

The Future of TradFi Assets On-Chain

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Introduction

This roundtable discussion at the Singapore FinTech Festival focused on the challenges and opportunities in scaling tokenized markets, with particular emphasis on regulatory clarity, infrastructure development, and commercialization. Participants shared insights on the evolving landscape of tokenization in traditional finance (TradFi), the role of digital assets, and the need for an interconnected, scalable infrastructure to support adoption and liquidity. The conversation highlighted key factors such as cost efficiency, investor confidence, regulatory frameworks, interoperability, and the role of emerging technologies in transforming financial markets.

Market Scalability and Infrastructure Development

A significant theme was the necessity of a robust and scalable infrastructure to support the growth of tokenized markets. Industry leaders emphasized the importance of demonstrating clear value to investors, with cost savings and efficiency being key motivators. However, participants noted that cost reductions alone are insufficient; investors require additional benefits such as enhanced transparency, security, and regulatory certainty. Case studies, including Franklin Templeton's experience with tokenized funds, demonstrated how blockchain technology can improve market efficiency and accessibility.

Interoperability emerged as a crucial design principle, ensuring that financial institutions can seamlessly integrate tokenized assets within existing frameworks. Participants stressed the importance of infrastructure solutions that lower barriers to entry, making digital asset adoption more feasible for institutions and investors alike. Additionally, the discussion addressed the ongoing challenge of integrating blockchain-based financial products with legacy systems, which remain a significant roadblock to widespread adoption.

Regulatory Frameworks and Industry Collaboration

The conversation underscored the critical role of regulatory clarity in fostering the growth of tokenized markets. Participants advocated for more flexible, jurisdiction-wide regulations that align with technological advancements. The need for ongoing dialogue between the web3 ecosystem and regulators was highlighted, emphasizing that regulatory frameworks should not hinder innovation but instead provide clear guidelines that allow digital assets to coexist with traditional finance.

Several participants shared insights from their respective markets, demonstrating the varied approaches to tokenized asset regulation. The launch of the first Bitcoin and Ethereum ETF in Hong Kong was cited as an example of regulatory progress, while other regions still face challenges in harmonizing compliance standards. It was widely agreed that regulators should be actively engaged in industry discussions to ensure alignment between policy and innovation.

Tokenization of Traditional Assets and Market Adoption

Participants discussed the future of TradFi assets on-chain, exploring the potential for tokenizing different asset classes, including money market funds, real estate, and structured financial products. There was consensus that private markets offer the greatest potential for tokenization, as they provide more flexibility compared to public markets. Additionally, tokenization was recognized as an enabler of liquidity and financial inclusivity, particularly in emerging markets.

The discussion also highlighted the generational shift in investment preferences, with younger demographics demonstrating a stronger inclination towards digital assets and decentralized financial solutions. This shift underscores the need for improved user experiences and the development of digital wallets that cater to a tech-savvy audience.

Interconnectivity and Overcoming Legacy Challenges

A recurring theme was the necessity of overcoming legacy technology constraints to enable seamless integration of tokenized assets within financial markets. Interconnectivity and interoperability must be prioritized from the outset rather than being addressed as secondary concerns. Participants called for a phased approach to implementation, starting with small-scale pilot projects and gradually scaling up successful initiatives.

Additionally, the discussion touched on the challenges of navigating entrenched financial infrastructure and the need for institutions to embrace a more adaptive mindset. Participants acknowledged that industry incumbents must demonstrate humility in addressing the demands of evolving markets and integrating innovative financial technologies.

Key Takeaways and Next Steps

Several key action items emerged from the discussion, including:

- Advocating for clearer, more precise regulations to help businesses model their tokenization strategies.
- Enhancing the accessibility of tokenized market infrastructure to lower barriers to entry.
- Prioritizing interoperability as a fundamental design principle for digital asset platforms.

- Encouraging collaboration and knowledge-sharing between regulators and market participants to ensure alignment on policy and technological advancements.
- Addressing legacy technology challenges by integrating scalable, forward-looking solutions.

Conclusion

The discussion reinforced the importance of collaboration between industry leaders, regulators, and technology providers to advance the tokenization of financial assets. While significant progress has been made, ongoing challenges such as regulatory uncertainty, infrastructure constraints, and market fragmentation must be addressed to realize the full potential of tokenized markets.

As a next step, participants expressed support for an annual roundtable to assess progress and refine strategies for driving industry-wide adoption. By fostering open dialogue and coordinated efforts, the financial ecosystem can move toward a more integrated and scalable future for digital assets.

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