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## Institutional Investors in EU and UK to Increase Crypto Investments in 2025

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A recent survey by Coinbase (NASDAQ: COIN) and EY-Parthenon reveals a notable shift in the investment strategies of institutional investors across the European Union and the United Kingdom, with a clear intent to bolster allocations to digital assets in 2025. Conducted with input from 352 institutional firms worldwide, including around 100 from the EU and UK, the study underscores a growing confidence in cryptocurrencies as a vital component of diversified portfolios.

The findings are striking: 83% of institutional investors surveyed plan to increase their crypto holdings next year, driven by the conviction that digital assets offer superior risk-adjusted returns over the next three years. This optimism reflects a maturing crypto market, evolving applications, and expectations of clearer regulations, positioning cryptocurrencies as a mainstream investment class. Notably, 59% of respondents aim to allocate over 5% of their assets under management (AUM) to digital assets, a significant leap from the 2-3% previously considered standard.

Currently, 86% of surveyed institutions either hold digital assets or intend to invest in 2025, signalling robust faith in the sector's long-term prospects. Stablecoins, in particular, are gaining prominence for their versatility. The survey notes that 84% of investors are either using stablecoins or are interested in doing so, with 42% already holding or employing them and 34% planning to explore them. Beyond facilitating crypto transactions, stablecoins are being utilised for yield generation (73%), foreign exchange (69%), internal cash management (68%), and external payments (63%), highlighting their growing role in institutional financial strategies.

Interest in tokenised assets, such as bonds, stocks, and commodities, is also surging, with 98% of respondents expressing enthusiasm. EU and UK investors show a particular preference for tokenised commodities like gold and oil (56%), outpacing their US counterparts (36%). While only 13% have invested in tokenised assets so far, 69% plan to do so by 2026, motivated by opportunities for portfolio diversification and enhanced construction.

Despite this enthusiasm, challenges persist. Regulatory uncertainty tops the list of concerns for 52% of investors, followed by market volatility (47%) and secure custody (33%). However, 68% believe that clearer regulations will be the primary driver of the crypto industry's growth. The EU's Markets in Crypto-Assets (MiCA) regulation is viewed as a step forward, creating a more stable environment for institutional participation. Investors anticipate that enhanced regulatory frameworks, particularly around custody, will unlock further opportunities and lend greater legitimacy to the market.

The survey also highlights growing engagement with decentralised finance (DeFi) and altcoins. Institutional participation in DeFi is expected to rise 2.5 times over the next two years, reflecting confidence in the maturing infrastructure of decentralised protocols. Additionally, institutions are selectively increasing exposure to altcoins, moving beyond Bitcoin and Ethereum to tap into emerging opportunities within the crypto ecosystem. The

availability of exchange-traded products (ETPs) for Bitcoin and Ethereum has further facilitated institutional access, with 57% favouring these regulated vehicles.

While the outlook is positive, the crypto market remains subject to macroeconomic and geopolitical pressures. Volatility in early 2025 underscores the asset class's inherent risks. Nevertheless, the survey reflects a resilient and maturing market, with institutional investors adopting a long-term perspective. The UK's current Labour government, with its cautious approach to financial innovation, has yet to match the EU's proactive stance on crypto regulation, potentially slowing progress in fostering a competitive digital asset ecosystem.

As Coinbase and EY-Parthenon's research indicates, 2025 could be a defining year for institutional adoption of digital assets in the EU and UK. With increasing allocations, expanding use cases, and anticipated regulatory advancements, the region is poised to play a leading role in the global crypto economy, cementing digital assets as a cornerstone of modern investment strategies.