Conclusion

In conclusion, RWAs are truly becoming the bridge between TradFi and DeFi. Short term phenomena, such as rising macro interest rates, as well as long term driving motivators, such as the efficiencies and opportunities found within DeFi, are catalyzing the development of the RWA ecosystem. For the first time, real world, traditional assets such as bonds, real estate, carbon credits, etc, are being brought onto the blockchain.

As time goes on, DeFi native protocols and TradFi institutions will continue to build out the RWA ecosystem. An increasing number of DeFi and TradFi entities appear to recognize the numerous benefits that DeFi and more specifically RWAs provide, such as tokenization, ease of distribution, and transparency.

While the thought of a bridge between TradFi and DeFi is exciting, it should be recognized that the bridge can only be made viable through seamless legal, operational, and structural coordination between the physical and digital realms. This type of coordination requires seamless information exchange and well-defined processes in the case of fault either in DeFi or in TradFi.

More broadly, the RWA narrative is particularly notable for the crypto space as it serves as an example between a more interconnected world. No longer is DeFi isolated from the real world and TradFi. Blockchain is increasingly having real world use cases and proving its worth as a transformative technology.

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Binance Research is the research arm of Binance, the world's leading cryptocurrency exchange. The team is committed to delivering objective, independent, and comprehensive analysis and aims to be the thought leader in the crypto space. Our analysts publish insightful thought pieces regularly on topics related but not limited to, the crypto ecosystem, blockchain technologies, and the latest market themes.

Mac Naggar, Macro Researcher Intern

Mac is currently working for Binance on their Macro Research team. Prior to joining Binance, he worked as a Web3 Product Manager for HSBC's Global Ventures, Innovation, and Partnerships team. Additionally, Mac has had experience on the trading side, spending time with Morgan Stanley's Fixed Income Division, Algorand's Capital Markets Team, and CrossTower's Digital Assets Trading Desk. Mac is a recent graduate of Cornell University and currently a Master of Science student at the University of Nicosia, where he is specializing in Blockchain & Digital currencies. His sector interests primarily lie in Blockchain Design & Interoperability, DeFi, DeSo, and Institutional Adoption.

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