



# Virtual Assets 2025 Review and 2026 Outlook

January 2026

# 2025 in review: Institutional highs, retail lows

The industry matured with increased institutional adoption, yet endemic pump and dumps and altcoin underperformance caused retail interest to wane

## January: TRUMP & MELANIA

Trump and Melania launched their tokens, both experiencing rapid price declines after the initial post-launch surge. This sparked a short period of memecoin pumps that battle-tested Solana, driving \$36bn in volume within a 24-hour period.

## February: Bybit's USD 1.5bn heist

Bybit suffered the largest crypto heist to date, losing \$1.5bn worth of ETH, raising concerns about the security of centralised custody.

## February: Stripe acquired Bridge

The \$1.1bn acquisition of a stablecoin infrastructure business by a major payment service provider marked a step towards further utilising crypto technology in payments.

This also kicked off a year of increased crypto deal activity.

### No. of crypto M&A and disclosed consideration

Excluding SPAC, consideration in USDm



## March: US Strategic BTC Reserve

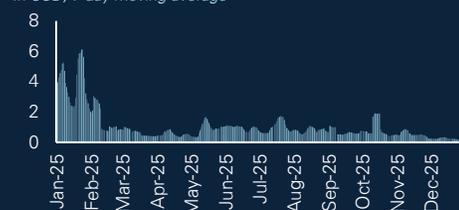
The U.S. government introduced a Strategic Bitcoin Reserve and Digital Asset Stockpile, the first formal policy to manage BTC as a long-term strategic asset, cementing BTC's role as a store of value.

## May: Pectra upgrade

Ethereum's Pectra upgrade raised the staking cap from 32 ETH to 2048 ETH and target blobs per block from 3 to 6, enabling more powerful validators and significantly cheaper L2 activity with greater blob capacity.

### Ethereum average daily transaction fee

In USD, 7-day moving average



## May: HK passed Stablecoins Bill

Hong Kong passed its Stablecoins Bill, establishing a licensing regime for fiat-backed stablecoin issuers and marking a significant step toward building an innovative and well-regulated digital asset hub in Asia.

## June: Circle IPO

Circle's successful IPO, more than doubling its offer price, signifies a pivotal moment for the crypto industry's move toward mainstream acceptance and could encourage other crypto firms to pursue public markets.

## July: GENIUS Act

The GENIUS Act was signed into law, enhancing the credibility of regulated stablecoins and laying a foundation for cryptocurrencies to further converge with the TradFi monetary system.

## August: Crypto in 401(k)s

The 401(k) executive order directs agencies like the DOL and SEC to expand access to crypto assets in retirement plans, increasing institutional adoption and retail acceptance.

## August: SEC-Ripple dispute ended

The SEC concluded its case against Ripple, with both parties dismissing their appeals, marking a pivotal moment for the relationships between regulators and crypto companies and potentially paving the way for clearer regulatory frameworks and bolstering investor confidence in digital assets.

## September: New era for ETFs

The SEC approved generic listing standards for spot crypto ETFs, allowing ETFs to be listed without a specific case-by-case approval process.

## October: Crypto Black Friday

Trump's threatened 100% tariff on China shocked the market, causing a downward spiral on Hyperliquid where most of the leverage was concentrated, eventually leading to \$19.3bn in liquidations. USDe temporarily de-pegged.

Bitcoin's price ended the year down 29% from its peak in October.

## October: Crypto as loan collateral

JPMorgan announced they will allow institutional clients to use Bitcoin and Ether as collateral for loans, positioning digital assets within TradFi lending systems.

## December: Polymarket returns

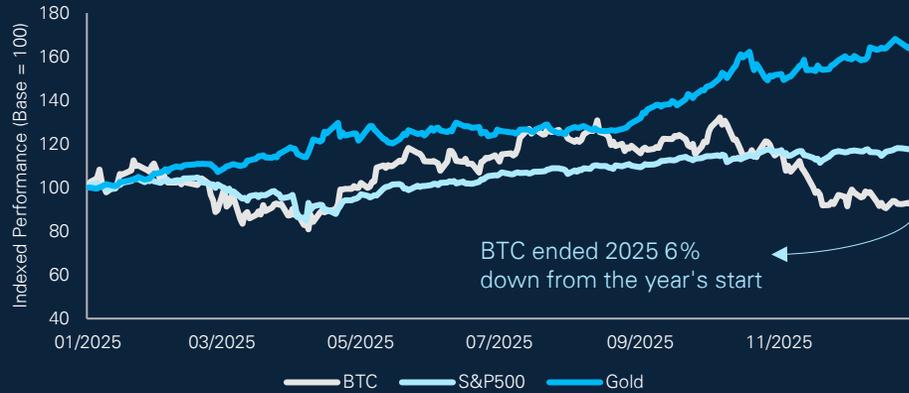
Polymarket relaunched in the US, this time with CFTC approval, expanding beyond politics to sports and other events, signifying decentralised prediction as a promising crypto use case.

Sources: The Block; Architect Partners; etherscan.io; Messari; The Block; Reuters; Galaxy Research; KPMG research and analysis.

# 2025 selected charts

BTC ended the year down and retail confidence fell. DeFi hit record growth driven by RWA tokenisation and prediction markets gained mainstream attention.

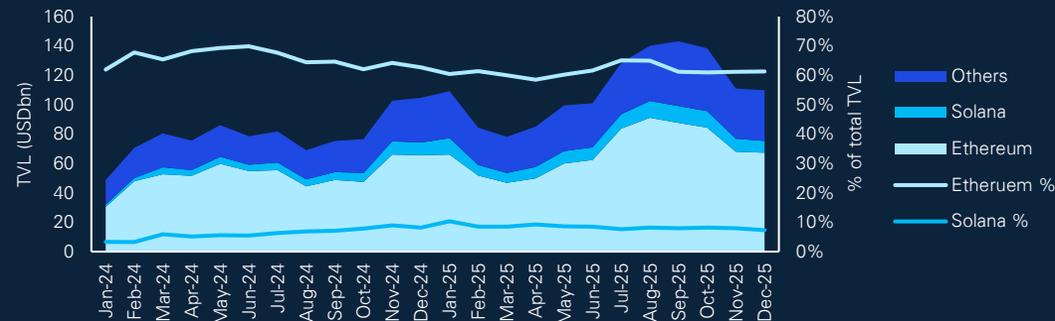
BTC retraced 30% from its peak while gold hit new highs



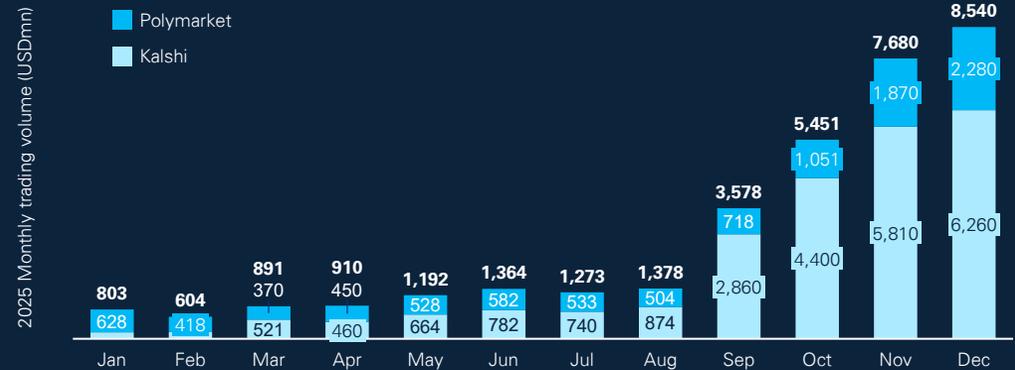
Altcoins significantly underperformed BTC



DeFi TVL continued growing in 2025, with Ethereum's dominance driven by institutional adoption and stablecoins. Solana maintained its share gained in 2024



Prediction markets led by Polymarket and Kalshi gained traction in 2025



Sources: rwa.xyz; TheBlock; DeFi Llama; Coin Gecko; Trading View; KPMG research and analysis.

# 2026: Fewer themes, proven infrastructure, deeper adoption

Continued volatility, as the fallout from crypto's Black Friday becomes clearer. 2026 marks the end of the casino, and the beginning of the industry.

	<b>Bitcoin</b> Institutional Collateral	<b>Stablecoins</b> The Adoption Engine	<b>DeFi</b> The New Proven Infrastructure	<b>Prediction Markets</b> More than Gambling
Role	 Bitcoin consolidates its role as a macro and balance-sheet asset	 Stablecoins evolve into core payment and settlement infrastructure	 DeFi moves towards its role as a battle-tested alternative to TradFi	 Prediction markets become the default source for real-time event probabilities
What's changing	<ul style="list-style-type: none"> <li>• Institutional inflows continue to concentrate around Bitcoin rather than broader crypto</li> <li>• ETFs, structured products, and prime brokerage deepen Bitcoin's collateral utility</li> </ul>	<ul style="list-style-type: none"> <li>• Stablecoin transaction growth structurally decouples from crypto trading volume</li> <li>• Financial institutions integrate stablecoins for payments, treasury management, and settlements</li> </ul>	<ul style="list-style-type: none"> <li>• Aave and Compound successfully liquidated hundreds of millions of dollars</li> <li>• Uniswap, Curve, and Hyperliquid remained operational during the October crash</li> </ul>	<ul style="list-style-type: none"> <li>• Prediction markets outperformed traditional polling, forecasting more accurately and with faster price discovery</li> </ul>
Why it matters	<ul style="list-style-type: none"> <li>• Bitcoin remains the default institutional entry point to digital assets</li> <li>• The "store of value vs productive asset" debate resolves in both use cases</li> </ul>	<ul style="list-style-type: none"> <li>• Stablecoins drive real economic activity on-chain, and not reflexive trading</li> <li>• Blockchain adoption occurs beneath existing financial applications</li> </ul>	<ul style="list-style-type: none"> <li>• DeFi quietly passed every stress test thrown at it</li> <li>• Parts of DeFi have moved toward sustainable models that institutional capital can underwrite with confidence</li> </ul>	<ul style="list-style-type: none"> <li>• Prediction markets are converting large scale speculation into probabilistic outcomes</li> </ul>

**Institutional liquidity, risk management, and settlement infrastructure are reshaping crypto from a reflexive trading market into a durable financial layer.**

## Contacts



### **Barnaby Robson**

Partner, Deal Advisory  
Hong Kong  
KPMG China  
T: +852 2826 7151  
E: barnaby.robson@kpmg.com



### **Jordan Sanders**

Director, Deal Advisory  
Hong Kong  
KPMG China  
T: +852 2913 2552  
E: jordan.sanders@kpmg.com



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