year—and with the increased availability of funds delivering targeted exposure to blockchain companies and crypto futures—investors can now access digital assets through familiar and regulated financial products.

These products offer a secure, compliant pathway for investors to enter the market and to gain exposure to the digital asset ecosystem, without navigating the complexities of managing private keys or setting up wallets.

Anna: How should TradFi institutions be thinking about adapting their offerings to tap the potential of digital assets and why?

Mike: Adapting means more than just adding bitcoin or Ethereum to balance sheets—it's about understanding how blockchain can enhance core financial services by offering enhanced transparency, auditability, and security on-chain.

Settlement times, for example, can be reduced from days to minutes. Costs associated with intermediaries can be slashed. Whether it's for payments, trading, or capital markets, blockchain technology streamlines these processes in ways traditional infrastructure can't match.

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We're at an inflection point where digital assets are becoming integral to the future of finance. The institutions that recognize this and move early will capture market share and innovation. Those that don't? They may face challenges to catch up or risk becoming obsolete.

One approach traditional firms have taken is partnering with established digital assets firms that have been innovating in this space for years. Firms like Galaxy have already built up the infrastructure and expertise required to navigate the digital asset ecosystem during every part of the market cycle.

> **"With the approval of spot bitcoin and Ethereum ETFs earlier this year—and with the increased availability of funds delivering targeted exposure to blockchain companies and crypto futures—investors can now access digital assets through familiar and regulated financial products."**

Anna: How might increased access to, and stability of, digital assets impact the way people save, invest, and plan for their financial futures?

Mike: In regions facing high inflation, stablecoins can offer a lifeline. Inflation erodes people's life savings, acting as a wealth destroyer by reducing the purchasing power of local currencies. This devaluation can wipe out years of hard-earned savings and make it increasingly difficult for individuals to preserve their wealth.

In fact, in the first half of 2024, the value of stablecoin settlements surpassed $2.6 trillion, exceeding the payment volumes of established networks like Visa and Mastercard. This demonstrates that stablecoins are not just a niche corner of the digital asset ecosystem; they are competing directly with legacy payment systems due to their significant advantages, including faster transaction speeds, lower costs, and 24/7 availability.

Stablecoin regulation in the US

Learn more about a key piece of US stablecoin legislation—and how it could drive their adoption further.

Stablecoins provide an alternative that could potentially shield individuals and businesses from the damaging effects of inflation, allowing them to protect and preserve their purchasing power. In addition, stablecoins are increasingly being used to construct robust payment systems on crypto rails, streamlining cross-border transactions and remittance payments, while also bringing costs down. The average transaction cost of sending remittances using stablecoins stands at 0.5% to 3% of the transfer amount, far lower than the 6.35% average cost of sending $200 through traditional payment networks.[31]

This demonstrates that stablecoins aren't just a niche corner of the digital asset ecosystem; they are competing directly with legacy payment systems due to their significant advantages, including faster transaction speeds, lower costs, and 24/7 availability.

Moreover, bitcoin plays a crucial role in this evolving financial landscape. As the original cryptocurrency, bitcoin has established itself as a potential store of value and a long-term hedge against inflation thanks to its fixed supply and ongoing adoption by institutional and retail investors alike.

> **"For institutions, this moment presents a strategic opportunity. Digital assets are primed to become a mainstream component of the investment landscape—those who recognize and adapt to this change may be well-positioned for the future."**

And I believe that adoption will only accelerate with advancements in blockchain, as the ecosystem strengthens, and as access to crypto assets broadens via regulated investment vehicles like the ETF.

The age of digital assets is only beginning

For investors seeking to position themselves at the forefront of financial innovation, digital assets may present a compelling case, especially as the market continues to mature.

The increasing involvement of institutional investors, coupled with the advent of a regulatory framework, suggests that digital assets are gradually evolving from speculative instruments into a legitimate asset class—one that offers unique opportunities for diversification, potentially outsized risk-adjusted returns, and greater access to previously illiquid markets.

Digital assets education

Explore the fundamentals, trends, and strategies shaping the future of digital assets.

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Considerations before investing

Digital asset risks

All investments involve some level of risk. Digital assets are no different. Here are a few that are common with this asset class.

- **Volatility:** Although their volatility has declined, digital assets are still prone to dramatic price swings. Consequently, while investor portfolios may experience significant gains, they could also suffer substantial losses, emphasizing the need for a clear understanding of risk tolerance and proper asset allocation
- **Liquidity:** Major cryptocurrencies like bitcoin and ether can generally be traded quickly and within a reasonably tight spread.[32] However, new or lesser-known digital assets may be less liquid and, therefore, difficult to buy or sell in real time, especially during periods of market stress
- **Cybersecurity:** Digital assets are inherently susceptible to cybersecurity risks. Market manipulation, pump-and-dump schemes, rug pulls, hacking, and fraud can result in the loss of assets, necessitating the use of secure, reputable exchanges and platforms
- **Knowledge and accessibility gaps:** Digital assets (and their underlying technology) aren't exactly straightforward. Investing in these assets without the required knowledge can lead to poor investment choices and increased vulnerability to scams. Moreover, the accessibility of digital assets varies across different regions and platforms, meaning some investors may face legal or logistical barriers to entry

Due diligence and research

Whether you plan to buy digital assets directly or gain indirect exposure through funds, the investment adage stands: **know what you own and know why you own it.**

Understanding the differences between crypto versus blockchain is just the beginning. Investors must deepen their understanding and determine a valid investment case for each asset. To help you conduct due diligence, consider the following questions:

- What is the asset's historical performance?
- How has it performed in different market conditions (e.g., bull vs. bear markets)?
- What are the growth drivers for this market?
- Who are the founders and key team members behind the digital asset? What are their backgrounds, credentials, and track record in the industry?
- What is the underlying technology? And does it solve a real problem or offer a unique value proposition?
- Who are the main competitors and/or what are the alternatives to this digital asset?
- Are there any red flags, such as unresolved legal issues or regulatory concerns?

It's also vital to weigh the portfolio implications of the digital assets you target.

- Does this align with my risk tolerance?
- What is my investment horizon for this asset?
- How does this incorporate into my portfolio?
- How liquid is this asset?

Frequently asked questions

Still have questions? Here’s a quick FAQ covering the most common things investors ask us about digital assets. If you don’t find what you’re looking for, reach out to our team; we’re here to help.

What is the digital asset ecosystem?

The digital asset ecosystem refers to the interconnected network of digital assets, technologies, and services that facilitate the creation, storage, exchange, and management of these assets. This ecosystem includes various digital assets like cryptocurrencies, non-fungible tokens (NFTs), tokenized real estate, and digital securities, as well as the infrastructure supporting them, such as blockchain platforms and decentralized finance (DeFi) protocols. The digital asset ecosystem enables seamless financial transactions, innovative investment opportunities, and more efficient business processes.

What is an example of a digital asset?

An example of a digital asset is cryptocurrency, such as bitcoin or Ethereum. However, digital assets examples also include non-fungible tokens (NFTs), tokenized real estate, and tokenized securities. These assets exist entirely in digital form and are secured using technologies like blockchain. Understanding what is a digital asset can be helpful to navigating the evolving financial landscape.

How does the digital asset ecosystem differ from just investing in crypto?

While cryptocurrencies are a significant part of the digital asset ecosystem, the ecosystem encompasses much more. In addition to crypto, the ecosystem includes tokenized securities, tokenized assets, NFTs, and blockchain infrastructure. To better understand crypto vs. blockchain, it's important to know that blockchain is the underlying technology supporting a wide range of digital assets, not just cryptocurrencies. Investing in the digital asset ecosystem offers broader exposure to emerging technologies and markets, compared to focusing solely on crypto.

How do digital assets differ from traditional investments?

Digital assets differ from traditional investments like stocks and bonds in several ways. Unlike traditional investments, digital assets are often supported by blockchain technology, which can provide greater transparency and decentralization. They also offer new avenues for fractional ownership, global accessibility, and near-instant transfers. In contrast, traditional assets are typically tied to centralized financial institutions and are subject to more regulatory oversight.

Is crypto a digital asset?

Yes, crypto is a type of digital asset. Cryptocurrencies like bitcoin and Ethereum are among the most well-known digital assets, but they are just one category within the broader digital asset landscape. Fully understanding digital assets means recognizing that crypto is just one component of the entire ecosystem, alongside other assets like NFTs and tokenized securities.

Why are institutional investors focusing on digital assets?

Institutional investors are increasingly focusing on digital assets due to their perceived high growth potential, diversification benefits, and ability to provide exposure to emerging technologies like blockchain. As more institutional players enter the market, the legitimacy and adoption of financial digital asset investments grow, driving long-term value and innovation in the space.

What role does blockchain technology play in the future of digital assets?

Blockchain technology is the backbone of the digital asset ecosystem. It provides the decentralized infrastructure needed to create, transfer, and securely store digital assets. Blockchain can support transparency, immutability, and trust in digital transactions, which are crucial for the future of digital assets.

How do digital assets contribute to the evolution of the financial market?

Digital assets are transforming the financial market by enabling more efficient, transparent, and accessible transactions. Through tokenization, fractional ownership, and decentralized finance (DeFi), digital assets can help reduce barriers to entry and unlock new investment opportunities. As digital assets integrate with traditional financial systems, they'll likely drive innovation, improve liquidity, and democratize access to wealth-building tools.

What trends indicate that digital assets are here to stay?

Several trends suggest that digital assets are here to stay, including the growing adoption of blockchain technology, increasing institutional investment, and the expanding use cases for tokenization and decentralized finance (DeFi). Regulatory advancements and greater integration with traditional financial platforms also indicate that digital assets are becoming a permanent fixture in the global economy.

What industries are driving the adoption of digital assets?

Industries driving the adoption of digital assets include IT, finance, real estate, media, and tech-related services. Financial services lead in digital securities and DeFi, while the real estate industry is exploring tokenized properties. The media, gaming, and art sectors are pioneering NFTs, showcasing the diverse applications of digital assets across different sectors.

What role will tokenization play in the future of investing?

Tokenization allows the representation of tangible and intangible assets as digital tokens, which can enable broader participation in investments. By converting assets like real estate, art, and commodities into digital tokens, tokenization increases liquidity and accessibility. This shift is poised to revolutionize the investment landscape, making traditionally exclusive assets available to a global audience.

Are digital assets a safe long-term investment for the average investor?

While digital assets offer potential growth, they also come with volatility and regulatory uncertainty. For the average investor, a diversified approach within the digital asset ecosystem can help manage risks. As the market matures and regulations improve, digital assets may become appropriate for some long-term investors.

What are the most common types of digital assets for beginners?

For beginners, the most common digital assets include major cryptocurrencies like bitcoin and Ethereum. But for investors looking to invest in the broader digital asset ecosystem versus spot crypto assets, indirect investing options—crypto-related ETFs, crypto mining stocks, blockchain technology stocks, and crypto-related businesses—may be a reasonable choice for investors looking to dip their toes in the water.

Why are digital assets important in today's economy?

Digital assets are becoming increasingly important due to their ability to enable faster, more efficient, and more transparent financial transactions. They may offer new investment opportunities and financial tools that are influencing traditional economic models. As blockchain technology and decentralized finance gain traction, digital assets are set to play a crucial role in the global economy.

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19 CoinMarketCap.com, Bloomberg Finance, L.P., as of November 10, 2025. Market cap evaluated from January 31, 2020-October 31, 2025. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

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Glossary

Altcoin: Any cryptocurrency other than bitcoin.

Bitcoin: A peer-to-peer digital currency created in 2009 that offers the promise of lower transaction fees than traditional online payment mechanisms. Unlike government-issued currencies, bitcoin is run and 'regulated' by its own users using a technological infrastructure called a "blockchain." Bitcoin was created by someone whose identity has not yet been verified who goes by the name of Satoshi Nakamoto.

Blockchain: A blockchain is a distributed ledger with growing lists of records (blocks) that are securely linked together via an algorithm. This public ledger records all transactions that have ever been executed on that blockchain. Blockchains are constantly growing, as completed 'blocks,' or transactions, are added in a linear, chronological order. Every computer connected to the bitcoin network gets a copy of the blockchain which, in theory, makes the whole system more secure as more computers, or "nodes", become part of the blockchain.

Cryptocurrency: Cryptocurrency, or crypto, is a digital currency designed to work as a medium of exchange or store of value through a blockchain network that is not reliant on any central authority, such as a government or bank, to uphold or maintain it.

Decentralized finance (DeFi): Financial services that operate with blockchain technology to facilitate transactions directly between participants. DeFi uses blockchain and peer-to-peer networks to facilitate financial services like lending, staking, and trading. DeFi services operate without a central authority.

Ethereum: A decentralized blockchain platform that enables programable financial transactions through smart contracts. It supports a wide range of financial applications, including decentralized finance (DeFi) services like lending, borrowing and trading without intermediaries. Ethereum's native cryptocurrency, Ether (ETH), is used to pay for transaction fees and services on the network, and the platform operates on a Proof of Stake (PoS) system to validate and secure transactions.

Exchange: The marketplace where securities, commodities, derivatives and other financial tools such as ETFs are traded. Exchanges, such as stock exchanges, allow for fair and orderly trading and efficient circulation of securities prices. Exchanges give firms looking to market publicly listed securities the platform to do this.

Exchange traded fund (ETF): An ETF is an open-ended fund that provides exposure to underlying investment, usually an index. Like an individual stock, an ETF trades on an exchange throughout the day. Unlike mutual funds, ETFs can be sold short, purchased on margin and often have options chains attached to them.

Futures: Financial contracts that obligate buyers and sellers to buy or sell an asset—often physical commodities or financial instruments—at a predetermined future date and price. Futures contracts also stipulate the quality and quantity of the underlying asset and are standardized to facilitate trading on a futures exchange. Some futures call for physical delivery; others are settled in cash.

Futures exchange: A central marketplace where futures contracts, options or other derivatives are traded.

Non-fungible token (NFT): A unique digital identifier that is recorded on a blockchain and used to certify ownership and authenticity. It cannot be copied, substituted, or subdivided. NFT ownership is recorded in the blockchain and can be transferred by the owner, allowing NFTs to be sold and traded.

Proof of work (PoW): A consensus mechanism used by many blockchains, including bitcoin, where miners compete to solve cryptographic puzzles to validate transactions and create new blocks, earning bitcoin in the process. Bitcoin follows a PoW structure to validate transactions.

Proof of stake (PoS): An mechanism where validators on a blockchain are chosen to create new blocks based on the number of coins they hold and are willing to "stake" as collateral.

Smart contract: A self-executing contract with the terms of the agreement directly written into code. These digital contracts execute automatically once certain terms and conditions are met.

Stablecoin: A type of cryptocurrency that is pegged to a stable asset, such as a fiat currency like the US Dollar or a commodity like gold.

Tokenization: The process of converting rights to an asset into a immutable digital token on a blockchain. Tokenization often involves issuing digital tokens to represent ownership of an asset. Tokens are usually immutable and tradable.

Important risk information

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