

Report

Unlocking Trillions : How Tokenized RWAs Are Rewiring Global Finance

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Abstract

Real-world asset (RWA) tokenization is transforming finance via Web 3.0, surging 260% in 2025 to \$24B on-chain value, led by private credit (58%) and tokenized U.S. Treasuries (34%). Key enablers include zero-knowledge proofs for compliance and cross-chain interoperability. With countries and large institutions accelerating adoption, this disruptive technology is bound to have large implications across most industries. This paper introduces the disruptive nature of this technology and the different pilot projects spearheaded by financial hubs around the world, followed by examining industry-specific impacts and integration opportunities, and finally ending with market projections.

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1. INTRODUCTION

1.1. WEB 3 BACKGROUND AND HISTORY

In 1965, 2 computers at MIT’s Lincoln Lab began the first instance of telecommunication, communicating with each other using a packet-switching technology. Slightly over 24 years later, the World Wide Web was introduced to the public. Although still in its infancy, this new disruptive technology had already begun disrupting large industries. For example, retail was transformed by the rise of e-commerce, as online stores enabled businesses to reach customers globally and forced traditional brick-and-mortar stores to adapt or risk obsolescence. Print media and publishing saw circulation and revenue plummeted as news and content migrated online, with blogs and digital outlets replacing newspapers and magazines. Although the first instance of commercial use of the web was slightly less than half a century ago, it has become an integral part of everyone’s daily lives. As of April 2022, over 5 billion people worldwide (63.5% of global population) use the internet (*The Internet by the Numbers*, 2023). Typically, we split the internet into three main eras, namely: Web 1.0, Web 2.0, and Web 3.0.

Web 1.0 focused primarily on providing information to users; hence, this one-way directional flow of information was termed the “Read-only” web. Web 1.0 had slow internet speeds and limited user interactivity. This all changed with the new era of the internet, Web 2.0. With significantly better internet speeds and user-generated content, social media and online networking became a large part of the internet culture. With the cultural dependence of social media platforms like Instagram and Facebook, the world was more connected than ever. Therefore, Web 2.0 was deemed as the “Read-Write” web. Finally, we arrive at the last and most current era of the internet, otherwise referred to as Web 3.0. Web 3.0 focuses on internet ownership and is therefore termed the “Read-Write-Own” Web. The current state of Web 3.0 focuses heavily on flexibility and consistent up time of the internet. It leverages the internet’s strengths to push for new and unique opportunities, especially in finance (Decentralized Finance). Web 3.0, coupled with the emerging trends in Artificial Intelligence (AI), is projected to be equally disruptive (if not more so) than the internet back in its infancy.

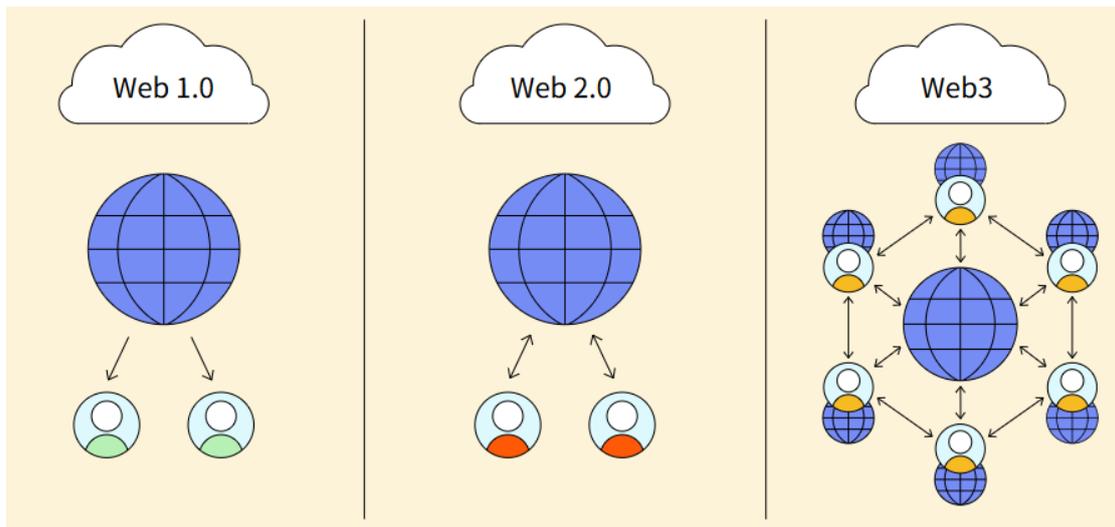


Figure 1. Simple infographic showcasing the different phases of the Web (Brave Software, 2024)

1.2. TOKENIZATION AND REAL-WORLD ASSETS

1.2.1. STABLECOINS

The first Stablecoin was introduced back in 2014 (BitUSD was issued on the BitShares blockchain and was backed by cryptoassets). Since then, 150 stablecoins have been launched, with Tether (issued by Tether Limited) being the world's largest stablecoin (Dionysopoulos & Urquhart, 2024). Stablecoins are normally pegged to a stable real-world asset, typically the US-Dollar, Gold or even Oil. This is why stablecoins have greater price stability than other assets on the blockchain.

Stablecoins are a unique asset in the Web 3.0 industry. Unlike its volatile counterparts, stablecoins provide investors with a safe way to store their assets. Stablecoins improve market liquidity and help to function as a hedge against volatility crashes that may happen during panic selling. Stablecoins act similarly to a central banking system by allowing investors to pivot into a more stable asset in times of crisis, instead of changing it with fiat currency and exiting the Web 3.0 industry entirely.

However, although stablecoins act as an intermediary, similar to that of banks, there are stark differences in how they operate. For one, since stablecoins are traded on the blockchain, they can be traded 24/7 (compared to traditional stock markets that are only open during trading hours). This introduces interesting opportunities for risk hedging, especially for large institutions that are constantly looking to protect their downside. Even beyond acting as hedges against currency risks, research papers have studied the hedging capabilities of stablecoins amongst different market conditions (Baur and Lucey, 2010, Baur and McDermott, 2016).

Overall, stablecoins are a unique financial asset that has unique opportunities in different market conditions and diverse portfolios. However, as this remains an extremely complex topic, we will dive deeper into the topic of stablecoins in other research papers.

1.2.2. REAL-WORLD ASSET TOKENS

Like stablecoins, real-world asset tokens (also known as RWAs) are assets on the blockchain that are pegged to real-world assets. These RWAs can vary from something as small as a wine bottle to something bigger like real estate. The main difference between stablecoins and RWAs is that RWAs have greater price instability than stablecoins, as per the nature of the underlying asset that the RWAs are pegged to.

Tokenization is the process of turning a real-world asset into an asset that can be traded on the blockchain. Before RWAs can exist and be traded on the blockchain, an asset needs to go through several processes (these vary from industry to industry) to verify that the RWAs' underlying assets are properly tokenized. Although tokenization and the RWA industry is still nascent, many analysts have high confidence in the rapidly growing industry. ChainLink analysts have found that currently only 0.001346% of the global market has been tokenized, while analysts from McKinsey project that the RWA market has the potential to reach an upwards of USD\$ 2 trillion.

Industry outlook: Base case estimate of potential value of tokenized assets by 2030 is nearly \$2 trillion.

An analysis of tokenization waves by asset capitalization potential and adoption drivers

Wave	2030 tokenized asset market capitalization base case, \$ trillion	Examples of use cases driving adoption
	Cash and deposits ¹ <i>Excluded from total</i> ~1.1	24/7 business-to-business payments
1	Mutual funds and ETFs ² ~0.4	Money market fund distribution
	Loans and securitization ³ ~0.3	Streamlined warehouse lending
	Bonds and exchange-traded notes ⁴ ~0.3	Intraday repo/collateral mobility
	Alternative funds ⁵ ~0.2	Distribution and investor onboarding
2	Alternative assets ⁶ ~0.1	Liquid secondary market
	Unlisted equities ⁷ ~0.1	Liquid private markets for secondary sales
	Precious metals ⁸ ~0.1	Collateral in decentralized finance
	Publicly listed equities ⁹ <0.1	Clearing and settlement efficiencies
3	Intangible assets ¹⁰ <0.1	Real-time distribution of royalties
	Derivatives ¹¹ <0.1	Clearing and settlement efficiencies
Total value tokenized in 2030 ~1.9		

¹Tokenized cash and deposits are excluded from total to avoid double counting, since these are involved in the settlements of trades involving tokenized assets. ²ETFs, mutual funds and money market funds. ³Wholesale loans, mortgage and home equity, structured credit. ⁴Government bonds, municipal bonds, corporate bonds, commercial paper, etc. ⁵Private equity/venture capital funds. ⁶Real estate (including real estate investment trusts), carbon, art and collectibles, and commodities (excluding precious metals). ⁷Single unlisted private equity and mezzanine financing. ⁸Gold, silver, platinum, palladium. ⁹Listed corporate equities. ¹⁰Intellectual property (brands, trademarks). ¹¹Options, futures, swaps, warrants, investment certificates, excluding over-the-counter derivatives. Source: Bank for International Settlements; Deal Logic; Federal Reserve Bank of St Louis; Prequin, Savills; Statista; The Block; WFE; expert interviews

Figure 2. McKinsey Analysts’ RWA industry outlook (Banerjee et al., 2024)

However, it must be noted that although the RWA industry has tremendous capabilities, many experts within the industry still have largely different census on the true projection of the market’s valuation in the years to come.

Beyond this, tokenization of traditional assets provide a multitude of benefits to the valuation of the underlying asset. For one, tokenization of an asset naturally allows for greater ease of trading of that underlying asset. Unlike traditional markets that do not work round the clock, trading on the blockchain can be accomplished 24/7 with no down time. Secondly, tokenization of an asset allows for fractional ownership of that underlying asset, which in turn reduces the barrier of entry for ownership of that asset. This increases the trading volume of that asset and improves the speed of trading of that asset. Additionally, the reduced barrier of entry will allow greater customization of traders to diversify their portfolio to modify their exposures accordingly. Naturally, more participants trading an asset will result in a faster price discovery, thereby increasing the market’s efficiency of trading that asset (Tanveer et al., 2025).

Welcome to contact us for discussion and to obtain the full report!

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