

At the digital frontier

**How tokenised assets and DeFi
are transforming finance**

In partnership with CMC Markets





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About this project

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Executive Summary

A new wave of digital innovation is reshaping the landscape of global finance: decentralised finance (DeFi) innovations built on distributed ledgers and smart contracts are enabling users to exchange, lend, borrow and invest without intermediaries. What started as an experiment in cryptocurrency trading has expanded into a reimagining of the entire financial system.

Underpinning DeFi's rise is the development of tokenisation, the process of converting real-world assets such as property, commodities, securities, and even art into tradable digital tokens on a blockchain. Tokenisation is a critical step towards unlocking unparalleled liquidity and accessibility through the emergence of entirely new asset classes that can be traded instantaneously, 24/7, from anywhere in the world.

All across the world, jurisdictions are racing to develop frameworks that promote innovation while protecting investors. In Australia, regulatory caution is giving way to growing momentum to evolve existing market structures as the economy looks to keep up with its peers. An expanding network of pilots, partnerships, and regulatory experiments may help to reposition the nation as a leader in secure, standards-based digital finance.

Other key findings from the report:

- DeFi could reinvent the plumbing of the global financial system: a combination of digital ledgers and automated smart contracts will facilitate 24/7 trading, borrowing, lending, and asset exchange without the need for intermediaries. For businesses and consumers, this means instant access to liquidity and much greater transparency.
- Tokenisation opens the door to greater traceability and programmability, two qualities that enable these assets to have economy-wide use cases far beyond trading.
- DeFi democratises investment: by lowering thresholds and providing transparent audit trails, DeFi opens asset markets to institutional investors and expands retail traders' access to instruments such as US Treasury bills, lucrative real estate, and mining rights.
- The worlds of DeFi and traditional finance (TradFi) are now converging as incumbents and financial institutions integrate new technologies into their existing offerings. The shift could lower costs and accelerate settlement times.

- DeFi is growing rapidly in key Asia-Pacific financial hubs, including Singapore and Hong Kong, while the UAE is increasingly a hub for tokenisation innovations.
- Australia has taken a cautious approach to DeFi, with policymakers prioritising investor protection and systemic stability over rapid innovation. However, these trends are shifting amid growing adoption and regulatory momentum.
- Digital assets are being incorporated into Australia's TradFi system, as embodied by the RBA's Project Acacia and emerging regulations from ASIC and the Treasury. Self-managed superannuation funds are among the most enthusiastic adopters of tokenised assets. Australia has the potential to become a DeFi leader by building on the country's technology strengths and investor demand.
- Tokenisation could add \$19 billion to the Australian economy every year.



Introduction: DeFi in the spotlight

In just a decade, the landscape of global finance has begun to shift beneath investors' feet. The familiar processes of traditional banking, such as intermediated transactions, delayed settlements, and opaque systems, are being reshaped by a new wave of digital innovation.

At the centre of this revolution is decentralised finance (DeFi): an ecosystem built on distributed ledgers and smart contracts that allows users to exchange, lend, borrow, and invest without intermediaries. What started as an experiment in cryptocurrency trading has expanded into a reimagining of the entire financial system.

The rise of DeFi is being underpinned by the development of tokenisation, the process of converting real-world assets such as property, commodities, securities, and even art into tradable digital tokens on a blockchain. By doing so, tokenisation unlocks liquidity and accessibility like never before. A retail investor in Sydney, a fund manager in New York, or a farmer in Vietnam can each hold fractional ownership of the same asset, trade it instantly, and verify its provenance in real time. At the same time, tokenisation also paves the way towards non-stop, round-the-clock trading of crypto assets, opening up global markets to Australian traders. This is more than just incremental technological progress; it is a fundamental shift in trust within financial systems.

“With DeFi, we’re seeing the birth of new asset classes that we’ve never seen before and at an unprecedented rate,” says Loretta Joseph, virtual asset consultant at the Commonwealth Secretariat. “These new assets have liquidity that can be unlocked instantaneously and traded at any time of day, anywhere in the world.”

Australia’s arrival at a DeFi “tipping point” coincides with two key underlying global trends, says Talis Putnins, co-CEO and chief scientist at the Digital Finance Co-operative Research Centre (DFCRC): US-driven policy and regulatory momentum, and growing adoption by established financial institutions, including major players like BlackRock, JP Morgan, UBS, and HSBC.

“That has sent a very strong signal around the world that it’s not just small fintechs disrupting the big established players but the big established players have come to the table as well,” he told The Australian Financial Review’s Future of Finance Forum in November 2025. “It really does feel like we’ve hit that critical mass which is going to accelerate the momentum from this point onwards.”

Nevertheless, despite its promise, DeFi also brings risks. Volatility, regulatory uncertainty, and security weaknesses threaten to undermine confidence just as quickly as innovation builds it. The challenge for regulators and market participants is to leverage the speed and transparency of digital finance without sacrificing the stability and protections that give confidence to global markets.

Around the world, a new balance is being forged. From the United States' GENIUS Act to Singapore's Project Guardian, jurisdictions are racing to develop frameworks that promote innovation while protecting investors. Australia's approach has been more cautious, but now momentum is beginning to build. An expanding network of pilots, partnerships, and regulatory experiments may help to reposition the nation as a leader in secure, standards-based digital finance.

Crucially, regulators are moving to embrace DeFi, with institutions such as the Australian Securities and Investments Commission (ASIC) highlighting the need to evolve existing frameworks to accommodate distributed technologies. Joe Longo, ASIC chair, addressed the National Press Club in November 2025 about the need for Australia's market structures to modernise and evolve to ensure the country's global competitiveness and accelerate innovation.¹

“The choice is [to] innovate or stagnate – to evolve or become extinct,” he said. “As markets evolve, market operators, participants, and funds must evolve too. This requires fresh thinking and innovative ideas from all participants. The next decision we must make is how we leverage the strengths of the public and private sectors to accelerate innovation.”

Joe Longo, Chair, Australian Securities and Investments Commission



With top-tier institutions, deep capital markets, and a reputation for trust, Australia has the foundation to combine innovation with regulation. As the lines between DeFi and traditional finance become less distinct, one thing is clear: the future of finance won't be entirely centralised or decentralised; it will be a mixture of both. The question now is how quickly Australia and the world can adapt.


Understanding DeFi

Digital innovation is rapidly reshaping the foundations of global finance; to understand this transformation, it is essential to define the technologies and principles involved. At the vanguard are a wave of innovations, from cryptocurrencies to central bank digital currencies and tokenised real-world assets, that proponents believe will reshape the foundations of the industry. DeFi represents the next stage of this transformation. Sitting within the broader crypto ecosystem, DeFi uses distributed ledger technology and smart contracts to power “decentralised apps” (also known as dApps) that allow users to exchange, borrow, lend, and trade without intermediaries.

Key components include:

- Cryptocurrencies such as Bitcoin, Ethereum, and Solana, stored on blockchains that leverage cryptography to verify fund transfers. These serve as the mediums of exchange that underpin the DeFi ecosystem.
- Tokenisation, or the process of creating tradable digital “tokens” that represent digital or physical assets on distributed ledgers, such as blockchains. Utility tokens grant access to services, such as discounted fees; security tokens represent ownership of real assets with linked values; and payment tokens replace payment information with cryptographic identifiers to enhance security.
- Stablecoins, cryptocurrencies pegged to fiat currencies, such as the US dollar, and backed by cash or another liquid asset. These have become an important bridge between DeFi and TradFi as their use has grown, with established firms like JPMorgan Chase and PayPal now issuing their own stablecoins. “Stablecoins are the original real-world asset,” says Ryan McMillin, co-founder and chief investment officer of Merkle Tree Capital. “Tokenising them means you get instant settlement... and you’re not paying fees to the bank.”
- Central Bank Digital Currencies, virtual or digital money issued by a central bank and backed by the country’s fiat currency. These could eventually integrate with public or private blockchains.

The result is a hybrid system: open, programmable, and globally liquid. “DeFi is effectively peer-to-peer banking: I can lend or borrow, basically anything a bank would normally do without having to actually go through an intermediary,” says Loretta Joseph, a virtual asset consultant with the Commonwealth Secretariat.



“DeFi is effectively peer-to-peer banking: I can lend or borrow, basically anything a bank would normally do without having to actually go through an intermediary,”

Loretta Joseph, *Virtual Asset Consultant,
Commonwealth Secretariat*

From promise to practice: The power of tokenised finance

While crypto has received the most market hype, it is DeFi that promises to reinvent the plumbing of the global financial system, says Ross Buckley, scientia professor of law and justice at the University of New South Wales.

“The technology behind crypto-assets is incredibly important,” says Professor Buckley. In particular, he points to asset tokenisation as one of the most revolutionary DeFi innovations, one that will “transform financial markets and how commerce is conducted.”

“Currently, the way that we record asset ownership is largely in the equivalent of Excel spreadsheets. We’ve got an Excel spreadsheet for bonds, we’ve got an Excel spreadsheet for stocks, we’ve got Excel spreadsheets for money,” Mr Putnins told the AFR’s Future of Finance Forum. “These are relatively siloed registries that are controlled by central parties, so [we are] coordinating the transfer of assets across multiple registries that aren’t well synchronised – that’s where a lot of the inefficiency and friction comes from in the transaction process. What tokenisation of assets does is make digital representations of those assets that can be transferred on a distributed ledger.”

Within the digital ledger are automated smart contracts that can self-execute code snippets stored on a blockchain once specific conditions are met. These smart contracts are the nervous system that facilitates trading, borrowing, lending, and asset exchange without the need for intermediaries, cheaply and almost instantaneously, even across borders.² This blockchain-enabled technology promises real-economy benefits that go well beyond cryptocurrency trading.

“There’s not much you can do with [an asset record in a spreadsheet] besides update the balance. But if you have a data packet representing the right or the title... to an asset, you can actually embed various properties in that in code. You can embed compliance in there,” Mr Putnins told the forum.

For businesses and consumers, tokenisation will mean instant access to liquidity and much greater transparency. It will also mean traceability for valuable and highly tradeable commodities such as diamonds, says Leanne Kemp, founder and chief executive of supply chain technology firm Everledger.

Blockchain’s ability to create immutable records has already been tested in sectors far beyond finance. A pilot by the World Wildlife Fund, ConsenSys, and TraSeable, for instance, used blockchain to track tuna catches in the Pacific, ensuring transparent and ethical sourcing.³

Ryan McMillin, co-founder and chief investment officer at Merkle Tree Capital, says the liquidity and speed DeFi unlocks are transformative. “You could raise \$US500 million (\$770 million) in 12 minutes through an initial coin offering without needing an investment bank or months of planning. Every company in the world can now tap the entire globe to invest for fractions of a cent.”

For investors, tokenisation collapses the barriers between asset classes. “Anyone can now buy a token and generate a yield without having to go through this long process – five days to manage fiat money in a bank account and another 30 days to take your money out,” says Domenic Carosa, founder and chairman of Apollo Crypto. “With a token, once I’ve bought it, I’m invested. If I sell, I’m out and that’s all done in minutes.”



Democratising investment: Inclusion and transparency

Beyond efficiency, DeFi promises the democratisation of investment. By lowering minimum investment thresholds and providing transparent audit trails, tokenisation opens asset markets previously restricted to institutional investors. It is also expanding access to instruments such as US Treasury bills and notes to a bigger pool of investors, especially retail investors. These technologies are increasingly being applied to real-world assets such as real estate, commodities, gold, and even mineral rights.

“Suddenly, retail investors can buy into a lithium mine or a piece of green infrastructure project with full transparency and traceable governance built in,” says Ms Kemp. “As a country, Australia is rich in minerals and clean energy potential, so tokenising these assets with robust traceability can draw wider investment and arguably help prove environmental and ethical claims at just a glance.”

Professor Buckley emphasises a rising trend in the United Arab Emirates of tokenising real estate, where government agencies are integrating property registries into blockchains to facilitate on-chain property transactions. They are also creating sandboxes to experiment with tokenised securities, including real estate shares. Platforms such as Prypcio Mint enable investors to buy fractional ownership in properties.⁴ “You could own 1% of an apartment there because the title has been tokenised,” Professor Buckley says. “You’re probably not going to get Mum and Dad invested in that, but it does open up a new market.”

Tokenisation can democratise access for retail investors in developing regions where financial services are limited, like South America and Africa, by breaking assets into smaller, more affordable parts, says Mr McMillin.

DeFi may also provide greater security to individuals in poorly regulated jurisdictions or those experiencing political and economic volatility. “In Argentina, when inflation was running high, you heard anecdotes of people paying others on the black market a premium to get access to physical dollars,” Mr McMillin says. “Now with crypto, they can get dollars instantly at the spot rate and ... keep their purchasing power.”

Crypto assets are also giving investors new diversification tools. “Tokenisation will allow all investors to trade equities and other securities, 24/7, for fractions of a cent, with instant settlement, benefiting both retail and institutional investors. These assets will move around on blockchain, accruing value to that blockchain. Though there isn’t a perfect correlation to traditional asset classes, crypto-assets are demonstrating really good diversification benefits,” says Mr McMillin. “With more regulatory guardrails and consumer protections, these opportunities will become more available to institutional investors and more accessible to retail investors.”

Converging worlds: DeFi meets TradFi

Although TradFi and DeFi have traditionally been seen as separate, they are beginning to show tentative signs of convergence as financial institutions adopt new technologies into their systems.

This could have significant implications for business and the economy, says Professor Buckley: “Crypto assets are tokens that represent information or value, and they’ll provide the basis for commerce in a profoundly different way.” He believes tokenisation has the potential to radically reshape international payment systems, especially in countries with less common currencies that depend on outdated correspondent banking relationships.

Incumbent payment providers are preparing for this disruption. Visa and Mastercard are testing tokenisation for settlement across their global networks of payment terminals, Mr McMillin says. In October 2025, the Monetary Authority of Singapore announced the launch of BLOOM, a new initiative exploring the use of tokenised bank liabilities and well-regulated stablecoins to enable the instant and seamless use, transfer and redemption of assets across disparate networks.⁵

For merchants and consumers, the benefits of this shift will be tangible. “Tokenisation means transaction fees, typically 2-3%, disappear and merchants get settlement of those dollars within seconds,” he says. “You’re still using Visa or Mastercard rails, but it’s just crypto behind the scenes.” JP Morgan is also testing a USD deposit token, the JPMD, an alternative to stablecoins that aims to offer near-instant settlement and expanded liquidity in a bid to modernise cross-border settlements.⁶

DeFi’s march into the traditional economy looks likely to go beyond finance and into other sectors, too. “The promise of crypto has always been disintermediation,” says Mr McMillin. “The interesting part isn’t just doing the same trades faster; it’s using these rails to coordinate real-world services without a rent-taking middleman – think Telstra being replaced by Helium for wireless networks or an on-chain Uber-style competitor where the network and its users, not a central platform, captures the value.”

As Professor Buckley explains, “there are all sorts of different use cases that are challenging incumbents.” Smart contracts, he adds, could reduce payment terms “from 30 days to 30 minutes” and automate entire back-office functions. “Processes such as invoice reconciliation won’t be done by people in the future. This will be done by software likely running on blockchains, distributed ledgers and cryptography.”



"Australia has a window to be the best jurisdiction in the world for digital assets. ASIC's recent statements show that the country recognises the opportunity. Now the priority is to convert that momentum into crisp, usable rules."

*Domenic Carosa, Founder and Chairman,
Apollo Crypto*

A view from the inside: Perspective from CMC Markets

A message from the sponsor

The world of finance is entering a new era. In just a few years, DeFi and tokenisation have evolved from experimental technologies into powerful forces redefining how value is created, exchanged, and secured.

The growth of digital assets and blockchain-enabled finance represents a profound shift towards 24/7 global participation – the creation of a market that never sleeps, one that demands new approaches to access and liquidity. This transformation is not simply about new products; it's about reimagining how markets operate and who can access them.

As this transition gets underway, tokenised assets are evolving from “fringe bets” to popular opportunities for diversification, says Kurt Mayell, head of distribution at CMC Markets. “There’s now a double-digit share of Australian adults who hold crypto and, among active investors, they are a significant minority.”

Amid growing demand for DeFi, trading platforms such as CMC Markets are rapidly evolving their tools and platforms to give traders control, transparency, and access to emerging opportunities. CMC Markets, which launched crypto CFD trading in 2018, expanded its commitment to digital assets in 2023 with the acquisition of blockchain solutions business StrikeX Technologies.⁷

The StrikeX investment formed part of a strategy to “increase the range of products that can be traded and build out a backend that is always on,” says Mr Mayell, referencing CMC’s introduction of 24/7 crypto CFD trading.

Since then, CMC has made a series of investments into DeFi and crypto that have enabled the company to integrate these capabilities into its technology stack and create seamless pathways between traditional and decentralised markets. These connections allow clients to engage with emerging asset classes while maintaining the trust, security, and regulatory rigour.

As a result, in October 2025, CMC Markets achieved a critical milestone when it executed a tokenised share trade in the UK, a proof-of-concept demonstrating how securities can be built, held, and transferred using distributed ledger technology.

“This evolution reflects our commitment to continuous innovation, providing traders with greater flexibility and exposure to a broad range of cryptocurrencies, from established leaders such as Bitcoin and Ethereum to emerging digital assets,” Mr Mayell says. The next stage of the journey will see CMC Markets focus on integrating on-ramp and off-ramp capabilities and developing a unified multi-asset platform that allows clients to trade across asset classes through a single, streamlined interface.

As DeFi merges with TradFi, the future of trading will be hybrid: blending the efficiency and transparency of decentralised networks with the assurance of regulated market structures. For CMC Markets, this convergence represents the next chapter in its mission of making financial markets truly accessible for investors.

The global DeFi landscape

Now, the race is on to dominate the global crypto market, which rebounded strongly after the ‘crypto winter’ of 2022 when around \$US2 trillion (\$3 trillion) worth of assets were wiped out.⁸ Since then, crypto ownership is on the rise globally: asset valuations hit an all-time high in 2024, with market capitalisation reaching \$US3.7 trillion (\$5.70 trillion).

Currently, the United States leads the DeFi renaissance, boosted by an increasingly supportive policy and regulatory environment. Spot Bitcoin exchange-traded funds, which were approved by the US Securities and Exchange Commission in 2024, quickly attracted billions in institutional investment and by late the following year, held \$US150 billion (\$230 billion) in assets under management.⁹ Similarly, in Australia, cryptocurrency ETFs have attracted \$371 million in net inflows since the beginning of 2025, as institutional adoption fuels surging Bitcoin and Ethereum prices.¹⁰

In March 2025, President Trump signed an executive order to create a Strategic Bitcoin Reserve and a Digital Asset Stockpile, aiming to boost national prosperity, economic growth, and technological leadership.¹¹ The GENIUS Act, passed a few months later, established a framework to regulate stablecoins, which has “brought the US back from being a crypto backwater, and elevated crypto to being an issue of strategic importance,” Mr Carosa says.

DeFi has experienced rapid growth in key Asia-Pacific financial hubs, including Singapore and Hong Kong, driven in large part by their progressive regulatory approaches. In Singapore, a number of DeFi pilots are already up and running, including Project Guardian, a collaborative initiative between policymakers and industry players to enhance the liquidity and efficiency of financial markets through asset tokenisation.¹²

In Hong Kong, the 2025 Stablecoins Bill introduced a licensing regime that imposes both consumer protections as well as anti-money laundering and risk controls.¹³ Both jurisdictions have found that providing regulatory clarity has helped them attract new capital and talent into their markets. By 2030, the region’s crypto-asset market is expected to reach a projected \$US1.4 billion (\$2.17 billion) AUM,¹⁴ reflecting the growing popularity of crypto investments, particularly among wealthy Asian families and family offices.¹⁵

Meanwhile, the United Arab Emirates has established itself as a DeFi hub, with Dubai leading regulatory innovation and hosting tokenised real estate and digital asset trading platforms. It has established a robust and multi-layered regulatory framework for digital assets, ensuring a competitive and secure environment for digital asset activities, balancing innovation with robust oversight.¹⁶



Move fast, break things: risks in APAC's DeFi adoption

Asia-Pacific's fast-and-furious approach to DeFi has enabled the region to become a leader in this space, but this status has brought significant risks. For one, crypto-assets remain a highly volatile investment that is sensitive to speculation: in 2024, Bitcoin prices were twice as volatile as gold prices and nearly three times more so than the S&P 500.¹⁷

DeFi ecosystems can also be vulnerable to fraud as criminals exploit their decentralised nature and anonymity, lured in by the billions of dollars in the market.¹⁸ In 2024, security breaches and fraud resulted in \$US1.5 billion (\$2.31 billion) in losses globally.¹⁹ Bad actors also use DeFi technologies to skirt anti-money laundering and anti-terrorist financing requirements.²⁰

Nevertheless, AI and blockchain can also be integrated to combat fraud. By combining blockchain's immutable ledger with AI, organisations can quickly and accurately flag suspicious trading activity. "We're seeing this prove out ESG credentialing and impact-related claims," says Ms Kemp.

That said, caution is warranted when it comes to risks that may arise from within the DeFi ecosystem, especially if investors are trading across automated platforms or using software run by bots or code. "You've got to be very careful," says Ms Joseph. "If you're crossing between different protocols, from Ethereum to Tron or SATA, there can be flaws in the code or vulnerabilities."

Often, these vulnerabilities arise from third-party service providers that may have weaker security standards than the DeFi platform. "Some of the biggest hacks we've seen on crypto exchanges aren't hitting the licensed exchange, but their vendors," Ms Joseph says. "What we're seeing with these new automated systems is that you no longer have time-consuming clearing and settlement, but those improved speeds come with trade-offs in the form of heightened risks."



Australia's cautious rise in DeFi

While global markets race ahead, Australia has adopted a slower, more measured approach to DeFi. Policymakers have prioritised investor protection and systemic stability over rapid innovation. That prudence has helped safeguard consumers, yet it could leave the nation trailing in the global race in digital finance, Ms Kemp warns.

“As a country, we need to grapple with how we’re going to embrace innovation and test products,” argues Ms Joseph. She said that Australia tends to see itself mainly as a resource exporter, even though it has a strong history in technology. “With the breakneck rate of change of technology, if we’re slow and measured, we’ll be at a disadvantage.”

Despite this relatively cautious approach, there is a sense of optimism that the tides are turning, driven by a surge of experimentation and activity. According to a recent analysis by Coin Gecko, Australia accounts for around 2% of global token-related web traffic, which, when adjusted for population size, makes it the country with the highest interest in tokens in the world, reflecting outsized demand among Australians for these innovations.²¹

Digital assets are also gradually being incorporated into Australia’s traditional financial system, a movement best embodied by Project Acacia, a tokenisation pilot involving the Reserve Bank of Australia, the Digital Finance Cooperative Research Centre, and market participants such as Westpac. Its goal is to investigate how advances in digital currency and existing settlement systems might support the expansion of wholesale tokenised asset markets in Australia.²² The project, which enables regulators to trial DeFi frameworks in real-world scenarios, signals an emerging consensus that clear regulation will catalyse innovation across the DeFi ecosystem, sparking hope that Australia could emerge as a leader in digital finance regulation.

Project Acacia is piloting 24 industry use cases for wholesale, tokenised assets in Australia, like carbon credits, mining royalties, annuities, and government bonds, Mr Putnins told the Future of Finance Forum. These pilots test not just the trading of those assets, but the full spectrum of financial functions through the life cycle of an asset.

Among the use cases being tested are tokenised government bonds, which he said could be used by corporate treasuries to invest in yield-bearing instruments that are liquid enough to be used for payments. “It completely changes the landscape of liquidity management,” he said.

Shifting momentum: from caution to capability

Although its progress has been gradual, Australian regulators have made determined efforts to establish better DeFi frameworks. In October 2023, the Federal government introduced a proposed framework to bring digital asset platforms and intermediaries under the Australian financial services (AFS) licensing system, a move that would more closely align the country with more progressive jurisdictions such as Hong Kong and Singapore.²³ Professor Buckley supports the move, particularly the need for AFS licensing for exchanges due to the large influx of consumer funds into crypto-assets.

Ms Kemp highlights the importance of building interoperability into the system and updating legacy systems with new DeFi standards. “Progress on this front will make Australian tokenised assets relevant on the global stage,” she says. “This will happen within years, not decades.”

She argues that Australia’s cautious, trust-first approach isn’t a weakness but a strength that demonstrates its trustworthiness and resilience both at home and abroad. “We’re building something durable, where each token can be secured and vetted with verifiable data – that’s not just hype,” she says.

The economic upside is compelling. The RBA estimates that tokenisation could save financial markets between one and four billion dollars annually,²⁴ while the DFCRC suggests that tokenisation could add \$19 billion to the Australian economy every year.²⁵

Increased tokenisation in real estate and commodities is a significant opportunity in Australia’s supply chain-driven resource economy, says Ms Joseph. But, the local talent pool will need to be expanded if it is to power the sector’s ambitious growth prospects. Australia’s shortage in blockchain, DeFi, and Web 3.0 skills mirrors the country’s broader shortfall in digital talent.

Meanwhile, the Australian Treasury is collecting public and industry feedback on an exposure draft of legislation intended to regulate digital asset platforms and decentralised autonomous organisations (DAOs) that function via blockchain-based smart contracts. Treasury says that its goals are to safeguard consumers, clarify DAO governance structures, and strike a balance between fostering innovation, maintaining market integrity, and supporting Australia’s digital economy competitiveness.²⁶

After a prolonged feedback period, at the end of October 2025, ASIC produced regulatory guidance for digital assets that requires issuers to apply for an AFSL before mid-2026, thus aligning its position with that of the Treasury.²⁷ ASIC Chair Joe Longo has emphasised the need for accelerated innovation and a regulatory rethink of Australia’s market structures to ensure its long-term competitiveness.

“As other countries adapt and innovate, there’s a real risk Australia could become the ‘land of missed opportunity’ or be passive recipients of developments overseas,” Mr Longo said in a November 2025 address to the National Press Club. “Our markets are converging, and technology will only accelerate this trend, and in light of that, our traditional public and private dichotomy is no longer working. We need to work towards a framework where instead of drawing lines, we manage a spectrum of risk.”²⁸

Taken together, these moves suggest Australian regulators’ appetite to catch up with rapidly advancing global regulatory frameworks is increasing.

Australia’s self-managed super funds (SMSFs) sector has also emerged as an enthusiastic market participant, says Mr McMillin. Whereas crypto investments often don’t meet institutional investors’ strict fiduciary rules, SMSFs, family offices and high-net-worth individuals, who all have access to large, self-directed pools of capital and often have a high-risk appetite, are in the “sweet spot” for crypto investment, he says. These investors “tend to be more flexible and long-term in their outlook. They understand diversification and can take advantage of crypto’s liquidity without being hamstrung by institutional red tape.”

Yet, despite these promising signs, interviewees believe that regulatory ambiguity still persists.

“I hate to say it, but I definitely see Australia falling behind,” says Mr Carosa. “Australia was one of the first countries in the world to adopt a structure around selling digital assets, and I think that helped grow the crypto industry in Australia.”

“Australia, unfortunately, has lost one of its leading positions. Unless Australia adopts a leading policy, it will basically lose business and opportunity to Singapore, the US and the rest of the world,” he believes.

Australia has a window to be the best jurisdiction in the world for digital assets,” Mr Carosa believes. “ASIC’s recent statements show that the country recognises the opportunity. Now the priority is to convert that momentum into crisp, usable rules. With clear guidance, the sector will deliver consumer protection, capital formation, and world-class innovation at the same time.”

“Australia has been slow and steady and measured like a big elephant,” Ms Joseph says. “We have to find a balance between both approaches, between doing nothing and over-regulating, to find a middle ground where we can attract talent and innovation.”

The path forward: Bridging innovation and trust

Australia has had a cautious start, yet the country possesses many of the ingredients to lead in secure, transparent digital finance infrastructure: world-class regulatory expertise, deep capital markets, and strong research institutions.

Ultimately, however, Australia needs a mindset shift if it is to realise this opportunity, believes Professor Buckley. “We don’t see our technological and regulatory capacities as strengths, which is why we’re not throwing sufficient resources at this issue, but they really are strengths,” he says. Ms Joseph concurs: “It’s a mindset shift to think about what we do as a responsibility we have to future generations,” she says.

Key takeaways:

- **Convergence is inevitable and accelerating:** The lines between DeFi and TradFi are blurring, with stablecoins serving as a bridge, and incumbent institutions like Visa, Mastercard, and JPMorgan testing tokenised settlements to modernise payment systems and eliminate fees.
- **The global regulatory race is on:** Regulatory clarity, exemplified by the US’s GENIUS Act and Asia-Pacific initiatives like Singapore’s Project Guardian and Hong Kong’s Stablecoins Bill, is catalysing institutional investment and the next wave of growth in digital assets. The trend points toward robust, layered regulatory frameworks that balance oversight with innovation.
- **Real-world asset tokenisation is the killer use case:** The digitisation of assets such as real estate, commodities, and private funds is set to unlock new pools of liquidity and offer retail investors fractional ownership in previously inaccessible assets.
- **Smart contracts will automate commerce:** Automated smart contracts promise to reshape the back-office functions of global business, cutting costs, and enabling frictionless cross-border trade.
- **Australia needs a mindset shift:** While Australia’s cautious, ‘trust-first’ approach has created a durable foundation, the country risks falling behind due to a perceived lack of appetite for technology risk and persistent regulatory ambiguity. Future success depends on regulators engaging in dialogue and prioritising the integration of interoperability and new DeFi standards. Recent developments suggest momentum is now building towards this.

End notes

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