

The background features a complex network of glowing blue and white nodes connected by thin lines. Several thick, white, curved arcs sweep across the scene from left to right, creating a sense of motion and connectivity.

DLT in The Real World 2023

Survey Key Findings

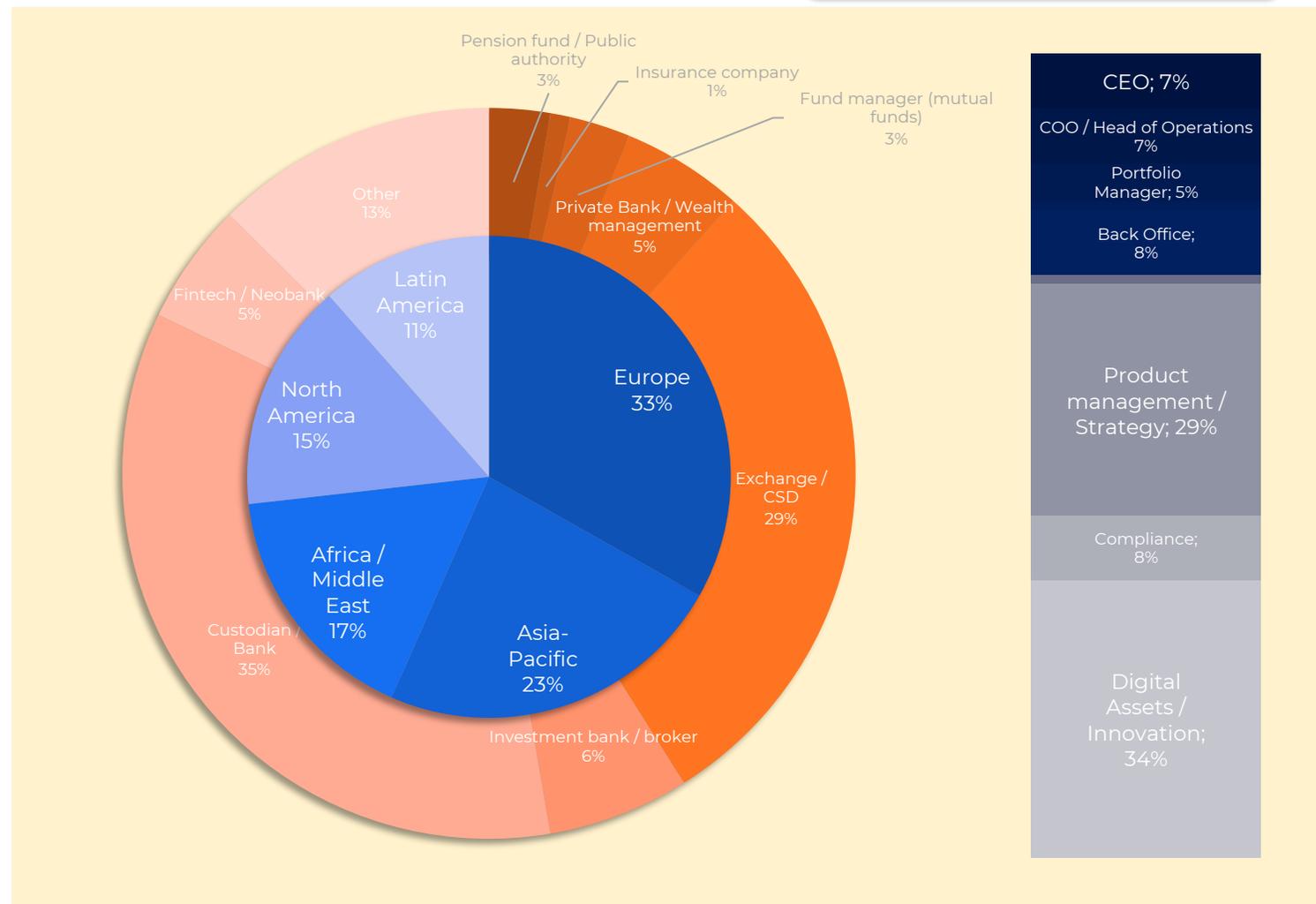
DLT in the Real World 2023



Since 2020, the annual ISSA “DLT in the Real World” industry survey has been providing unique, market-wide clarity on the DLT and digital asset realisation journey.

With the support of **Accenture**, **Broadridge**, **Fidelity** and **Metaco**, the “ISSA DLT in the Real World” survey offers statistical clarity on how and where DLT and digital assets are taking hold in the capital markets today – what the business cases are built on, what challenges practitioners face and where the technology is being used to deliver benefits.

This document summarises the key statistical findings of our campaign so far. We would love to hear your reactions to these findings and so please reach out if you have any comments or questions (to info@thevalueexchange.co).



359
Teams and departments participated in this 2023 industry survey



Key Findings overview

DLT in the Real World

the ValueExchange

ISSA

accenture

Broadridge

FNALITY

metaco

DLT in the Real World in 2023: Key headlines

+7%

39% of the industry is now live with DLT, a 7% increase on last year. Meanwhile, project 'building' activity has declined by 7% YoY.

75%

We are getting better at managing our DLT projects, with 75% now delivering against expected returns (up from 49% in 2022).

28%

Cost efficiencies are now the key driver of DLT projects (core to 28% of respondents). But liquidity benefits are only driving 9% of projects. Are we missing an opportunity?

5

Five key asset classes are ready to scale - consistently meeting and exceeding expectations. Leading the list are OTC derivatives, structured products and securities finance.

-50%

DLT is more important than ever to the buy side in 2023, but asset owners are disengaging with DLT - seeing it as 50% less relevant to their businesses than last year.

-8%

We are taking a longer-term view of DLT, with an 8% less shift in the time-horizon that respondents expect DLT to deliver in: From this year to over 3-5 years.

59%

The business case is (increasingly) the biggest challenge in realizing DLT projects - with 59% of respondents struggling (up 10% from 2022).



DLT in the Real World 2023

Overview

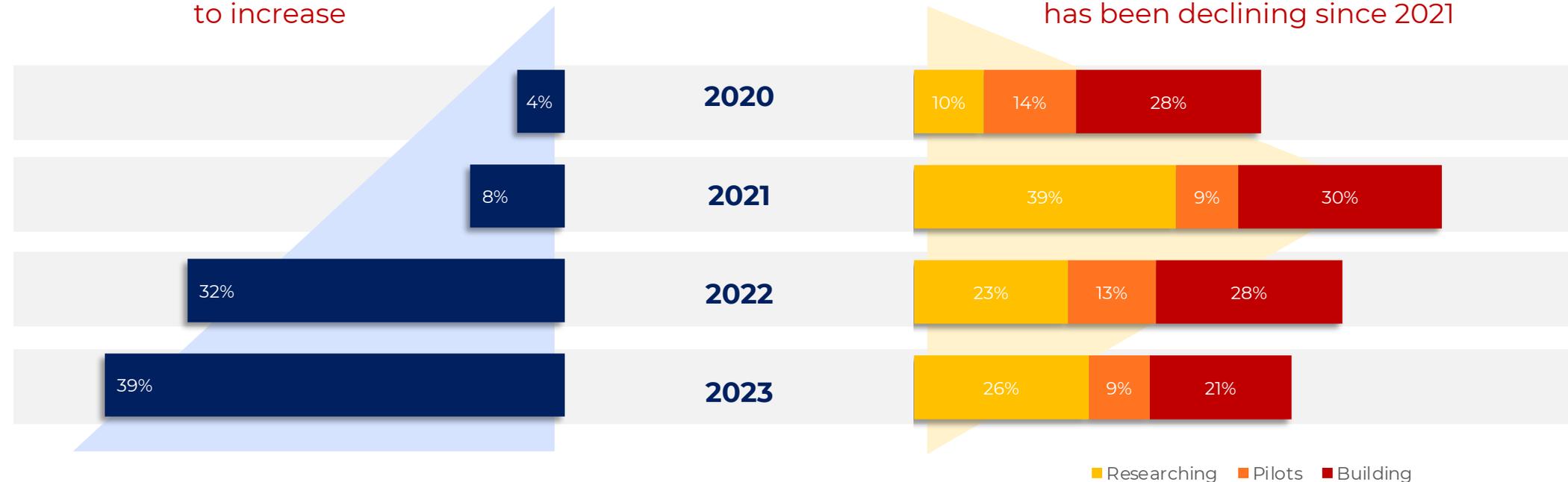


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39% of us are live with DLT and digital assets in 2023– but we passed the peak of the hype-cycle in 2021

Reality 1: DLT live usage continues to increase

Reality 2: Preparation activity on DLT has been declining since 2021



■ Researching ■ Pilots ■ Building



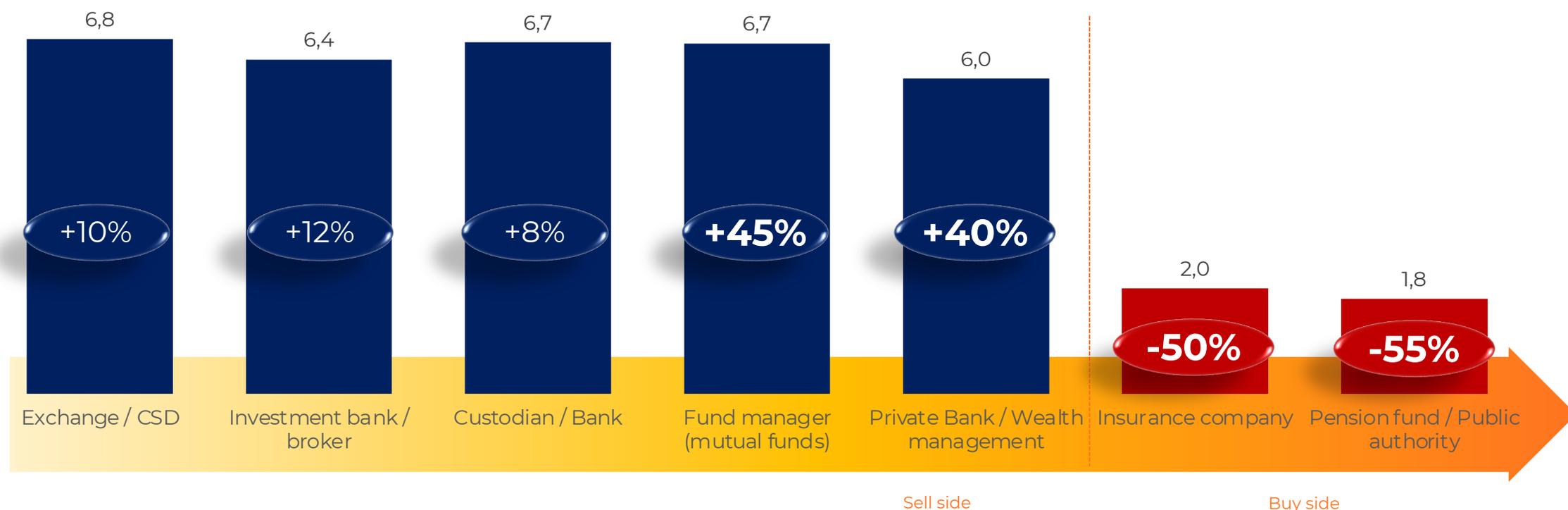
Question: What stage are you at in your DLT / digital asset development across your organization? (Percentage of respondents per category, excludes those with no DLT activity)



DLT in the Real World 2023

DLT is more important than ever to the buy-side, but asset owners are disengaging quickly

Importance of DLT to firms (score out of 10 and % change YoY)



Question: How would you describe the role of DLT and digital assets to your firm? (Score out of 10)



YoY increase in DLT importance (2023 vs 2022)



YoY decrease in DLT importance (2023 vs 2022)

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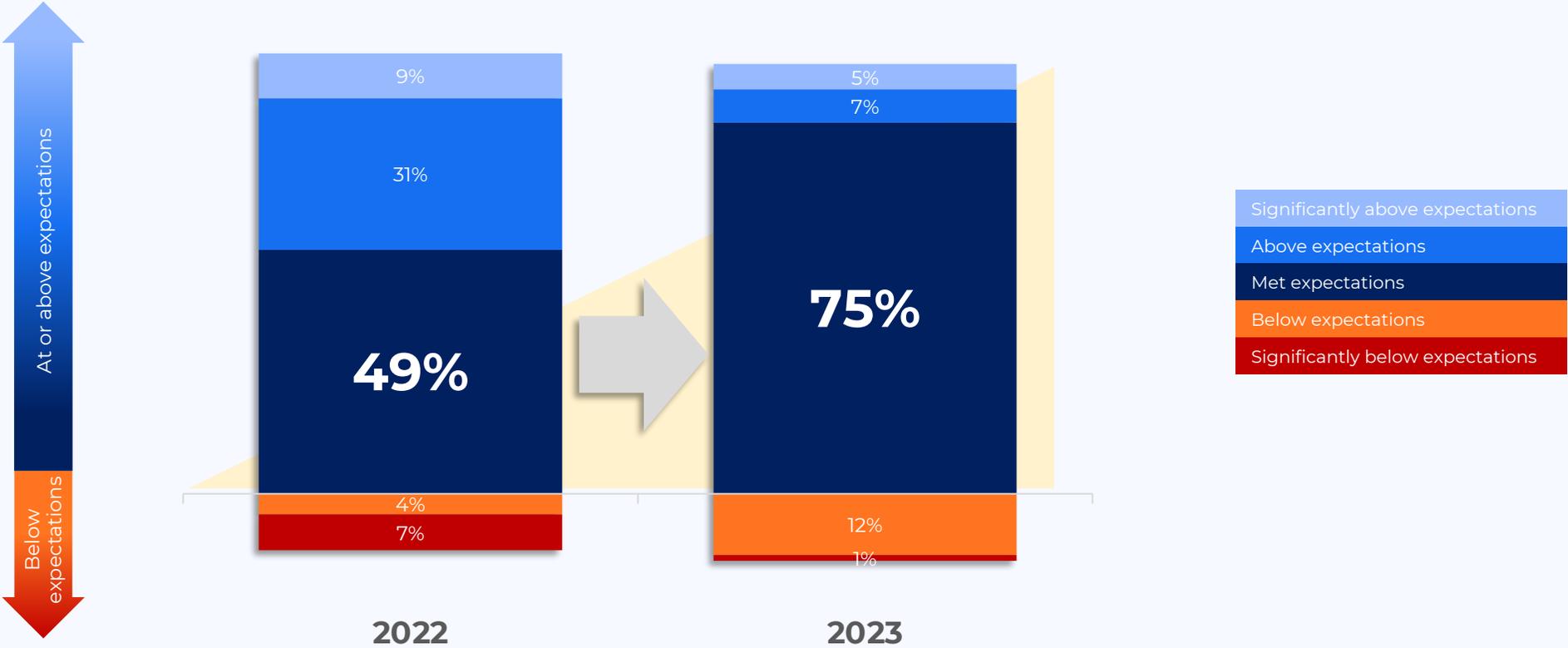


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Our DLT maturity is increasing: 75% of our projects are now delivering as expected

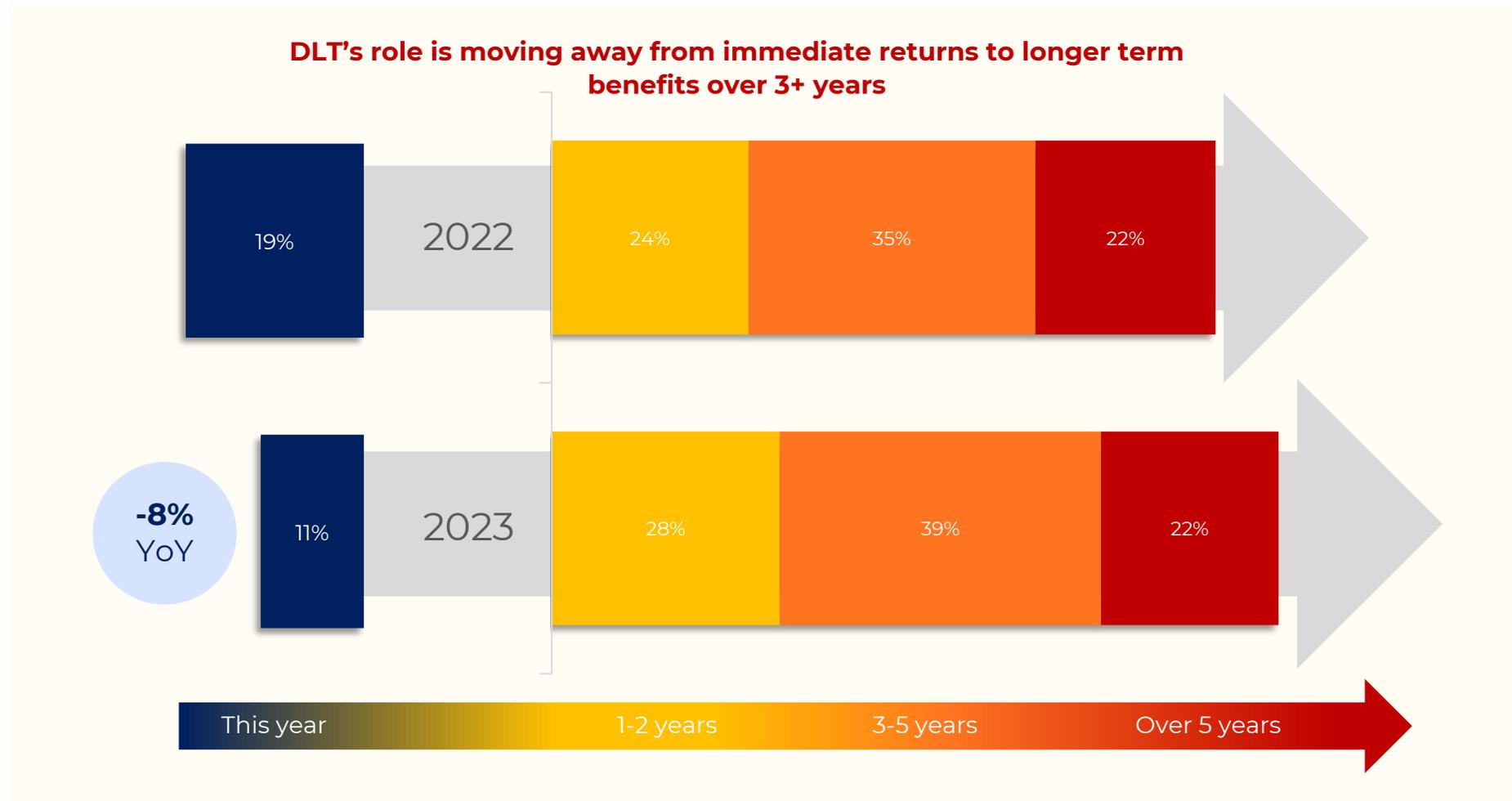
Increasing maturity: we're getting better at planning and realizing returns from our DLT projects

(Performance of projects vs expectations, % of respondents)



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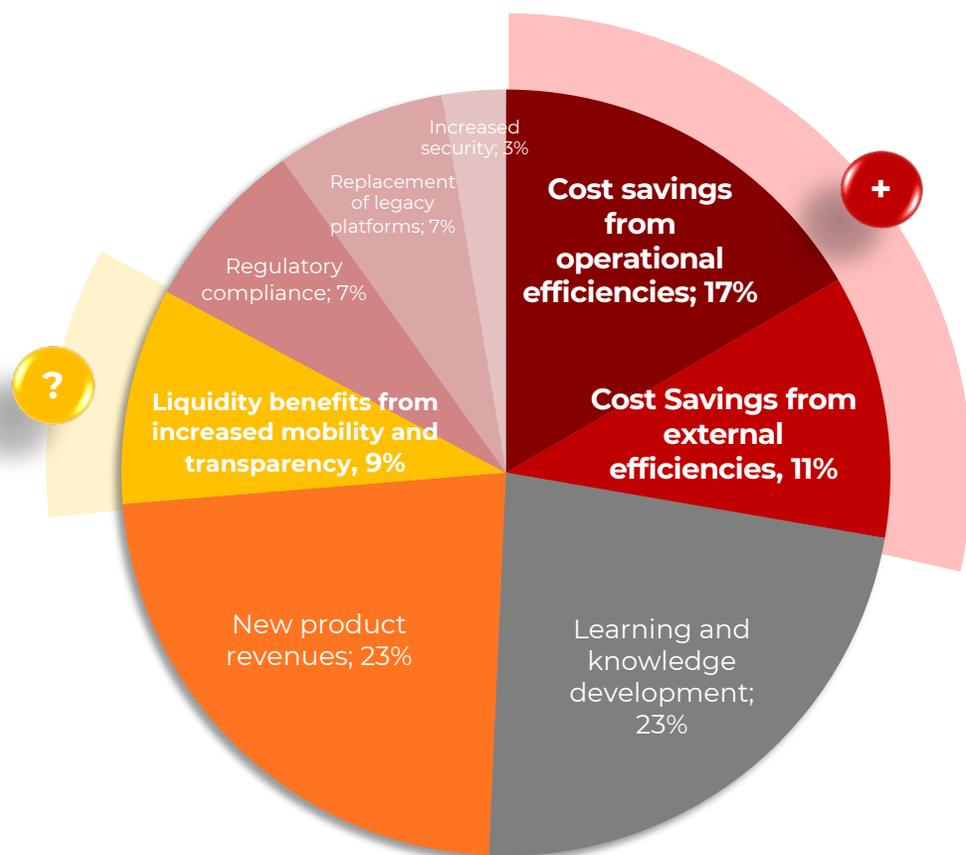
Our perspective is shifting: -8% YoY are expecting DLT to deliver in a year



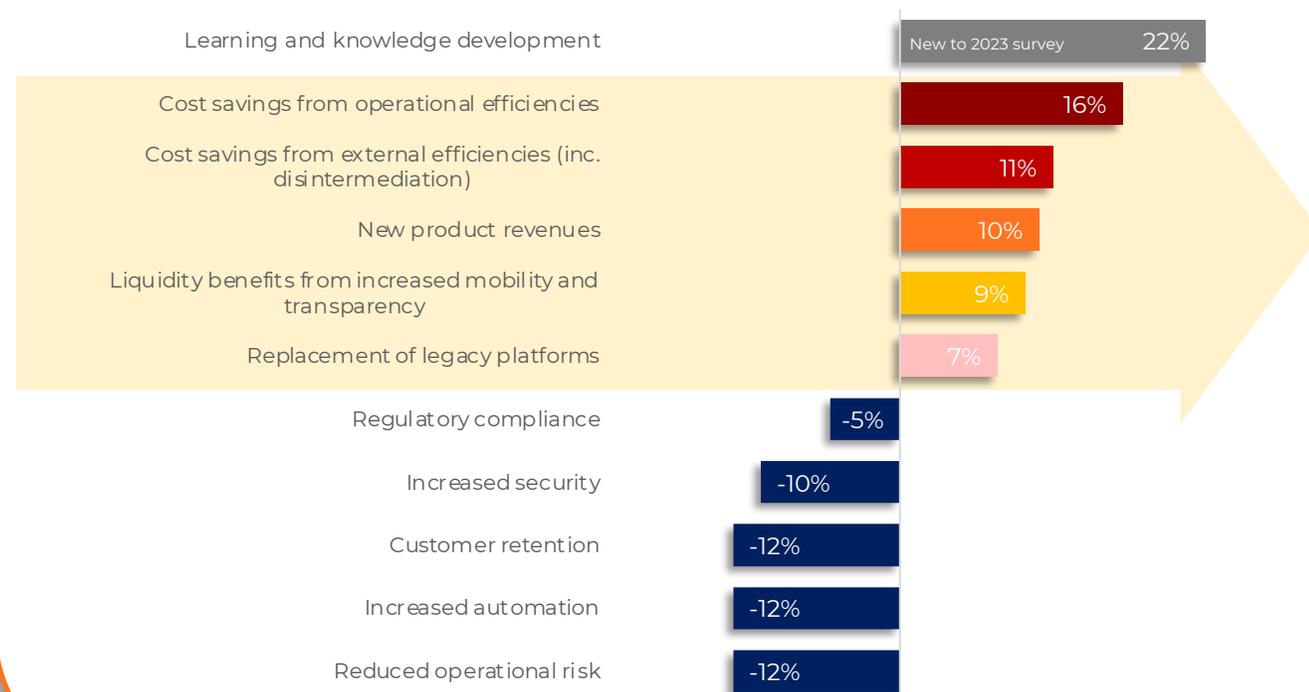
Question: How do you see the role of DLT and digital assets in your industry - and over which time horizon?
(Aggregate of all responses; % of respondents citing DLT's role over each time frame)

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28% of DLT projects are now focused on cost savings – but what about the liquidity benefits?



The cost efficiencies of DLT are increasingly clear



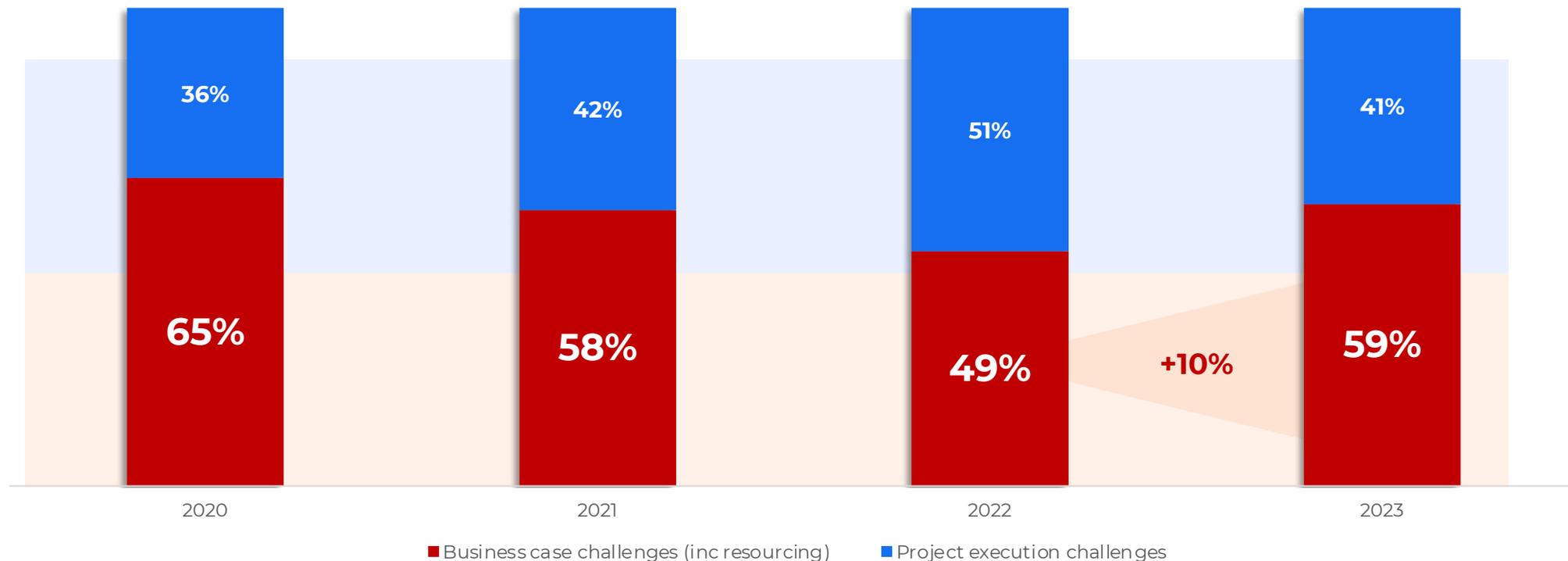
Question: For your DLT / Digital asset projects, what benefits was your business was your business case based on?
(Percentage of respondents citing each driver)



DLT in the Real World 2023

The business case is the biggest challenge for 59% of the industry, up 10% from 2022, but the same level as 2021

Balance of challenges between business case and execution issues
(by % of total respondents seeing each as blocking issues, each year)



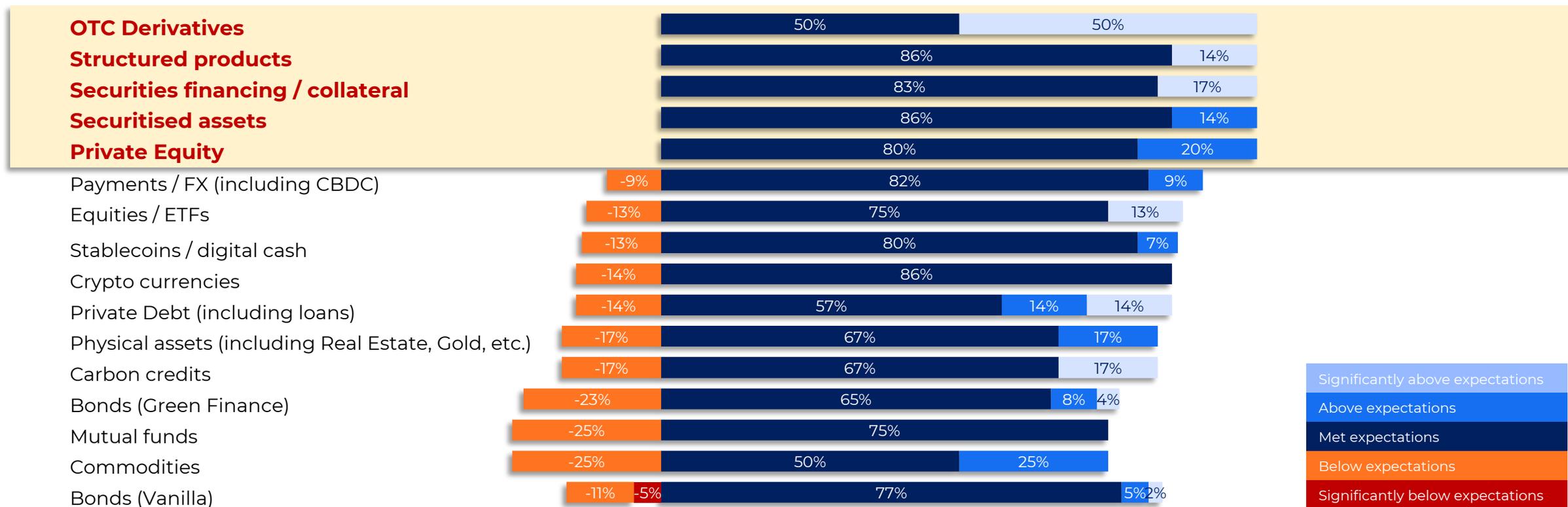
Question: In deploying DLT technology (across all projects), what are/were your key challenges? (Percentage of respondents)



DLT in the Real World 2023

Top 5 asset classes are delivering and ready to scale

Top 5 asset classes are consistently meeting or exceeding expectations



Question: For these projects, how have they performed versus expectations? (Percentage of respondents citing each level of delivery)



DLT in the Real World 2023

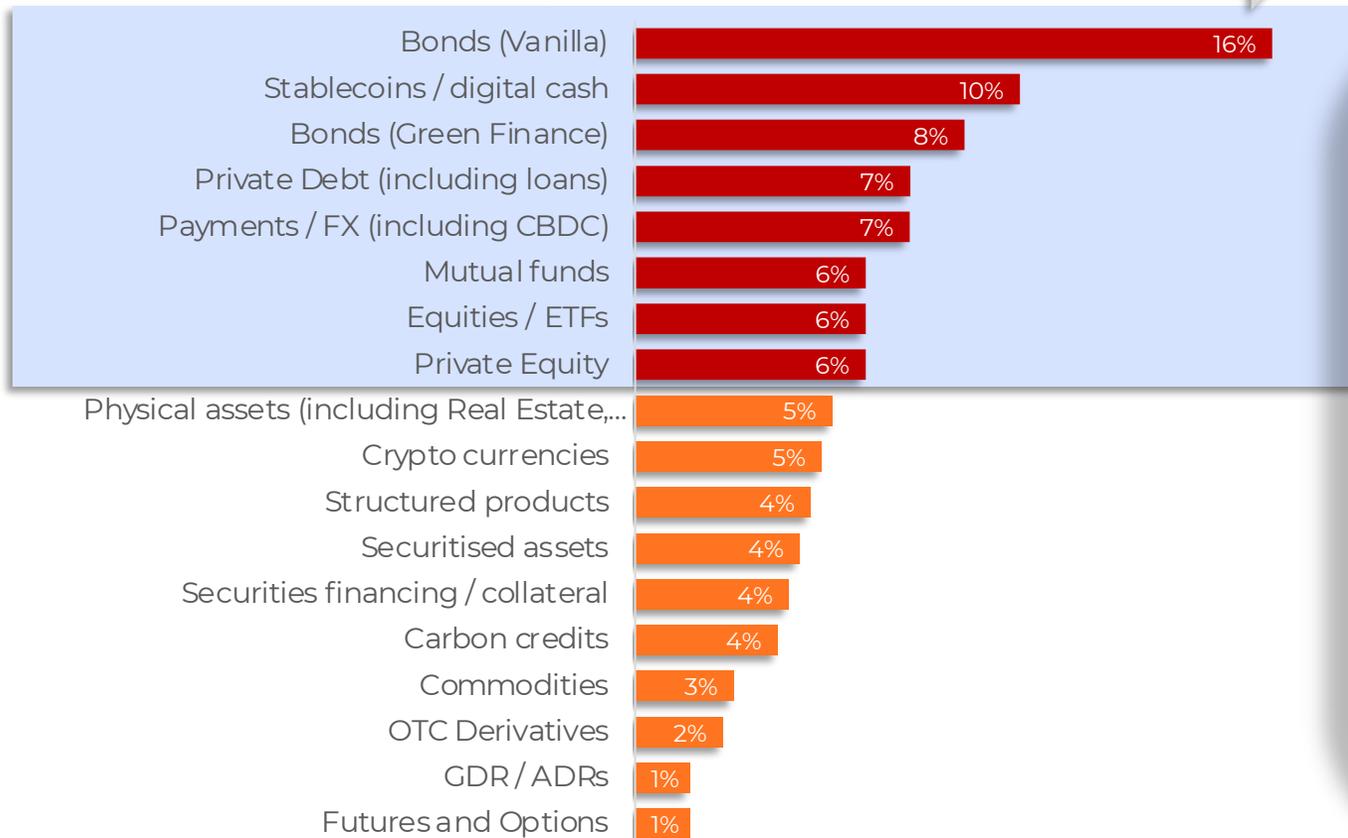
How are we running projects?



How are we running projects?

67% of DLT project activity centres on the top 8 asset classes

Share of total industry activity



Leading asset classes (by activity per market participant)

Exchanges / CSDs



1. Bonds (vanilla)
2. Stablecoins / Digital cash
3. Equities / ETFs

Investment Banks / Brokers



1. Bonds (vanilla)
2. Payments (including CBDC)
3. Stablecoins / Digital cash

Custodians



1. Bonds (vanilla)
2. Stablecoins / Digital cash
3. Crypto-currencies

Investors

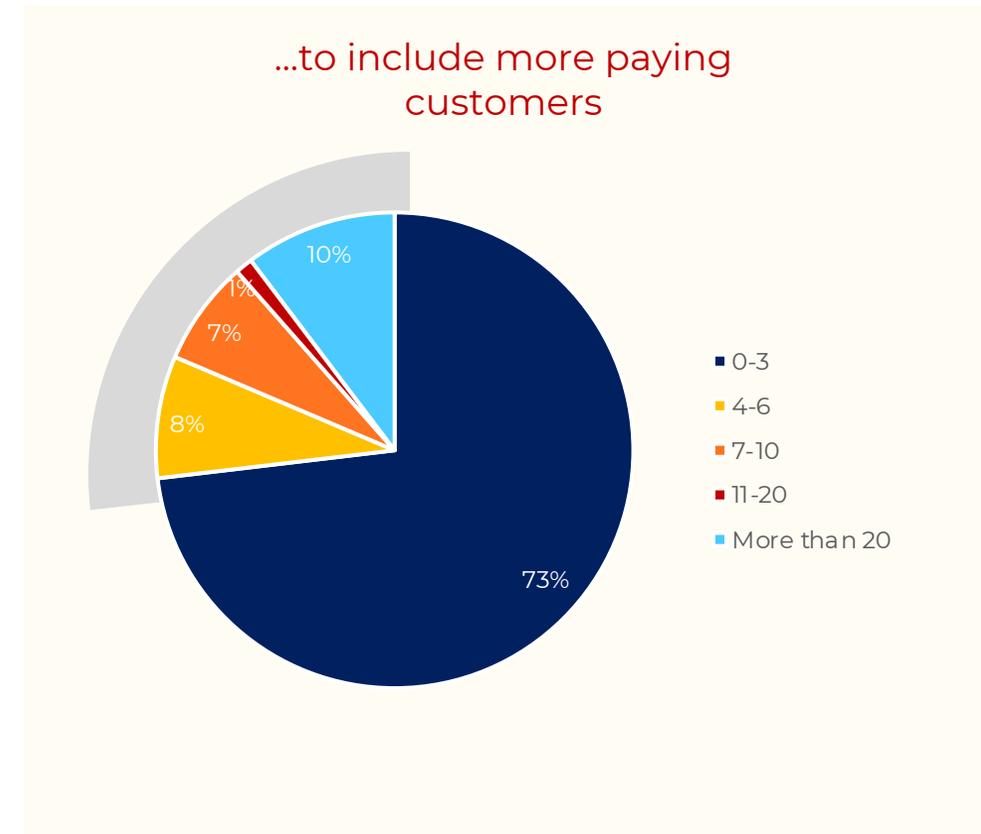
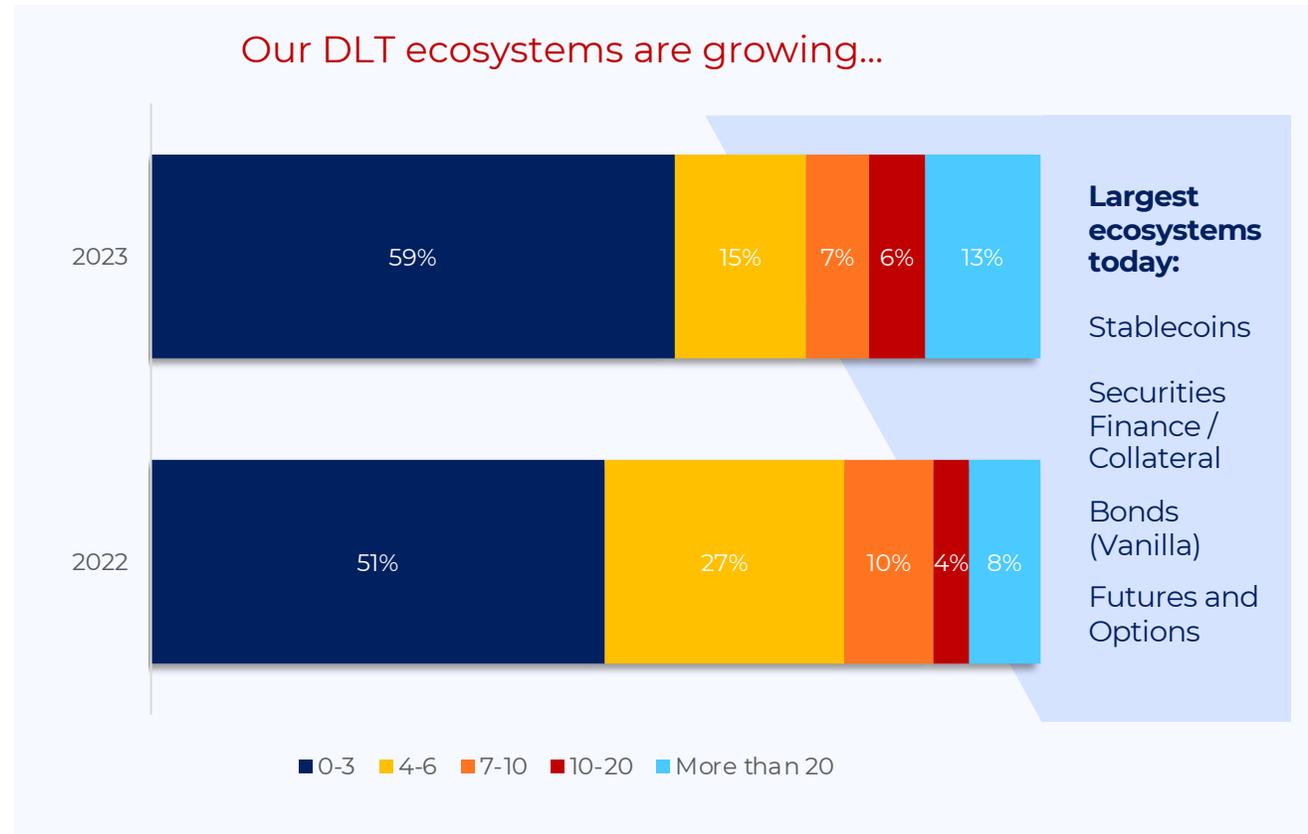


1. Bonds (green finance)
2. Crypto-currencies
3. Bonds (vanilla)



How are we running projects?

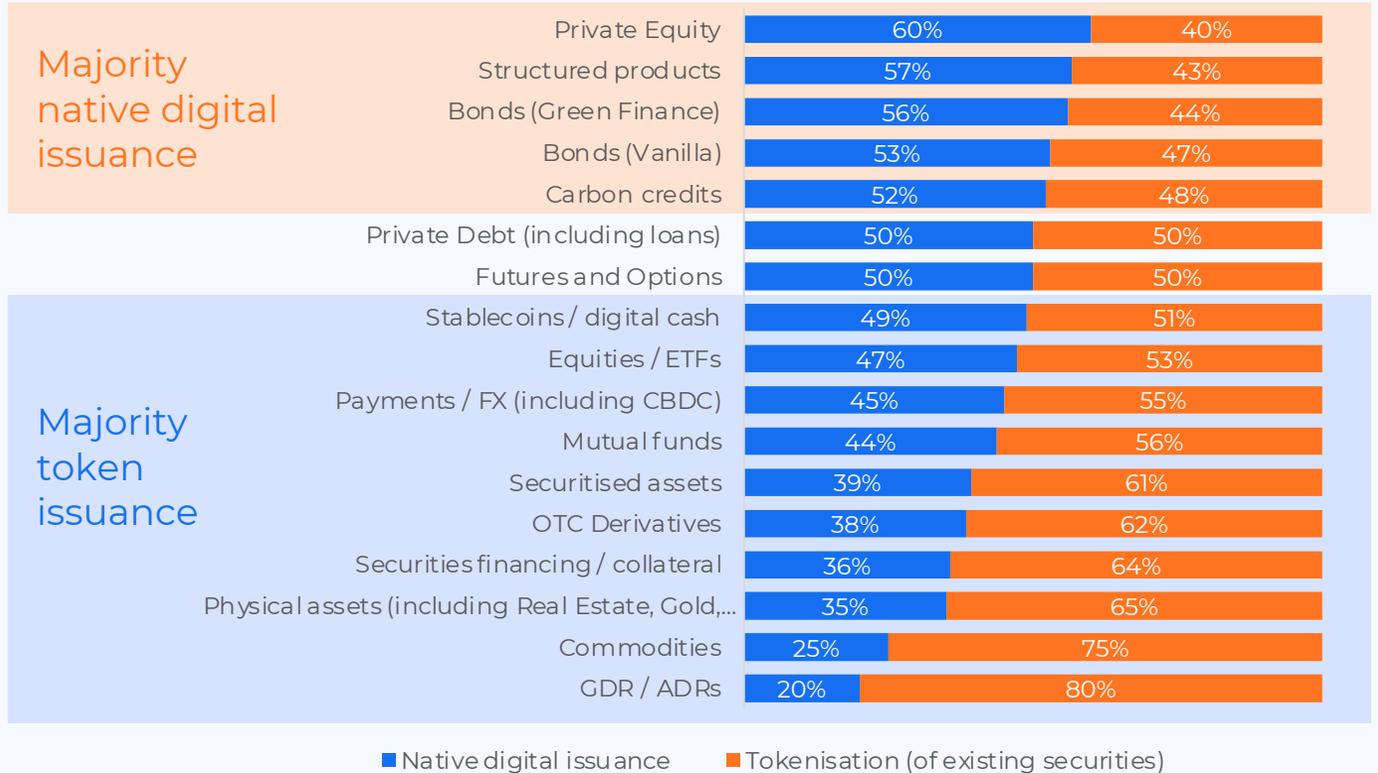
26% of projects now have over 7 participants – including almost as many paying customers



How are we running projects?

Tokenisation prevails for 60% of asset classes

52% of our projects today are based on tokenisation



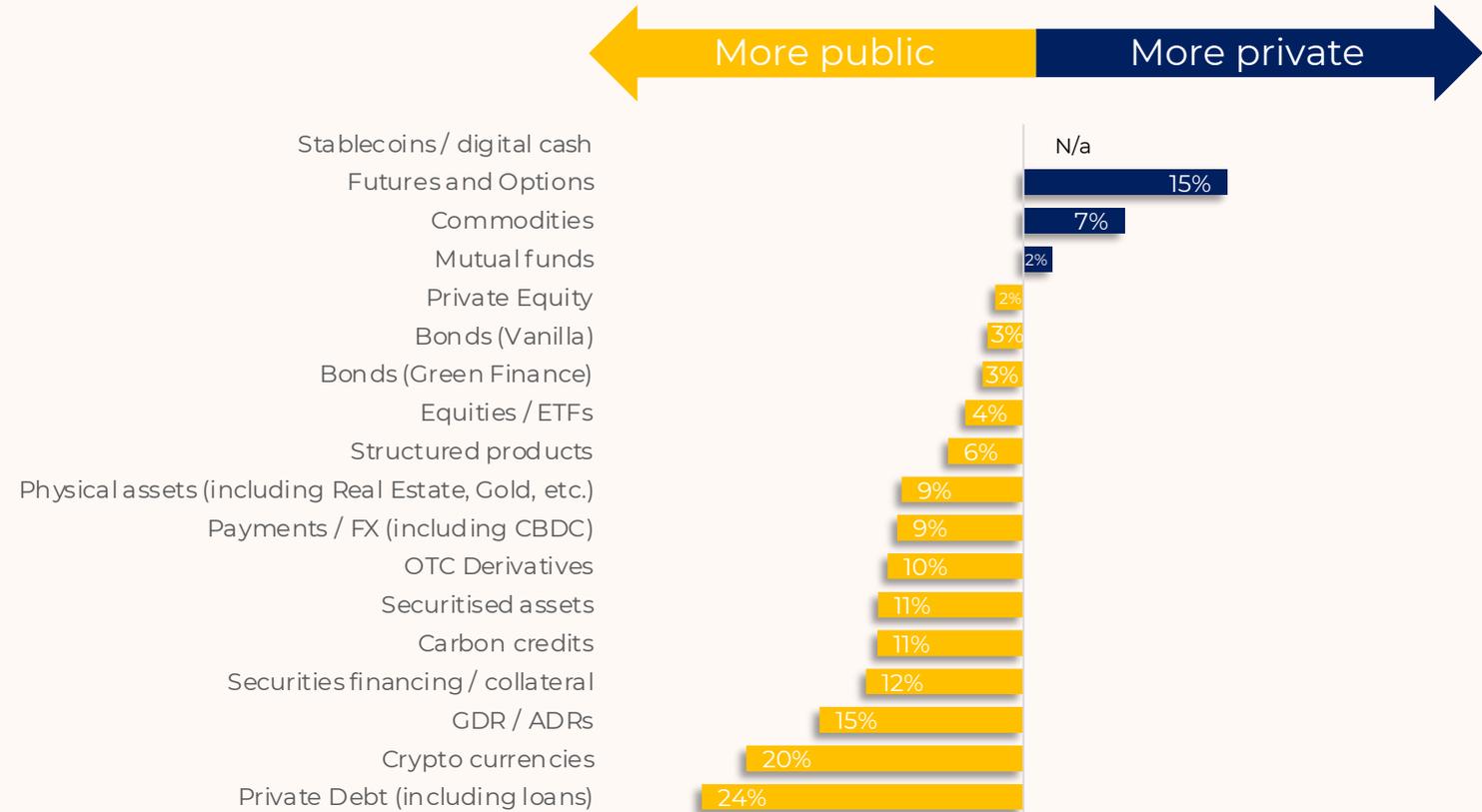
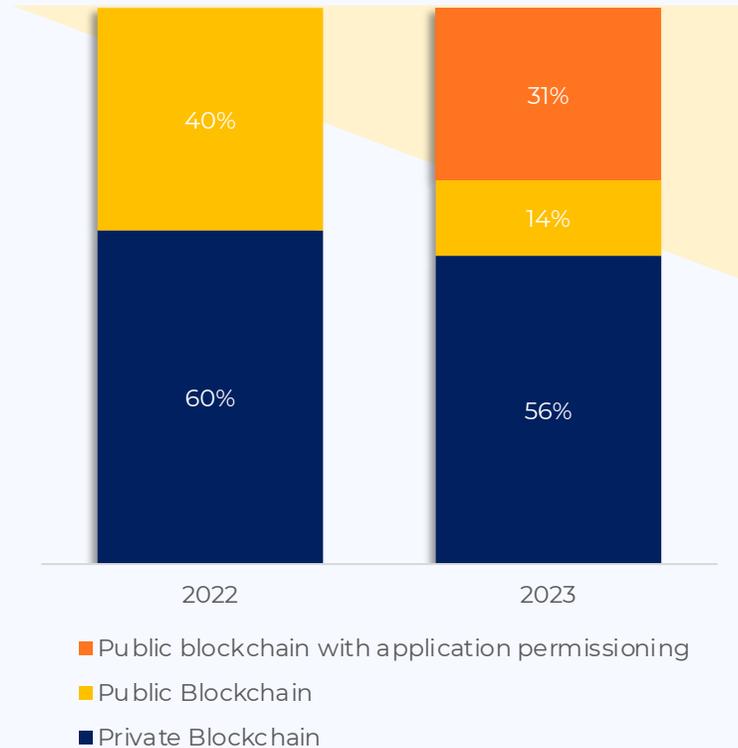
Question: What asset classes are you currently focused on (in terms of DLT or digital asset development?)
(Percentage of respondents)



How are we running our projects?

82% of asset classes are looking to move across to public blockchains

A 5% increase in public blockchain usage YoY

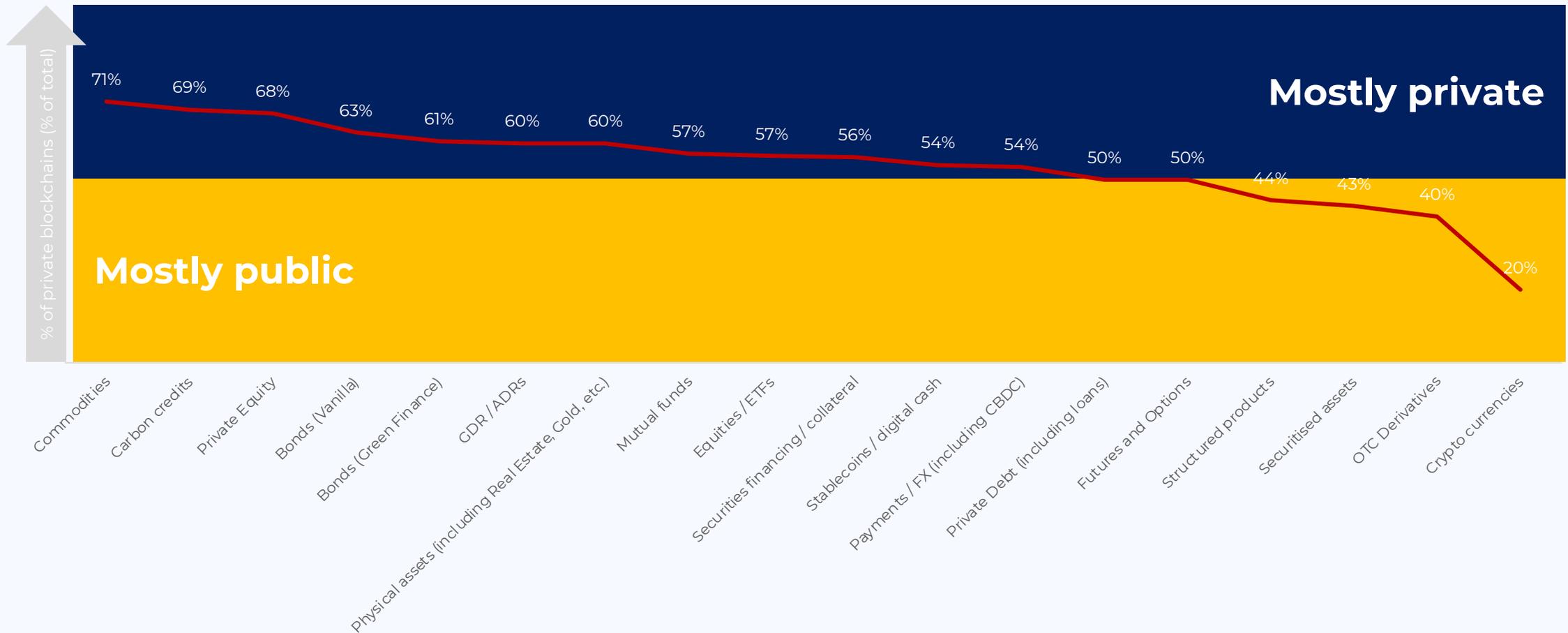


Question: For these DLT and digital asset projects, what platform elements are you using for your deployment? (Percentage of respondents)



How are we running our projects?

We want to move to public blockchains, yet the majority of blockchains are still run privately

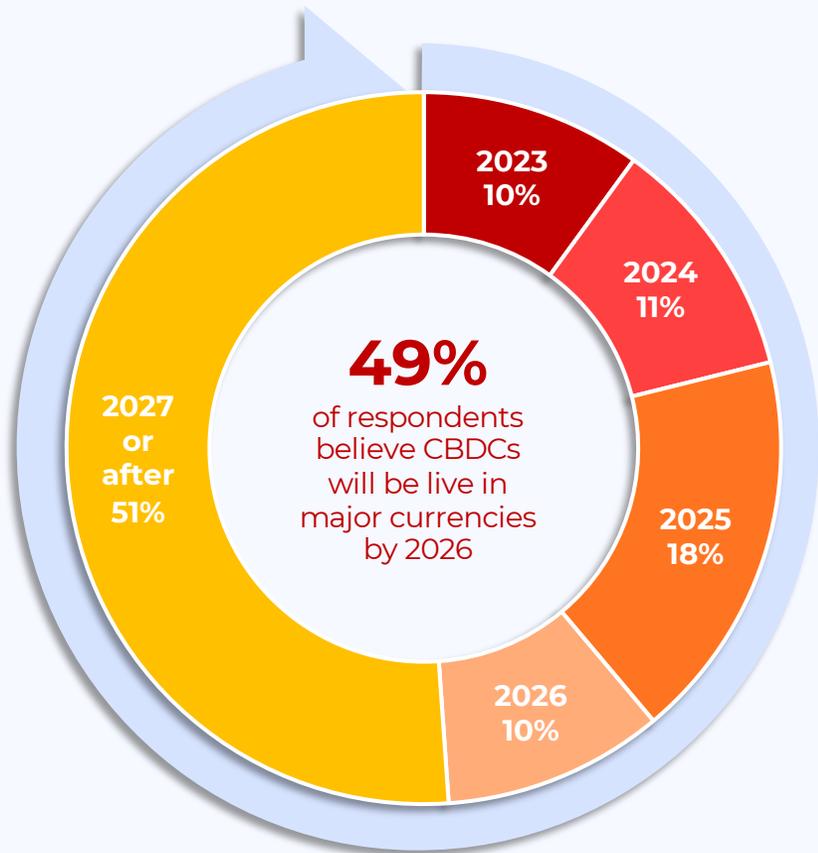


Question: For these DLT and digital asset projects, what platform elements are you using for your deployment?
(Percentage of respondents using private blockchains)

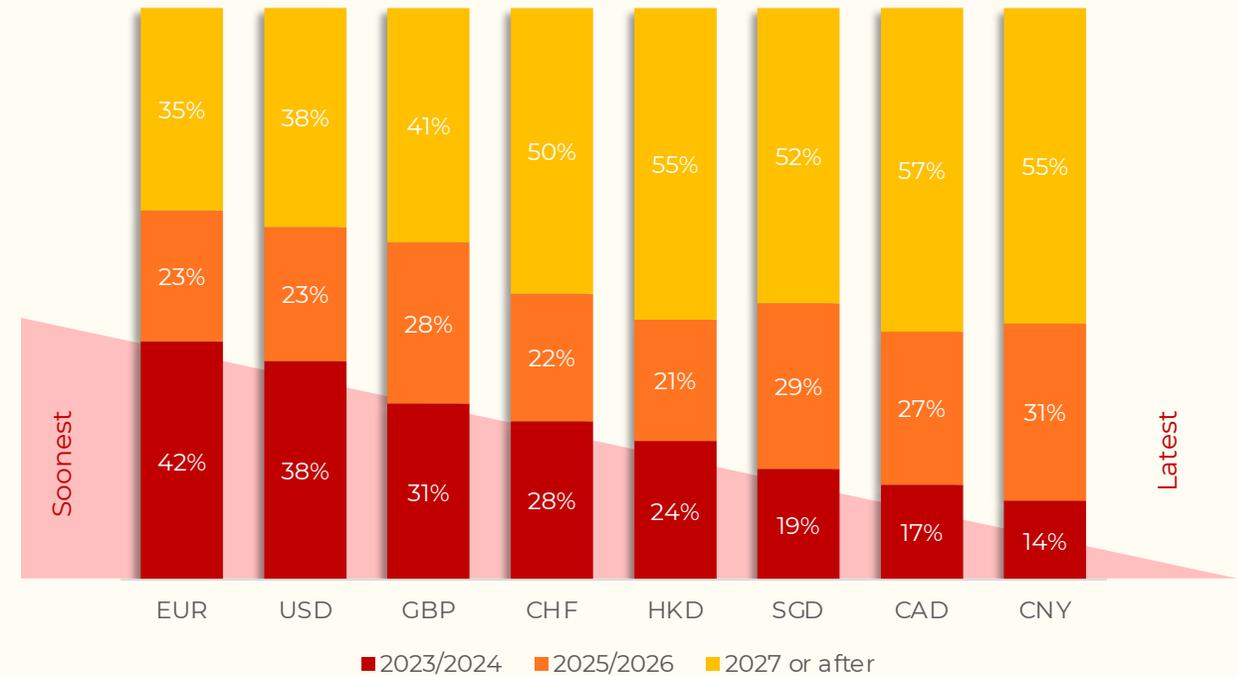


How are we running our projects?

Digital currencies are expected to be operational across major currencies within 3 years



...EUR and USD are expected to be early movers



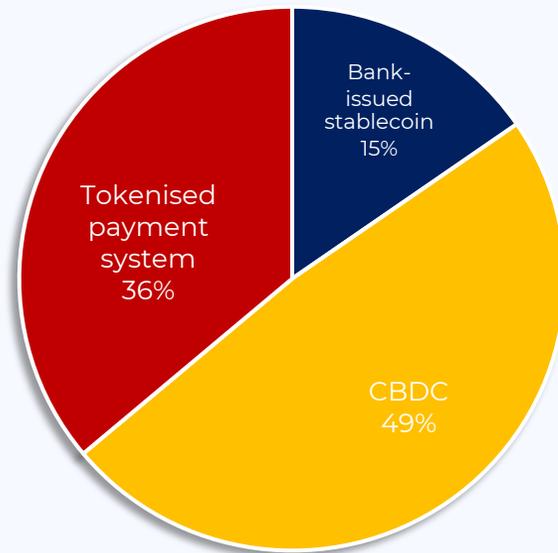
Question: Based on current progress, when do you expect to be able to use the following currencies in digital form your blockchain projects? (Percentage of respondents)



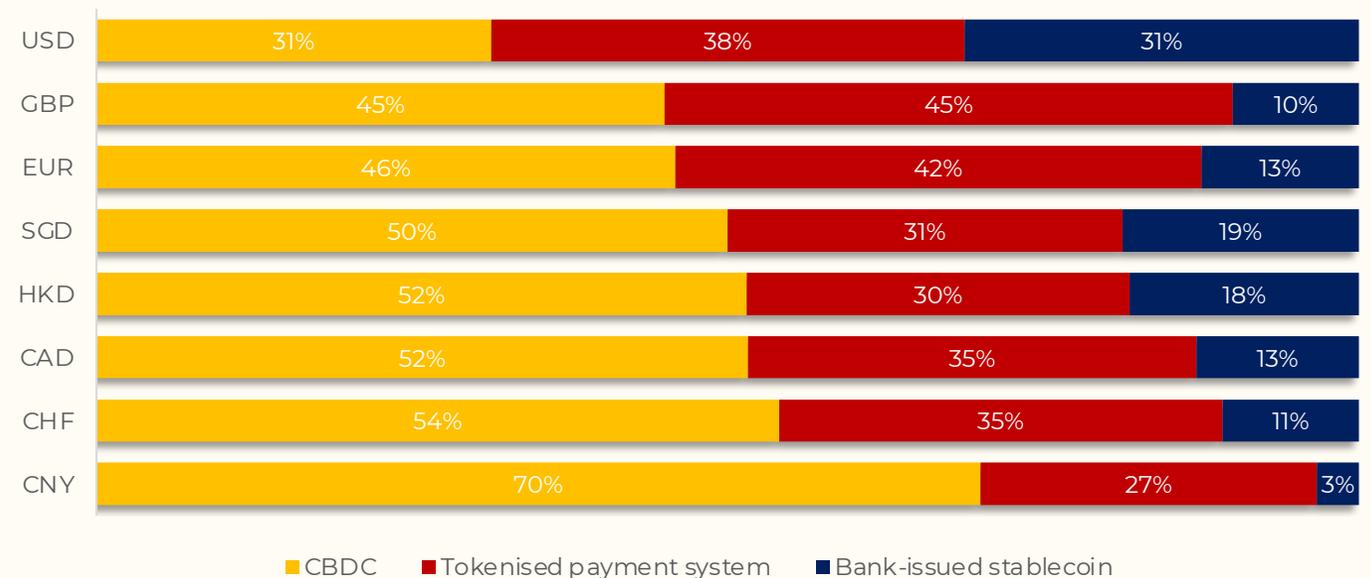
How are we running our projects?

Whilst we continue to back CBDC development, our approach to the funding leg is increasingly pragmatic amongst major currencies

Almost half of respondents expect CBDCs to prevail in the next five years



...but we are increasingly willing to leverage other technologies in the meantime for USD, GBP and EUR especially



Question: Based on current progress, when do you expect to be able to use the following currencies in digital form your blockchain projects (in the next 5 years)?
(Percentage of respondents)



DLT in the Real World 2023

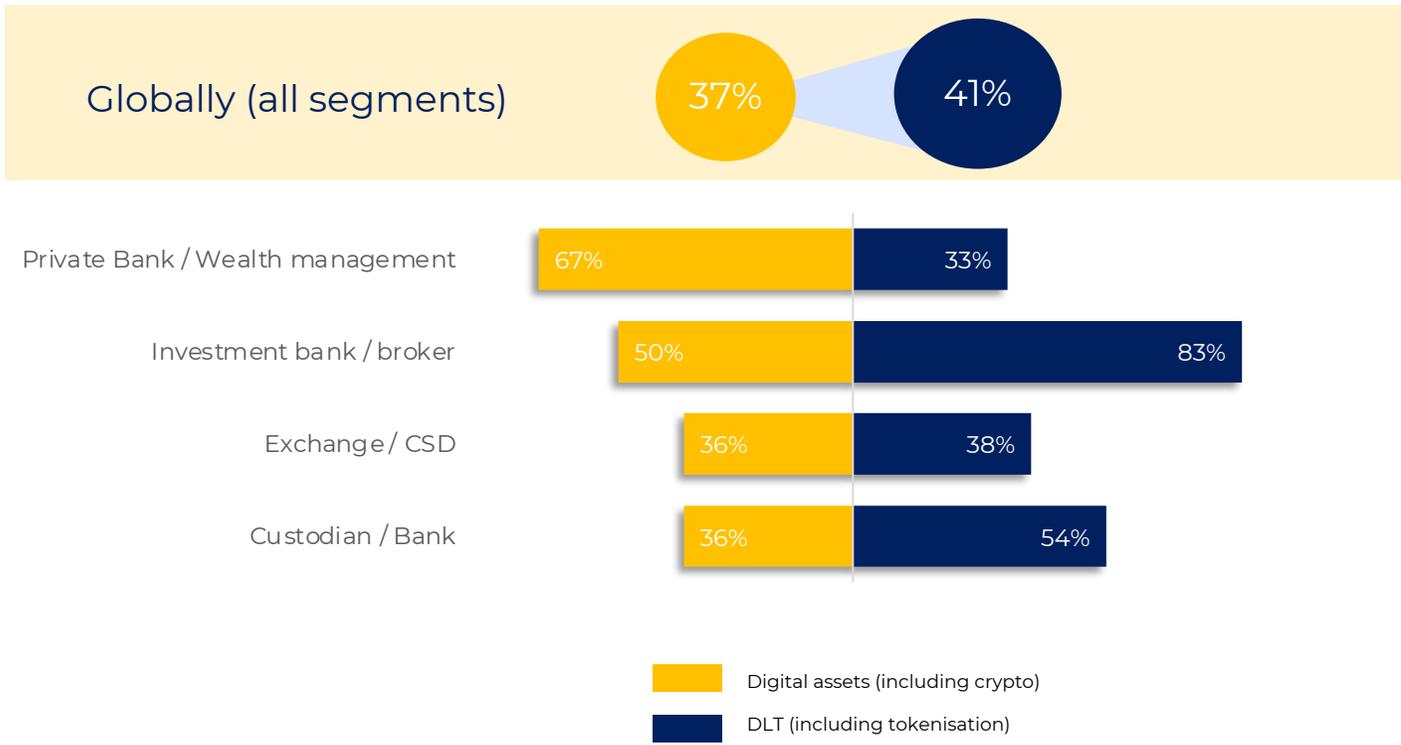
Opportunities and Challenges



Opportunities for DLT

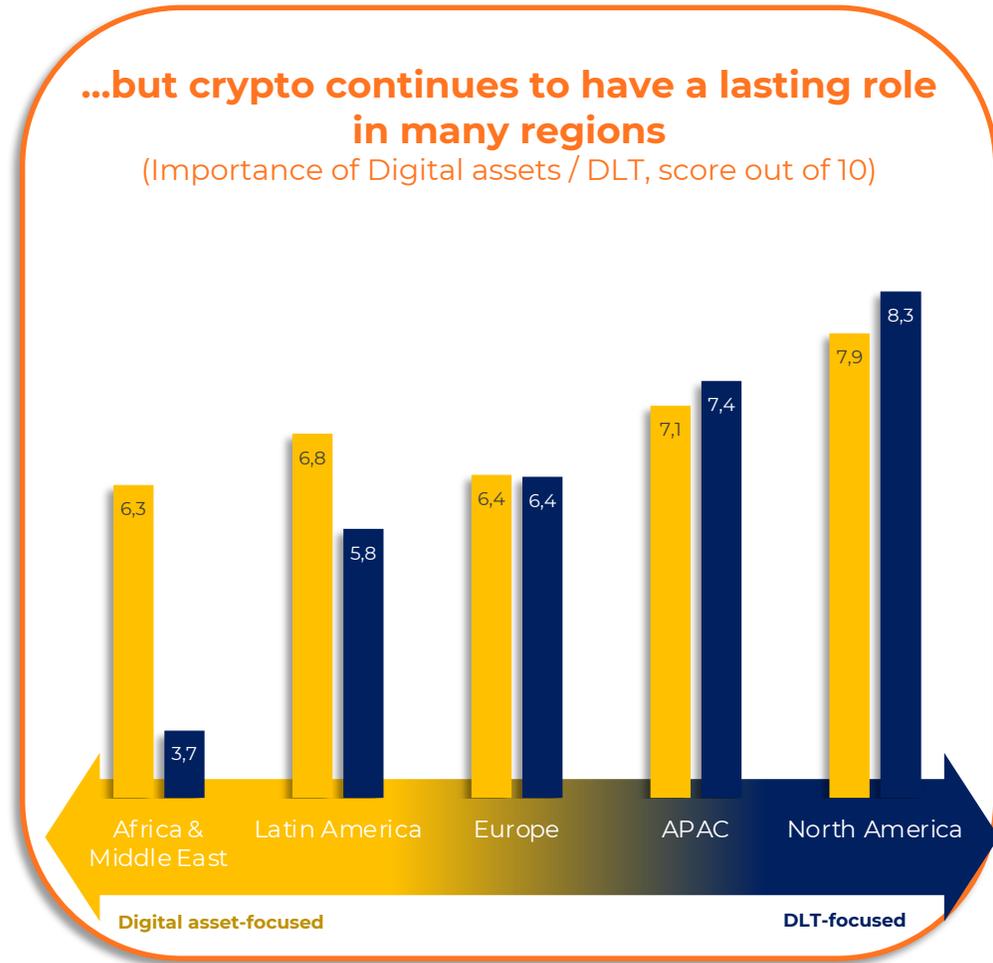
Crypto hasn't killed DLT interest - DLT momentum is robust in the institutional markets

Live deployments of DLT outnumber crypto – especially in the institutional markets
 (% of each segment live with digital assets and DLT)



...but crypto continues to have a lasting role in many regions

(Importance of Digital assets / DLT, score out of 10)



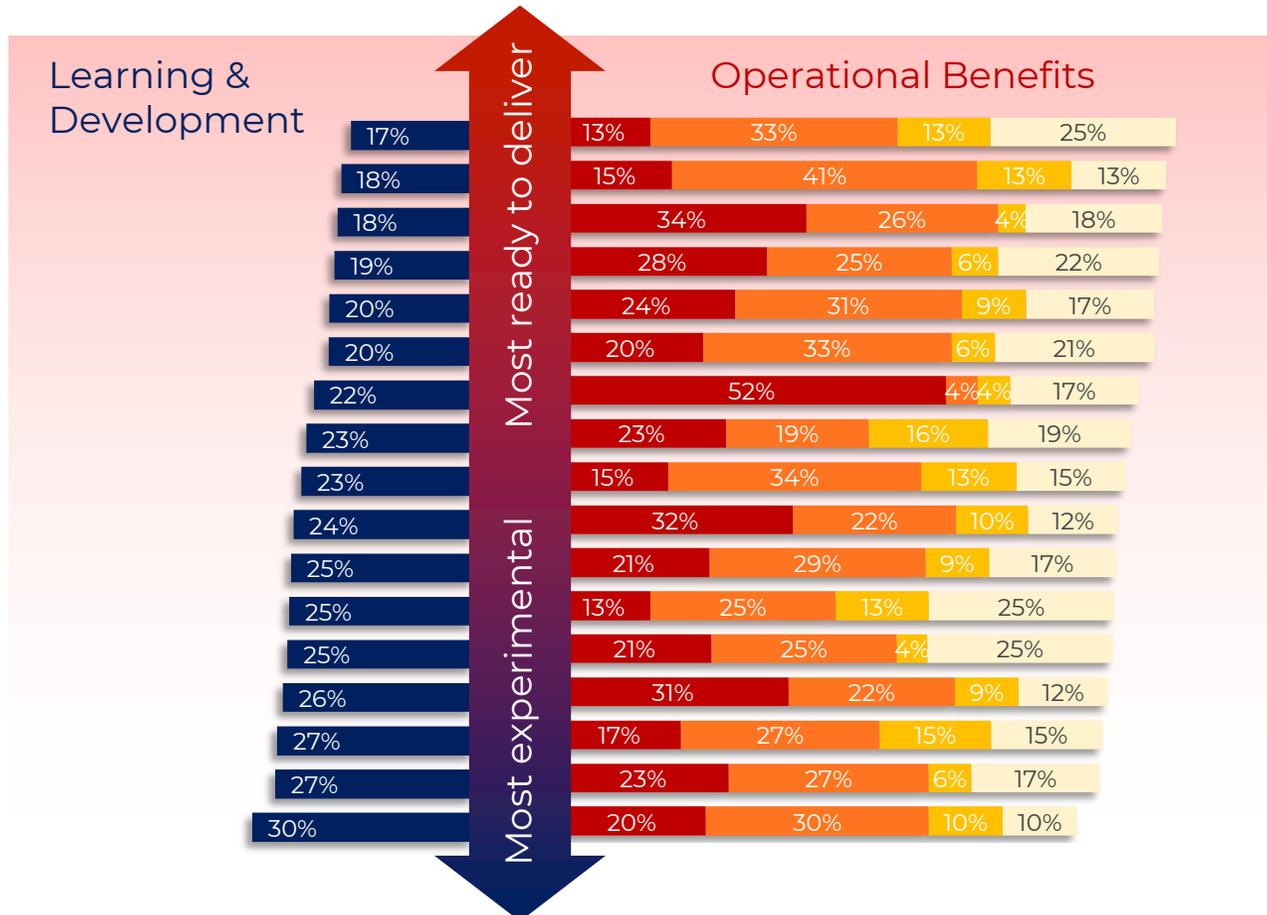
Question: What stage are you at in your DLT / digital asset development across your organization? (Percentage live with DLT and Digital Assets per segment or region)



Opportunities for DLT

OTC and Securities Finance are ready to deliver results today

Why are we running projects today?



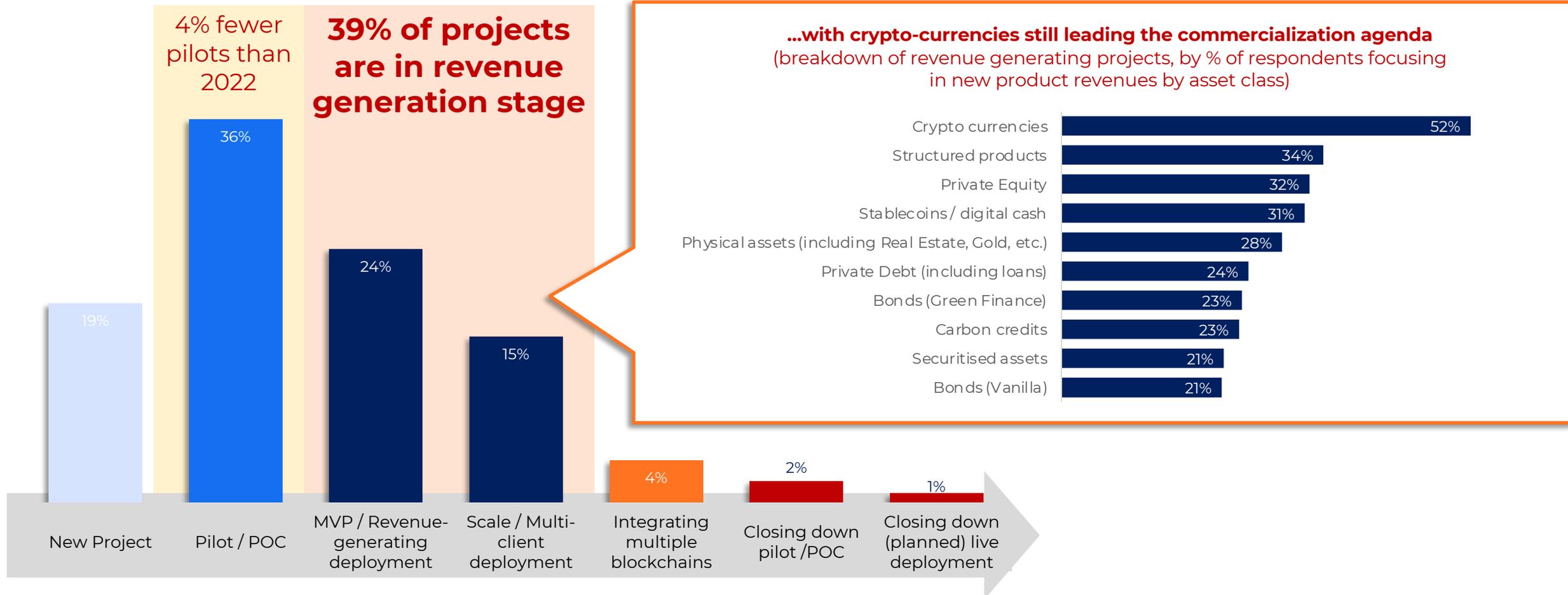
- OTC Derivatives
- Securities financing / collateral
- Structured products
- Physical assets (including Real Estate, Gold, etc.)
- Private Debt (including loans)
- Equities / ETFs
- Crypto currencies
- Carbon credits
- Mutual funds
- Private Equity
- Bonds (Vanilla)
- GDR / ADRs
- Securitized assets
- Stablecoins / digital cash
- Payments / FX (including CBDC)
- Bonds (Green Finance)
- Futures and Options

Question: For your DLT / Digital asset projects, what benefits was your business was your business case based on? (Percentage of respondents)



Opportunities for DLT

More DLT projects are in revenue-generating mode than any other stage today – especially bonds

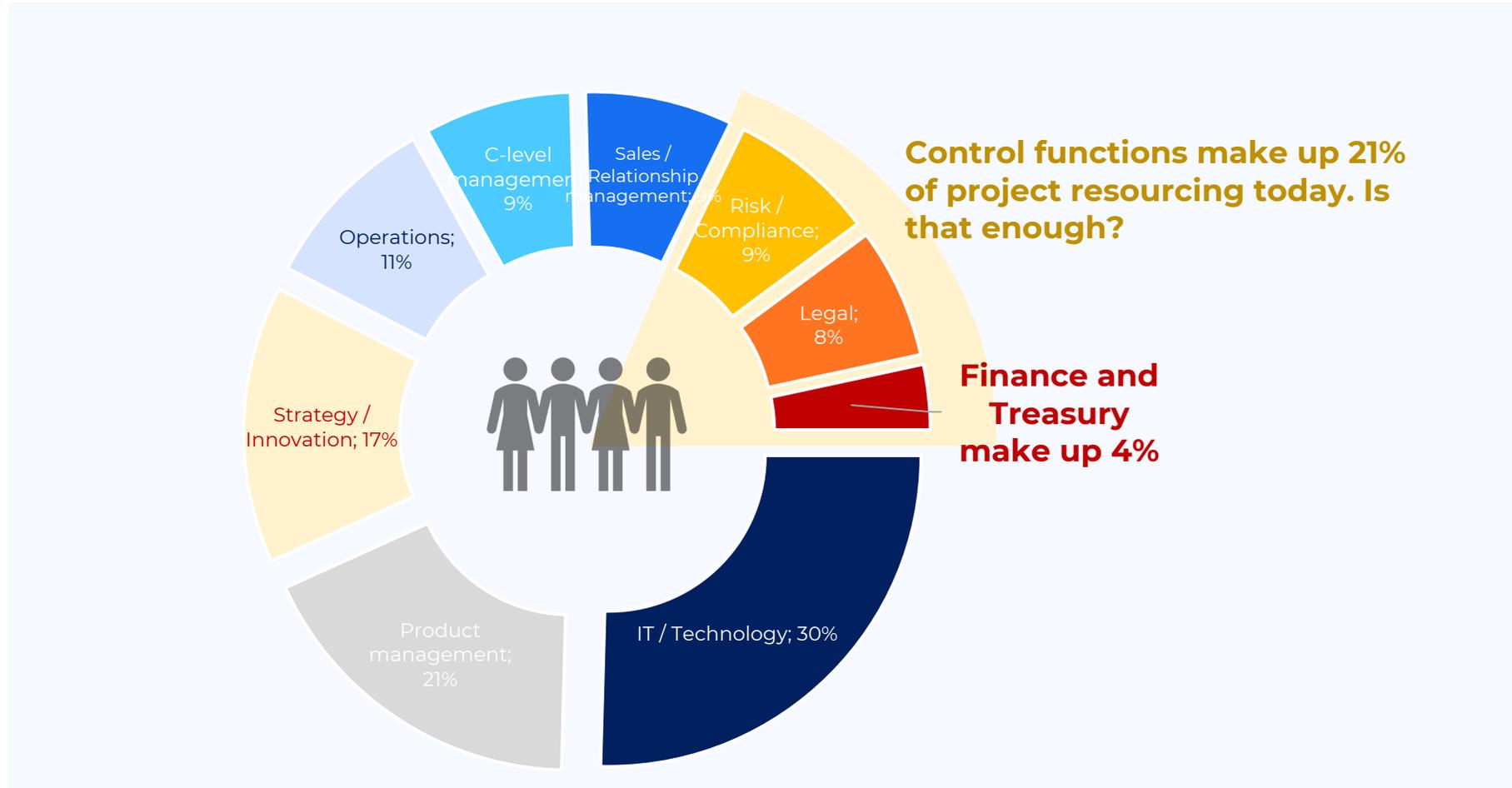


Question: For your DLT and Digital asset projects, what is the objective for these in 2023?



Challenges for DLT

Is finance the last to know?



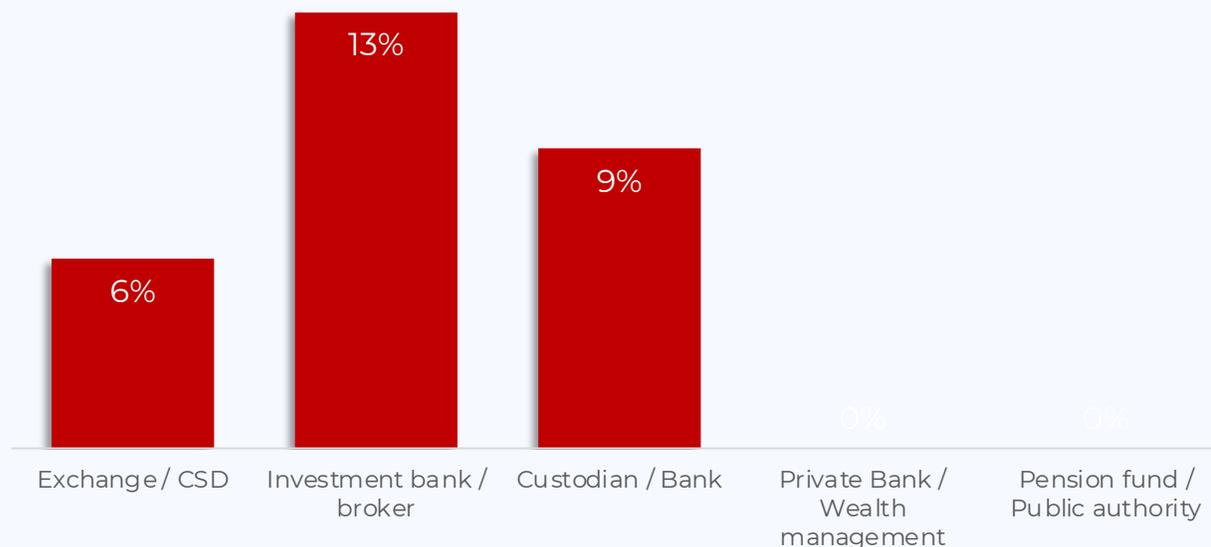
Question: How would you describe the resourcing of your DLT / digital asset projects across your different departments (contributing at an operating level)? (Average percentage allocation)



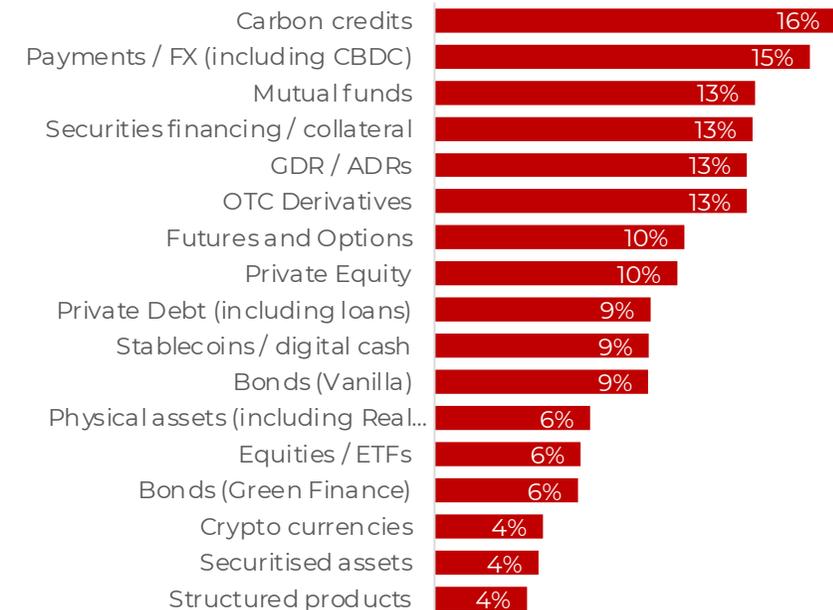
Challenges for DLT

Is it all operational? Are we under-stating the potential liquidity benefits?

Only 13% of investment banks' DLT initiatives are focused on liquidity benefits – falling to 0% amongst the buy-side



Yet the potential value of DLT in driving liquidity for key asset classes is meaningful



Highest liquidity impact

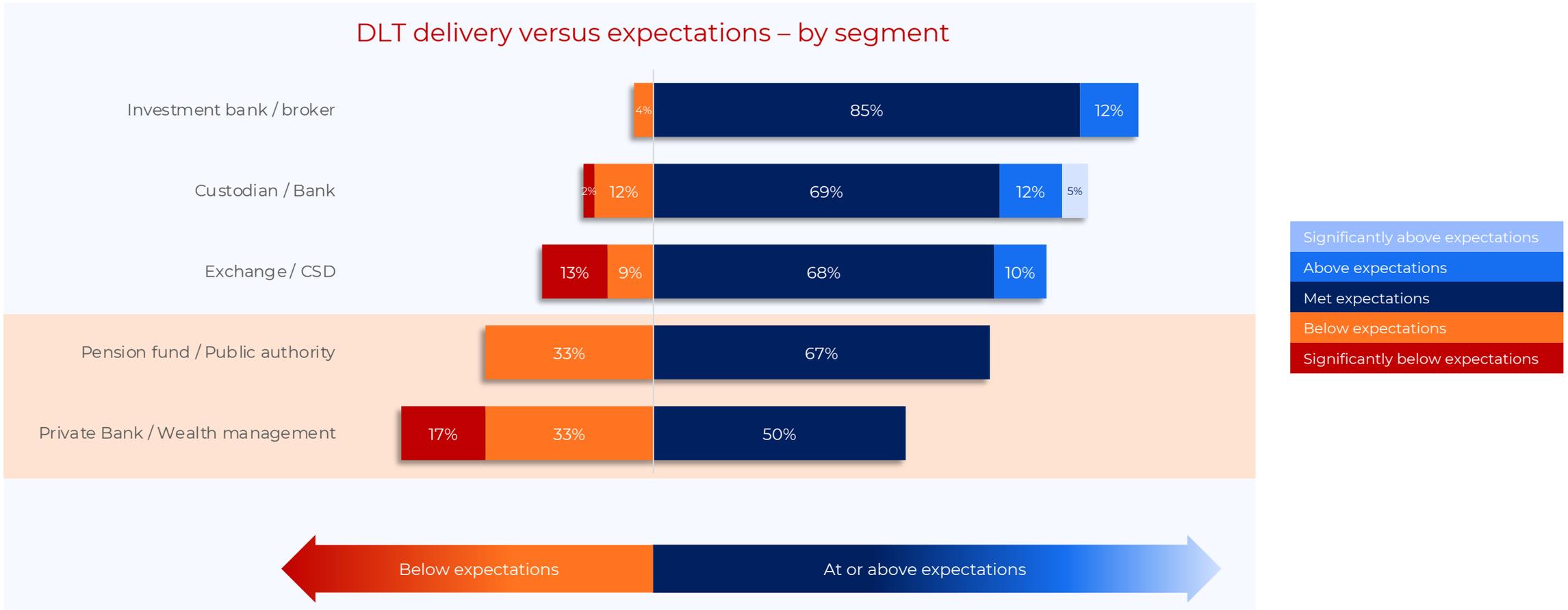
Question: What benefits was your business was your business case based on? (Percentage of respondents citing liquidity as a core driver)



Challenges for DLT

DLT and digital assets are delivering for the sell-side but disappointing the buy-side

DLT delivery versus expectations – by segment



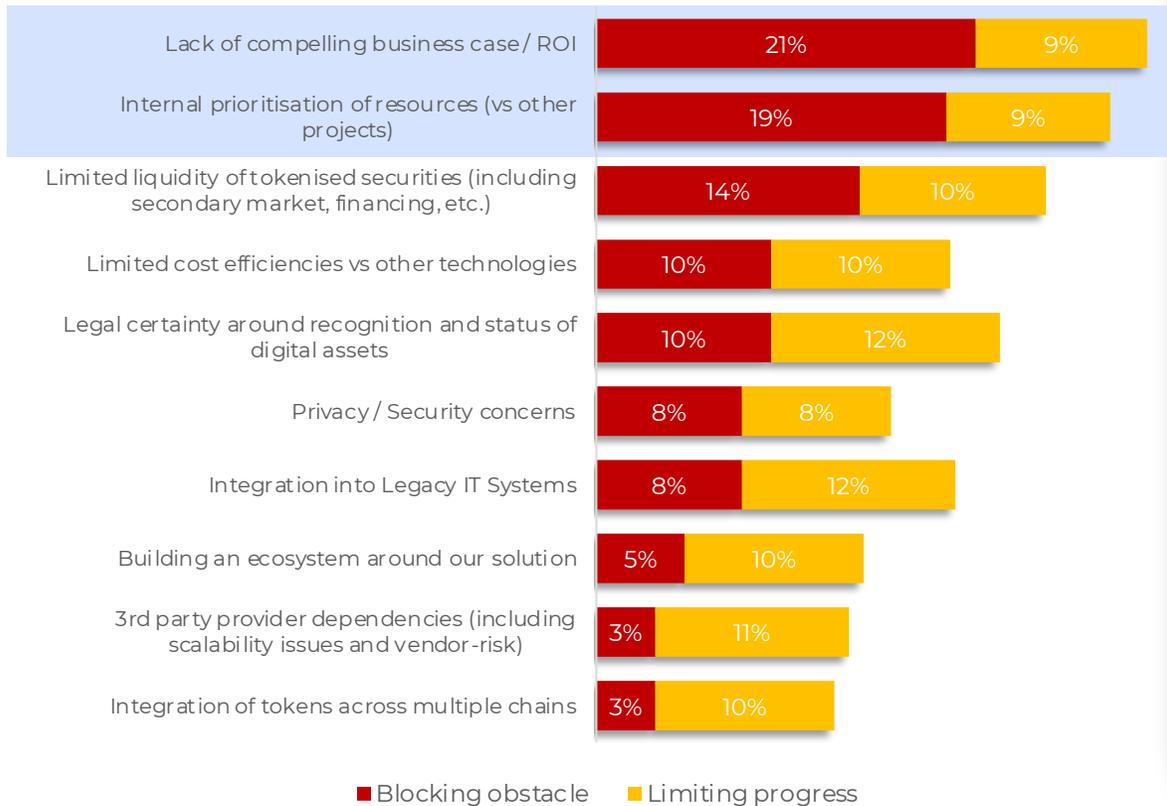
Question: How have your DLT / digital asset projects performed versus expectations? (Percentage of respondents)



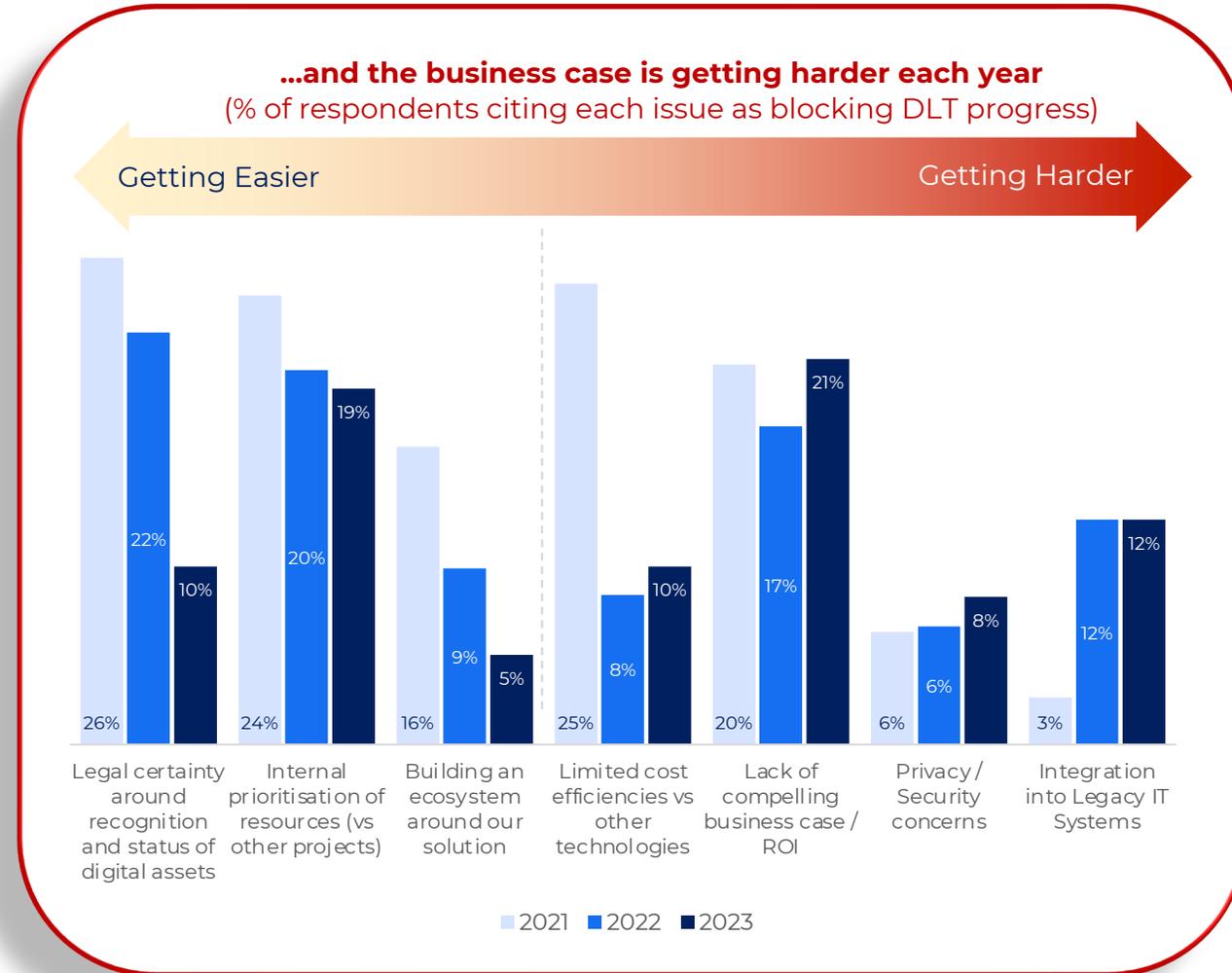
Challenges for DLT

The case for DLT (with other technologies) is a pressing issue in a resource-constrained environment

Making the case for DLT: half of us still struggle in 2023
(% of respondents facing each challenge)



...and the business case is getting harder each year
(% of respondents citing each issue as blocking DLT progress)



Question: In deploying DLT technology (across all projects), what are/were your key challenges? (Percentage of respondents)

● Blocking obstacles

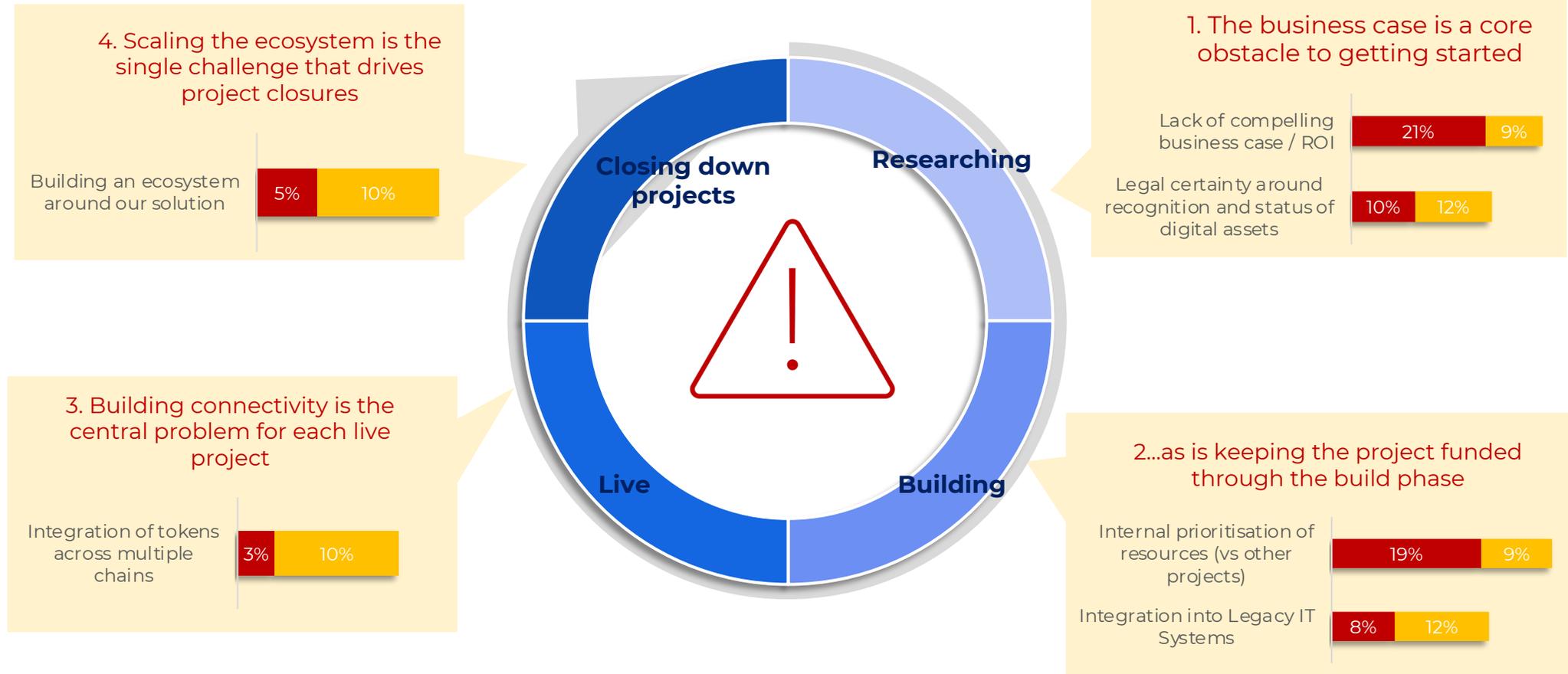
● Limiting progress

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Challenges for DLT

Whilst challenges diminish in impact after the business case, legacy and connectivity remain a challenge throughout



Question: In deploying DLT technology (across all projects), what are/were your key challenges?
 (Top challenges by DLT development stage, percentage of respondents)

Blocking obstacles

Limiting progress

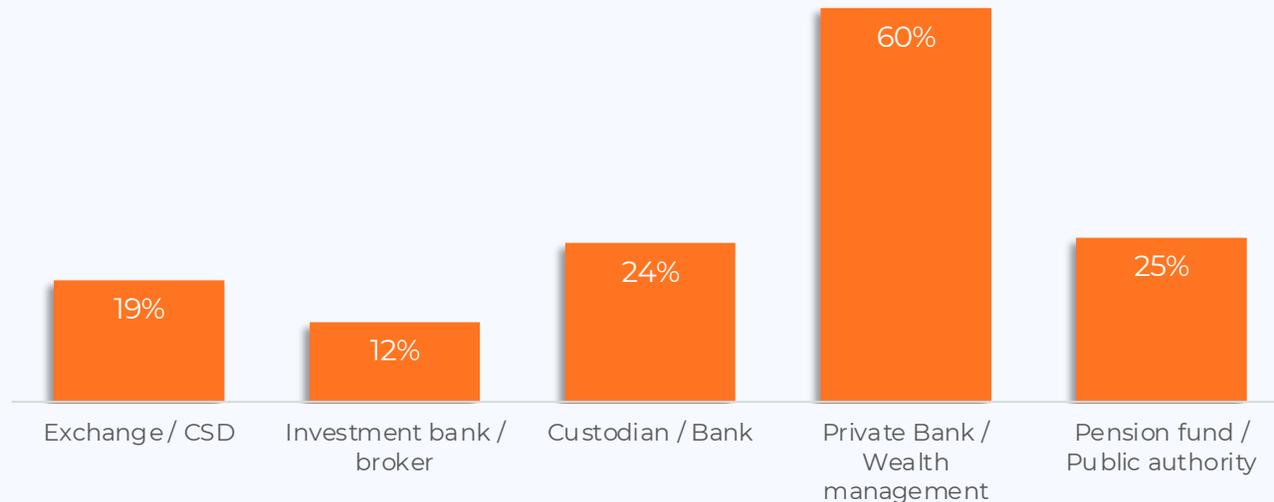


Challenges for DLT

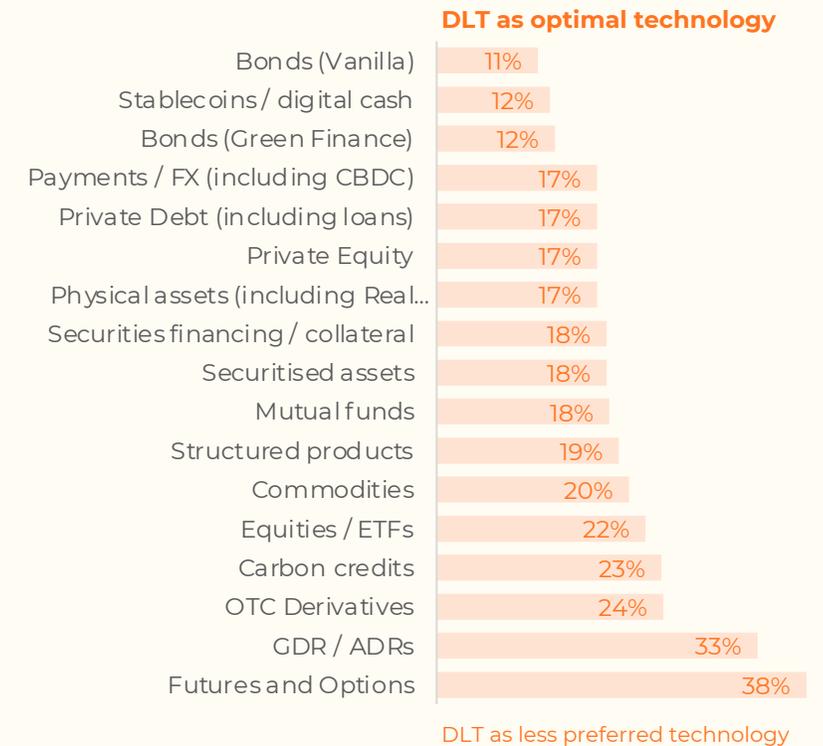
60% of wealth and investment managers are choosing other technologies instead of DLT

When is DLT not being chosen?

(% of projects per segment, where centralised databases and APIs are chosen in place of DLT)



...with bonds most often suited to DLT



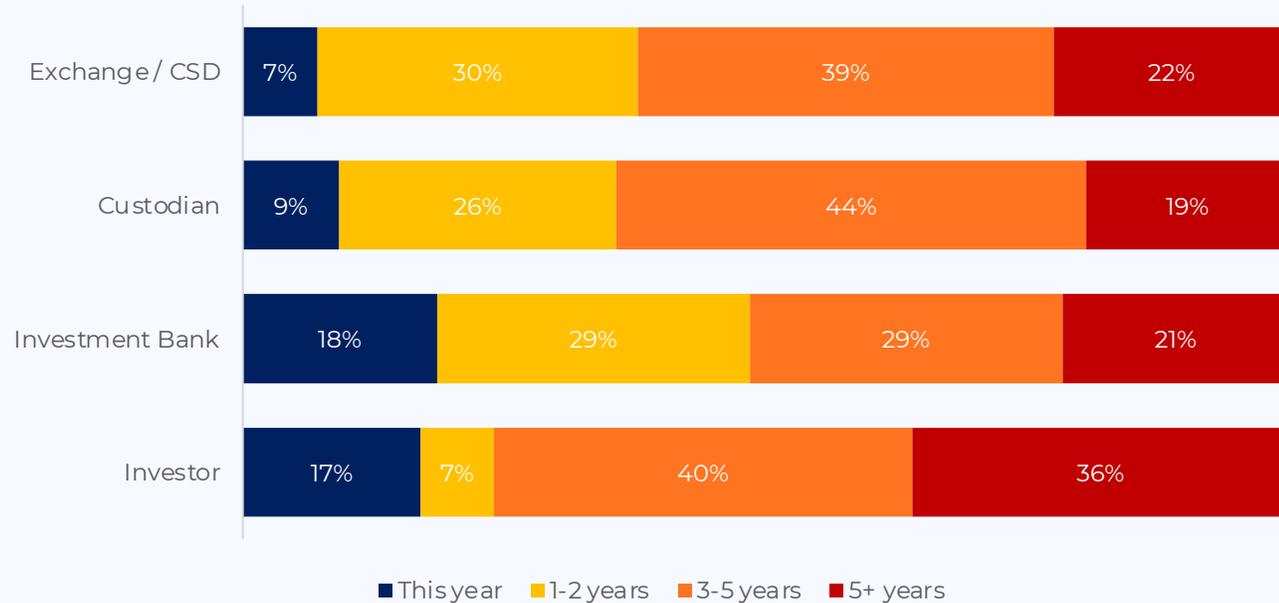
Question: What asset classes are you currently focused on in terms of DLT or digital asset development and what technologies are you using?



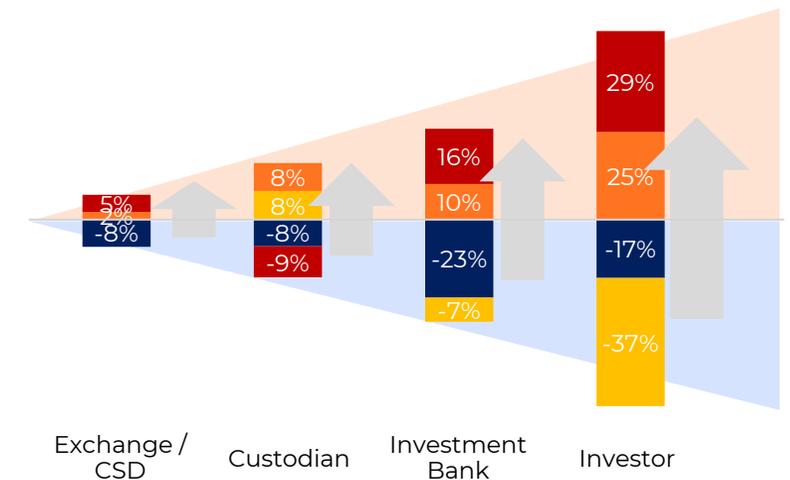
Challenges for DLT

Obstacles in engagement and ecosystem build are slowing expectations of DLT

The majority of every segment now expect DLT's role to materialise over more than three years



...as perspectives and expectations shift across all segments
(YoY change in DLT expectations vs 2022)





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