



## Research Report | 31.12.2023

# 2024: The blockchain revolution

**In a rapidly digitizing world, we are experiencing revolutionary changes. At the center of this transformation is blockchain technology, which is seen as the key to comprehensive innovation and new opportunities across numerous use cases. 2024 is likely to be a key year for the industry.**

The groundbreaking aspect of blockchains lies in their ability to enable a trustworthy, immutable and transparent exchange of value - be it in the form of money, information, data or intangible goods - via the internet. These characteristics offer the potential for fundamental redesign and optimization in a wide range of sectors, from finance to public administration.

This development is the foundation of [Web3](#), a new Internet layer characterized by decentralization and self-custody. Web3 enables secure value transfer and control over personal data and digital assets without relying on centralized intermediaries. It promotes a user-centric environment in which participants are directly involved in controlling and building the network.

In finance, blockchains enable direct settlement of transactions, overcoming the complexity and delays of the traditional, multi-tiered financial system while providing superior transparency and efficiency. This technological revolution is profoundly disruptive and has the potential to fundamentally change the way we interact, trade and manage data over the internet.

### Public and private networks

To understand the full potential of digital assets, it is important to look at the basics of public and private blockchains. Public blockchains, the most prominent examples of which include Bitcoin and Ethereum, are accessible to everyone. They are decentralized and do not require any trust towards a counterparty.

Public blockchains thus offer universal access and transparency, while private blockchains are tailored

to specific, often company-related requirements and offer a controlled environment.

### User adoption before exponential growth

The continued use and growth of these networks shows that consumers and businesses are increasingly embracing the technology.

The robust user base of public blockchains indicates sustained adoption and underscores their importance as a key element in the digital economy ecosystem. User adoption of cryptocurrencies is on the verge of exponential growth with an estimated 420 million users according to the S-curve model.

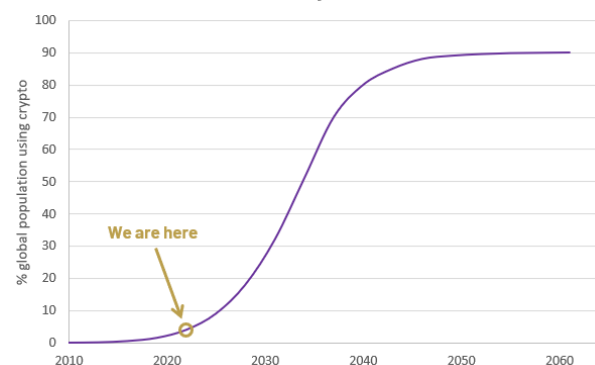


Figure 1: Crypto adoption in an S-curve cycle / Source: Digital Asset Solutions AG

### Token economy: a blockchain financial system

With the increasing adoption of blockchain technology in various sectors of the economy and among everyday users, the demand for tokens is also growing. Tokens are digital units that are stored on the blockchain and secured by cryptographic processes. They can represent a wide range of values and rights, from virtual currencies and shares in real assets to access rights in digital applications.



So if a user wants to store and transfer value in the Bitcoin network, there is no way around Bitcoin's own currency (BTC). The same applies to all public blockchains, such as [Ethereum](#) and others; the native tokens are the key elements that enable access and interaction within these networks.

The limited availability of blockchain tokens, often referred to as cryptocurrencies, together with the increasing demand, creates a natural supply-demand relationship that is directly reflected in the pricing on cryptocurrency exchanges.

#### Direct investment in the next web era

The unstoppable digital shift towards decentralization therefore leads directly to an increased demand for tokens, as they are essential for interaction in decentralized blockchain networks.

The merging of token economies with decentralized structures opens up a new paradigm of technological innovation that goes far beyond traditional, centralized approaches. The overall potential of this combination promises to fundamentally transform how we use technology in business and society.

The unique nature of tokens has created a fascinating direct investment opportunity to invest directly in the emerging space without going through private equity or similar intermediaries.

#### Outlook 2024

The increasing number of users turning to cryptocurrencies through their activities on public blockchains and the simultaneous easing of access for traditional investors is likely to lead to a remarkable increase in the total market capitalization of digital assets in 2024.



Figure 2: Crypto market capitalizations / Source: Tradingview, Digital Asset Solutions AG

The traditional financial world has [recognized the potential of the sector](#) and is increasingly making it available to investors through investment vehicles such as exchange-traded funds (ETFs) and other products. In fact, we are only at the beginning of this change.

With the increasing integration of blockchain technology into diverse industries and applications, the inclusion of this transformative technology in an investment portfolio is becoming increasingly critical. Not only does it provide an essential element of technology diversification, but it also represents significant growth potential. Nevertheless, it is important to consider and carefully assess the inherent risk associated with investing in novel technologies.

The diversity of blockchain technology, which now spans numerous infrastructure and application areas, offers investors a broad spectrum of promising investment opportunities. Comprehensive diversification is recommended in order to benefit from the various opportunities and spread the risk.