

The Big Read Cryptocurrencies

Crypto industry dreams of a golden era under Trump

The sector expects lighter regulation and wider adoption under the president-elect, but some worry about systemic risks

Nikou Asgari in London and Chloe Cornish in Abu Dhabi 22 HOURS AGO

In mid-December, two jubilant groups came together to celebrate their recent, interconnected turns in fortune: the freewheeling cryptocurrency industry and the family of the victorious US president-elect Donald Trump.

Trump's second son, Eric, was the star attraction at the Bitcoin Mena 2024 conference in Abu Dhabi on December 10. In front of a whooping crowd of industry figures, Eric Trump assured them that his father would keep his promises to be "the most pro-crypto president" yet. Indeed, he drew a link between the two movements as victims of the same establishment.

"The nastiness in the system . . . guys, they made our life miserable," he said, of the US government. "But had it not been for those attacks, I don't think my eyes would have been as open to the crypto industry . . . I saw them come after you. I saw them strip your bank accounts."

The dawn of Trump's second term promises to mark a turning point for crypto, bringing it out of the shadows and into the mainstream — and without the levels of regulatory scrutiny it has faced in recent years.

The industry believes the president-elect — whose family has a personal investment in the crypto story with its platform [World Liberty Financial](#) — and his Republican-controlled Congress will unleash a golden era for them.

On the campaign trail, Trump promised to create a strategic bitcoin stockpile, which would in effect turn it into a reserve asset, and to install a crypto advisory council. He has nominated Paul Atkins, a pro-crypto businessman, to lead the Securities and Exchange Commission.



Eric Trump attends the Bitcoin Mena conference in Abu Dhabi last year. During the event he said his father would be the 'most pro-crypto president' yet © YouTube



A conference attendee wears a hat bearing the Trump-style slogan 'Make bitcoin great again' © Federico Maccioni/Reuters

Crypto owners are euphoric. When bitcoin broke through the \$100,000 level for the first time, a month after the election, Eric Trump called his father at 6am to relay the news. In Dubai, a yellow Lamborghini roared through the emirate's streets, its bonnet crudely spray-painted with the words: "BTC 100K THANKS TRUMP".

Didi Steiner, a 26-year-old Austrian who used his first army pay cheque to buy bitcoin, says it is "gigabullish" that Trump is considering bitcoin as a reserve asset.

"Because it's so rare, the potential buying pressure from nations and states and companies could be so immense," Steiner says, a red "MAKE BITCOIN GREAT AGAIN" cap shading his face from the Abu Dhabi sun. "With Trump, we come many steps closer."

Crypto's revival marks a dramatic change in fortune from only two years ago, when the collapse of Sam Bankman-Fried's exchange FTX in late 2022 triggered a global crisis that sent the price of bitcoin plummeting to just \$16,000 and prompted many to shun the industry for fear of getting burnt.

"This is a turnaround of near-mythical proportions, miraculous proportions, and really not something that could ever have been contemplated, even at the start of this year," says Yesha Yadav, associate dean at Vanderbilt University Law School.

A more crypto-friendly administration could encourage record inflows, more deals and institutional money, as traditional financial players worry less about being caught out by regulators.

Yet the crypto industry has a long and colourful history of attracting criminals and facilitating scams. Many executives in the sector have been slapped with civil charges or served [jail time](#) in recent years. Crypto's embrace by Washington and potentially Wall Street too, heightens the risks that ordinary and institutional investors will eventually be hurt once again.



A screen displays cryptocurrency market movements. A US administration less hostile to crypto could prompt more traditional investors to consider the assets © Angel Garcia/Bloomberg

“The combination of greater legitimacy and light regulation is what I really worry about,” says Eswar Prasad, senior fellow at the Brookings Institution. “The broader adoption of crypto at both the retail and institutional level certainly could pose some risks,” he adds.

As more investors are enticed back into the volatile market, the impact of a price crash could be even more detrimental than previous crypto downturns if the asset becomes increasingly entwined with the traditional financial system.

“Not only is [the crypto industry] back, it is going to become institutionalised,” Yadav says.

Throughout President Joe Biden’s administration, the crypto industry felt vilified by US authorities.

Under the leadership of Gary Gensler, whose name elicited boos at the Abu Dhabi bitcoin conference, the SEC maintained that companies should abide by existing rules governing the financial markets.

The regulator launched a slew of lawsuits against big-name crypto companies including exchanges Coinbase, and Kraken, software firm Consensys and payments company Ripple, largely accusing them of selling unregistered securities. The US Department of Justice and other authorities also launched legal actions against several companies.

“That kind of stuff is going to come to a screeching halt [under Trump],” says Coy Garrison, partner at Steptoe and former SEC counsel.

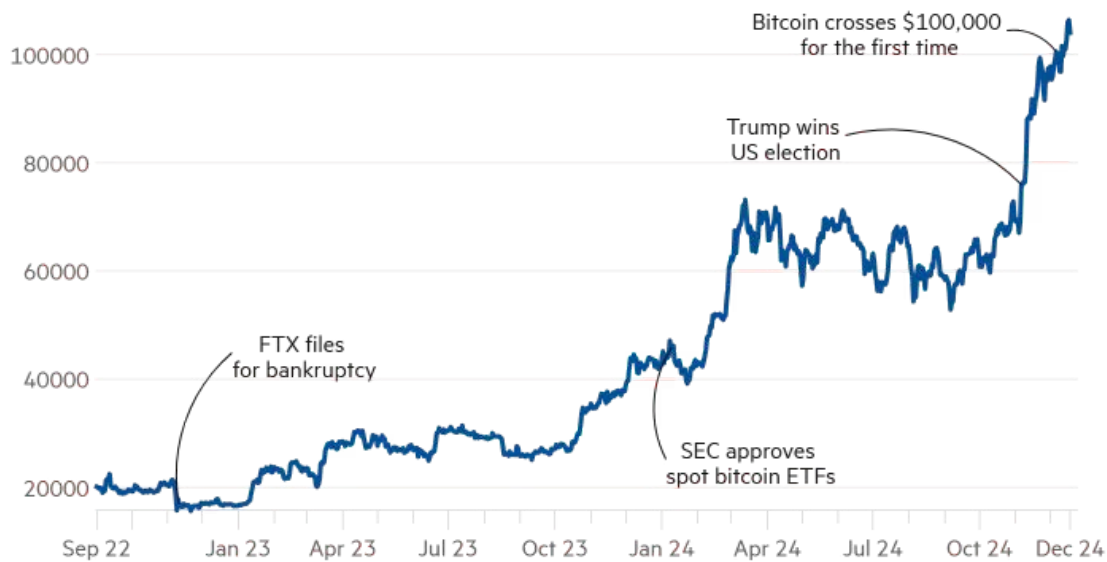
Gensler has said he will resign on Trump’s inauguration day, after the president-elect said firing him would be a top priority — to jubilation from the industry.

“This is a new beginning in many ways,” says Bill Hughes, senior counsel at Consensys, which was hit with a lawsuit in the summer. “The last administration took a scorched-earth position with respect to crypto,” he adds, and Trump’s election marks “an evolution from the very antagonistic way things are now to a coherent, pro-market stance”.

Crypto chief executives are rushing to woo Trump, with Kris Marszalek, head of exchange Crypto.com, the latest to meet the president-elect in Florida.

Bitcoin’s wild ride to more than \$100,000

Bitcoin price (\$)



Source: Bloomberg

As well as Trump’s own rhetoric, crypto devotees are excited by the views of the people around him, many of whom have emphatically backed digital currencies.

Atkins, who served as [SEC](#) commissioner from 2002 to 2008, sits on the advisory boards of blockchain company Securitize and crypto trade group The Digital Chamber.

Trump’s choice for commerce secretary, Howard Lutnick, heads Wall Street firm Cantor Fitzgerald, which has [deep ties](#) with stablecoin giant Tether. His Treasury secretary pick Scott Bessent has vocally supported the digital asset industry, saying this summer that “crypto is about freedom”.

Elon Musk, one of Trump’s closest confidants and a long-standing crypto advocate, is running the Department of Government Efficiency — a new advisory group whose name is a nod to the [memecoin](#) Doge.

Meanwhile, venture capitalist David Sacks is set to lead crypto and artificial intelligence efforts in an advisory role.

“[Sacks] knows how to build and understands policy,” says Tyler Winklevoss, co-founder of crypto exchange Gemini. “He was also super early in crypto and supporting Trump to make America pro-business, pro-innovation and pro-crypto.”

“When the people around the table all like our industry, you’ve got to think good things are coming,” says Mike Novogratz, founder of crypto group Galaxy.

The new embrace of crypto in Washington is no accident. Trump's election marks the culmination of months of targeted lobbying and hundreds of millions of dollars spent by investors to secure the victory of amenable politicians in Washington and across the US.

Tech titans from venture capitalists Andreessen Horowitz and Sequoia Capital donated to Trump's campaign, alongside Jesse Powell, co-founder of crypto venue Kraken, and Tyler Winklevoss and his twin brother, Cameron, also of Gemini.

Coinbase, Ripple and Andreessen Horowitz led the funding of pro-crypto group Fairshake, which grew into one of the biggest Super PACs in this US election cycle, spending about \$135mn of the \$170mn it raised.

Donations came from venture capital firms Paradigm and Multicoon Capital, stablecoin operator Circle, Cathie Wood's Ark, and market makers Cumberland and Jump Crypto, underscoring the depth and scale of Fairshake's backing.



A cartoon image of Donald Trump holding a bitcoin token is displayed in a window in Hong Kong. The president-elect's nomination for the SEC head was celebrated by crypto executives © Justin Chin/Bloomberg

Coinbase-backed lobby group Stand With Crypto celebrated the wins of 294 pro-crypto politicians in Congress, compared with 134 anti-crypto members. "Fairshake has proved its worth," says Stuart Alderoty, general counsel at Ripple.

Josh Vlasto, spokesperson for Fairshake, said its work would have "a clear and immediate impact" on Congress's ability to approve favourable crypto regulation.

The group targeted anti-crypto politicians, although few of its adverts actually mentioned digital tokens, instead focusing on issues such as border security. It is already preparing for the next set of elections, having raised \$78mn for the 2026 midterms, with a fresh \$25mn from Ripple.

Campaigns are often framed as a battle for a financial and personal revolution against the tired, old establishment, reflecting crypto's aim to be seen as a transformative power.

"Who will defend crypto in America?" Stand With Crypto asked on its website.

Now that the money has been spent and the politicians elected, crypto executives are turning their attention to getting the actions they want in place.

“The industry has paid a lot of people a lot of money and is going to expect to see the receipts,” says Hilary Allen, professor at the American University Washington College of Law.

Top of the wish list is a friendlier SEC. The nomination of Atkins was celebrated by the crypto industry, which sees him as more understanding and open to creating digital asset rules.

“He definitely gets the industry,” says Carlos Domingos, chief executive of Securitize, who has worked with Atkins since 2019. “Paul has been an advocate of streamlining regulation . . . [he is] a person that listens and takes decisions based on feedback and [doesn’t have] this animosity towards the industry.”

Domingos says that the mood has already changed within the SEC. After meeting a few commissioners in December, “the tone is very, very different, it’s about, ‘Tell us what your problems are’, ‘how can we fix those problems?’”

The incoming administration has the opportunity to reverse so many poor crypto policy decisions, chief among them politically motivated regulatory decisions like Operation Chokepoint 2.0

PAUL GREWAL, COINBASE

Investors say they want rules stating which crypto tokens are deemed securities and therefore regulated as such under US law — and would largely prefer all crypto tokens not to be considered securities.

Executives want “clear rules of the road to follow, to be assured they’re not going to face enforcement actions”, says Garrison. “And the benefits for the crypto holders is that you have a certain baseline set of protections that you know these companies are abiding by.”

In an effort to push crypto more into the mainstream, enthusiasts are also keen to repeal SAB 121, the accounting rule that stipulates that institutions holding digital tokens for customers must treat them as liabilities on their own balance sheets.

Custodied assets are normally accounted as off-balance sheet items so the rule has made big Wall Street banks and fund managers wary of holding tokens. Advocates hope that repealing the rule will make them more open to holding tokens and usher in a new wave of Wall Street acceptance.

Congress passed the repeal this summer but it was later vetoed by Biden. Executives now hope Trump will waive through the rule and entice big firms into the market.

Gaining access to banking services is another focus area. Crypto companies have loudly decried their inability to use the services of top US banks, dubbing it “Operation Chokepoint 2.0” and blaming Biden’s government for turning big lenders against them.

“The incoming administration has the opportunity to reverse so many poor crypto policy decisions, chief among them politically motivated regulatory decisions like Operation Chokepoint 2.0,” says Paul Grewal, chief legal officer at Coinbase, whose company published redacted letters from the Federal Deposit Insurance Corporation which asked lenders in 2022 to “pause all crypto asset-related activity”.

Meanwhile, fresh legislation covering stablecoins — tokens typically pegged to sovereign currencies — is also on the agenda, with executives hoping that guardrails will be put in place to regulate their issuance. The stablecoin market has ballooned to more than \$200bn, according to CCData.

“Filling that void is really critical,” says Dante Disparte, head of global policy at stablecoin operator Circle. “Digital dollars will have more legal clarity in Europe than they do in the US,” he says, referring to the EU’s landmark crypto legislation that covers stablecoins and is set to come into force in 2025.

“I cannot imagine an America-first administration who allows that international vacuum to happen,” he adds.

The changing regulatory environment has investors excited by the prospect of a flood of large, traditional asset managers rushing into crypto, pushing it into the mainstream.

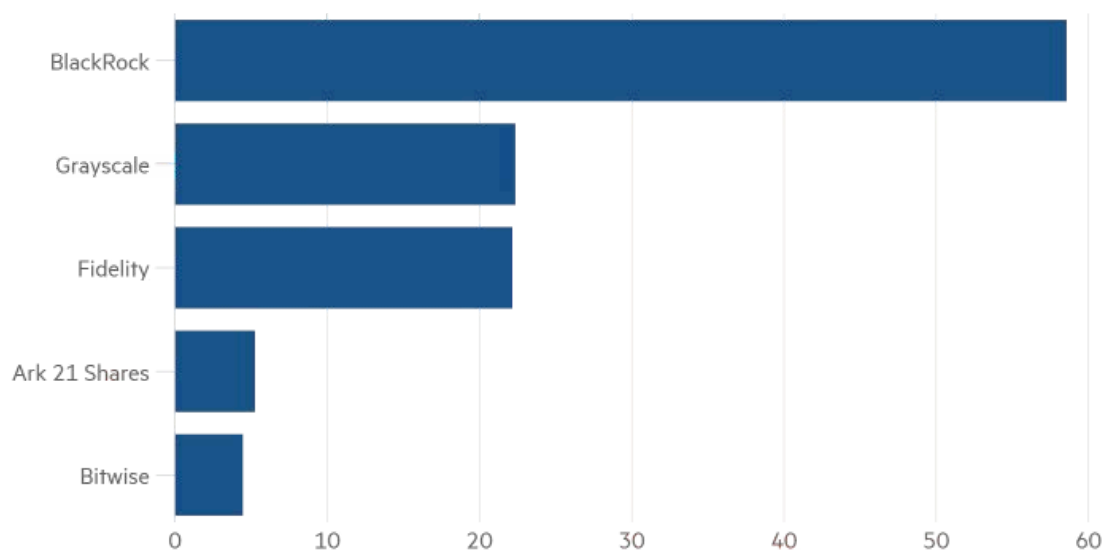
“It’s gone from being an asset class for some enthusiasts to one where officials are backing it, politicians are backing its mainstreaming,” Yadav says.

In truth, the mainstreaming has already begun. Last year, the SEC approved the launch of spot bitcoin and ether exchange traded funds — regulated products into which investors have ploughed money to gain exposure to crypto tokens.

The largest, BlackRock’s bitcoin fund, has ballooned to hold nearly \$60bn in assets. Other regions have followed, and Hong Kong launched its own bitcoin ETFs last April.

Billions of dollars have poured into the biggest bitcoin ETFs

Assets under management (\$bn)



Source: Bloomberg

Pension funds including the State of Wisconsin Investment Board and State of Michigan Retirement System have already started holding bitcoin through the funds, according to filings.

The price of bitcoin topping \$100,000 has also spurred Fomo — fear of missing out — in the market, with many of those who sat on the sidelines now rushing back in.

“Institutionalisation has started, and that momentum will be even stronger going into 2025,” says Richard Teng, chief executive of Binance, the world’s biggest crypto exchange.

When crypto prices crashed in 2022 following the collapse of exchange FTX, it was mainly ordinary investors and the venture capital firms that backed FTX that got burnt. This time round, more institutions may be at risk.

Now, the advent of friendly US supervisors means crypto advocates are hoping that relaxed rules will spur the at-scale involvement of Wall Street banks, pension funds, hedge funds and others, unleashing billions of dollars — and pushing crypto prices ever higher.

This brings a whole host of risks.

“Right now, the fact that the SEC has imposed relatively tight [oversight] on their ability to operate is certainly a constraint,” says Prasad.

“What the crypto industry wants is to be subject to government oversight but to have that oversight be quite weak because that gives them exactly what they want,” he adds. “It allows them to encourage much broader adoption.”

Stablecoins in particular pose systemic financial risks, given the scale of US Treasuries backing the tokens. If there is a run on stablecoins, “it could set off a chain of events that end up destabilising various parts of the traditional financial system”, says Prasad. Big money managers and retail investors may end up facing significant losses in the next downturn.

Global regulators and central banks are conscious of this. “Most economists argue that bitcoin is a speculative bubble that will burst at some point,” European Central Bank officials wrote recently.

As crypto becomes more entwined with the traditional financial system, vulnerabilities from a collapse in their prices “could create stronger spillovers to traditional financial markets and contribute to systemic risk”, the Federal Reserve Bank of New York stated in a recent review.

“The concern I have is that as this becomes more integrated, we sub out mortgage-related assets from 2008 and sub in crypto, which are only more volatile,” says Allen, the academic. “Mortgage-backed securities somehow somewhere were tied to a house whereas crypto assets are made up out of thin air,” she adds.

There is also, finally, an element of paradox in the idea that an industry born out of the desire to forge an alternative financial system away from the prying eyes of the state is now jubilant at being accepted by arguably the biggest establishment of all: the US government.

“The prices are being pushed [upward] by this state-backed institutionalisation,” says Yadav. “There’s a massive irony in it.”

Additional reporting by Owen Walker in Singapore

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