

Explosive Growth in Digital Asset-Based ETPs: Fineqia International Reports AUM Surge to \$50 Billion in 2023

written by Khadijah Samnani | January 10, 2024

Bitcoin's price witnesses a remarkable rise of 155% in 2023

[Fineqia International Inc.](#) (CSE: FNQ), a prominent player in digital assets and fintech investments, has released a [comprehensive analysis](#) of global Exchange Traded Products (ETPs) that are based on digital assets. This report highlights a significant growth in the Assets Under Management (AUM) of these products. In 2023, the AUM for digital asset-based Exchange Traded Funds (ETFs) and Notes (ETNs) surged by 2.5 times, reaching an impressive figure of nearly \$50 billion, up from \$20 billion.

The company's analysis revealed that the worldwide crypto ETPs' AUM grew at a rate of 19% over the value of the underlying digital assets, which increased by 123%. This disparity in growth rates is mainly attributed to Bitcoin's dominance in the ETP AUM, holding a 72% share, which is significantly larger than its 53% share in the overall digital asset market. Bitcoin's price witnessed a remarkable rise of 155% this year, which fueled investor interest in Bitcoin-denominated ETFs and ETNs.

Bundeep Singh Rangar, CEO of Fineqia, commented on this trend stating, "BTC was the sled dog pulling the (digital asset) ETF

sleigh this season.” He further added: “Investors believe they might even have sighted a Santa at the SEC.”

In the fourth quarter of 2023 alone, the AUM of ETPs with Bitcoin as the underlying asset experienced a substantial growth of 64%, rising to \$35.6 billion from \$21.7 billion. This growth was supported by Bitcoin’s price increase of 57% to \$42,300. Throughout the year, the AUM of ETPs holding Bitcoin escalated by 162%, outpacing the 155% rise in Bitcoin’s price.

The report also discusses the anticipation surrounding the SEC’s potential approval of spot Bitcoin ETFs by major issuers like Blackrock, Fidelity, Grayscale, and VanEck. The total AUM of ETPs holding digital assets grew by 62% in the fourth quarter to \$49.5 billion, surpassing the 53.8% rise in the market cap of all digital assets, which reached \$1.77 trillion. This indicates significant net inflows of investment capital, especially during the last quarter of 2023.

In December, the total crypto AUM increased by 14%, and the market value of crypto assets rose by 19%. Bitcoin’s price itself increased by 12.4%, while the AUMs rose by 11.8%.

The report also sheds light on Ethereum (ETH) and other cryptocurrencies. Ethereum’s value increased by 11.5% in December, and the AUM of ETH-denominated ETPs rose by 14.2%. Throughout 2023, the price of Ethereum rose by 90%, with a near equivalent increase in the AUM of ETH ETPs, suggesting neutral capital flows for these products.

ETPs representing a diversified basket of cryptocurrencies also showed significant growth, with a 23.9% increase in AUM during December and a 138% rise over 2023. The AUM for ETPs holding individual altcoins saw a 165% increase in 2023, indicating robust growth in this sector.

According to the [news release](#) issued earlier today, Fineqia's analysis includes data compiled from reputable sources such as 21Shares AG, Grayscale Investment LLC, VanEck Associates Corp., Morningstar, Inc., and TrackInSight SAS. The company, listed in Canada with offices in Vancouver and London, focuses on investments in early and growth stage technology companies, particularly those involved in tokenization, blockchain technology, NFTs, AI, and fintech. Fineqia is in the process of forming a VC fund, Glass Ventures, to back pioneering Web 4.0 companies.