The next wave of "new crypto money"

First we had the developers enter the market which pushed prices to $1000+ in 2013, then we had an influx of retail which pushed the price to $20,000, the question becomes where will the new money come from?

The answer is everyone else that remained on the sidelines via institutional investing and advisory services. When and where will these institutions and advisors allocate their clients money within the crypto-sphere?

Institutional Involvement

The 2017 bull-run hit the world hard, the news flooded the world and even CNBC was teaching people how to buy XRP. Everyone wanted in but the barrier of entry and the lack of regulations kept a wide majority of the population on the sidelines.

A lot has happened from 2017 to this day, namely, Bitcoin became known as a hedge against inflation and the overall space began entering a phase of maturity. Some started purchasing their coins in 2019, that led to another wave of irrational exuberance and institutions began fearing clients buying assets on their own without paying advisory services.

This is when we saw an increase in institutional interest to the point that one of the largest investment firms, Fidelity Investments, opened up a crypto-trading desk to serve its clients. Even InterContinental Exchange (ICE), parent company of the largest stock market in the world (NYSE) also decided to get into the crypto-world with Bakkt.

The Numbers

Bitwise Investments conducted a study and polled financial advisors which led to the following statistics:

- The number of advisors allocating a portion of their clients' portfolios to crypto is expected to rise from 6% to 13% in 2020
- 76% of all financial advisors have received questions in regard to crypto from their clients
- 64% of advisors are bullish on Bitcoin

Index or asset-picking?

The complexity of the space, undermined by many, is going to represent a major obstacle for financial advisors as they enter new untested waters. How will they approach investing their clients money? Will they just buy Bitcoin? Will they buy what's hyped and popular on Twitter? Will they buy based on partnerships on roadmaps?

The most probable answer is none of the above, what they will instead do is index the market. Although a proper index fund is not yet available for retail traders, there are some offered to institutional investors such as Bitwise 10.

The number of funds tracking indices will increase over time and more products will hit the market. One thing is almost certain however, none of these will include the sh*tcoin with a $1 million market cap and $20,000 in trading volume.

Effect of the money flood

This influx of capital that will flow into mainly large caps will likely bring a large wave of price increases over the next decade. Unfortunately, very little of that capital will touch the useless utility ERC-20 tokens.

Moving forward, for an asset to be a good investment it'll need a robust value proposition (as an investment) in order to move up the ranks and make into everyone's portfolio.

Research today has become more important than ever before, those who are complacent will be left behind.