



5 digital / crypto / blockchain market predictions for 2020

At the start of January 2019 GMEX Group made its top 5 predictions in this space and evaluated how these had played out in June 2019 and early January 2020. The results were very accurate. We try to repeat that feat with our key predictions for 2020.

1 Properly regulated digital exchanges and custodians go live

There have been various announcements during 2019 about the launch of properly regulated digital exchanges and custody offerings beyond those such as CFTC regulated SEED CX, which already exist. Swiss Digital Exchange has been very public as has the likes of Arabian Bourse in the UAE, both with post trade digital custody offerings. This year such digital market infrastructure will go live and other under the radar initiatives, which are well advanced, will also go public across the globe.

2 More assets tokenised and increased institutional involvement

There has been lots of talk of assets being tokenised albeit currently the market is still nascent. We will see well run tokenisation initiatives go live spanning securities, real estate, gold and other assets with integration into regulated and secure digital custody with ease of access to trade on regulated digital exchanges. There will be more digital funds set up that tokenise assets in a way that traditional professional investors can invest.

3 Demand for digital capital markets solutions increases

Mainstream exchanges, CSDs and custodians seriously start looking at digital projects. This will be based on them being savvier in terms of what they actually need and what is suitable as opposed to succumbing to the hype. The need will be for technology and services that cover the whole value chain to ensure effective digital transformation. This will also increase demand for specialist legal, finance and corporate services to drive such a digital strategy.

4 Advancements in blockchain interoperability

Multiple nodes spanning wealth management, banking, payments, exchanges and post trade interconnect resulting in fewer intermediaries, with applications increasingly abstracted from single blockchain dependency so that they can run on multiple blockchains. This will also be enabled by increased collaboration between key blockchain providers, which extends across verticals and horizontally creating a proper network effect rather than vertical silos. This will facilitate easier trading, clearing and settlement of digital assets.

5 Convergence of AI and Blockchain

There will be greater application of AI in mainstream capital markets underpinned by blockchain immutability this year whether it is in investment management for Robo-Advisory, market surveillance or to drive smart contracts underpinned by the right data and analytics with self learning feedback loops.

