

# Change in **digital asset** **custody** funding over the years



# **Cryptocurrency was at its peak in the end of 2021 and the beginning of 2022, where the market capitalization of cryptocurrency was at around \$3Tn.**

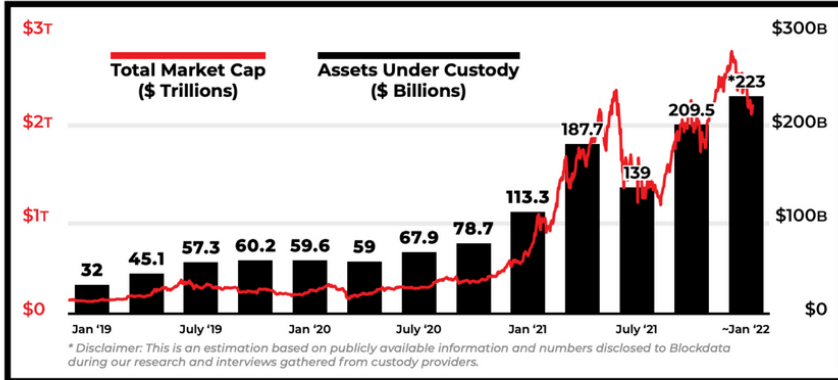
What was even more fascinating to see was the growth of Assets Under Custody. Assets Under Custody had reached to as much as \$250Bn during the same time period.

With the growth of cryptocurrency and regulations coming into the picture, safeguarding and securing one's digital assets becomes of utmost importance. Digital Assets Custody initially did not hold or have great value, but over time, with vulnerabilities taking place, people started understanding the importance of crypto custody and how relevant it is to safeguard one's assets.

Since the start of 2019, the assets under custody (AuC) have witnessed a remarkable growth of approximately 600%. This figure is an approximation, derived from the overall cryptocurrency market capitalization. It's worth noting that this doesn't account for assets not disclosed by various custody entities. Nevertheless, the surge is clear, and here are some notable statistics from different providers:

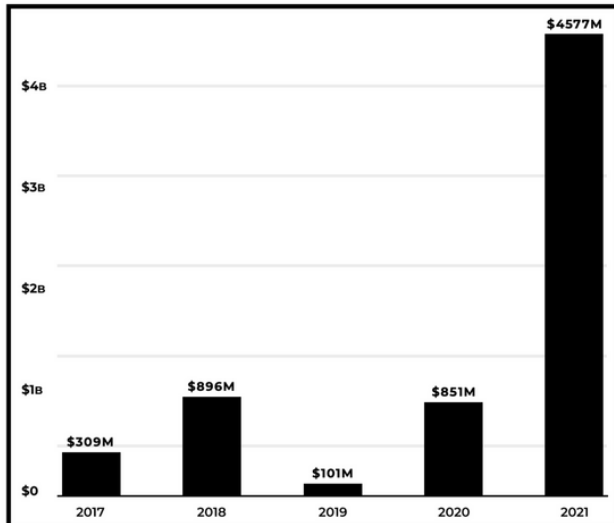
- In the period between Q2 and Q3 2021, Genesis Custody experienced a 47% rise in new customer registrations.
- Ledger Enterprise noted a 60% growth in their customer base and a tenfold increase in safeguarded assets.
- BitGo's AuC stands at a whopping \$64 billion, marking a 492% surge since December 2020.
- Major players like Coinbase, Paypal, Genesis, and Gemini have all made acquisitions of crypto custody infrastructure firms to bolster their crypto asset security and introduce new offerings.
- Fireblocks recorded a revenue growth of 350% in 2021 compared to 2020 and simultaneously observed a staggering 1900% rise in assets under management (AuM).
- Liminal which started in April of 2021, has increased its AUC from nil to \$600Mn in under 2 years

## ASSETS UNDER CUSTODY VS. TOTAL MARKET CAP



As another metric to support the importance of the ecosystem and traction it is getting, we can look at the funding in the custody space. It clearly shows that there has been a huge uptick in the deployment of capital in 2021, just touching ~\$4.5 billion. This accounts for approximately 20% of the funding that has entered the blockchain industry in 2021.

## FUNDING RAISED BY DIGITAL ASSET CUSTODY PROVIDERS

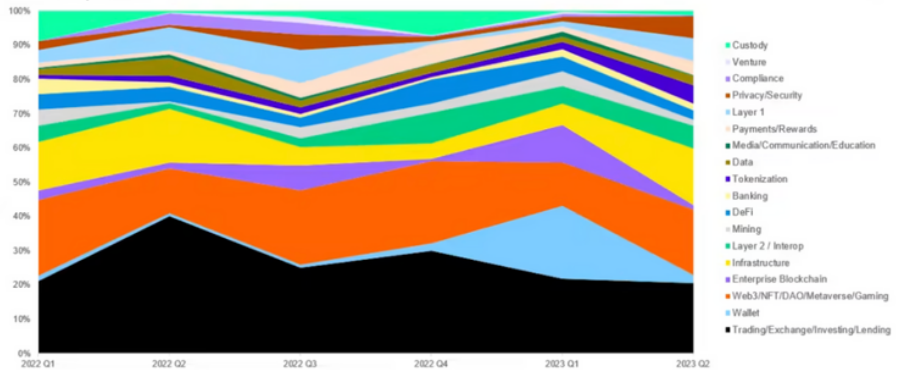


Through our analysis, it is clear that even though trading and exchanges consist of a major chunk of all the funding that has happened over the past few years, through recent quarters we are seeing a heightened interest in VCs to invest into custody based startups.

This can be seen from the start of 2022 Q4 to 2023 Q2 and also holding its pattern over time.

Share of Crypto VC Capital Invested by Category

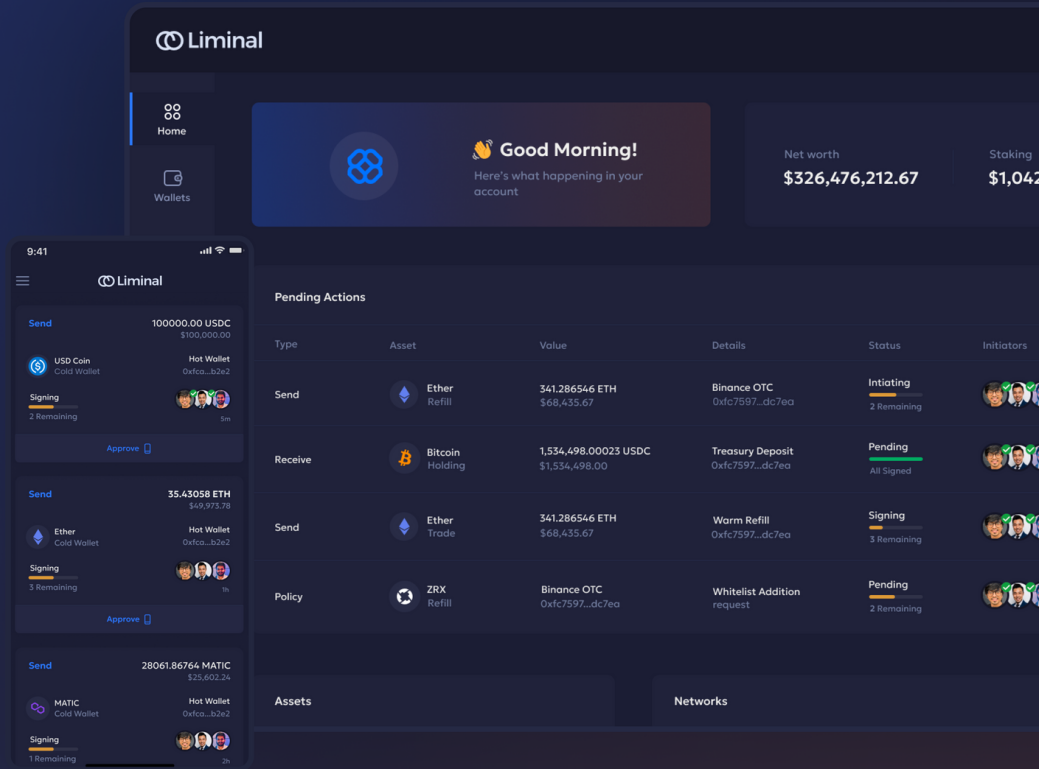
Source: Galaxy Research



Data Pitchbook Data, Inc., Galaxy Research



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\$550 Mn+

Assets under protection

\$600 Mn+

Wallet refills processed

\$6000 Mn+

Transactions processed

1000 +

Manual hours saved



CCSS Qualified Service Provider



www.liminalcustody.com