



Beyond the freeze

Blockchain's revival after the Crypto Winter

January 2023

Overview

2022 was a difficult year for the blockchain ecosystem. Major cryptoassets declined and several market participants, such as Celsius and FTX, failed due to liquidity and governance issues.

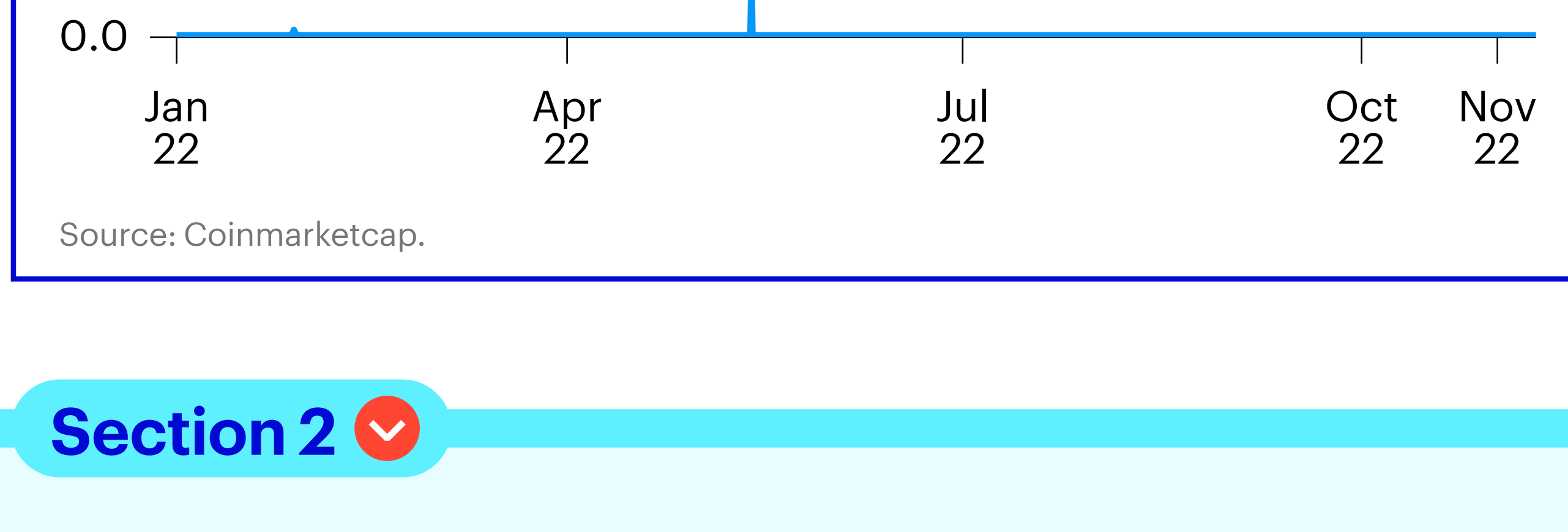
Yet amid the setbacks, building on blockchain continues and parts of the ecosystem functionality remain robust. The blockchain ecosystem is evolving from the original innovation of Bitcoin 14 years ago into greater applications such as asset tokenisation, Web3 and metaverse.

Section 1

Winter has come

2022 has shown that winter is most definitely here, with challenges gaining the most attention, such as the collapse of Terra, Celsius, 3 Arrows Capital, Voyager and, most calamitous of all, FTX.

FTX's failure is particularly concerning in that it provided loans and bought assets from troubled providers, only to suffer its own liquidity crunch based on poor governance.



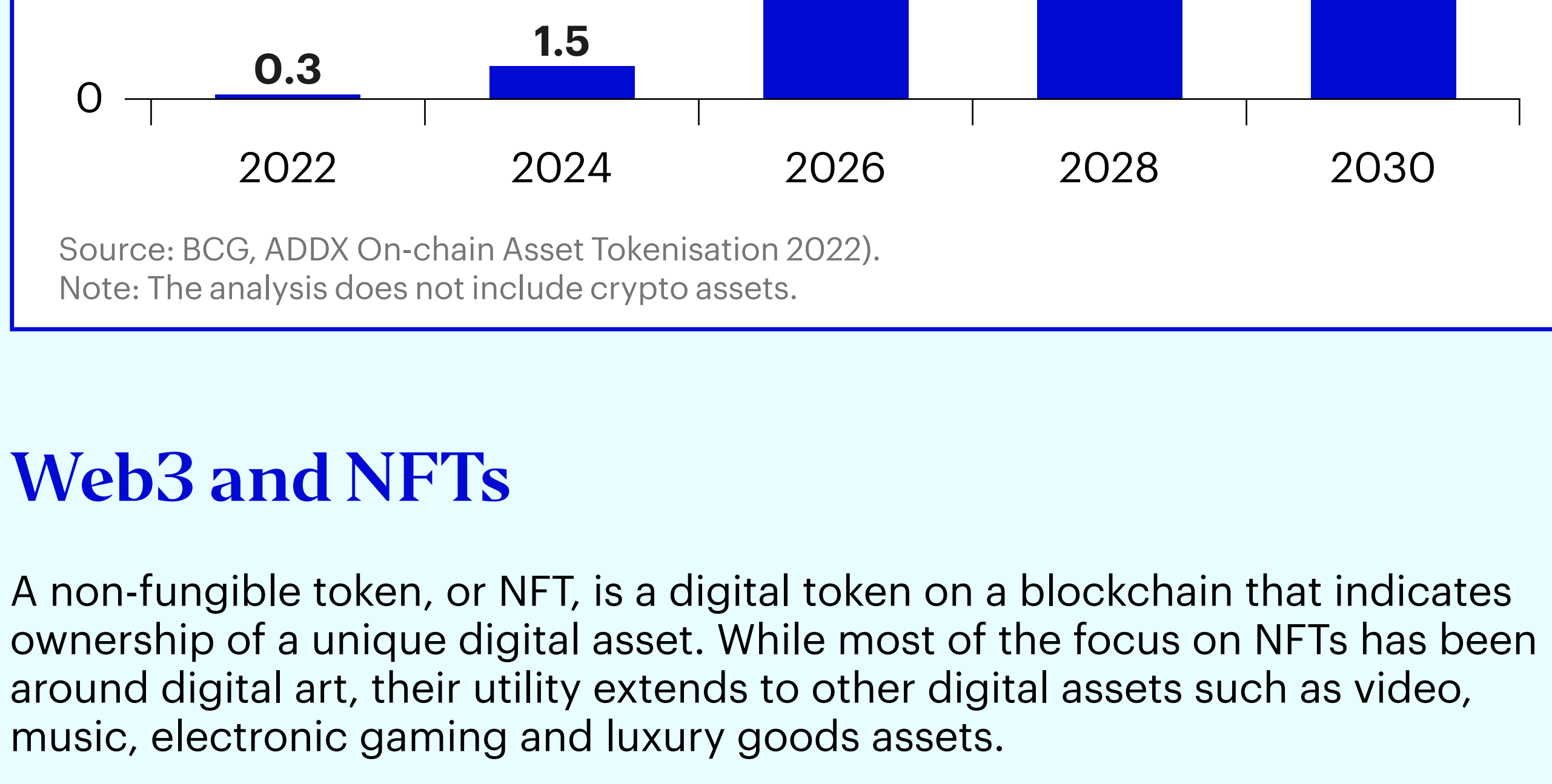
Section 2

Building during winter

Blockchain developments are paving the way for a gradual transition to a futuristic, value-based Web3 model. Many exciting commercial opportunities could open up through the creation of new digitisation-enabled markets, including asset classes, market infrastructure and money.

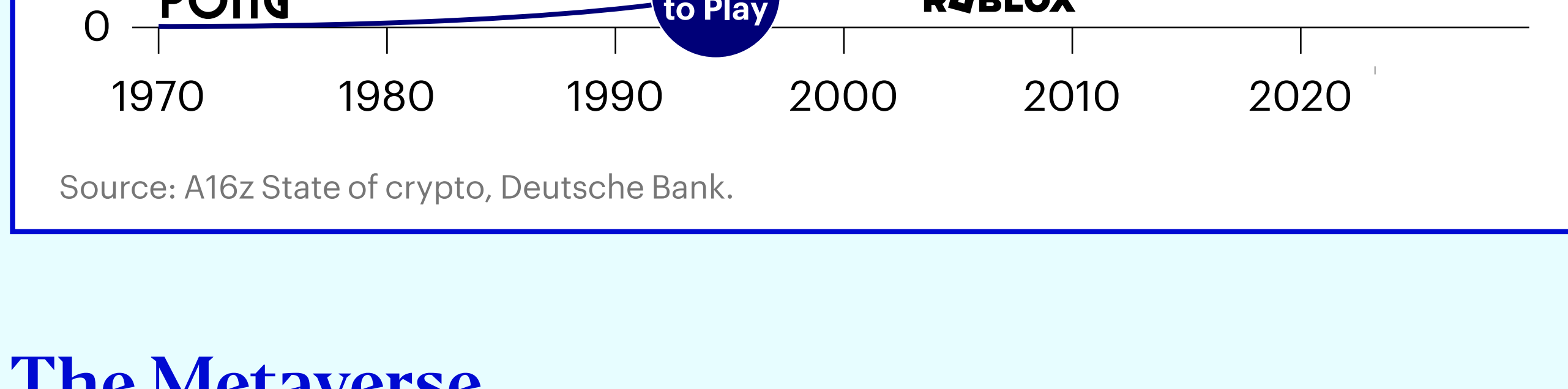
Tokenisation

Tokenisation is a process for representing a real-world asset, such as a commercial office building, into a set of tokens that each represent ownership of a fraction of the asset. As a result, tokenisation democratises ownership, and potentially increases liquidity and efficiency.



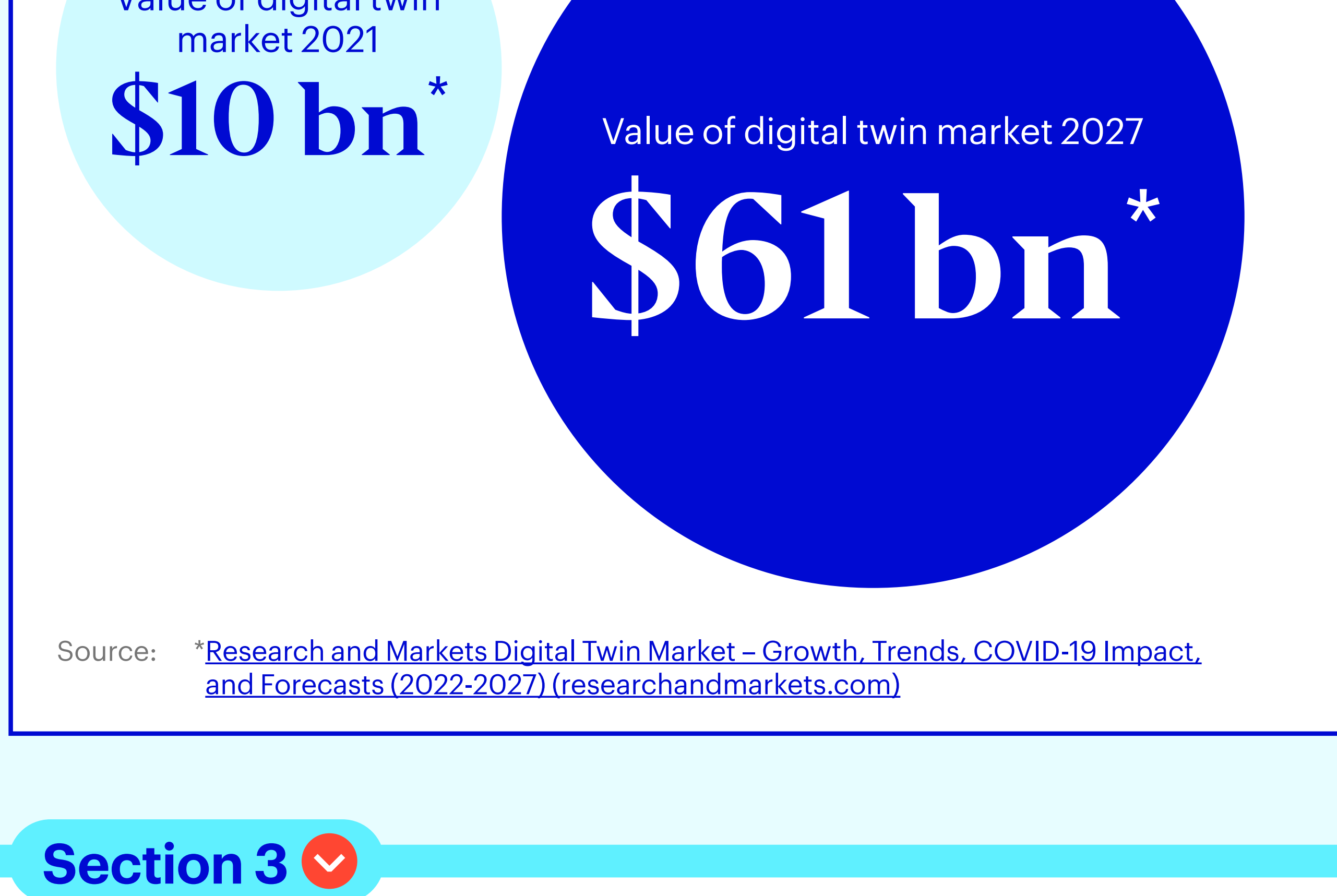
Web3 and NFTs

A non-fungible token, or NFT, is a digital token on a blockchain that indicates ownership of a unique digital asset. While most of the focus on NFTs has been around digital art, their utility extends to other digital assets such as video, music, electronic gaming and luxury goods assets.



The Metaverse

Massive virtual worlds combined with new immersive access via augmented reality (AR), virtual reality (VR) and digital assets gives us the metaverse. In addition, creating digital twins of processes and systems, but in the metaverse, can improve efficiency of industrial production processes.

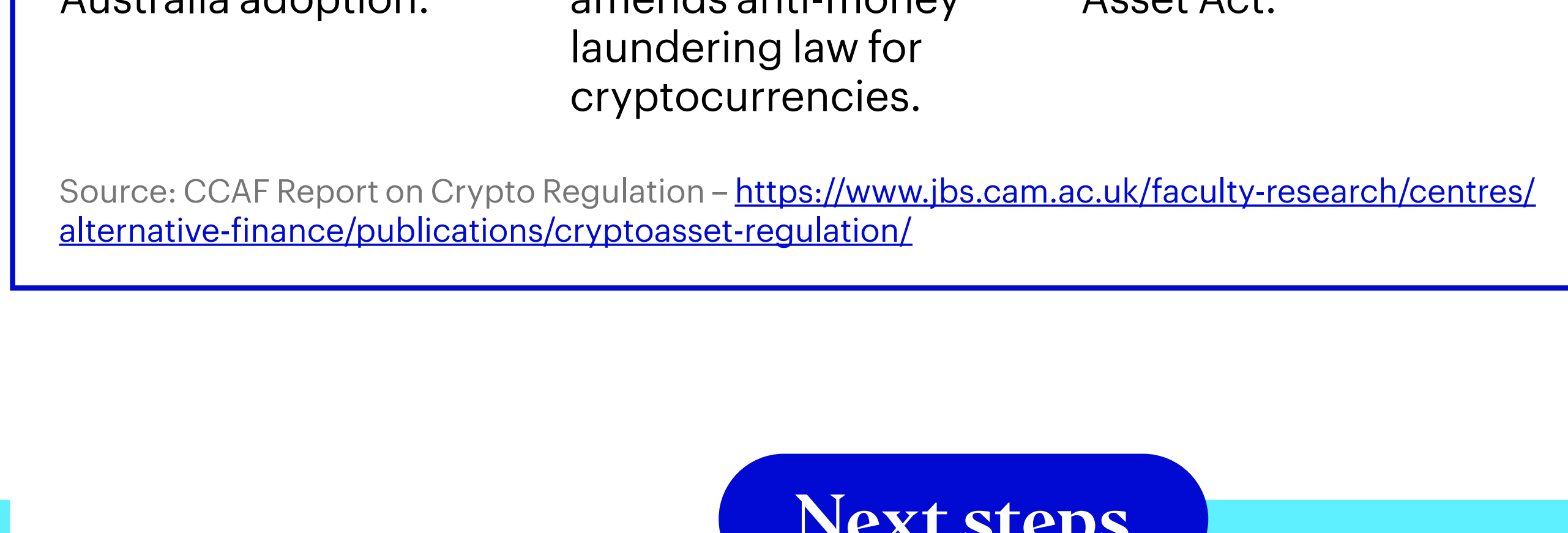


Section 3

Regulation

Regulation struggles to keep up with the pace of blockchain innovation, and recent failures clearly illustrate the need for increased and effective regulation and safeguards from traditional finance, while allowing innovation.

The implementation of the Market Infrastructure for Crypto Assets (MiCA) directive in the EU will have a significant impact on the cryptoasset industry. In parallel, the US unveiled the March 2020 Executive Order to ensure the responsible development of cryptoassets.



Next steps

[Learn more about Blockchain](#)

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