**How blockchain technology is revolutionising the face of asset management industry**

*Experts believe that asset management is undergoing a transformation with blockchain*

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In recent times, Blockchain is one of the most talked technologies around the globe. Companies are harnessing the potential of blockchain applications by introducing it in their everyday organizational procedures. One sector that is betting big on blockchain is the asset management [industry](https://www.financialexpress.com/business/industry/). As reported by Businesswire, The global blockchain in the banking and financial services [market](https://www.financialexpress.com/market/) reached a value of nearly $2,034.1 million in 2021, having increased at a compound annual growth rate (CAGR) of 62.7% since 2016. The market is expected to grow from $2,034.1 million in 2021 to $17,583.4 million in 2026 at a rate of 53.9%. The market is then expected to grow at a CAGR of 27.9% from 2026 and reach $60,270.6 million in 2031.

Traditionally dominated by complex, paper-heavy processes, asset management is undergoing a profound transformation with blockchain’s transparency, security, and efficiency.  By taking assets’ instructions directly from blockchain networks, assets can be monitored closely in real-time, which not only improve accuracy but also decrease risks. This in return enables blockchain asset management systems to track individual assets throughout their [life](https://www.financialexpress.com/life/) cycle and also provide data-driven insights on their actions across entire networks from one single point.

**Why Blockchain can be a game-changer for the Asset Management Sector:-**

1. Enhanced Transparency and Security:

Blockchain [technology](https://www.financialexpress.com/life/technology/) has the potential to revolutionize the asset management is by introducing a new level of transparency and security. The immutable nature of blockchain ledgers ensures that all transactions and asset movements are recorded in a tamper-proof manner. This transparency reduces the risk of potential frauds and provides investors with a real-time view of their assets. With the help of blockchain technology asset managers now can provide clients with unprecedented access to their portfolios, building trust and credibility in an industry that has sometimes struggled with opacity.

1. Streamlined Settlements and Reduced Costs:

The asset management industry has been dealing with cumbersome settlement processes for long. The tedious process involves multiple intermediaries leading to delays and increased operational costs. With the help of Blockchain technology asset managers can easily simplify and expedite settlement procedures by enabling direct peer-to-peer transactions. Moreover, Smart contracts, and self-executing agreements programmed on the blockchain can further automate these processes by reducing the need for intermediates and lowering transaction costs. This in return enhances the overall process for both asset managers and investors by improving operational efficiency and the overall experience.

1. Increased Liquidity:

Blockchain has the potential to create tokenized assets, representing ownership of real-world assets like real estate, art, or stocks. These tokens can be traded via blockchain-based marketplaces, increasing the liquidity of traditionally illiquid assets. This opens up new avenues for investments and reduces the barriers to entry for investors.

1. Accessibility:

Blockchain technology can democratize the way asset management services are accessed. It allows fractional ownership of assets in which individuals can invest in high-value assets in smaller amounts of capital. This can broaden the investor base by making asset management more accessible to a wider range of people.

1. Regulatory Compliance:

Blockchain technology is transparent and auditable in nature. These characteristics of blockchain simplify regulatory compliance for asset managers. Regulators can have real-time access to transaction data, reducing the need for extensive audits and manual reporting.

1. Globalization:

With the potential of blockchain technology, investors and asset managers can easily facilitate cross-border transactions with reduced friction. Thus, it increases the diversification of portfolios and potentially enhancing returns.

1. Innovation and New Business Models:

Blockchain opens new avenues to innovative asset management models, such as decentralized autonomous organizations (DAOs) and tokenized funds. These new structures can provide more flexibility and control to both asset managers and investors.

**The Bottom Line**

Blockchain is one of the most talked technologies at present. It has potential to change the face of the asset management industry. Blockchain technology is characterized by transparency, efficiency, and accessibility and it has potential to become a cornerstone of asset management, shaping the future of this critical financial sector. While blockchain technology offers numerous advantages to the asset management industry, it’s important to note that widespread adoption may face regulatory and technical challenges. Additionally, the technology is still evolving, and its long-term impact on the industry will depend on how it continues to develop and integrate with existing financial systems.