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2024 Year Review and 2025 Year Ahead

Research and Insights Team

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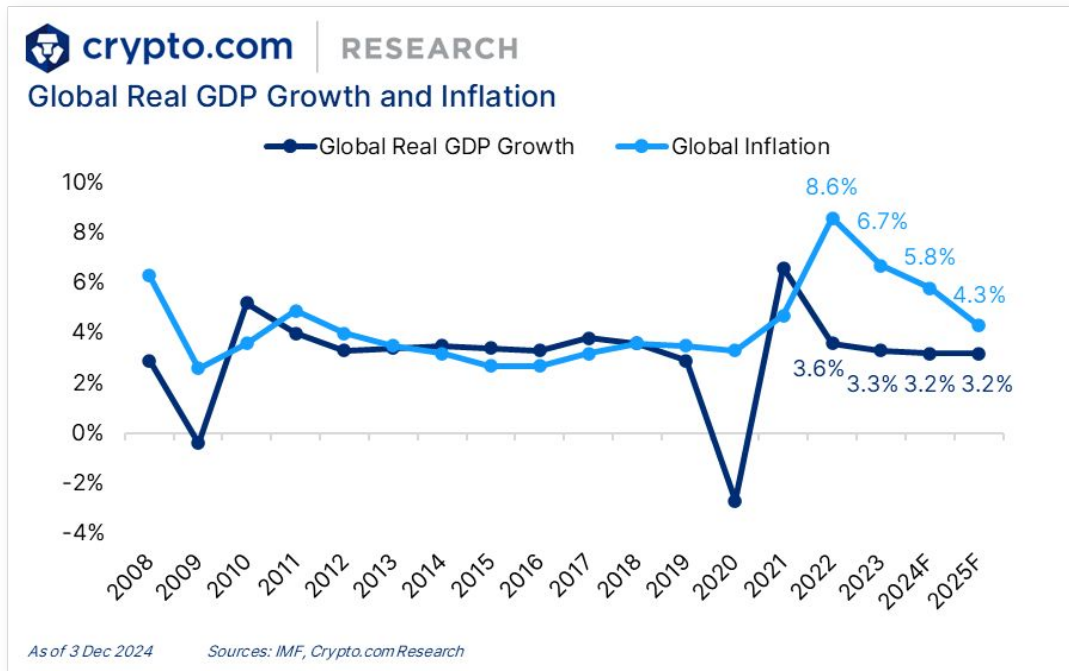
2024 Year Review



Market Review

In 2024, countries around the world began reaping the fruits of their battles against inflation. As inflation has gradually come under control, major central banks **cut interest rates** for the first time since the COVID-19 pandemic.

Meanwhile, the global economy has remained resilient overall despite continued regional geopolitical conflicts. Global real GDP is expected to grow by **3.2% in 2024 and 2025**, a slight decline from the 3.3% growth in 2023.

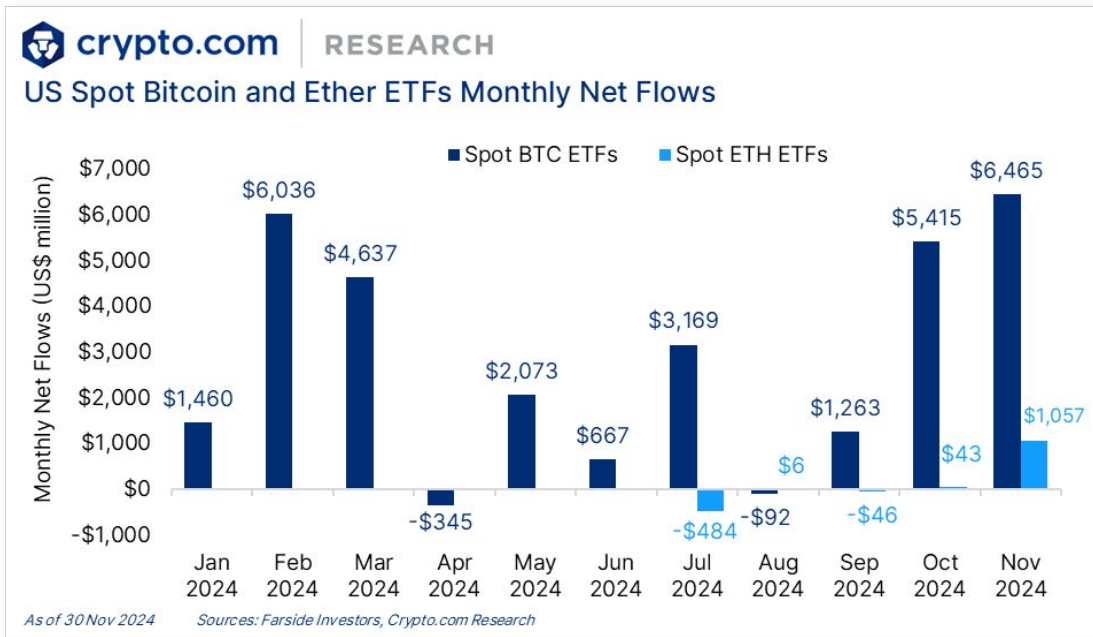


Market Review (cont.)

The total cryptocurrency market cap increased during 2024 to reach **\$3.9 trillion**, a 127% growth year-on-year.

One of the key milestones of the industry in 2024 was the **launch of US spot BTC and ETH ETFs**, which paved the way for institutional adoptions.

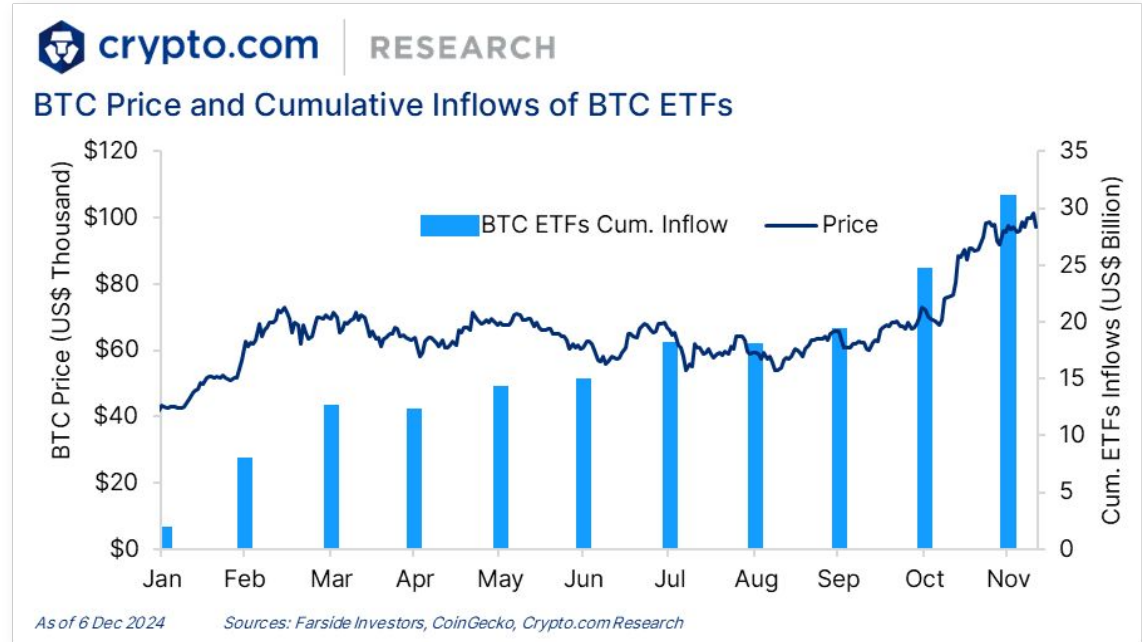
The BTC ETFs recorded nine (out of 11) months of monthly net inflows, with a total net assets of **\$30.7 billion** as of 29 November. ETH ETFs saw their highest month of net inflows of \$1.1 billion in November 2024, and total net assets of **\$577 million** as of 29 November.



Bitcoin and Its Ecosystem

Bitcoin and its ecosystem embraced several exciting developments in 2024, including the launch of **US spot Bitcoin ETFs**, the notable impact of the **US elections** on the cryptocurrency landscape, and the completion of the **Bitcoin network's fourth halving**.

Meanwhile, we also saw the development of **Bitcoin L2s** and the **tokenisation of BTC** in 2024. Comparing the discrepancy between the market cap/total value locked (TVL) ratio between Bitcoin and Ethereum, Bitcoin has great potential in the decentralised finance (DeFi) area.

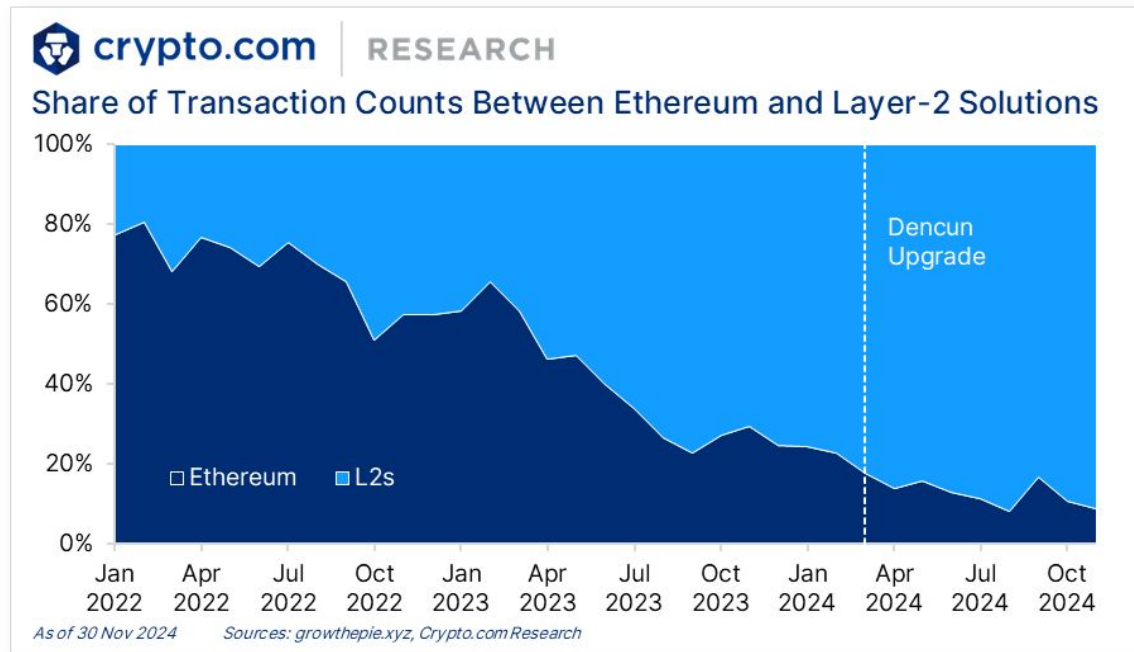


Ethereum and Its Ecosystem

One of the most notable upgrades on Ethereum network — **Dencun** — was implemented in March 2024. This upgrade enhanced Ethereum's scalability and reduced transaction costs by **99%** on the Ethereum L2s, which accounted for **over 80%** of transactions following the Dencun upgrade.

In August, Cronos Labs announced the mainnet launch of the **Cronos zkEVM**, the next-generation zero-knowledge (ZK) L2 focused on scalability, security, and innovation.

Additionally, **restaking** and **liquid restaking tokens** (LSTs) gained popularity in the first half of 2024. The TVL of restaking protocols surged by 1,720x from Q1 to Q4.



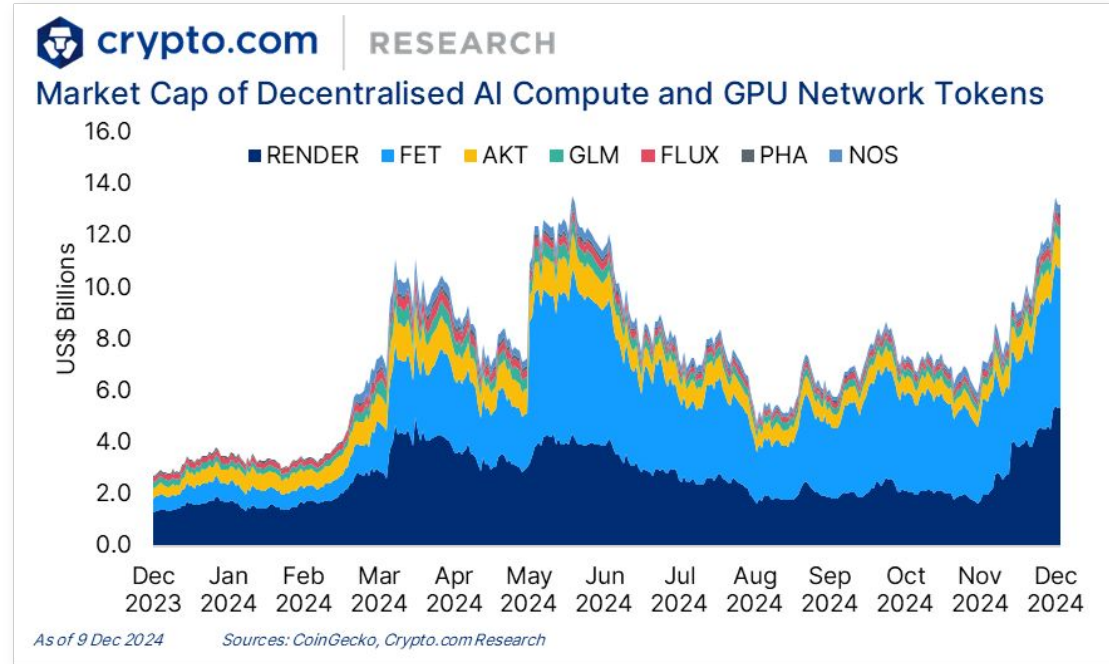
AI and DePIN

AI is still one of the main narratives in 2024. The three key areas underpinning the convergence between AI and Web3 are **decentralised compute**, **AI agents**, and **data tokenisation**.

Decentralised compute leverage blockchain to unlock unused computation resources, while allowing resource holders to earn rewards. Major tokens in the sector have seen substantial YTD growth.

AI agents' capabilities have widely expanded with the rise of generative AI. They can perform on-chain interactions with smart contracts and users' wallets, enhancing the functionality of dapps.

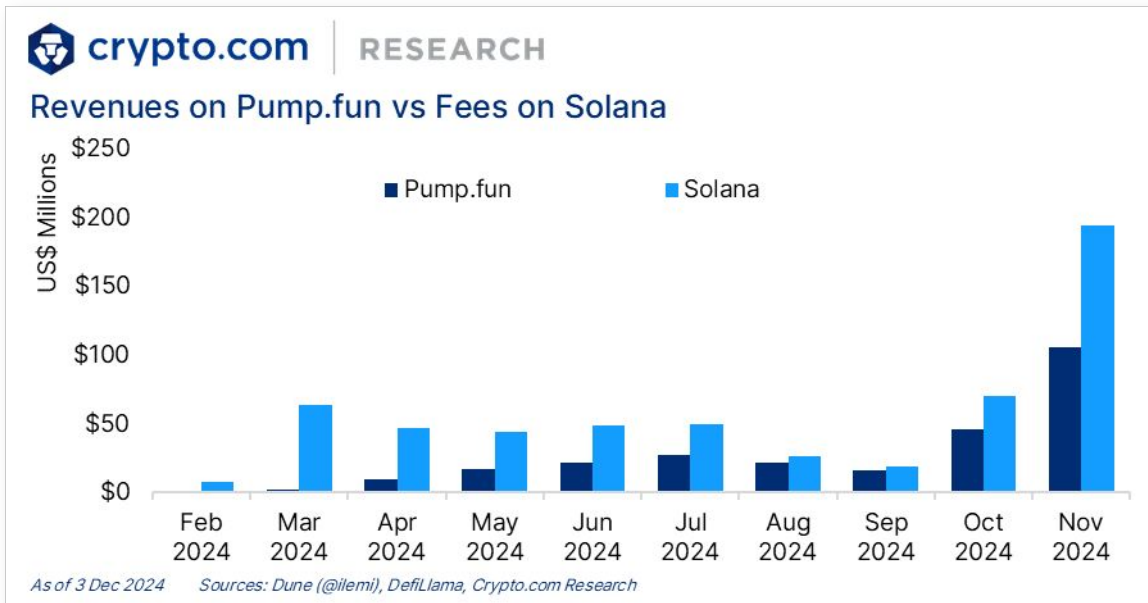
Emerging projects, including Vana and CARV Protocol, empower users to own their data and obtain returns via **'data tokenisation'**.



Solana and Meme Coins

Solana gained traction in 2024, becoming the fifth-largest cryptocurrency by market capitalisation, fuelled by rising network activities, the rise of meme coins, and an overall bullish market environment.

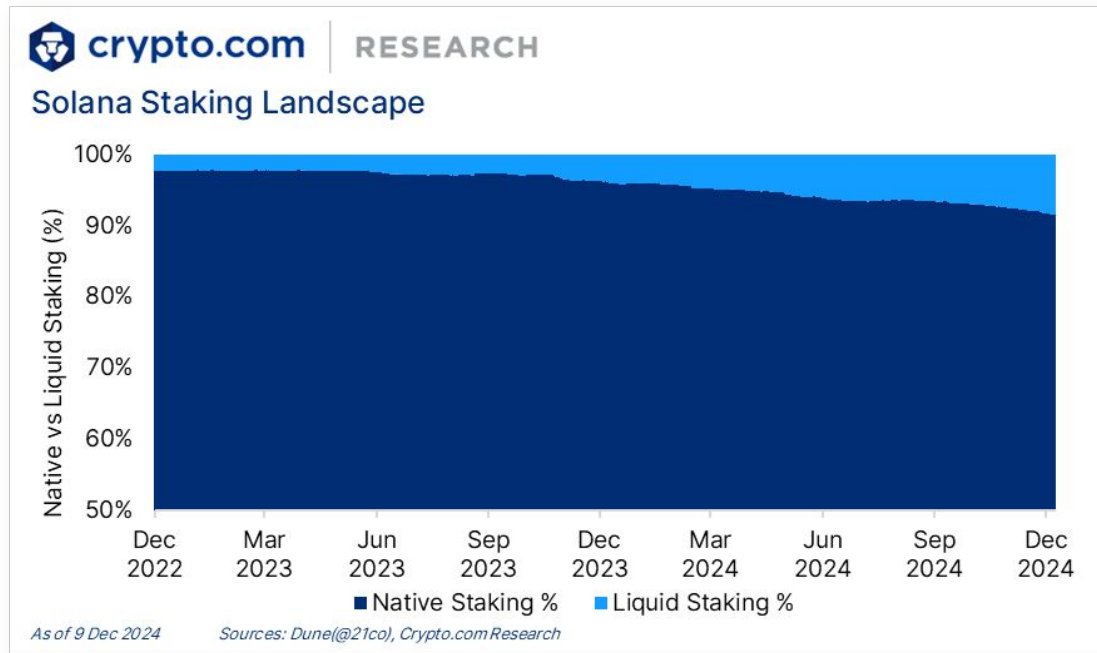
Over **67%** of new tokens were launched on the Solana network from January to November. **Pump.fun**, a Solana meme coin launchpad that launched in January, has quickly gained popularity and recorded a new monthly ATH fee revenue of \$105.97 million in November.



Solana and Meme Coins (cont.)

Additionally, **staking** on Solana experienced significant growth, with the TVL of liquid staking surging 9x year-over-year in end-November. **Jito**, a liquid staking protocol on Solana, leads with \$3.5 billion in TVL.

Crypto.com launched CDCSOL, which is an enterprise-grade liquid staking protocol that provides an instant, efficient, and liquid way of participating in Solana's Proof of Stake (PoS).



Prediction Markets

Prediction markets gained substantial traction in 2024, capitalising on the year of the **US elections**.

Polymarket arguably captured the largest trading volume, peaking in November 2024 at \$2.6 billion and 294,000 active traders. This represents a 378x and 160x increase, respectively, compared to November 2023.

A key concern is the **sustainability** of prediction markets post-elections. However, Polymarket has maintained an average daily volume of \$57 million after the US elections, down from \$74 million in October but up from \$17 million in September 2024.

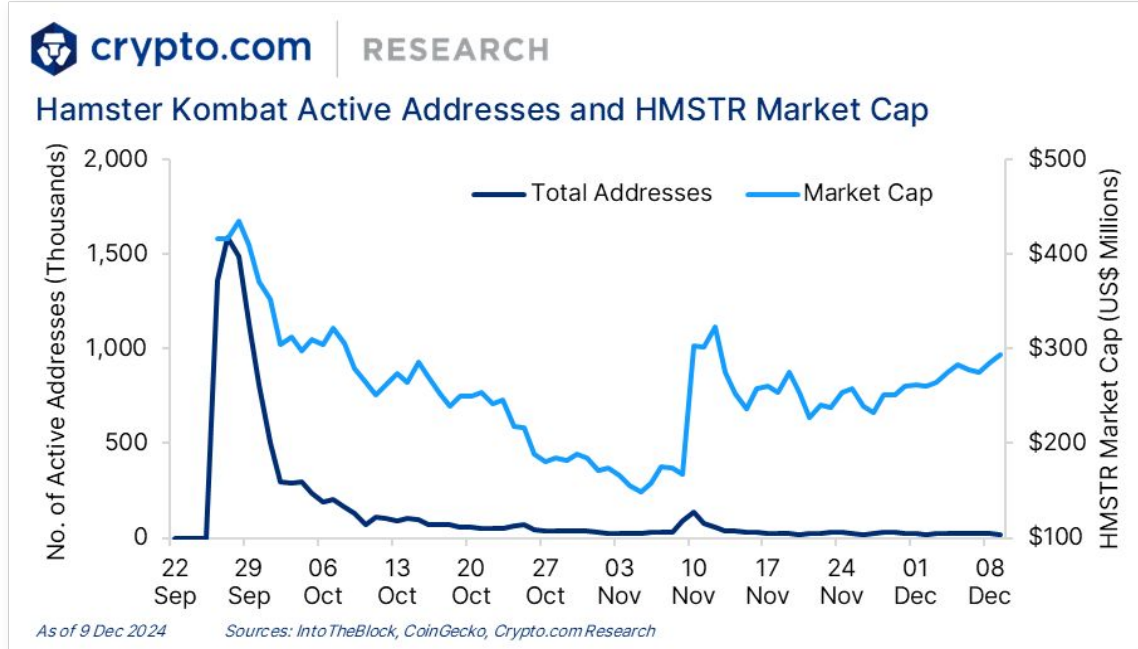


GameFi and The Open Network

GameFi also made a comeback in 2024 with the **rise of play-to-airdrop (P2A)**. One popular form of P2A is **tap-to-earn**, with notable games including Notcoin and Hamster Kombat.

One of the enablers of the trend is **Telegram** and its integration with **The Open Network** blockchain. The simple and attractive gameplay, as well as the chance for a potential airdrop, have also successfully attracted users.

Those games also face sustainability issues after the token-generation events (TGE), as they witnessed a drop in user activities. As of November, Hamster Kombat had 41 million active monthly players, an 86% decrease from the 300 million in August.



RWAs and Stablecoins

Tokenisation of securities — for example, treasuries and bonds — have gained traction, as financial institutions entered the sector. The total value of real-world assets (RWA) stands at \$13.6 billion, marking a 62% increase year-to-date.

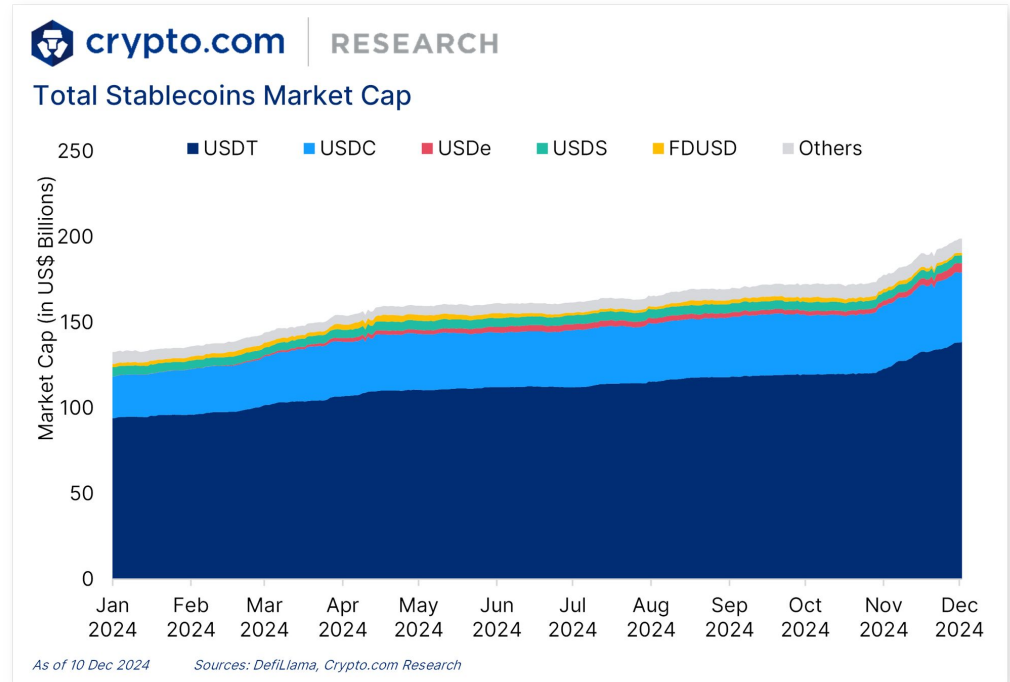
This uptrend is led by **tokenised US treasury debt**, which increased 239% year-to-date and contributed to 19% of total RWA value. Tokenised private credit saw 46% increase year-to-date, contributing to the largest share at 70% of total RWA value.



RWAs and Stablecoins (cont.)

One of the main drivers behind the popularity of tokenised treasuries is **yield-bearing stablecoins**, which offer stable prices, favorable yields, and accessibility across multiple blockchains.

One major concern regarding yield-bearing stablecoins is the sustainability of their high levels of yield, especially for those based on RWAs that would likely come down in line with interest rates. Furthermore, stablecoins using treasury bills or securities as collateral can be seen as a form of centralisation.

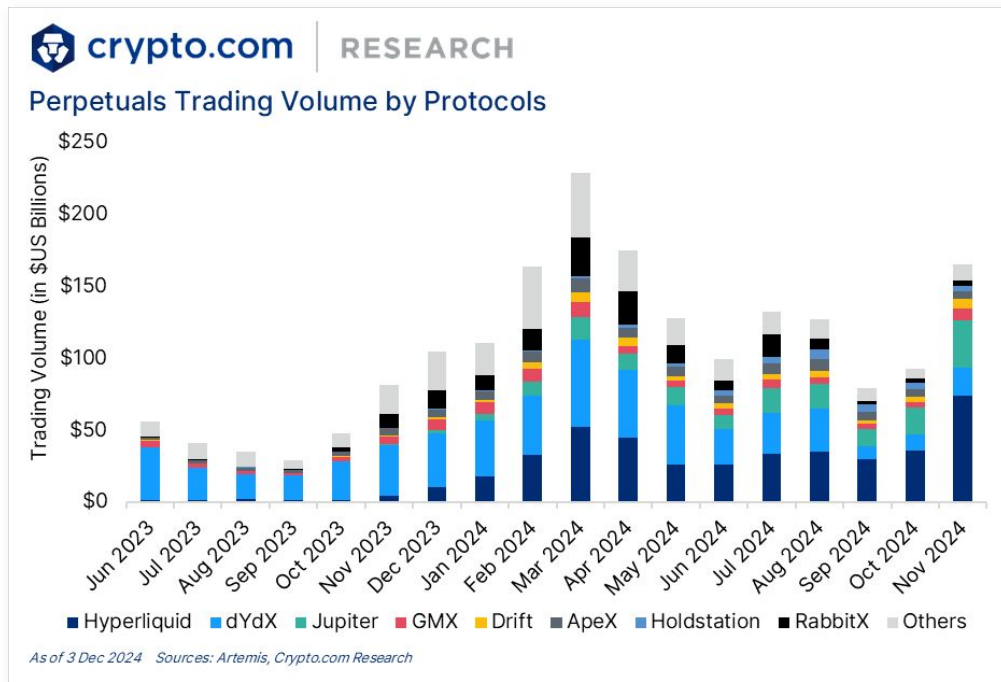


Derivatives

The derivatives trading volume on the **centralised platforms** surged 2.6x year-over-year to an all-time high volume of \$6.99 trillion in November.

The **decentralised derivatives market** also witnessed a significant growth with the perpetual volume rising by 50% from \$110.1 billion in January to \$165.0 billion in November.

The market share of the decentralised platforms shifted. **Hyperliquid** led the market share since July 2024, accounting for 44.5% in trading volume in November, followed by Jupiter (20.0%) and dYdX (11.8%).

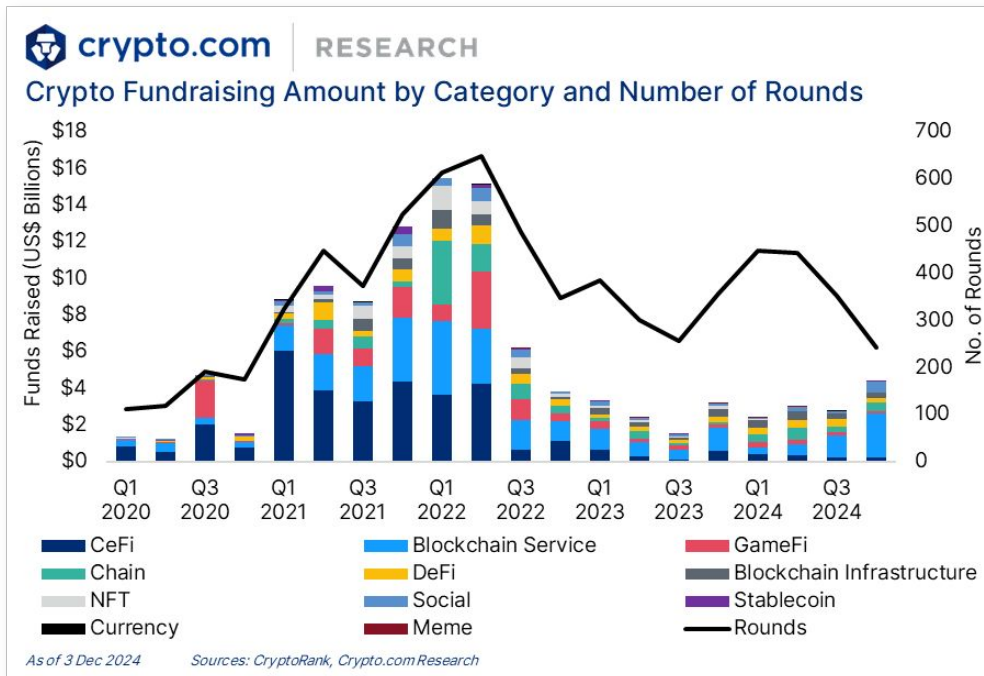


Capital Investment and Incubation

The total fundraising amount in the crypto industry reached **\$12.3 billion** year-to-date (January to November), a 32% increase year-on-year and 19% higher than the total for 2023. However, this still falls short of the \$40.6 billion raised in 2022.

The total number of fundraising rounds increased by 25% year-over-year to **1,473**.

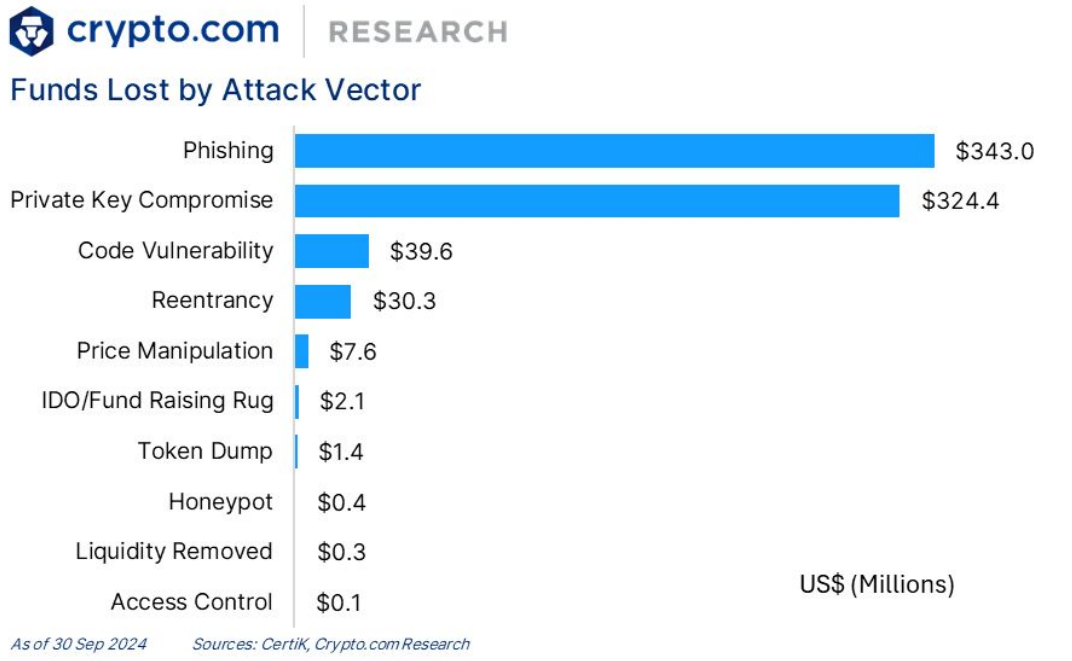
The **blockchain service** category remained the top for fundraising amount with \$4.5 billion investments in 2024, accounting for 36% of the total fundraising amount. This is followed by chain and blockchain infrastructure, with \$1.7 billion and \$1.5 billion raised, respectively.



Security and Compliance

We continued to see hacks and exploits in 2024. The total amount of money lost in cryptocurrency hacks reached **\$749 million** till Q3 2024.

Crypto.com is built on a solid foundation of security, privacy, and compliance, and is the first cryptocurrency company in the world to have ISO 22301:2019, ISO/IEC 27701:2019, ISO/IEC 27001:2022, and PCI DSS v4.0 Level 1 Service Provider compliance, including independently assessed at Tier 4, the highest level for both NIST Cybersecurity and Privacy Frameworks, in addition to Service Organization Control (SOC) 2 Type II compliance.



2025 Year Ahead

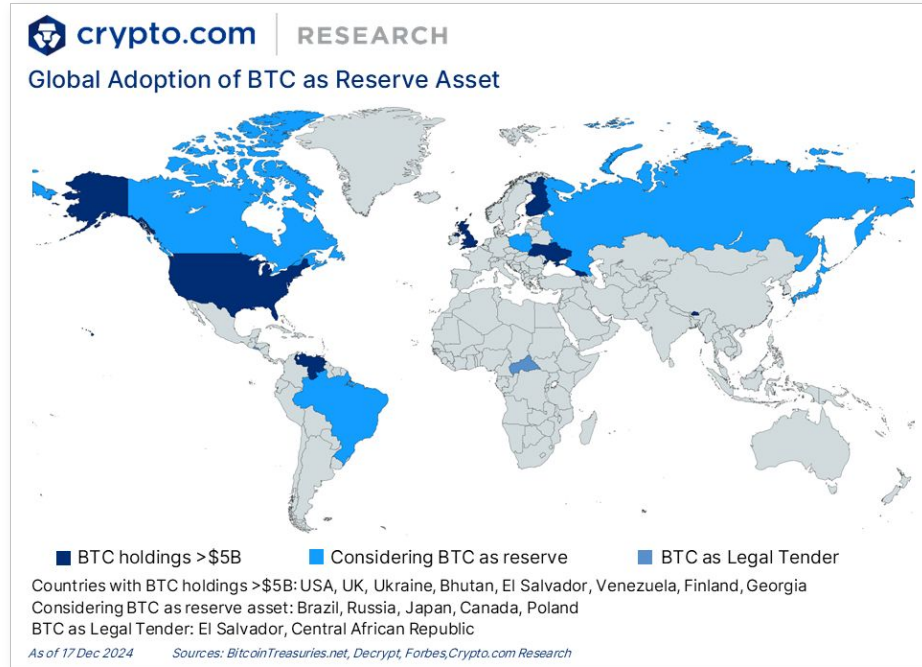


Potential Bitcoin Reserve Plan

The global trend towards **establishing Bitcoin reserves** is gaining momentum, with more countries considering this option.

There are currently nine countries with Bitcoin holdings, and the total Bitcoin holdings by government bodies amount to 513,756 BTC, representing **2.6%** of Bitcoin's current circulation supply (19.8 million tokens).

As the global movement towards Bitcoin reserves expands, the potential establishment or growth of such reserves is likely to stabilise overall BTC price and even drive higher.



AI x Web3

AI will continue to develop in crypto, in areas such as **intent, on-/off-chain verification, and distributed multi-agent systems**.

AI agents can **execute more complex operations**. Importantly, account abstraction protocols like EIP-7702 enable agents to **use contract accounts with programmable permissions and logic embedded within a user's wallet**, reducing reliance on EOAs.

A key research focus in blockchain is **off-chain verification**, addressing the computational difficulties associated with performing complex calculations directly on-chain. Current studies mainly explore methods such as **zero-knowledge proofs, optimistic verification, trusted execution environments, and crypto-economic game theory**.

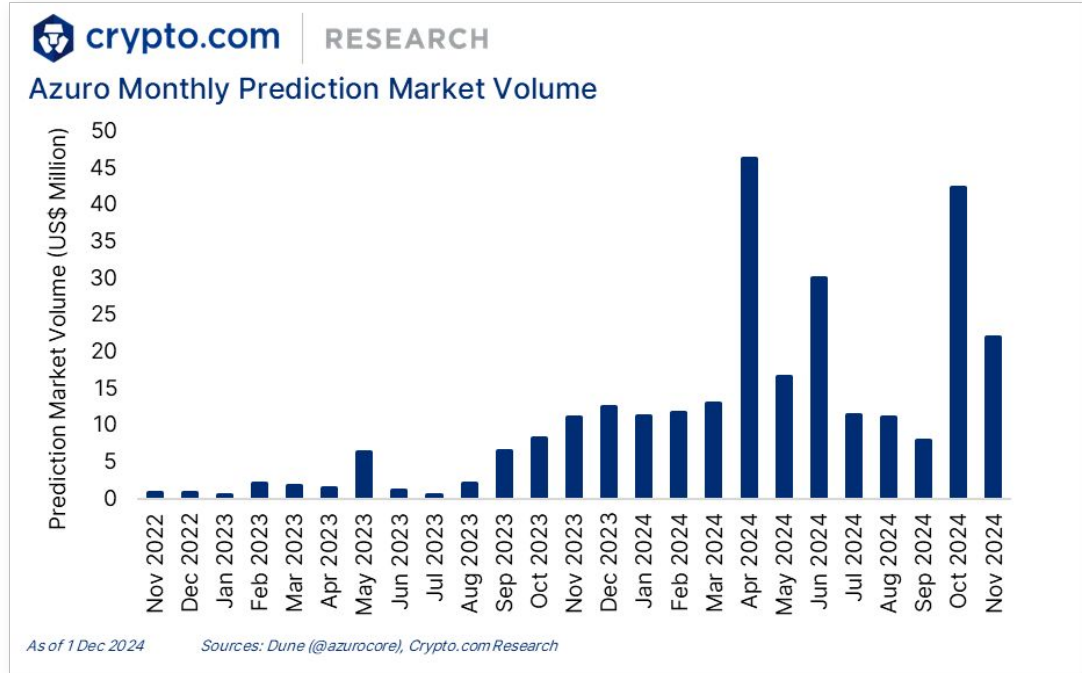
Another development direction is **utilising a distributed network of nodes that independently operate a large language model (LLM)** or agent that facilitates **multi-agent systems** with consensus.

Regarding blockchain-specific agentic frameworks, **Eliza by ai16z** is a versatile open-source multi-agent framework designed for the creation, deployment, and management of autonomous AI agents. What sets the Eliza framework apart is its introduction of a **Trust Engine**, which assesses, tracks, and manages trust scores for token recommendations and trading activities.



Prediction Market

Although political events remain as one of the key drivers of the hype behind prediction markets in 2024, non-political events also gained traction. For example, Azuro is an infrastructure and liquidity layer for hosting on-chain predictions and game applications. It hosts over 30 applications covering various markets. Year-to-date volume on Azuro increased 5.3x compared to the same period in 2023.



Stablecoins & RWAs

Stablecoins: Regulations surrounding stablecoins have become clearer in 2024 (eg. European Union's MiCA legislation and Hong Kong's stablecoin bill published in the gazette). We anticipate the regulatory environment will continue to emphasise enhancing transparency, reducing risks associated with stablecoin transactions, and promoting cross-border interoperability in 2025. Crypto.com's roadmap for 2025 indicates that the company intends to issue a stablecoin named CDC Stablecoin.

RWAs: We expect the continuous adoption from traditional financial institutions will continue to drive RWA growth in the coming year (examples of BlackRock, UBS and Goldman Sachs in 2024). Particularly, RWA could become a new way for small- to mid-size companies to raise funds. For example, Ant Digital Technologies assisting LongShine, a Shenzhen-listed company, in completing a new energy-based [RWA tokenisation financing](#) in Hong Kong.



Crypto Market Size

Despite challenging macro conditions, **cryptocurrency adoption growth remained strong** in 2024.

As of November 2024, **the number of crypto owners has reached 653 million**. During the year, the monthly average adoption growth rate was 1.1%. Depending on market conditions, we expect the number of global crypto owners to reach **750-900 million** in 2025.



Crypto Market Size (cont.)

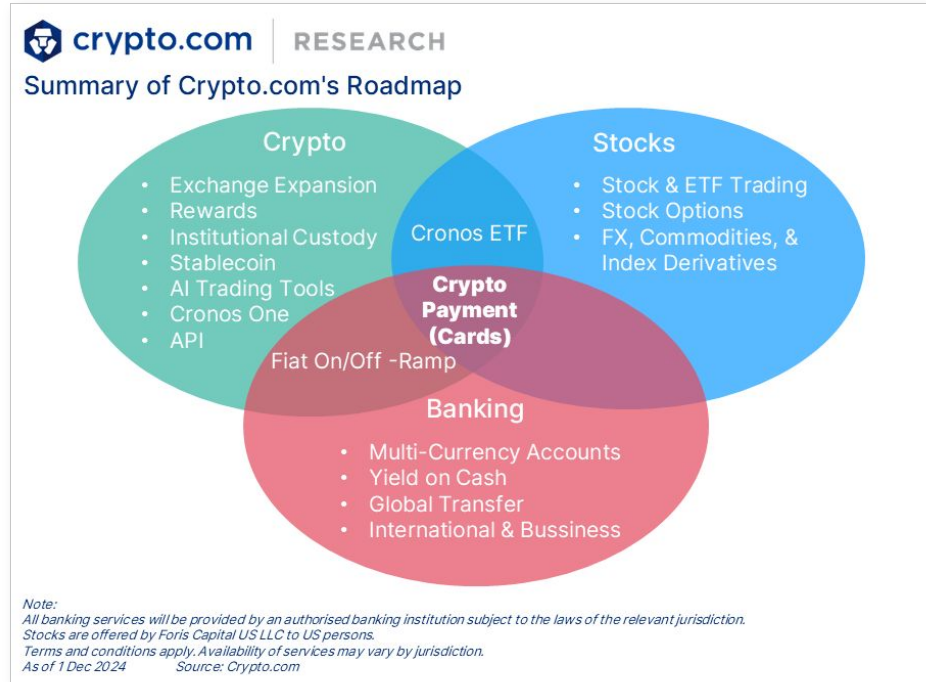
In 2025, we expect more merchants to accept crypto as a payment method. This should align with more adoption following President-elect Trump's proactive policies in crypto.

Crypto.com's 2025 Roadmap outlines plans for expanded offerings in both crypto and traditional finance including, access to banking, and cards.

STOCKS – Buy and sell, with the goal to expand globally, and include stock options.

BANKING – Global transfers, plus yield on cash balances.

CARDS – Prepaid card expanding worldwide, plus adding a credit card.

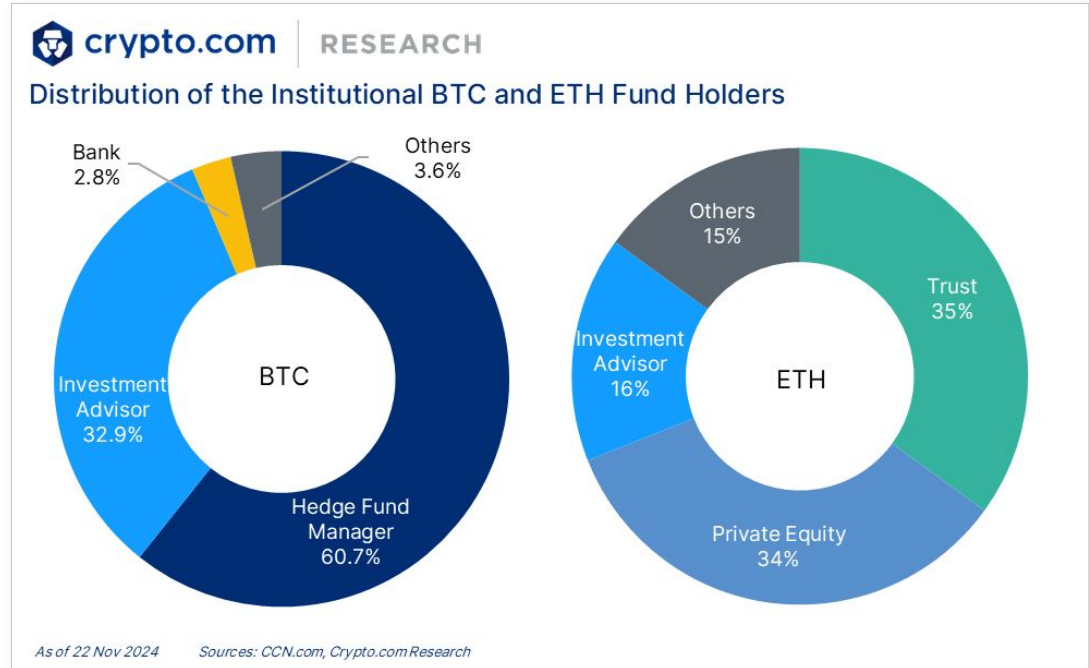


Institutional Adoption

In 2024, the launch of US spot Bitcoin (BTC) and Ether (ETH) ETFs provided institutional investors with easier access to cryptocurrencies and bolstered market confidence.

Looking ahead to 2025, the potential approval of ETFs on Solana (SOL) and XRP (XRP) is likely to further enhance institutional interest and drive adoption.

President-elect Trump's return to office represents a notable shift in the US government's approach to cryptocurrency. His [pro-crypto promises](#) to support and enhance the cryptocurrency industry, resulting in greater institutional confidence and adoption.



Ethereum Pectra Upgrade

Pectra is the next upcoming upgrade on the ETH network which focuses on **improving Ethereum's mainnet performance**.

At the time of writing, **11 EIPs are included in Pectra**, and the latest target release schedule for **mainnet activation is early 2025**. Key impacts of Pectra include:

Advancement towards account abstraction (AA) on Ethereum: This is achieved through **EIP-7702**, which allows externally-owned accounts to temporarily upgrade into a contract account and execute code. Users can enjoy features including transaction batching (execute multiple transactions with one signature), gas fee sponsorship and privilege de-escalation (sign sub-keys to delegate the wallet to automate certain transactions).

Reduction in the number of validators on Ethereum: This is achieved by **EIP-7251**, which increases the maximum balance validators can stake from 32 ETH to 2048 ETH. It aims to relieve the network pressure on Ethereum and enhance network efficiency.

Addressing insufficient blob capacity on Ethereum: **EIP-7742** is included to make deployment of blob count changes easier. On 5 December, Ethereum developers included **EIP-7691** to increase the blob target/maximum to 6/9 from 3/6. This aims to enhance L2 transaction throughput and reduce transaction fees.



Decentralisation and Revenue Sharing

L2s are expected to see more development in 2025, including the **improvement on decentralisation and network performance** after the upcoming Ethereum Pectra upgrade.

Ethereum co-founder Vitalik Buterin [intensified his calls](#) for **L2 networks to enhance their decentralisation** by reaching the "[Stage 1](#)" decentralised threshold, at a minimum. He was concerned that **many rollups still rely on centralised mechanisms, such as multisigs**. Currently, only a few projects, including Arbitrum One, OP Mainnet, and zkSync lite, have reached Stage 1, while none have achieved Stage 2.

Vitalik Buterin also suggested Ethereum's **validator threshold to be lowered from 32 ETH to just 1 ETH**, which aims to **democratise staking by making it more accessible to solo stakers**, potentially **enhancing Ethereum's decentralisation**.

In addition, it is expected that more **DeFi protocols adopt fee-sharing mechanisms and incentive structures** (examples of Uniswap and Ethena). This movement towards revenue sharing could potentially reshape DeFi tokens from being merely speculative assets to valuable financial instruments, appealing to a new category of investors.

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