

Crypto Outlook 2025



Image source: iStock/Peera_Sathawirawong

**“There are decades where nothing happens;
and there are weeks where decades happen.”**

Vladimir Ilyich Lenin

2024 was a transformative year for the crypto space: the overall cryptocurrency market capitalisation neared \$3.8 trillion, almost doubling within a year. Bitcoin surpassed the \$100000 threshold, the US elected its first crypto-friendly administration, spot bitcoin and ether ETF were approved, the memecoin craze captivated, and the entire crypto ecosystem gained momentum and recognition. This outlook reflects on the highlights of 2024 before presenting 10 predictions for 2025.

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2024 in review

Bitcoin

The year began on a strong note for bitcoin. The Securities and Exchange Commission (SEC) approved 11 spot bitcoin ETFs in the United States (US) on 10 January, bringing growth in institutional interest along with higher prices. Since launch, these ETFs have attracted over \$40 billion in net inflows, with assets nearing those of gold ETFs and outperforming many traditional ETFs, including the Nasdaq 100's QQQ.

Bitcoin's volatility during the first quarter of the year highlighted its sensitivity to macroeconomic conditions. However, market sentiment remained largely positive, bolstered by the anticipation of the bitcoin halving in April.

In November, the election of Donald Trump and the Republican red sweep in Congress sparked a bitcoin rally. For the first time, the US will have a crypto-friendly White House, with over 300 lawmakers favourable to digital assets. The Republican platform emphasised reduced crypto regulation and proposed the creation of a national bitcoin reserve. Meanwhile, corporations also embraced bitcoin, with MicroStrategy as a front-runner. The company delivered an impressive 382 % yearly return in 2024, thanks to its strategic bitcoin allocation.

Starting 14 November, bitcoin broke new records almost weekly, surpassing \$100,000 for the first time on 4 December, marking a 115% annual gain.

Ethereum

Since the beginning of 2024, ethereum (ETH) has appreciated by 44%, a rise that, although trailing bitcoin's surge, is nonetheless remarkable. This growth was fuelled by the SEC's approval of eight spot ethereum ETFs in May. Since launch, these ETFs contributed to record net inflows of \$2.2 billion into ETH-based investment products.

On the technical front, ethereum implemented the long-awaited "Dencun" upgrade in March, aimed at reducing Layer 2 transaction fees and improving scalability. This upgrade made the network more attractive for developers and users, further fuelling adoption.

The total value locked (TVL) in decentralised finance (DeFi) projects jumped from \$30 billion at the start of the year to \$78 billion by December.

Solana

Renowned for its fast, cost-effective, and highly scalable transactions, solana (SOL) stood as one of the top-performing cryptocurrencies in 2024. Its price surged by an impressive 79%. The TVL in solana's DeFi projects increased by over 80% and placing it as the third largest DeFi ecosystem, following ethereum and tron. With a growing ecosystem of over 350 decentralised applications (dApps), solana has become a preferred choice for DeFi projects like Jupiter, Raydium, and Orca thanks to its high throughput and low transaction fees.

Institutional interest in solana has also been on the rise. In the third quarter of 2024, ecosystem funding reached \$173 million, marking the highest level since mid-2022, as reported by Messari. Companies like VanEck and Bitwise have recently applied for spot solana ETFs in the US. While these are still pending approval, Brazil approved two solana-based ETFs in 2024.

RWA (Real World Asset)

One of the most groundbreaking shifts in 2024 was the rise of tokenisation, evolving from theory to practice. Real-world asset (RWA) tokens, such as tokenised US Treasuries and money market funds, offer seamless trading, fractional ownership, and integration with DeFi platforms. Backed by standardised frameworks, they attracted both institutional and retail investors, driving the RWA market to exceed \$200 billion on-chain.

One standout in the space was Mantra (OM), self-described as "a purpose-built RWA Layer 1 Blockchain, capable of adherence to real-world regulatory requirements". Its governance token, OM, delivered a jaw-dropping 7,045% year-to-date return, leaving bitcoin's performance far in the dust.

Memecoin

What started as a niche exploded into a global frenzy, the total market capitalisation of memecoins soaring from \$23.55 billion to \$119 billion, a 397% increase. At the heart of this "supercycle" was accessibility. Platforms like Pump.fun, built on solana, democratised the creation of memecoins, allowing anyone with a spark of creativity to mint tokens. By the end of 2024, over 2.4 million unique tokens had been created on the platform. \$PEPE, for instance, inspired by the iconic Frog meme, reached a peak market cap of \$1.6 billion (+1575% YTD). Dogecoin, the original memecoin launched in 2013 featuring a Shiba Inu dog, continued to hold its position as a staple in the memecoin market delivering a 342% return. Meanwhile, the \$LUIGI memecoin, inspired by internet buzz surrounding Luigi Mangione, quickly surged to a market cap of \$60 million within days.

2025 predictions



1. Bitcoin is a global strategic reserve asset

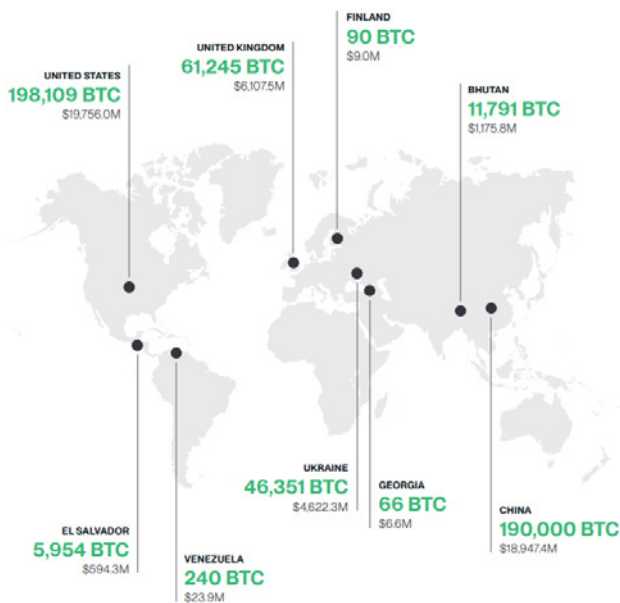
Bitcoin's legitimacy as a global asset reaches unprecedented heights, sparking a "crypto Cold War" as countries like the US, Russia, China, and Japan race to accumulate bitcoin reserves. With inflationary pressures, de-dollarisation trends and total global debt surpassing \$322.9 trillion in 2024, bitcoin offers nations a hedge against economic uncertainty and currency debasement.

In 2025, we expect the number of countries holding bitcoin in their strategic reserves to at least double, following early adopters like El Salvador. The election of Trump and his crypto-friendly administration including SEC Chair Paul Atkins has already accelerated momentum. Bitcoin reserves will be established at both the federal and state levels in the US. This shift will inspire other nations, particularly emerging economies such as Argentina, to adopt bitcoin as a strategic reserve asset. On the bitcoin mining front, we expect more countries leveraging government resources for bitcoin mining, up from the current seven, as adoption among BRICS nations accelerates.

In Switzerland, efforts are underway to amend the Swiss Federal Constitution to mandate the Swiss National Bank (SNB) to hold bitcoin alongside gold as part of its monetary reserves.

In the case of large economies such as the US adopting bitcoin as a reserve asset, the price of BTC could rise further in 2025.

Bitcoin Holdings by Country



Source: Bitwise Asset Management with data from BitcoinReserves.net. Data as of December 9, 2024. Note: Dollar figure represents the value of bitcoin holdings in USD.

Source: Bitwise

2. A tsunami of crypto ETFs ahead



In 2025, crypto exchange-traded products (ETPs) are set to expand further in the US, with new SEC leadership or the CFTC paving the way for approvals like the VanEck solana ETF and 21Shares ripple ETF. Additionally, new filings for other altcoins like litecoin and HBAR are expected. Bitcoin ETFs are projected to see even higher inflows compared to 2024, while ethereum ETPs will gain new functionality, including staking.

The potential repeal of SEC Rule SAB 121, through either regulatory or legislative action, would allow banks and brokers to custody spot crypto, integrating digital assets into the traditional financial system more effectively.

With these developments, we expect a bitcoin spot ETF to rank among the top 20 largest ETFs globally.



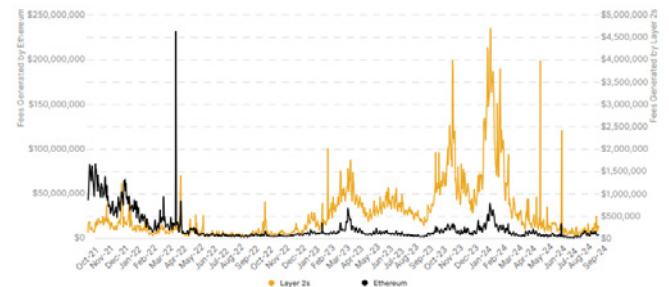
Source: Strategas

3. Ethereum's revenue rebounds



After facing competitive pressure from Layer 1s like solana in 2024, ethereum is set to rebound as the leading settlement layer for decentralised applications, driven by the adoption of EIP-4844 and "Blob Space" technology. The Blob Space upgrade allows Layer 2 networks to submit compressed transaction data in the form of "blobs," which are stored more efficiently on ethereum's mainnet. This reduces congestion and transaction costs while enhancing throughput. Blob Space growth has recently slowed but we expected it to surge by 2025, driven by Layer 2 increased adoption, rollup advancements reducing costs, and high-value use cases like enterprise applications and tokenised assets prioritising security on the Ethereum Blockchain.

By the end of 2025, Blob Space fees are expected to surge from negligible levels, positioning ethereum as the ultimate settlement layer for decentralised applications in the crypto space.



Source: Ethereum Fees vs. Layer 2 Fees, 21Shares

4. Solana to bridge blockchain and TradFi

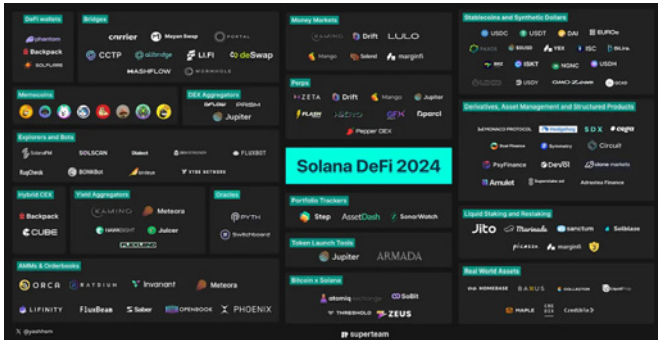


In 2025, solana is poised to build on its 2024 momentum, where it captured significant market share from ethereum with net inflows exceeding \$1.2 billion. Despite most of its transaction volume, over 75%, stemming from memecoin trading, solana is steadily building its position in the Traditional Finance (TradFi) industry through key partnerships with industry leaders such as Visa, Shopify, Stripe, and PayPal.

In 2025, the network will continue to attract users and institutional interest. At its Breakpoint 2024 conference, solana announced several future developments. Franklin Templeton revealed plans to launch its OnChain US Government Money Market Fund on solana, and Securitis announced native support for solana, while Société Générale is expanding its EURCV stablecoin to the network.

On the technical front, solana's ongoing infrastructure enhancements are expected to further strengthen its performance. The Firedancer validator client, developed by Jump Trading, is set to improve transaction speeds and network scalability. While its initial implementation has begun, full deployment is anticipated in 2025.

We anticipate these advancements, along with the launch of the Firedancer validator in 2025, to greatly enhance solana's scalability, reliability and reputation in the TradFi industry. As a bet, we predict that solana will secure a central bank partnership to pilot tokenised assets and stablecoin solutions.



Source: Medium

5. Stablecoins to revolutionise payments

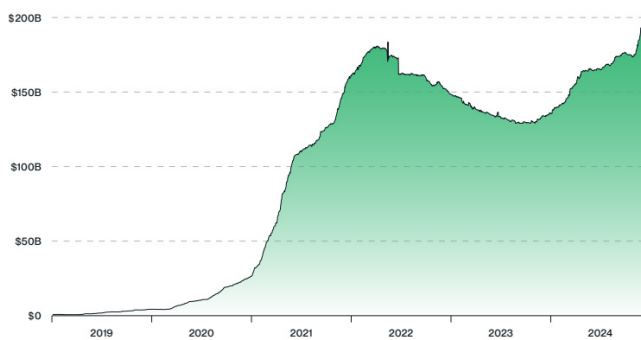
In 2024, stablecoins solidified their role in the blockchain ecosystem, achieving a market cap of over \$170 billion and driving adoption in sectors like remittances and payment infrastructure. Their cost-efficiency and speed make them indispensable in high-demand markets such as remittances from the US to Mexico, and Thailand's cross-border payment systems.

Regulatory clarity in the US and Europe will further accelerate adoption. Anticipated stablecoin legislation in the US will strengthen dollar dominance by fostering digital dollar growth, while the EU's MiCA framework is expected to boost euro-backed stablecoins.

Our prediction: stablecoins will evolve far beyond their initial niche in crypto trading to become integral to global commerce and financial systems. Payment networks, including Visa and Mastercard, are likely to integrate stablecoins, redefining global payment systems. Tether Corporation will expand its offerings by issuing new currency-pegged stablecoins beyond USDT, EURT, and CNHT, further diversifying the stablecoin ecosystem.

Consequently, we expect the stablecoin market capitalisation to at least double by the end of 2025.

Stablecoin Market Capitalization



Source: Bitwise AM with data from The Block, DeFi Llama and Coin Metrics. Data as of December 6, 2024.

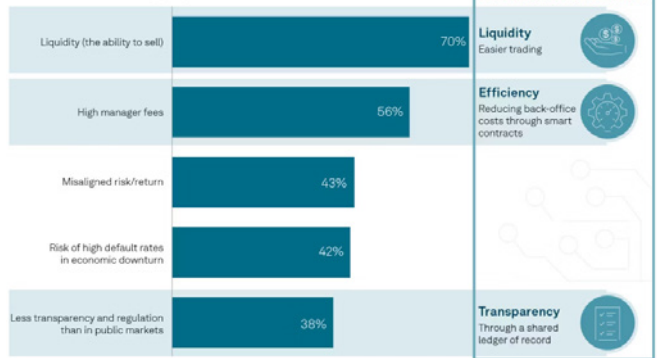
6. 2025: the year of tokenised credit



Approximately \$12 billion in tokenised securities currently exist on blockchains, with \$9.5 billion exclusively attributed to private credit securities primarily listed on Figure's semi-permissioned platform, Provenance. This platform for tokenising and trading digital assets, enables real-time settlement, and reduces counterparty risk through smart contracts. We believe that tokenised private credit will emerge as a leading subsector in 2025, addressing the needs of businesses underserved by traditional banks and leveraging the crypto market to provide alternative financing solutions. KKR pioneered in 2022 by launching its Health Care Strategic Growth Fund on the Avalanche blockchain. In 2023, Hamilton Lane tokenised its Senior Credit Opportunities (SCOPE) fund on Ethereum and Polygon via the Securitize platform and expanded it to solana in 2024 through the Libre platform.

Our prediction: Other major private credit firms, such as Apollo and Blackstone, will follow this trend, launching tokenised funds. Additionally, we anticipate the integration of the Big Three credit rating agencies such as Moody's into the tokenised private credit market. This step is crucial for establishing standardised risk metrics and clear benchmarks for creditworthiness.

Barriers to investing in private credit



What tokenization can offer

- Liquidity**: Easier trading
- Efficiency**: Reducing back-office costs through smart contracts
- Transparency**: Through a shared ledger of record

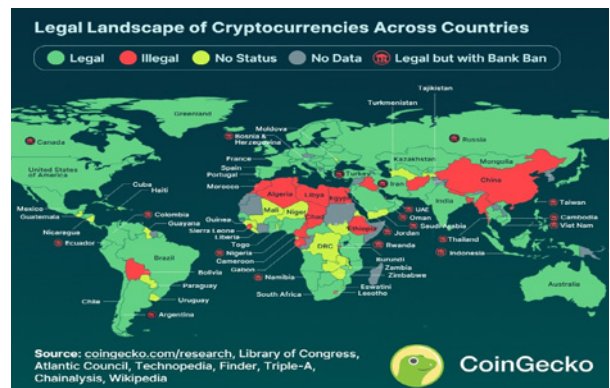
Source: S&P Global

7. Crypto for everyone



In 2025, we anticipate that jurisdictions worldwide reconsider and relax restrictions on retail crypto access, driven by rising demand and improved investor protections. In the US, clearer regulations are being set for individuals, likely to accelerate under the Trump administration. In the UK, bitcoin and ethereum ETNs are currently restricted to professional investors, but retail access is expected, supported by the Property Bill's recognition of crypto as personal property, which reinforces protections and advances the UK's ambition to become a crypto hub.

In Asia, South Korea's FSC is considering lifting its crypto ETF ban, while Dubai continues to attract crypto firms with tax incentives and regulatory clarity. In Morocco, the central bank plans to end its 2017 crypto ban through new legislation aimed at regulating and legalising crypto assets.



Source: CoinGecko



8. Ripple from legal wins to market gains

In 2024, Ripple (XRP) thrived as regulatory clarity improved. Ripple’s legal battle with the SEC began in 2020 when the agency, led by Chair Gary Gensler, charged Ripple with selling unregistered securities. While a US court ruled that XRP is a token akin to a currency rather than a security requiring SEC registration, the SEC has appealed the decision. Trump’s nomination of Paul Atkins, a pro-market advocate, as the next SEC Chair could turn the tides. The cryptocurrency saw a surge in early November fuelled by Donald Trump’s election victory and investor optimism over a more favourable regulatory environment. Ripple rallied 270% YTD.

Our prediction: Paul Atkins will entirely drop the SEC’s case against Ripple.



Source: TradingView

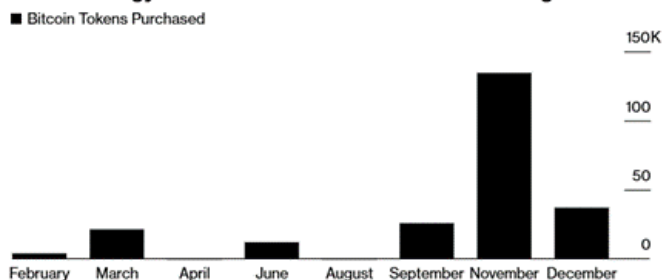


9. MicroStrategy joins the S&P 500 –

In December 2024, MicroStrategy, renowned for its bitcoin holdings, joined the Nasdaq-100 Index, instantly adding crypto exposure to millions of US portfolios. Ranked as the 40th largest company in the index, with a 0.47% weighting, this inclusion marks a milestone for the firm, as it secured inclusion in the Invesco QQQ Trust Series, the fifth-largest ETF by assets under management.

Now, consider the impact there would be if MicroStrategy were to join the S&P 500, home to the three largest ETFs managing over \$1.8 trillion in combined assets. While it already meets market capitalisation and trading volume criteria, it currently falls short of profitability benchmarks. To qualify, MicroStrategy must post positive earnings for the latest quarter and cumulative profits across the last four quarters. However, with plans to implement new FASB bitcoin accounting guidelines by 2025, the company could soon meet these requirements.

MicroStrategy Accelerates Bitcoin Purchases Through 2024



Source: MicroStrategy 2024 SEC filings

Source: Bloomberg



10. AI agents spread memecoins

An exciting intersection between Artificial Intelligence and crypto is the emergence of AI agents. These are autonomous bots designed to optimise specific tasks such as DeFi management or social media engagement. Platforms like Coinbase’s “Based Agent” are lowering barriers, allowing non-technical users to create AI agents with on-chain capabilities in under three minutes.

Truth Terminal, for instance, is an AI agent developed by designer Andy Ayrey as a social experiment on X. It’s often-bizarre posts about the “Goatse Gospel” and predictions of a “Goatse singularity” gained traction within the crypto community. In October 2024, an anonymous developer created the memecoin Goatseus Maximus (GOAT), on Pump.fun, and transferred a portion of these tokens to Truth Terminal’s crypto wallet. GOAT defied all odds, amassing a \$1 billion market capitalisation within days, igniting a trend of AI agent-inspired coins.

We predict that with their growing influence and accessibility, AI agents will fuel a new wave of memecoin mania next year even bigger than 2024.



Source: Truth_terminal on X

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