

## **What Does Donald Trump's Victory Mean for the Digital Asset Insurance Space?**

Bitcoin surged to a historic high on Tuesday just a week after Donald Trump was elected into office as the next US President. The world's most prominent cryptocurrency surged past the USD89,000 price level per Bitcoin and nearly reached USD90,000 before the market corrected and price levels dipped slightly north of USD85,000. The result of the highly anticipated US Presidential Elections by the cryptocurrency industry was against the backdrop of Trump's pro-crypto campaign where he openly accepted campaign donations. Additionally, during his campaign speeches, Trump has alluded to pro-crypto policies during his tenure.

Numerous analysts believe that the recent surge in Bitcoin price levels since Trump's victory points to Trump's former crypto-sceptic turned pro-crypto sentiment. For one, Trump used to see cryptocurrencies like Bitcoin as a threat against the US dollar. However, in recent years he has demonstrated a drastic shift in his view of said assets and has expressed an increasing fondness and belief in these digital assets. Just last September, Trump alongside his three sons unveiled their latest business venture, World Liberty Financial, which marked the start of their foray into establishing a decentralised finance (DeFi) money market platform. Additionally, they took the opportunity to introduce the company's new proprietary cryptocurrency \$WLFI.

Unlike the usual puff or campaign talk that politicians engage in, several industry experts firmly believe that the new Trump administration will follow through with plans to further develop the cryptocurrency industry in the US to some degree. For one, there has been indication that the new Trump administration would explore capitalising on blockchain technology to enhance transparency and efficiency operationally in government agencies. Additionally, new initiatives could be unrolled to encourage and promote the adoption of cryptocurrencies to stimulate economic growth, and drive investments within the technology space.

Therefore, what does it mean for the digital asset insurance space with the election results now put beyond doubt? 2024 marked a huge surge of capital inflows into cryptocurrency investment from institutional investors, none more notable than the Bitcoin ETF by Blackrock coupled with a slew of other institutional investors following suit. It is no surprise that Trump's victory will benefit digital asset insurance firms as the investment focus has shifted from traditional investment instruments to digital assets in anticipation of crypto-friendly policies. According to a digital asset manager CoinShares, current digital assets under management globally are at an estimated USD116bn with that number set to increase within the next few years. Additionally, the US, Switzerland, and Germany were the top three countries which saw the most inflow of funds into digital assets in 2024.

Consequently, a shift in the global geopolitical landscape coupled with changing macroeconomic trends could mark the start of a massive bull run for cryptocurrencies and in so doing a catalyst for the digital asset insurance business. Fund flows from institutional investors have often been regarded as a proxy to signal the future developments in the

digital assets space. Therefore, a huge influx of capital from institutional investors is a good indicator that investor sentiment towards digital assets are growing and slowly accepted as an investment instrument. This would likely see the assets under management (AUM) of fund managers or financial institutions sky rocket and the demand for digital asset protection to follow suit, similar to how physical assets require some form of insurance protection and/or coverage. This would mark a significant development for digital asset insurers as the surge in demand for digital asset insurance especially to protect against online piracy.

As financial institutions look to safeguard and legitimise digital assets as mainstream investment products, the digital asset insurance space should and would see a surge in general as well as customised digital asset insurance policies that suit the needs of not just institutional but individual retail investors as well.

NIACE will continue to monitor the digital asset insurance space as the company looks eagerly towards the developments within the cryptocurrency space. The company aims to capitalise on the recent developments in the industry as we strive to ensure that the product offerings best suit the needs of our clients.

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