Increasing Allocations in a Maturing Market

2025 Institutional Investor Digital Assets Survey

EY Parthenon
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Background and methodology

What we did

To better understand how institutional investors think about digital assets (including sentiment, allocations, future expectations, tokenization, and payments), Coinbase, in collaboration with EY-Parthenon practice, conducted a survey of 352 institutional investors.

We surveyed only decision-makers (e.g., COO, CEO, Head of Transformation) with a mix of respondents who have / are currently invested in digital assets (e.g., crypto, stablecoins) and digital asset products (e.g., funds, trusts, derivatives), and those who have never invested.

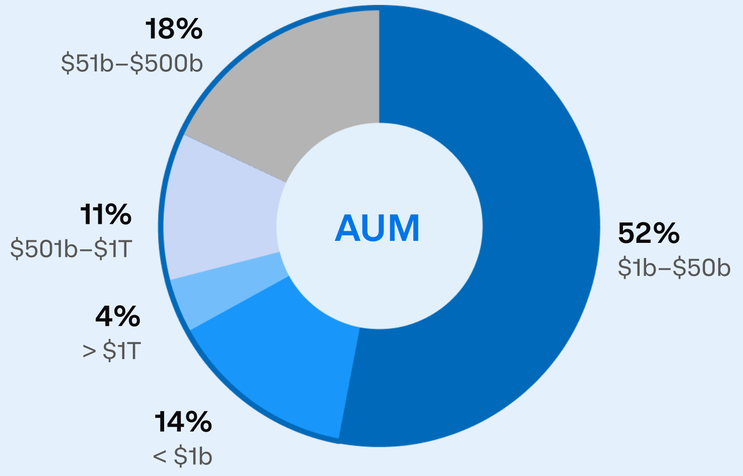
Survey dates

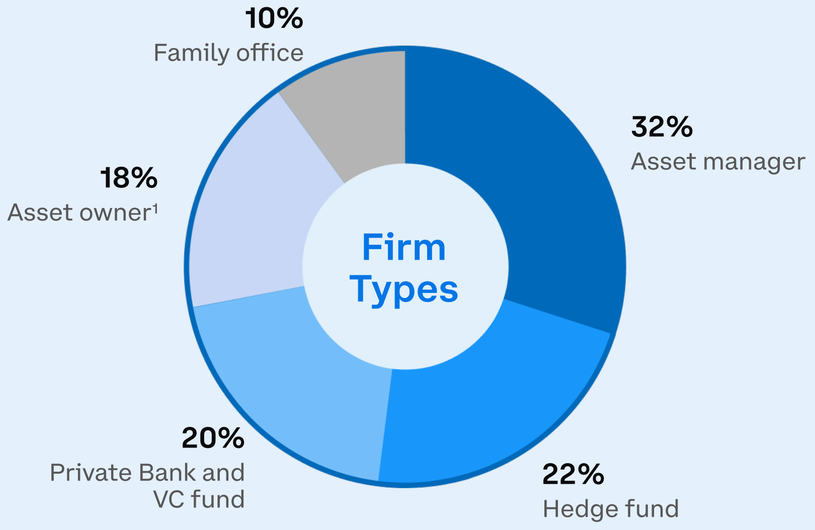
January 13, 2025–January 24, 2025

Audience

- Findings are based on a survey of N=352 institutional investors with influence over allocation decisions, prioritizing firms with >$1b AUM.
- Survey was focused on US (62% of respondents) and Europe (28% in UK/EU), with some representation from rest of world ("ROW," 10% in APAC, LatAm, Africa).
- Respondents are currently invested, previously invested, or planning to invest in digital assets or digital asset-related products in the next 12 months.

Sample composition





[1] Asset Owner (e.g., Pension, Endowment, Foundation, etc.)
[2] Initial set of qualification questions, N=403
[3] Please note that due to rounding, some figured may not add up to 100%
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Introduction of Report

Enthusiasm grows for digital assets as increased utility expands the ecosystem

Institutional investors globally increased their allocations to digital assets this past year and intend to continue to do so throughout 2025. Building on the momentum from the introduction of crypto exchange traded products (ETPs) for Bitcoin (BTC) and Ethereum (ETH) early in the year, 2024 was a year of growth for crypto. The outlook for 2025 reflects enthusiasm for both increased utility and expected regulatory clarity for digital assets. Combined with an appetite for innovation in the areas of stablecoins, decentralized finance (DeFi) and tokenization, the industry appears to be on the cusp of broad institutional support to enhance our financial system with faster settlement, the democratization of access to alternative assets, and increased transactional convenience.

There are substantive reasons to believe in this bull cycle. The market is more mature and resilient, the introduction of ETPs for Bitcoin and Ethereum and other products has expanded market participation, and there is a positive outlook on the evolving regulatory environment across the US, EU and the globe. The underlying technology has also progressed in the past several years: Use cases have evolved, and transaction costs and speeds have become more compelling.

With this as a backdrop, Coinbase and EY-Parthenon practice conducted a survey of more than 350 institutional investors across the world on their sentiment, investment plans and usage around digital assets. Conducted in January 2025, post-election, but prior to the digital asset executive order, the survey reflects an institutional investor base that is ready to build on an already strong foundation and prepared to both broaden participation and expand allocations as a global regulatory framework becomes clearer.

The data tells the story

More than three-quarters of surveyed investors expect to increase their allocations to digital assets in 2025, with 59% planning to allocate over 5% of assets under management to digital assets or related products. Looking forward, surveyed investors noted regulatory clarity as the #1 catalyst for growth in digital assets.

Interest in stablecoins and tokenized assets is also increasing. Seeking yield, transactional convenience, and an efficient means to facilitate foreign exchange, 84% of institutions are either already utilizing or expressing interest in utilizing stablecoins. Driven predominantly by goals of portfolio diversification, 76% of firms intend to invest in some form of tokenized assets by 2026. We also expect to see institutional investors increase core allocations, expand their holding of altcoins, start to engage more in DeFi, explore the availability of tokenized alternative assets, and leverage stablecoins for both yield and transactional convenience.

While momentum continues, markets will keep an eye on news coming out of the President's Working Group on Digital Asset Markets as well as Senate and House subcommittees on digital assets, watching for both detail and intent as they sort through current rules and bring forward new regulations. Investors in Europe will look to see how EU governing bodies, seeking to balance stability, consumer protection, and innovation, react to the positive tone struck by development in the US.

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Key takeaways

As of Jan 2025, 86% of surveyed institutional investors have exposure to digital assets, or plan to make digital asset allocations in 2025. Among these...

- **Eighty-five percent** of respondents increased allocations to digital assets and digital assets-related products in 2024, and a similar portion plan to continue doing so.
- In 2025, **59%** of respondents plan to allocate **over 5%** of their assets under management (AUM) to cryptocurrencies, with US respondents and hedge funds indicating higher allocations than other segments.
- Concerns on regulatory clarity and volatility remain key issues for investors globally. In light of this, emerging regulatory clarity is recognized as the **#1** catalyst for industry growth.
- **Seventy-three percent** of institutional investors currently hold one or more altcoins beyond BTC and ETH, led by hedge funds at **80%**.
- **Sixty percent** of investors prefer to gain exposure to crypto through registered vehicles (e.g., ETPs[1]), with high levels of interest in further innovation including diversified index funds, altcoin ETPs, and US-based perpetual futures.
- The percentage of respondents that engage with DeFi is set to triple in the next two years, from **24%** to **75%**.
- Almost half of respondents leverage stablecoins, with key use cases focused on yield generation, transactional convenience in the markets, and foreign exchange.
- **Fifty-seven percent** of surveyed respondents are interested in investing in tokenized assets, particularly alternative funds, to drive portfolio diversification.

[1] ETP includes Exchange Traded Funds, Exchange Traded Notes, and other Exchange Traded Products
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

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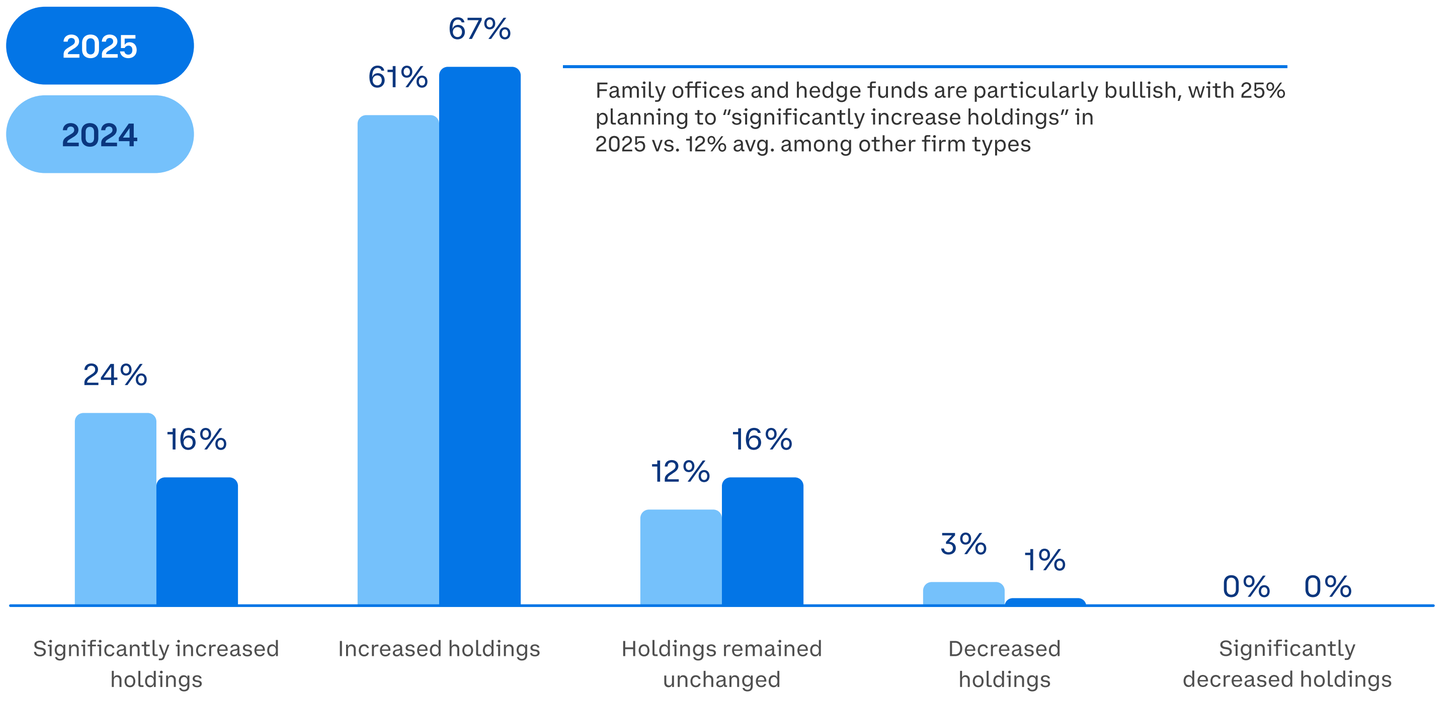
Market outlook

Respondents overwhelmingly plan to increase their digital asset allocations in 2025, driven by expectations of higher returns compared to other asset classes

How did your firm's allocation to cryptocurrencies, digital assets, or related crypto funds / products change in 2024? [N=345]
How do you think your firm's allocation will change in 2025? [N=352]



Which of the following do you consider to be the main reasons to invest in digital assets?
Please select top 3. [n=347][1]

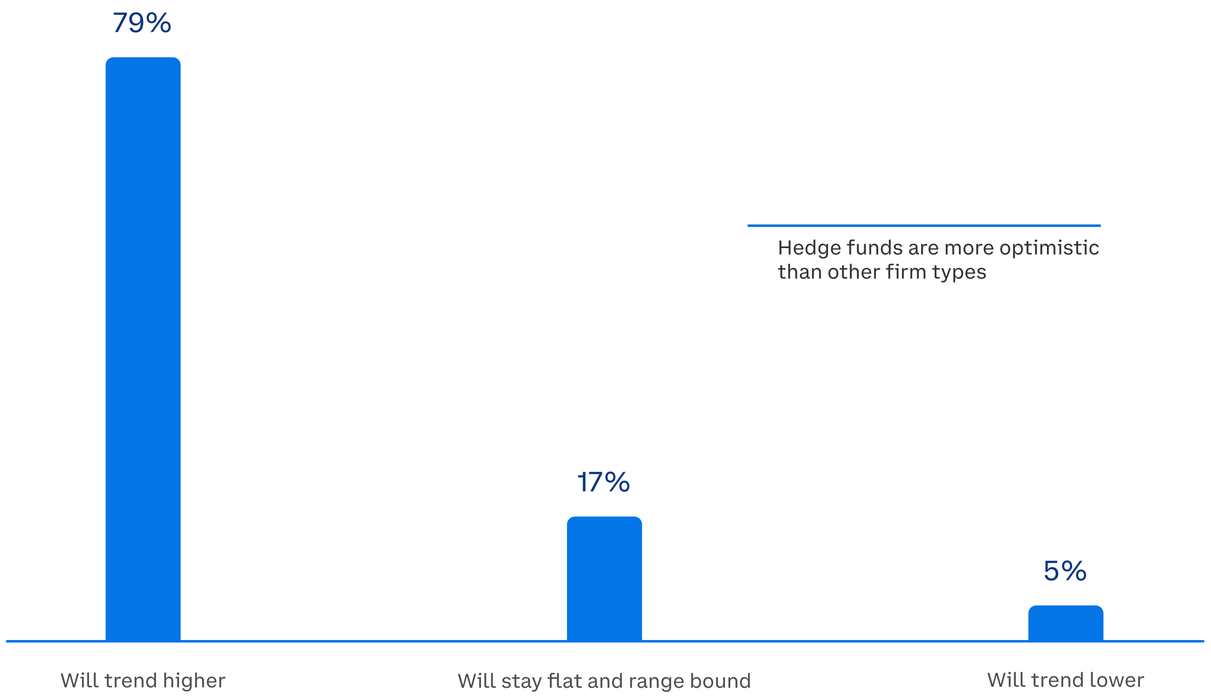
59%	Higher returns than other asset classes
49%	Investment in innovative technology
41%	Hedge against inflation
36%	Low correlation with other assets
35%	Ability to participate in decentralized finance (DeFi)
35%	Yield generation (e.g., staking APY,* stablecoins)
26%	Arbitrage opportunities
26%	Transaction benefits
8%	Lack of other good opportunities across portfolio

* APY = annual percentage yield
[1] Concerns of Lack of internal expertise and knowledge, Environmental, Social, Governance considerations, Limited use cases, and Transaction Fees also cited as main concerns (less than 10%)
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Market outlook

Almost 80% of respondents expect cryptocurrency prices to rise, and nearly 70% see crypto as the biggest opportunity to generate attractive risk-adjusted returns

"I expect cryptocurrency prices _____ in the next 12 months." [n=349][1]



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. [n=352]

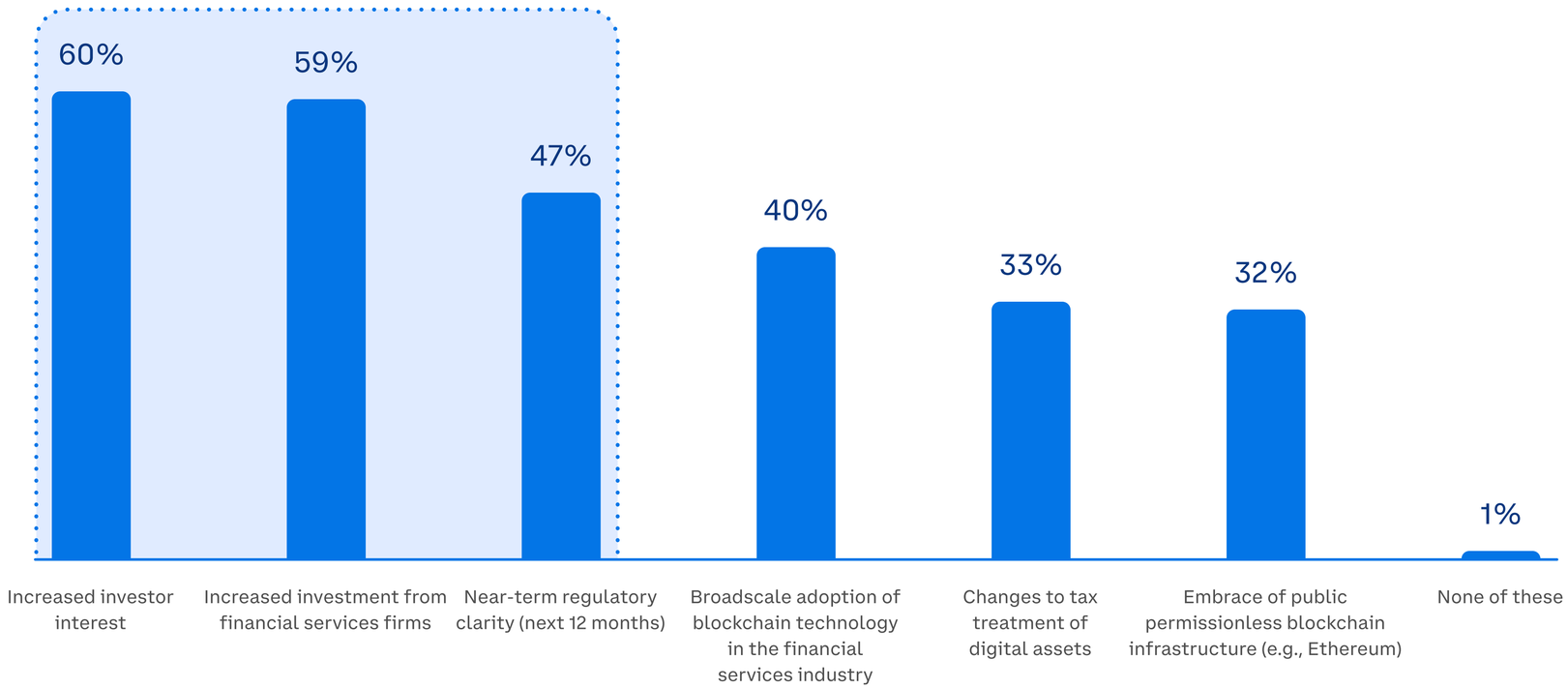
68%	Cryptocurrencies
40%	US equities
38%	Private equity
32%	Emerging market equities
28%	Real estate
16%	Commodities
16%	High yield debt
16%	Volatility (e.g., VIX*)
15%	Gold
10%	International developed market equities
9%	Emerging market debt
7%	Foreign exchange
7%	Corporate bonds
5%	International developed market debt
4%	Government and agency debt

* VIX = CBOE Volatility Index
[1] Answer choice "I don't know" removed from analysis (N=3)
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Market outlook

Respondents expect increased investor interest and investment post-election, and they expect post-election regulatory clarity to be a major growth catalyst

Among US institutional investors: What do you see as the main impacts of the 2024 US election on the digital assets industry? [N=215]



What do you think will be the next catalyst for growth of the digital assets industry? Please select the top 3. [n=352][1]

- 57% Greater regulatory clarity
- 56% Greater institutional adoption (e.g., by advisors, wealth platforms)
- 43% Increased consumer usage of cryptocurrency (e.g., for payment, lending)
- 34% Better investor knowledge
- 31% Additional ETP approvals (e.g., SOL, XRP*)
- 30% Creation of diversified crypto index funds
- 27% Additional operational utility of blockchain (e.g., decentralized ID and onchain KYC/AML*)
- 20% Decentralized finance

* XRP = Ripple, SOL = Solana; KYC = Know Your Customer, AML = Anti-Money Laundering
[1] Answer choice "Other (please specify)" removed from top 3 reasons analysis (N=5)
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Despite optimism, challenges remain, with top concerns being regulatory uncertainty, volatility, and security of asset custody

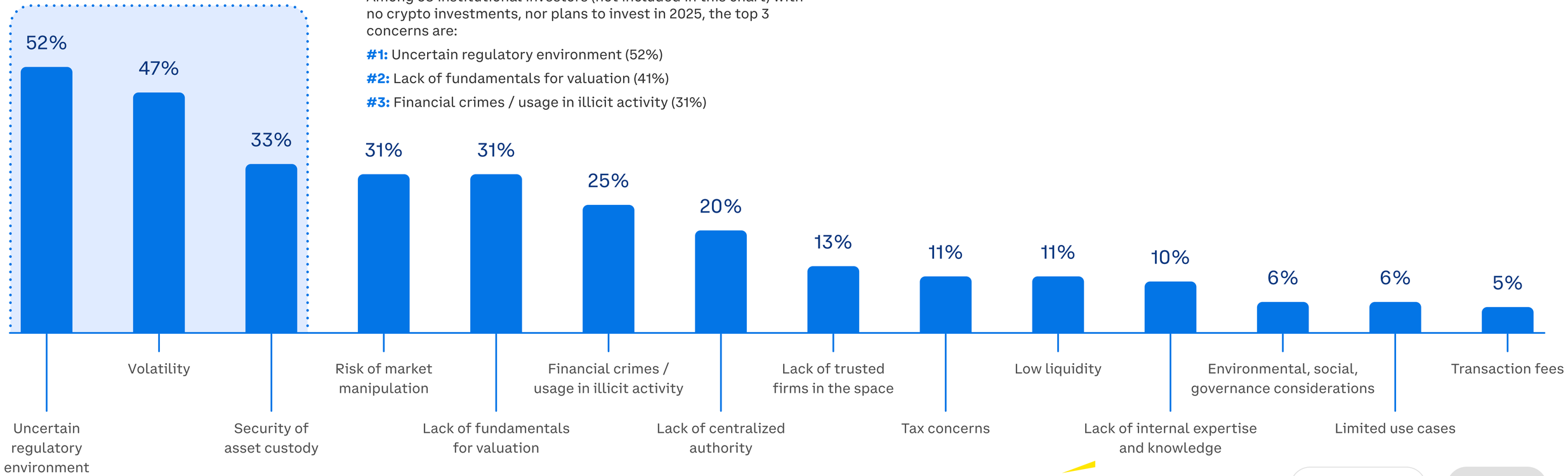
Among current digital assets investors and those planning to invest in 2025: Which of the following do you consider to be the main concerns when investing in digital assets? Please select top 3. [n=352]

Among 58 institutional investors (not included in this chart) with no crypto investments, nor plans to invest in 2025, the top 3 concerns are:

#1: Uncertain regulatory environment (52%)

#2: Lack of fundamentals for valuation (41%)

#3: Financial crimes / usage in illicit activity (31%)

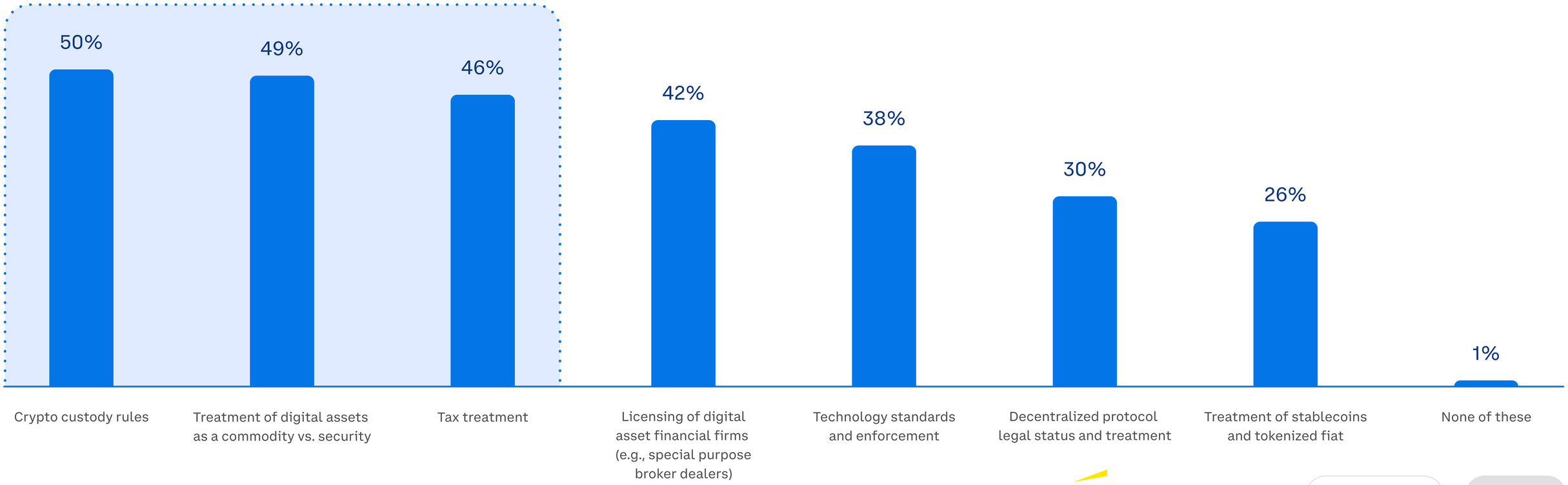


Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Market outlook

Respondents see crypto custody rules as the most important area for regulatory clarity, which is being addressed early in President Trump's administration

What do you see as the most important areas requiring regulatory clarity in the crypto industry? [n=352]



Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

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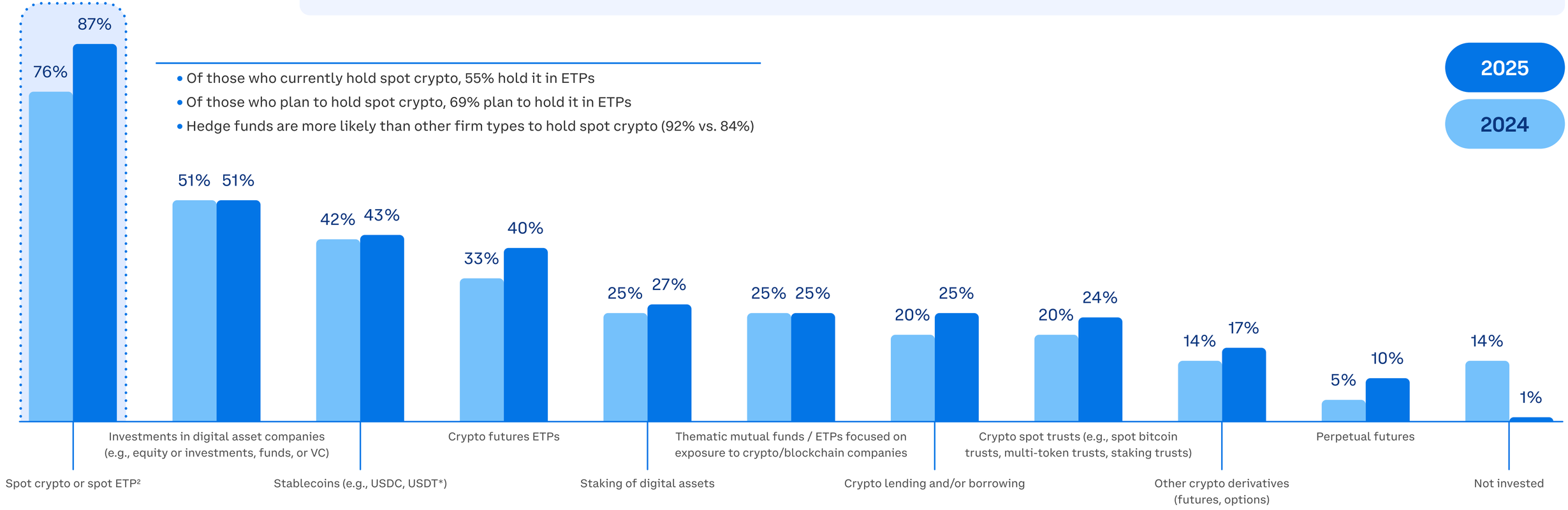
Investment use cases

Three quarters of surveyed investors get exposure to crypto via direct crypto holdings or spot ETPs; this is expected to increase to 87% in 2025

What types of digital asset investments does your firm currently hold / plan to make in 2024–2025? [n=403; n=352][1]

- Of those who currently hold spot crypto, 55% hold it in ETPs
- Of those who plan to hold spot crypto, 69% plan to hold it in ETPs
- Hedge funds are more likely than other firm types to hold spot crypto (92% vs. 84%)



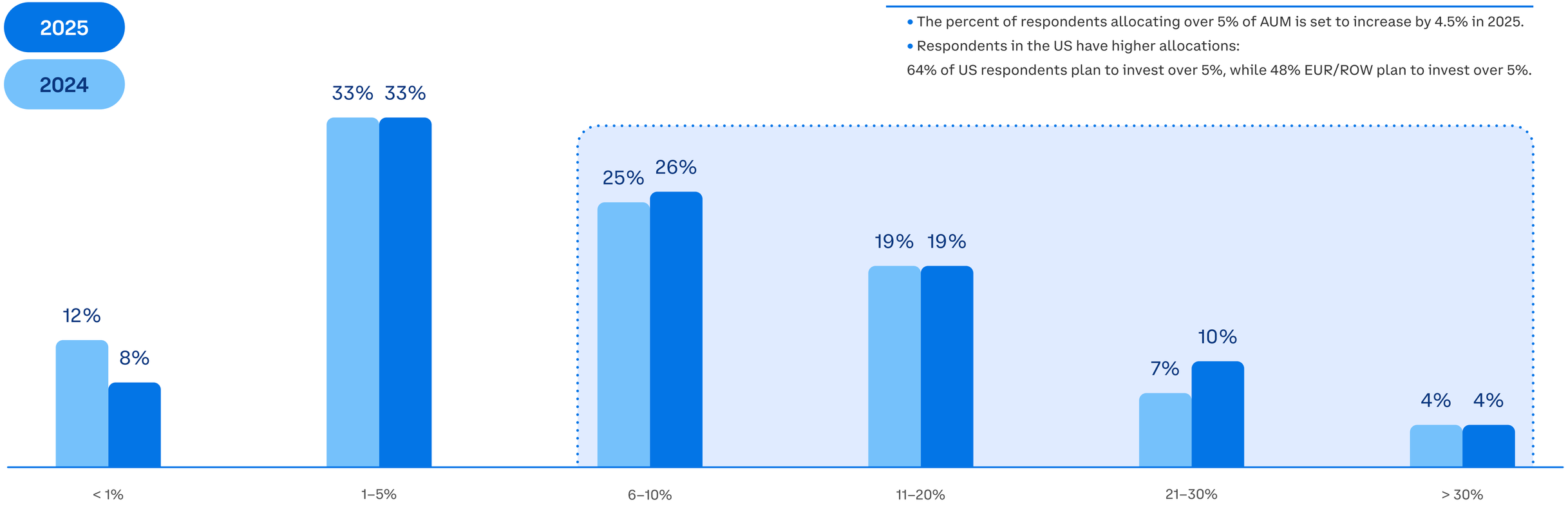
* USDC = USD Coin, USDT = Tether
1. Data rebased to include respondents to this question (N=345) and those who indicated they are 'not invested' (N=58); "Other" answers excluded from graph (N=2)
2. Spot crypto (e.g. Bitcoin and Ethereum) and "Crypto Spot ETPs" bucketed into spot crypto
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

In 2025, 59% of respondents plan to allocate over 5% of their AUM to cryptocurrencies

What percentage of assets under management did your firm / does your firm plan to allocate to cryptocurrencies, digital assets, or related crypto funds / products in 2024–2025? [n=345][1]

- The percent of respondents allocating over 5% of AUM is set to increase by 4.5% in 2025.
- Respondents in the US have higher allocations:

64% of US respondents plan to invest over 5%, while 48% EUR/ROW plan to invest over 5%.

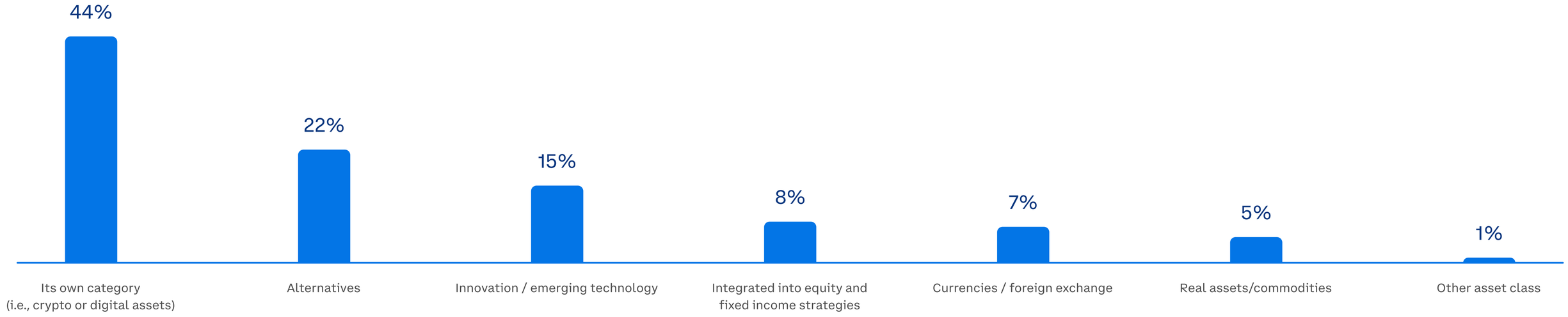


[1] Answer choice "Not sure / Cannot discuss" is excluded from this chart
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

44% of respondents categorize cryptocurrency as a distinct asset class, acknowledging its role in portfolio diversification

Which of the following asset classes does your firm (or would your firm) assign cryptocurrency in its asset allocation? [n=352]

- Hedge funds are less likely to assign crypto to its own asset class (36% vs. 44%) and more likely to assign it as a real asset/commodity (10% vs. 5%)
- Family offices are less likely to assign cryptocurrency to innovative/emerging technology (6% vs. 16%) and more likely to assign it to alternatives (26% vs. 21%)

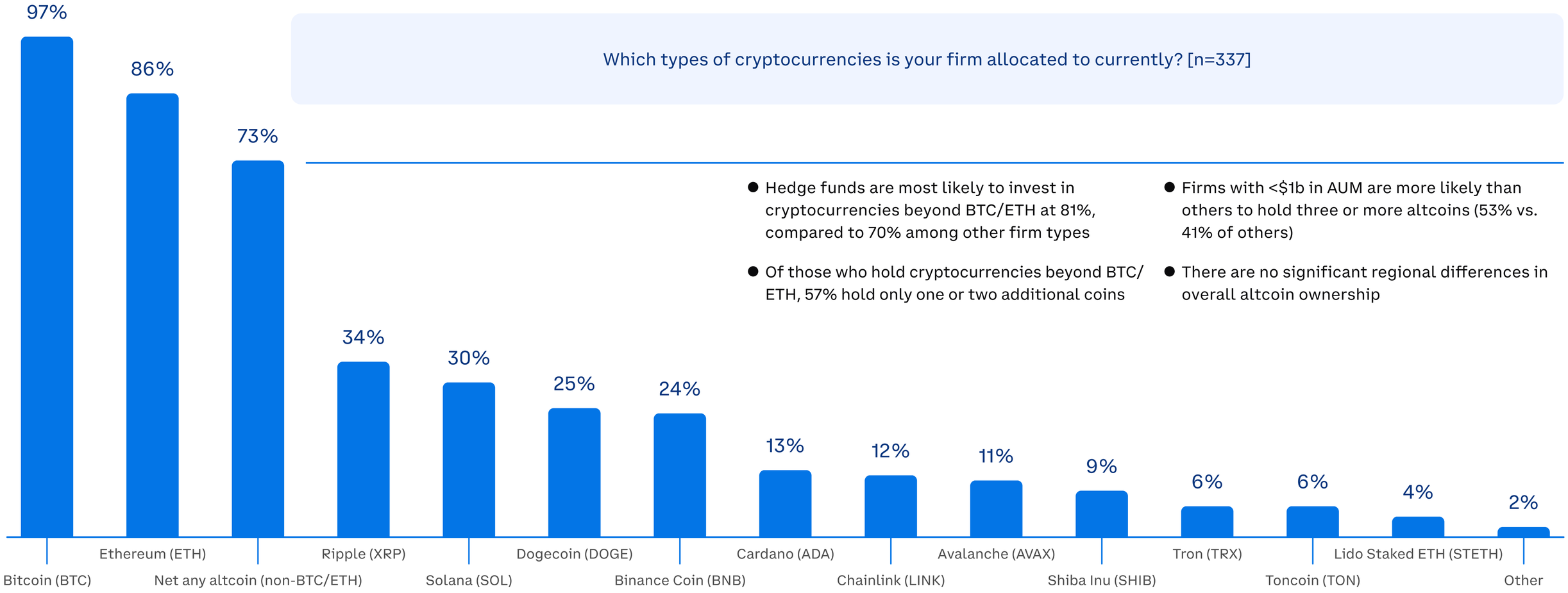


Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Investment use cases

73% of surveyed investors hold cryptocurrencies beyond BTC and ETH, but most hold only 1-2 others (e.g., XRP / SOL)

Which types of cryptocurrencies is your firm allocated to currently? [n=337]



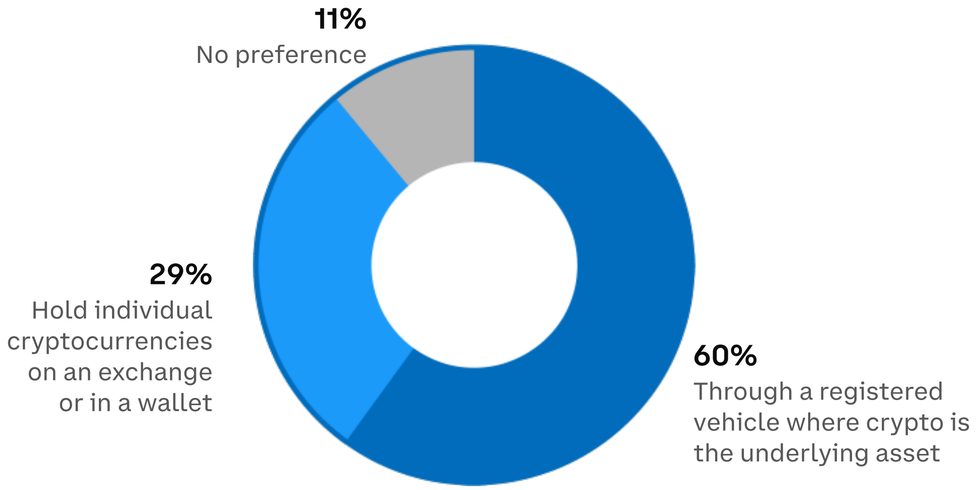
- Hedge funds are most likely to invest in cryptocurrencies beyond BTC/ETH at 81%, compared to 70% among other firm types
- Of those who hold cryptocurrencies beyond BTC/ETH, 57% hold only one or two additional coins
- Firms with <$1b in AUM are more likely than others to hold three or more altcoins (53% vs. 41% of others)
- There are no significant regional differences in overall altcoin ownership

Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

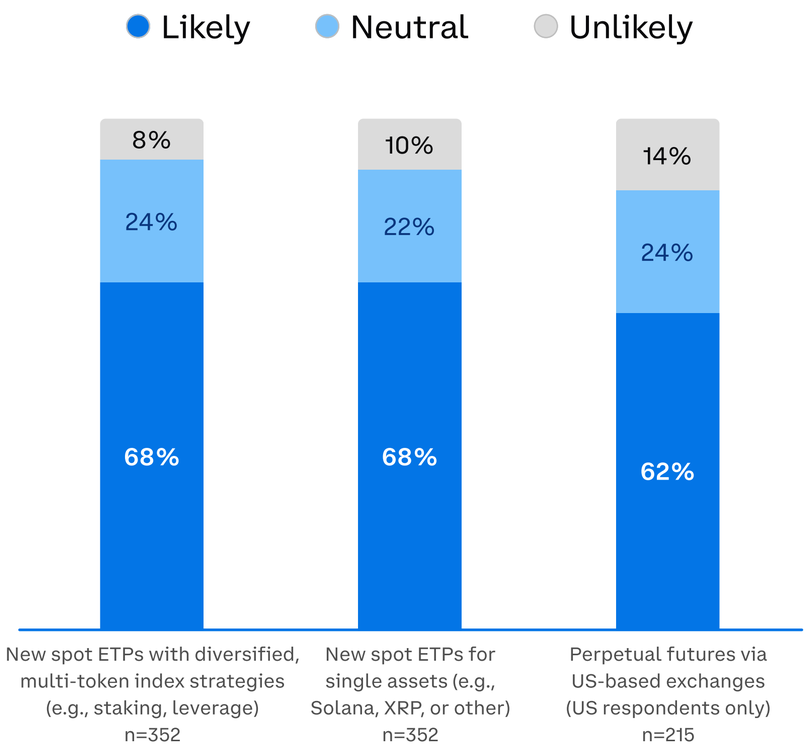
Investment use cases

Investors prefer exposure to crypto through registered vehicles; increasing interest in altcoins makes potential new spot ETPs attractive

What is your firm's preferred means of exposure to cryptocurrency? [n=352]



How likely would your firm be to invest in each of the following products? (Assuming they became legally approved in your jurisdictions) [n=352]

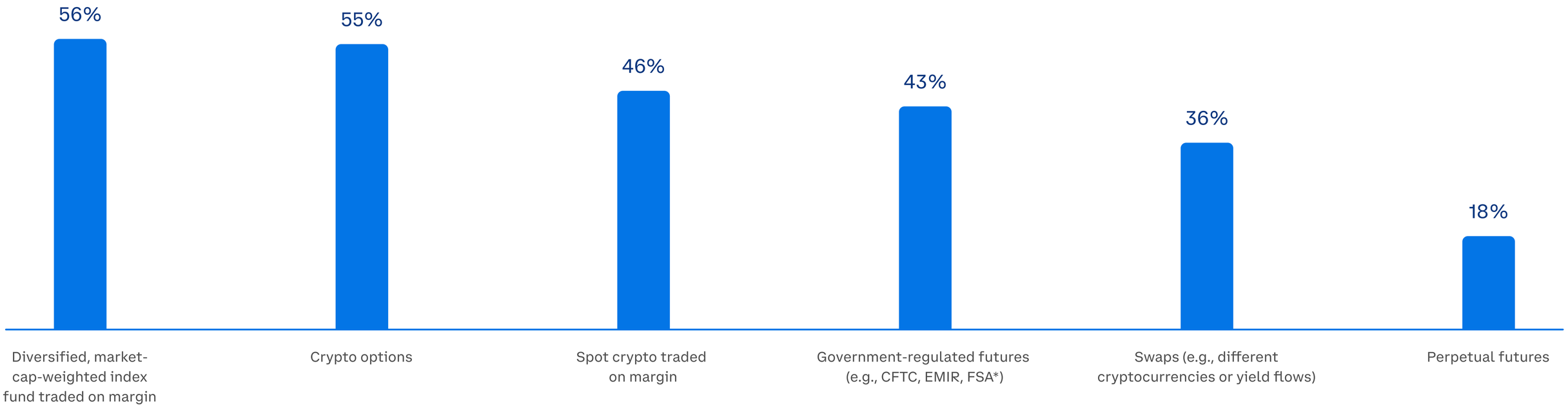


Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Investment use cases

Institutions seeking leverage would prefer to gain it via market-cap-weighted index funds traded on margin (56%) and crypto options (55%)

Which would be your institution's preferred way(s) to gain leverage in crypto? Select the top 3. [n=333]

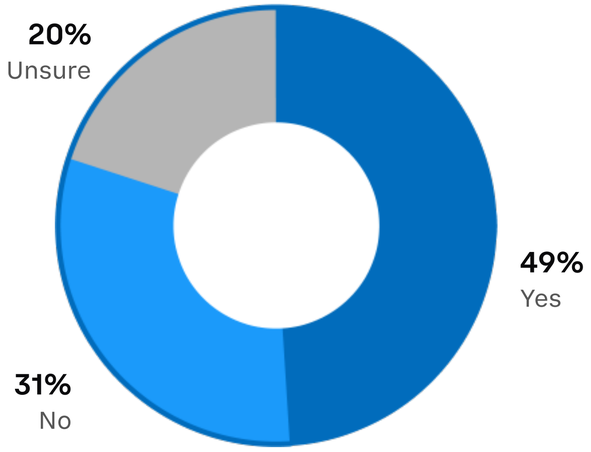


* CFTC = Commodity Futures Trading Commission, EMIR = European Market Infrastructure Regulation, FSA = Financial Services Agency
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

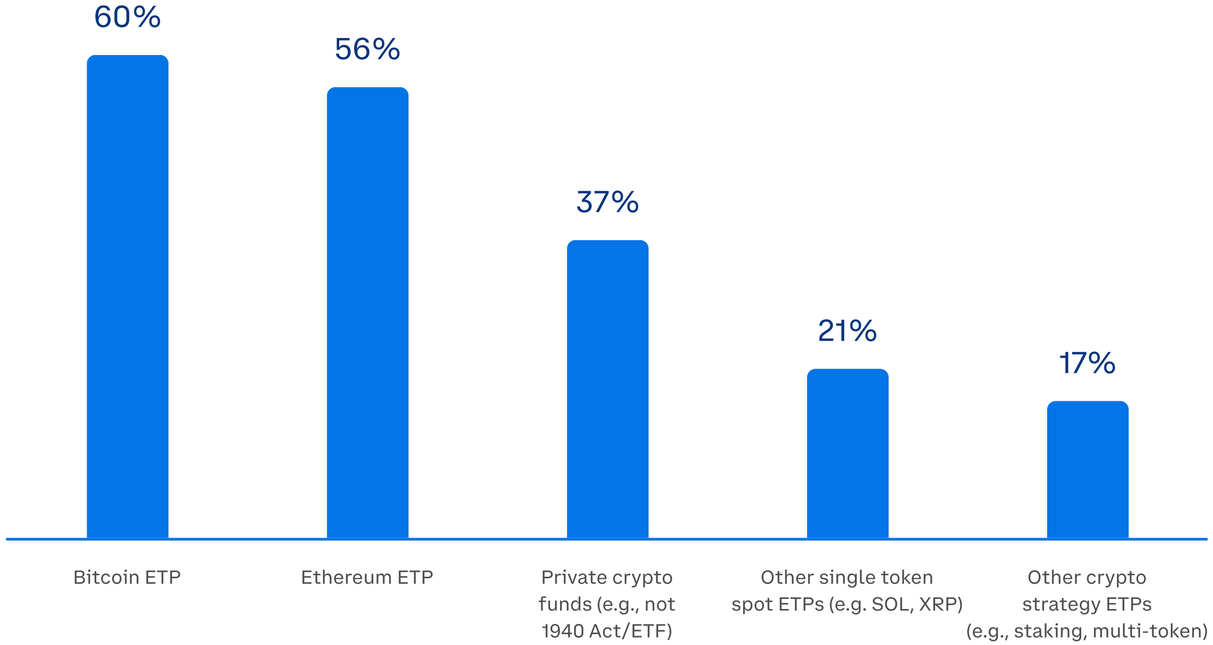
Investment use cases

Nearly 50% of asset managers are considering launching crypto funds in the next 2 years, focusing on bitcoin and ethereum ETPs

Among asset managers: is your organization considering launching any crypto funds in the next two years? [n=106]



Among asset managers who answered yes: Which crypto funds are you interested in launching? [n=52]

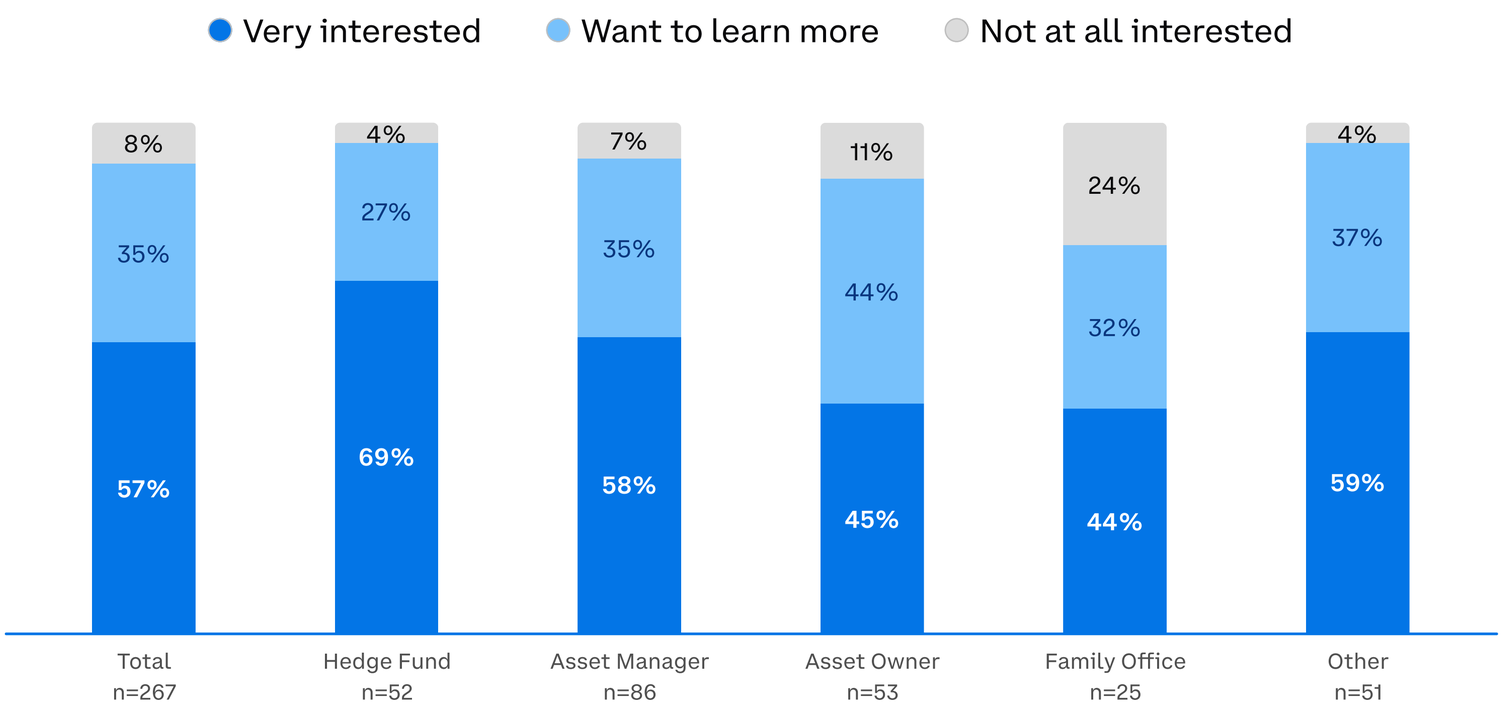


Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Investment use cases

More than half of respondents are interested in investing in tokenized assets, driven largely by the desire for portfolio diversification

How interested is your firm in investing in tokenized assets (e.g., tokenized bonds, equities, funds)?[1] (By firm type) [n=267][1]



Why is your firm interested in investing in tokenized assets? Please select top 3. [n=245]

- 65% Portfolio diversification
- 48% Fractionalization / lower investment minimums
- 42% Faster trading / near instant settlement (T+0)
- 42% Enhanced portfolio construction
- 36% Access to new asset types
- 34% Greater liquidity
- 32% Reduction in fees / lower transaction costs

[1] This data is among 3/4 respondents who consider themselves at least somewhat knowledgeable about RWAs
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Investment use cases

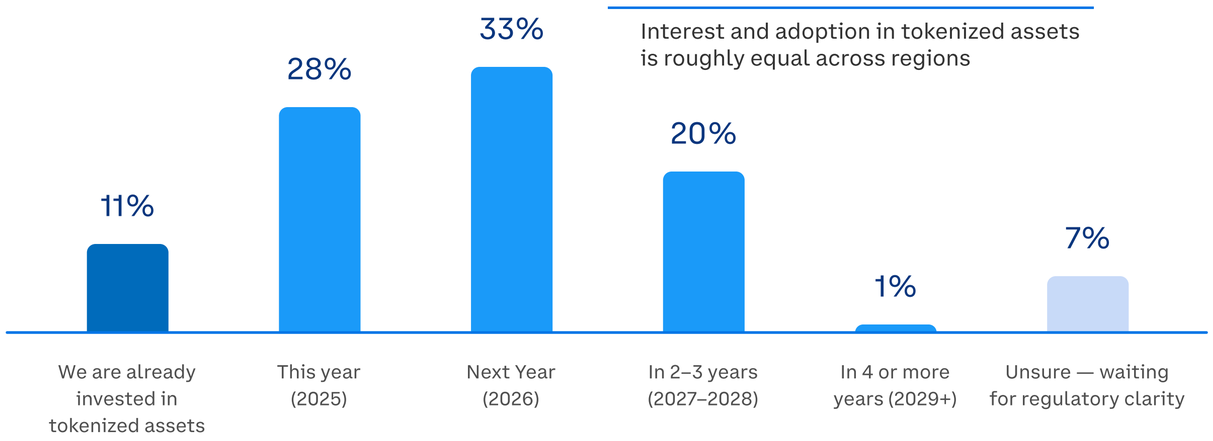
Among those who are interested in tokenized assets: 72% plan to invest by 2026, with alternative funds and commodities as the most popular asset classes

Among those who are interested/want to learn more about tokenized assets: In which tokenized asset classes or security types would your firm be interested in investing? Select top 3. [n=245][1]

47%	Alternative funds (e.g., private equity, private credit, real estate)
44%	Commodities (e.g., gold, oil)
42%	Equities
38%	Public funds (e.g., mutual funds, ETPs, UCITs*)
36%	Real estate
28%	Bonds
25%	Government bonds (e.g., US Treasuries)
24%	Money market funds
16%	Cash

- Asset owners are more interested in tokenized public funds (49% vs. 35% avg.)
- Hedge funds are less interested in tokenized alternative funds (40% vs. 49% avg.)
- Of respondents already invested in tokenized assets, 58% invest in tokenized commodities

Among those who are interested/want to learn more about tokenized assets: How soon would your firm want to begin investing in tokenized assets? [n=245][1]



* UCITs = undertakings for collective investment in transferable securities
[1] Only asked of the ¾ of respondents who are interested/want to learn more about tokenized assets
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

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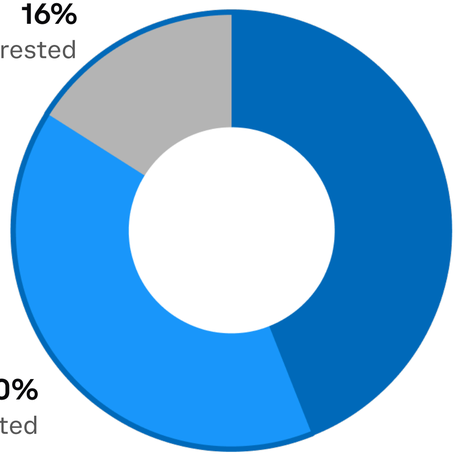
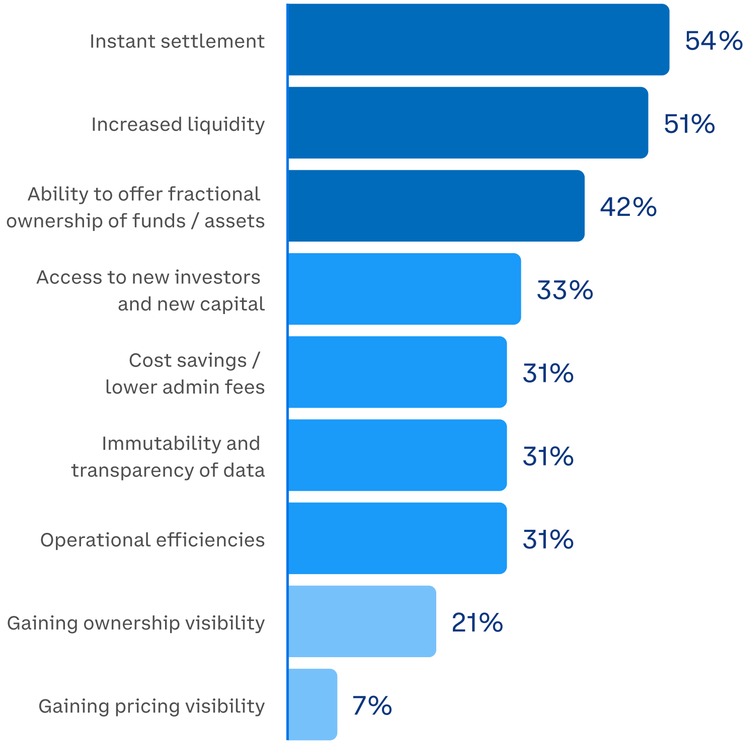
When it comes to tokenizing their own assets, 40% of asset managers are interested; driven by instant settlement, liquidity, and the ability to offer fractional ownership

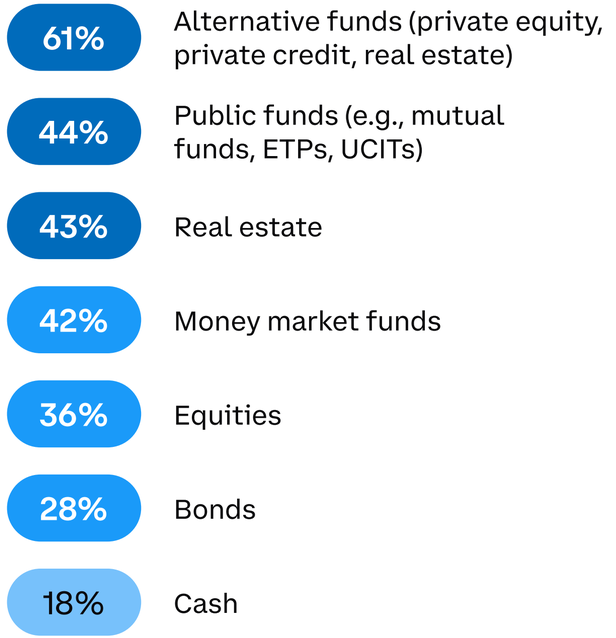
How interested is your firm in tokenizing its own assets? [n=86]



What excites you / your firm most about tokenizing its assets? [n=72][1]



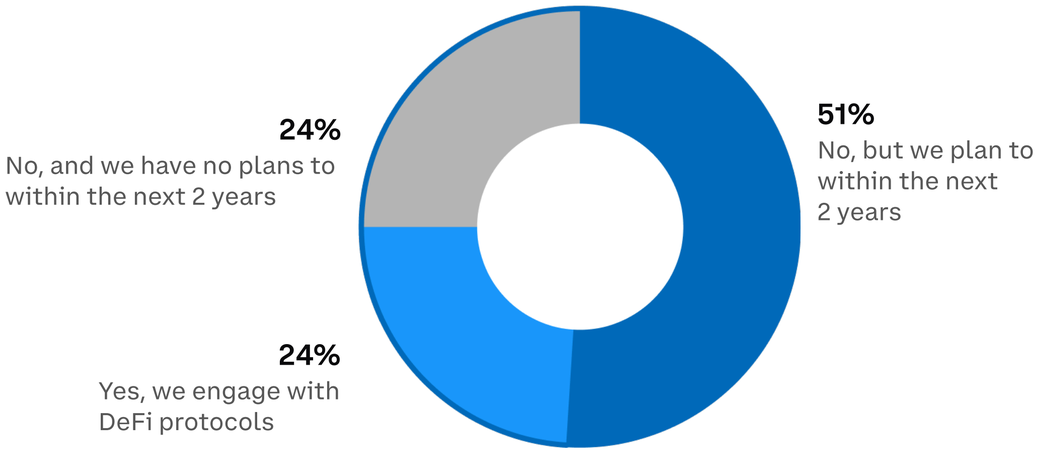
Which asset classes or security types would your firm be interested in tokenizing? [n=72][1]



[1] Only asked of those who responded "Very Interested" or "Want to learn more" on asset tokenization
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

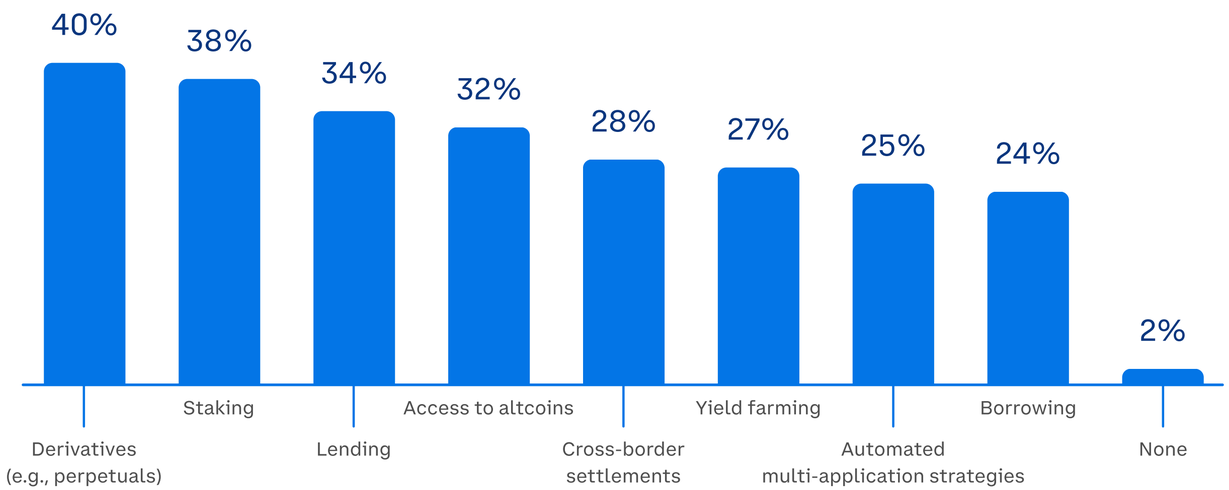
The number of surveyed investors that engage with DeFi is set to triple over the next 2 years, from 24% to 75%

Does your firm currently engage with DeFi protocols directly? (e.g., using a blockchain-based application to conduct lending, trading, or yield farming without an intermediary)? [n=344]



- Respondents in the US are more likely to begin engaging with DeFi protocols over the next 2 years (56% vs. 46% in EUR/ROW)

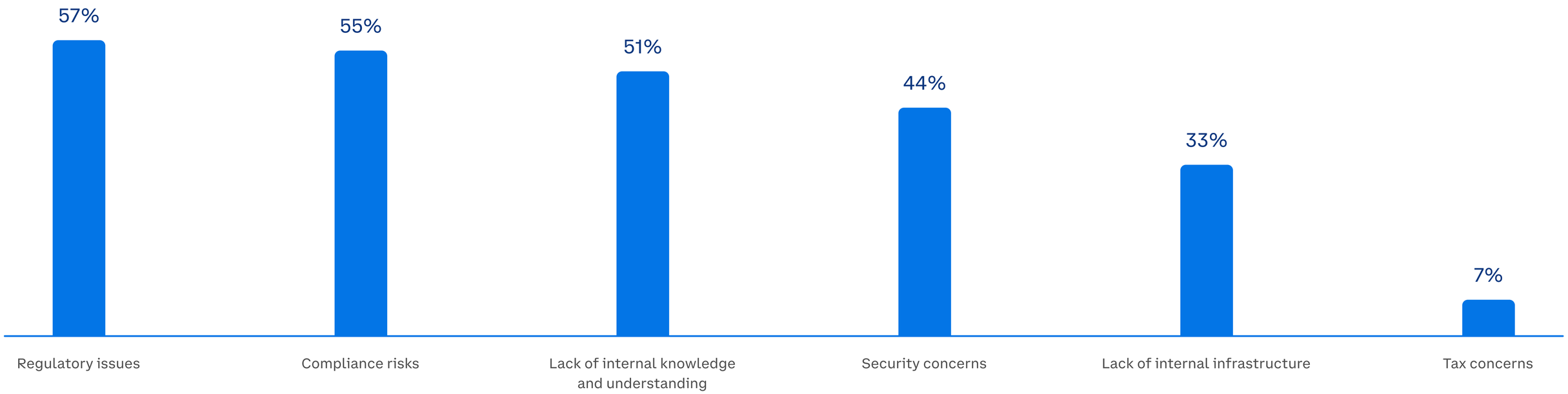
Among those currently engaged with DeFi or planning to: What use cases is your firm most interested in? Please select top 3. [n=260][1]



[1] Only asked of those who responded "Yes, we engage with Defi protocols" or who "plan to within the next 2 years
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

Among those with no plans to utilize DeFi, the top barriers are regulatory (57%) and compliance (55%) concerns, alongside a lack of internal knowledge (51%)

Among those with no plans to engage with DeFi products: What are your firm's primary concerns when considering whether to engage with DeFi protocols? [n=84]

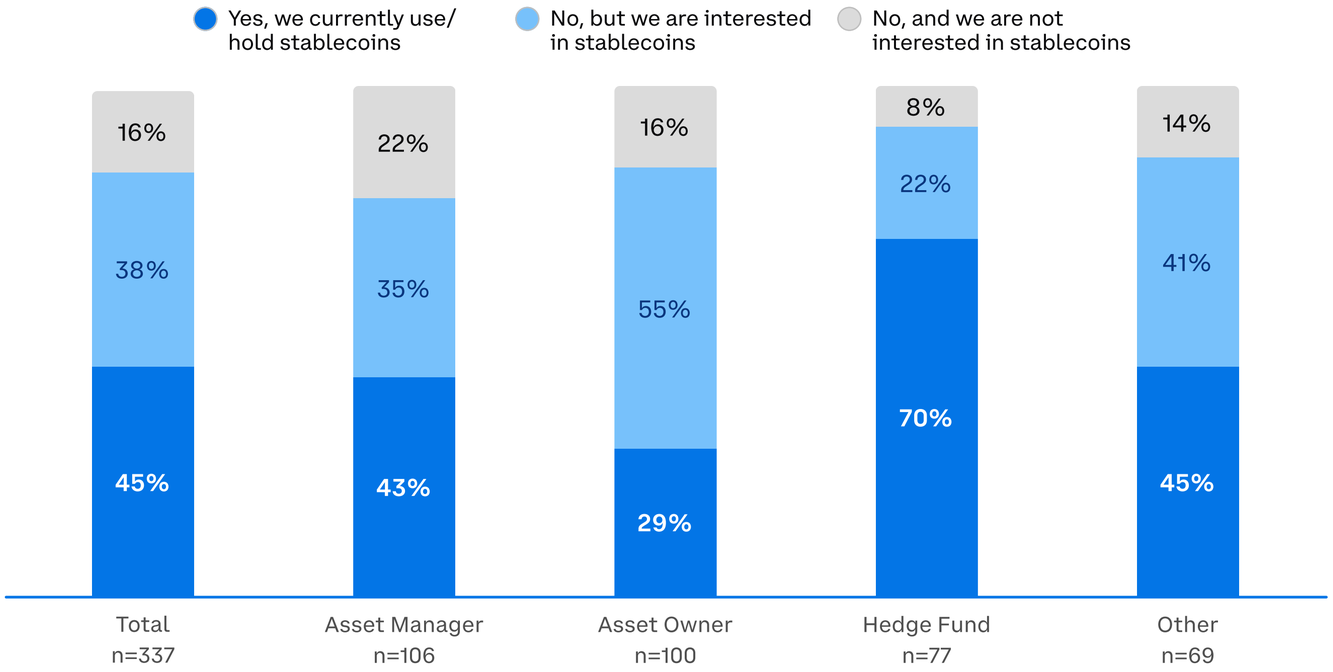


Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

DeFi, stablecoins and utility

84% of respondents either use or express interest in stablecoins for generating yield, transactional convenience, and FX, among other uses

Does your firm currently use and/or hold stablecoins? If not, does your firm have interest in stablecoins? [n=337][1]



- Hedge funds (70%) are nearly twice as likely as other firms (37%) to use stablecoins
- US and European institutional investors have relatively equal levels of stablecoin adoption, but ROW investors lag (~45% vs. 28%)

Among those who use/are interested in stablecoins: How interested is your firm in using stablecoins for the following use cases? [n=284]

73%	Yield / return on holding (APY)
71%	Transactional convenience when trading other digital assets
69%	Foreign exchange (FX)
68%	Internal cash management / money movement
68%	Store of value
63%	External payments / B2B payments
62%	Trading out of risk on assets in crypto ecosystem
61%	Securities settlement

[1] Answer choice "I don't know" excluded
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

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This past year was transformational for digital assets, and our expectation is that 2025 will bring more focus on the space than ever. In just a handful of months, we've transitioned from a less-than-friendly regulatory environment to an executive order proclaiming the United States will be the crypto capital of the world. Combined with clarity in the EU provided by the Markets in Crypto-Assets Regulation (MiCA), investors see this translating to growth across the entire digital assets and blockchain ecosystem.

Three key themes to watch in 2025

1. Broader institutional participation

Investors are starting to embrace broader participation in crypto markets, including DeFi use cases such as staking, lending, and derivatives. While 24% of institutional investors currently engage in DeFi, this figure is set to triple to 74% in two years, according to survey respondents. There is also a growing appetite to invest in a broader set of assets beyond BTC and ETH with an increase in interest in other assets including XRP and SOL as spot investments or as part of potential new ETP offerings.

2. Increased adoption of stablecoins and tokenized assets

There is an expected increase in the use of stablecoins as use cases continue to evolve. Nearly half of surveyed investors stated an interest in using stablecoins to generate yield, take advantage of transactional convenience or facilitate foreign exchange. Far from speculative, investors see stablecoins as the vehicle to deliver on digital assets' promise to reduce transaction cost and provide instant settlement. Further, tokenization will provide investors greater access, with lower minimum capital commitments, to alternative investment vehicles including private equity, private credit and real estate.

3. Regulatory clarity will bring new investments

Institutional investors see regulation as both their biggest risk and biggest opportunity in 2025. As such, more guidance around custody, tax treatment, usage of stablecoins, and permissibility of activities should spur new market participants and increased activity. So, much of the coming year will be a waiting game to see how new rules manifest across the globe.

Overall, we expect the positive tone and action from both the new US administration and regulatory bodies globally to accelerate an already expanding interest in digital assets. With a solid foundation to build on, investors continue to push into new territory, creating wealth for clients and cultivating ecosystems for the growth of digital assets.

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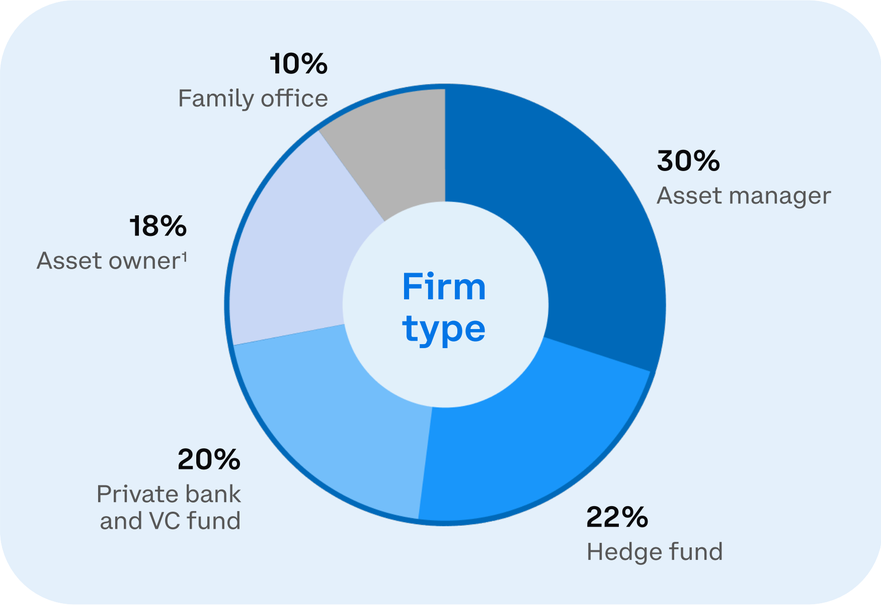
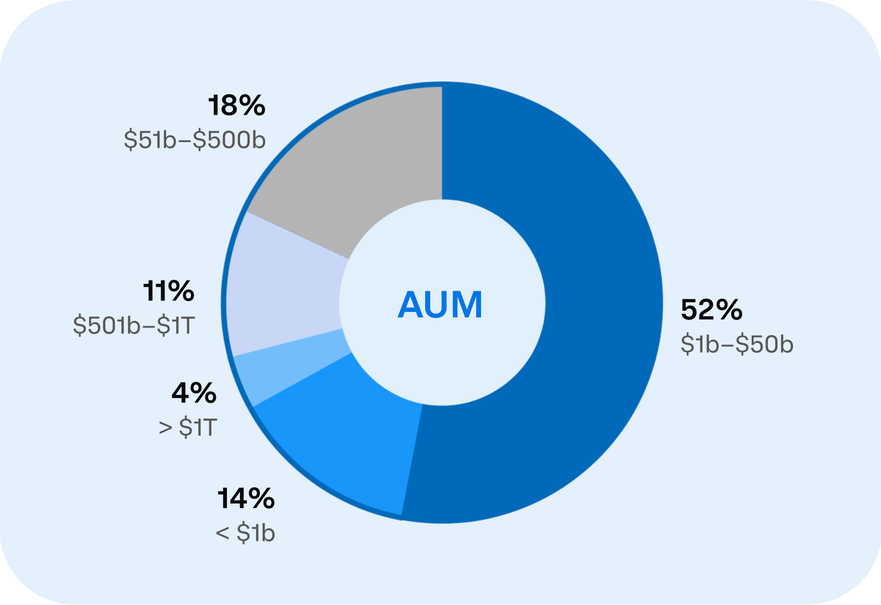
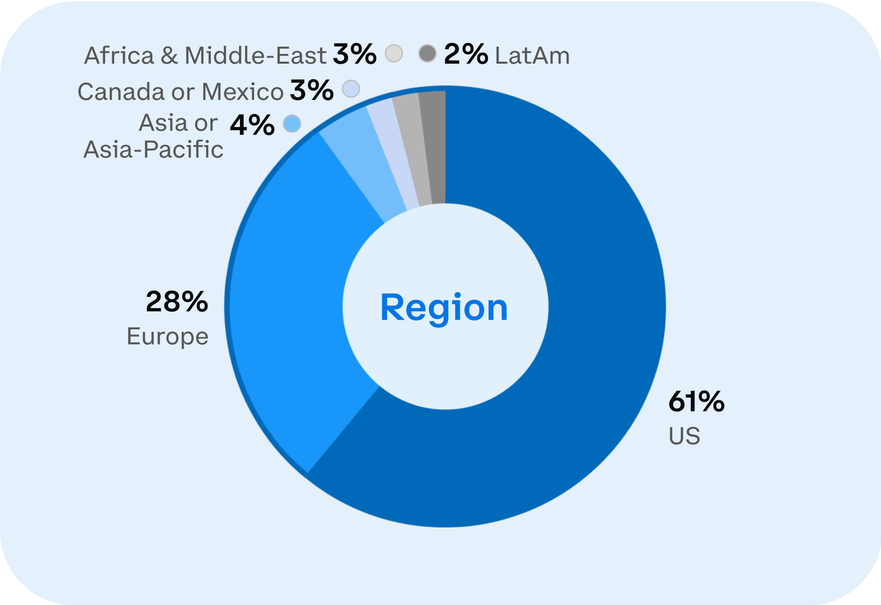
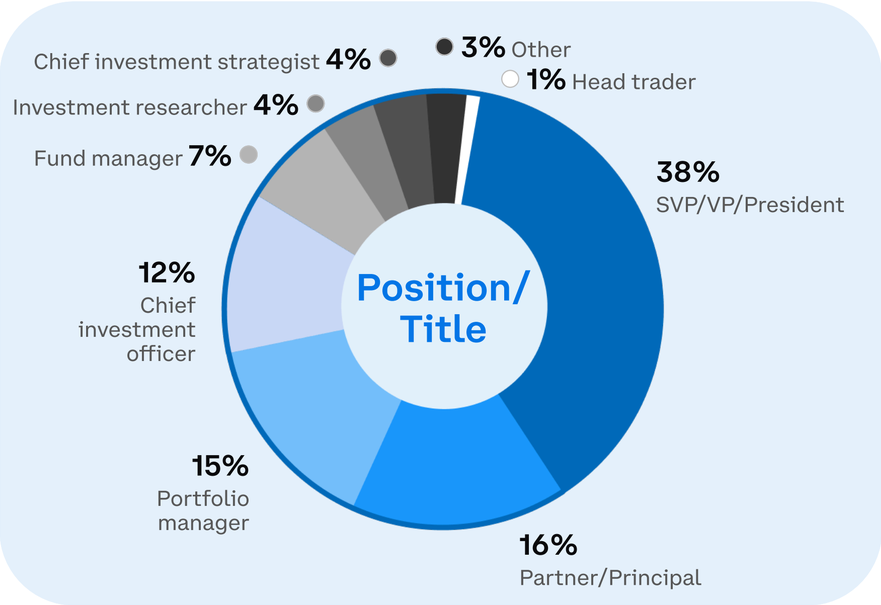
EY-Parthenon practice surveyed 352 global decision-makers from different institutional investor segments









[1] Asset Owners include: Pensions, endowments, foundations, IGAs, sovereign wealth funds, and family offices
[2] Initial set of qualification questions, N=403
Source: Coinbase & EY-Parthenon Institutional Investor Digital Assets Survey, Jan 2025

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