Hybrid finance Q1 2026 report

The first report to analyse Hybrid Finance — a data-driven view of stablecoins, tokenised funds, stocks, commodities, on-chain businesses, and the settlement layers beneath them.

PUBLISHED APR 23RD, 2026 13 MIN READ FINANCE · BITCOIN · DATA



The first report to analyse Hybrid Finance

Finance is being rewired. What is actually happening is more consequential and more durable: traditional capital markets infrastructure and on-chain rails are converging into a single financial system. Public blockchains are settling institutional assets. Wall Street asset managers are issuing funds on Ethereum. Derivatives platforms generating hundreds of millions in quarterly revenue are running entirely on-chain. Bitcoin catalysed this convergence by proving that a blockchain-native asset could earn institutional trust and deliver portfolio utility at scale. Hybrid Finance is what comes next.

CoinShares defines Hybrid Finance as the intersection of three structural forces: settlement infrastructure capable of carrying real economic weight; the tokenisation of traditional assets including treasuries, equities, and commodities; and user-facing on-chain applications generating real, recurring revenues. These are not speculative categories. They are measurable, and they are growing.

This is the first edition of the CoinShares Hybrid Finance Report, produced in collaboration with Token Terminal. Its purpose is to move the conversation from narrative to data — to apply a consistent analytical framework to the segments driving convergence and track their development on a quarterly basis. The report covers five empirical segments: stablecoins, tokenised funds, tokenised stocks, tokenised commodities, and on-chain businesses, with an additional view on the settlement layers that underpin all of them.

The timing is deliberate. 2026 marks the point at which Hybrid Finance transitions from visible trend to measurable market structure. Total stablecoin supply has crossed $297 billion. Tokenised fund AUM has grown 181% year-on-year. A decentralised derivatives exchange — Hyperliquid — generated more quarterly revenue than many regulated exchanges. The infrastructure is no longer theoretical. The question now is which platforms, issuers, and chains capture durable positions within it.

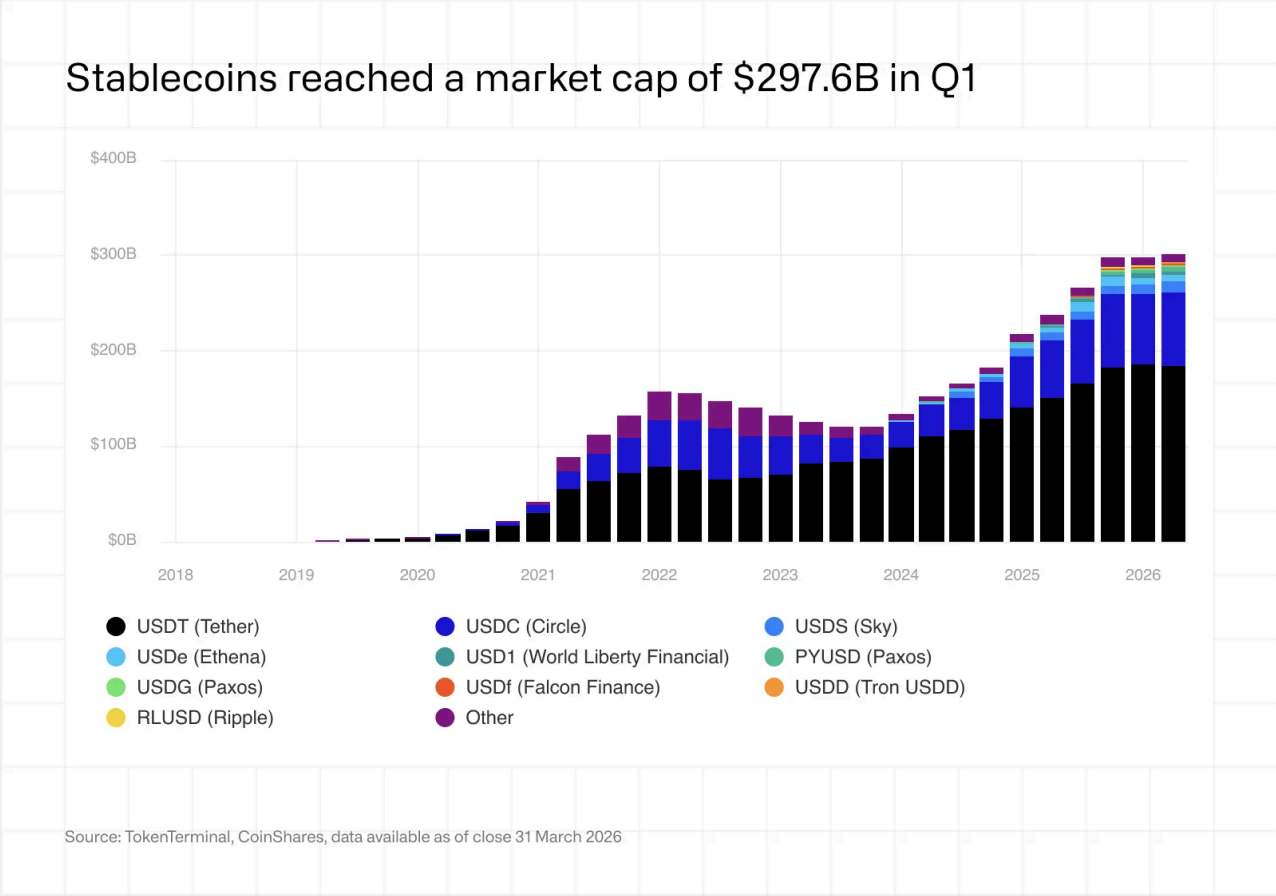
This report is CoinShares and Token Terminal's attempt to answer that question systematically, one quarter at a time.

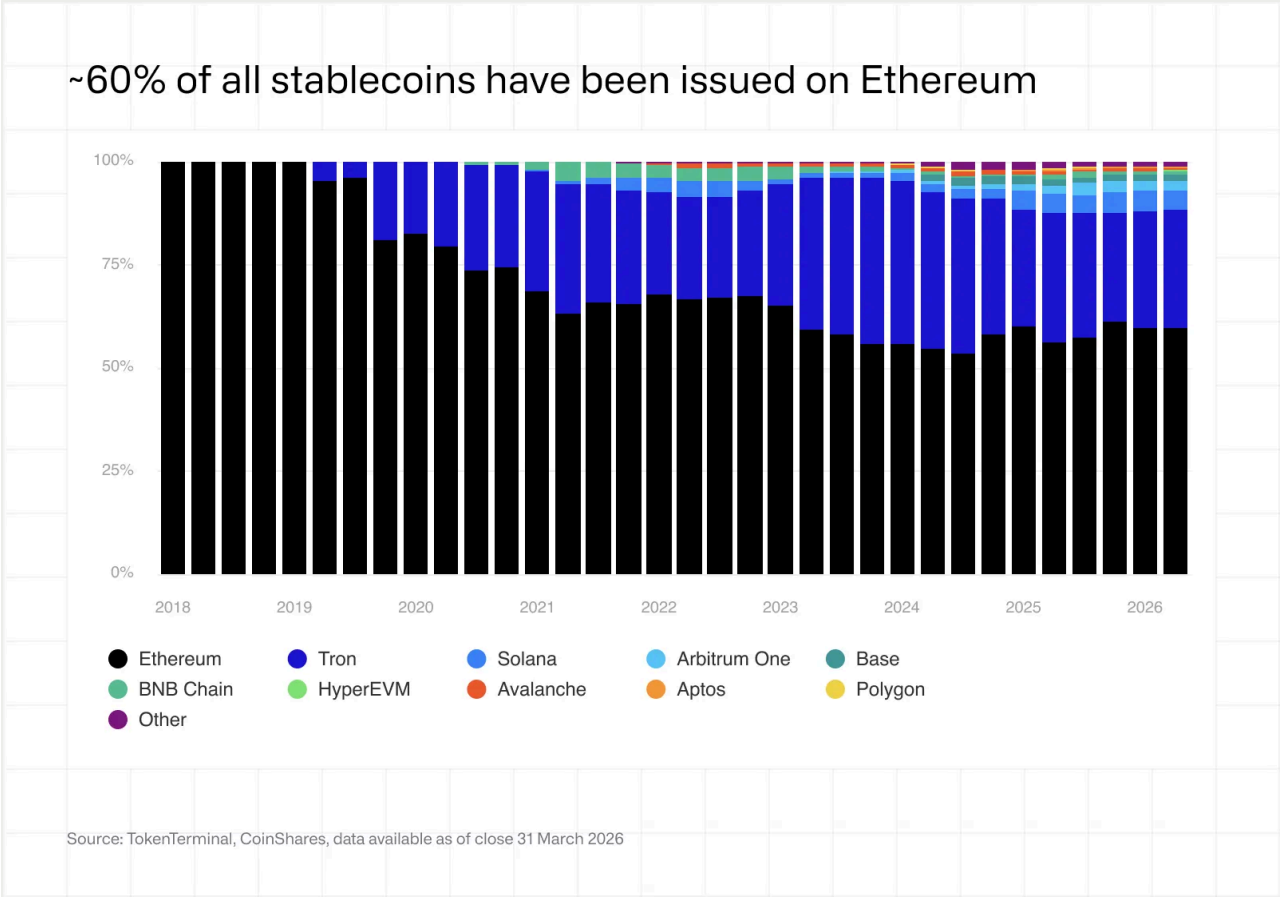
Ethereum dominates settlement, while Hyperliquid leads in revenue

Stablecoins

Stablecoins[1] represent the foundational layer of Hybrid Finance, functioning as on-chain equivalents of fiat currencies. They are primarily used for trading, payments, and as collateral within on-chain financial applications.

In Q1, the stablecoin market reached $297.6 billion in on-chain market capitalisation, reinforcing its position as the largest and most mature segment within Hybrid Finance: a 37.2% increase year over year, yet flat since Q4 2025 (+0.2%). Market leadership remains concentrated among crypto-native issuers, such as Tether, Circle, Sky[2], Ethena, and Paxos. Approximately 60% of all stablecoins are issued on Ethereum, with growing activity on Tron, Solana, Arbitrum, and Base.



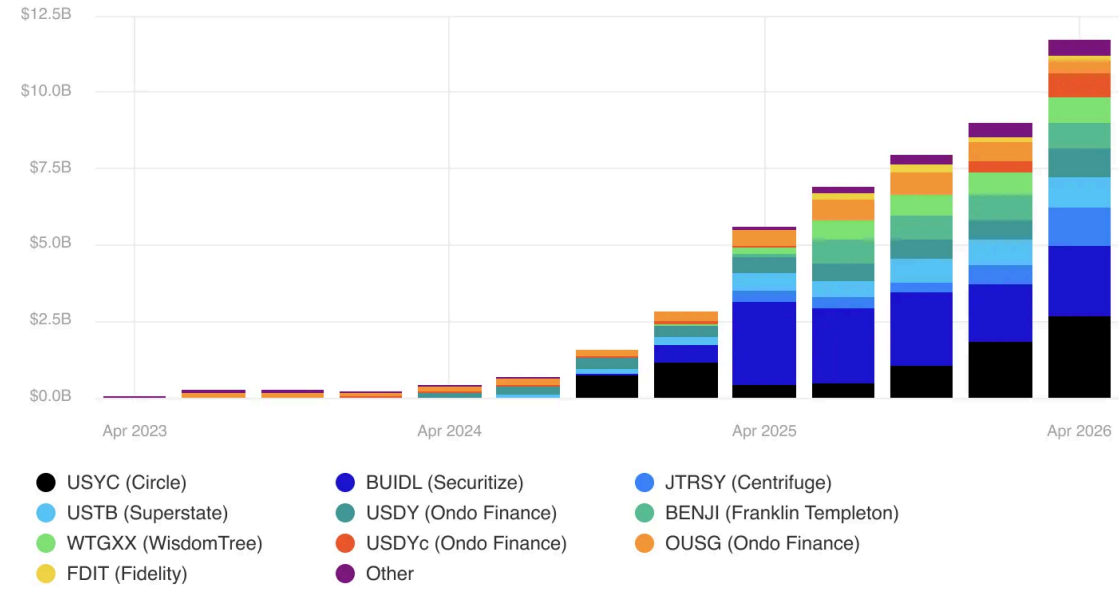


Tokenised funds

Tokenised funds[3] extend traditional asset management into the on-chain environment, enabling investors to access structured financial products with greater transparency and composability.

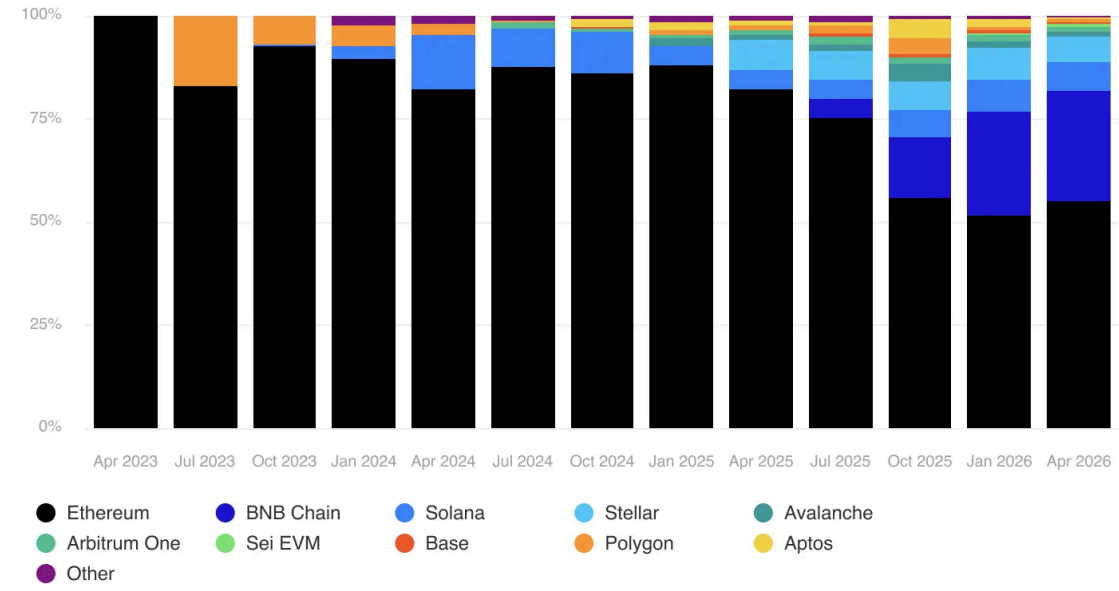
In Q1, tokenised funds reached $9.0 billion in on-chain assets under management, a 181.3% YoY increase, and +12.6% from Q4 2025, which makes this category one of the fastest-growing segments in Hybrid Finance. A significant portion of this growth is driven by tokenised strategies backed by short-duration US Treasury instruments, reflecting strong demand for low-risk, yield-bearing assets on-chain. The market remains concentrated among a small number of Wall Street issuers (BlackRock, Franklin Templeton, etc.), alongside crypto-native issuers such as Circle and Ondo, with close to 50% of all issuance concentrated on Ethereum.

Tokenised funds reached a market cap of $9.0B in Q1



Source: TokenTerminal, CoinShares, data available as of close 31 March 2026

~50% of all tokenised funds have been issued on Ethereum

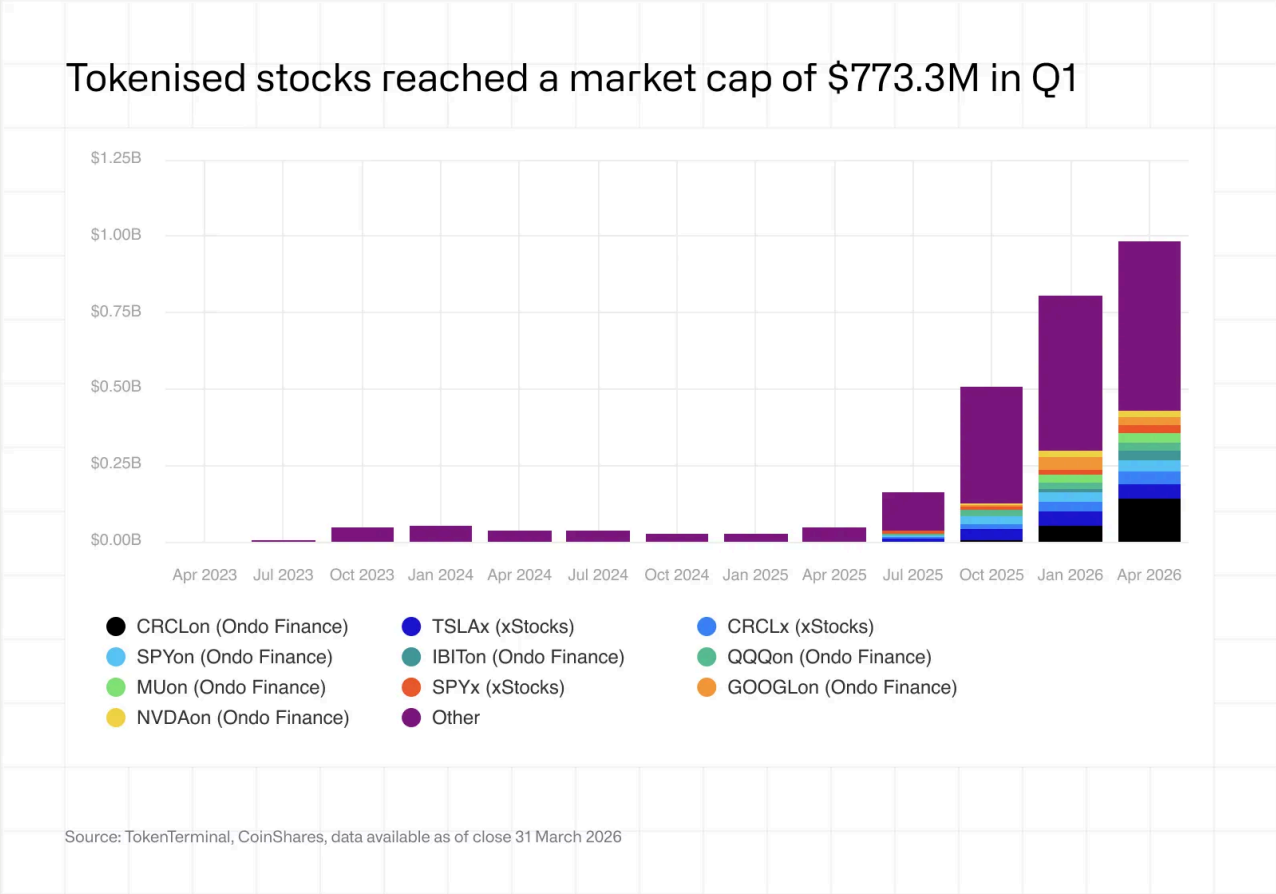


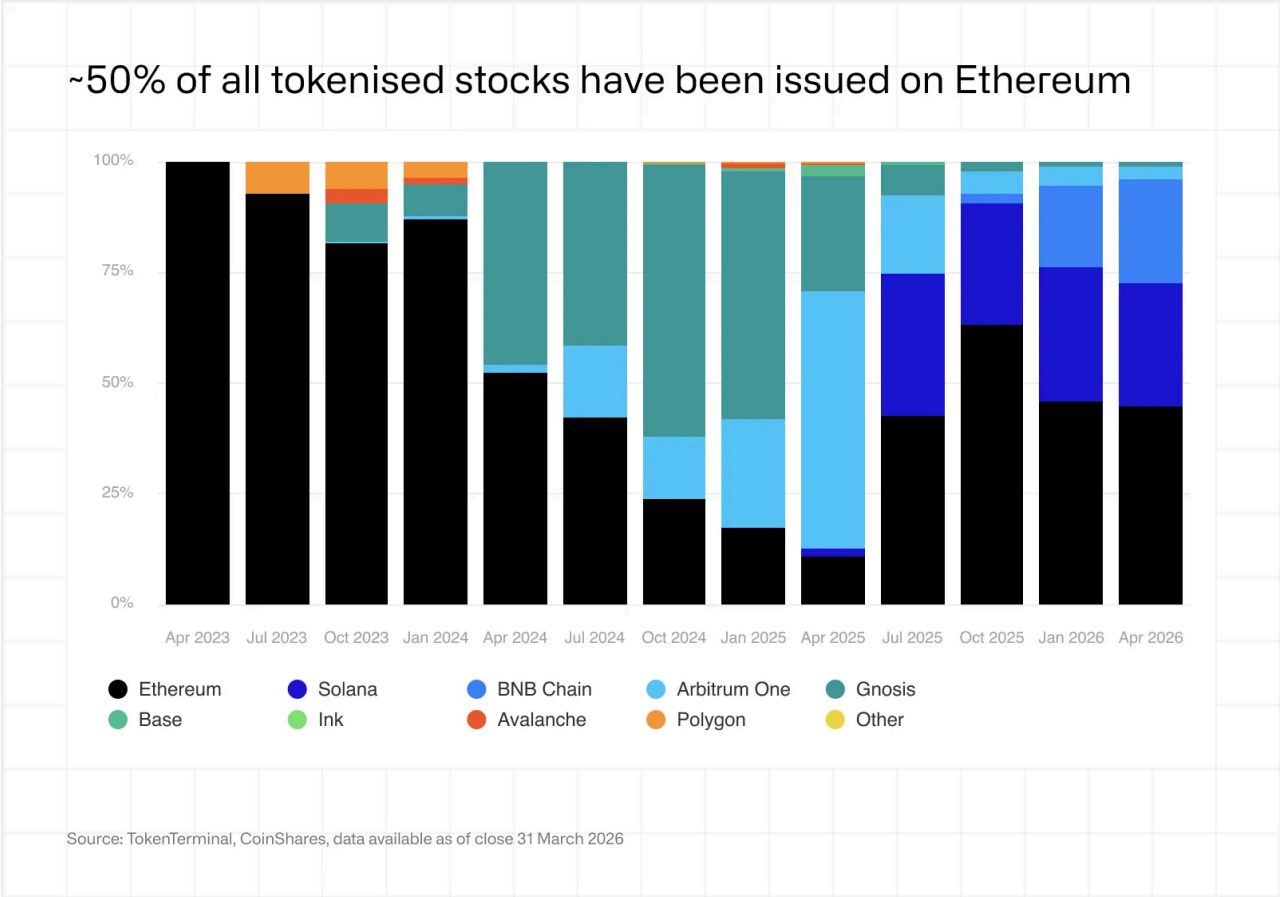
Source: TokenTerminal, CoinShares, data available as of close 31 March 2026

Tokenised stocks

Tokenised stocks[4] represent the migration of public and private equities onto blockchain infrastructure, enabling fractional ownership and continuous trading. These instruments aim to replicate traditional equity exposure while introducing programmability and global accessibility.

In Q1, the tokenised stock market reached $773.3 million in on-chain market capitalisation, reflecting an early-stage but rapidly growing segment: barely existent a year ago ($27.6M), its market cap surged 2,697% YoY, following a significant increase in Q4 2025 ($504.1M). The growth has been primarily driven by crypto-native issuers, such as Ondo Finance and xStocks. Approximately 50% of all tokenised stocks are issued on Ethereum, with the remainder distributed across Solana, BNB Chain, and Arbitrum - Arbitrum is also the settlement layer where Robinhood has issued thousands of stocks.





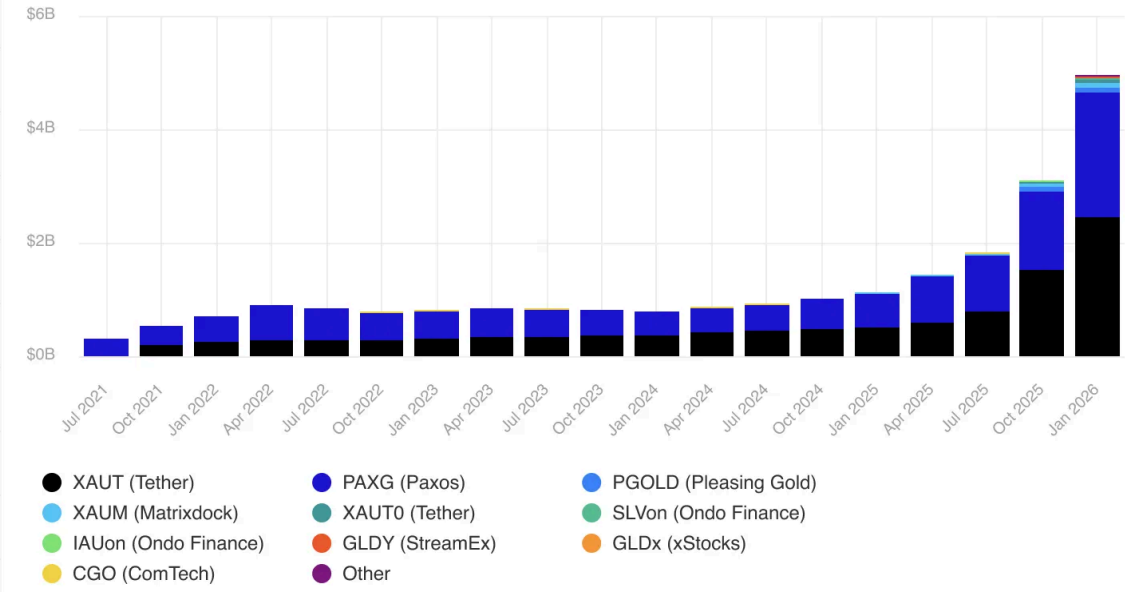
Tokenised commodities

Tokenised commodities[5] bring physical assets onto blockchain rails, enabling digital ownership and global transferability.

This segment is also growing at a significant pace as in Q1, tokenised commodities reached $4.9B in on-chain market capitalisation, from $3.1B in Q4 2025 (+59.7%), while it was still marginal a year ago: $1.1B (+350%). Gold-backed tokens dominate the category, reflecting demand for on-chain exposure to traditional store-of-value assets. The growth of this category is primarily driven by two issuers, Tether and Paxos. Both XAUT (Tether's gold stablecoin) and PAXG (Paxos' one) have seen increasing user demand in recent quarters, driven by the price appreciation of gold.

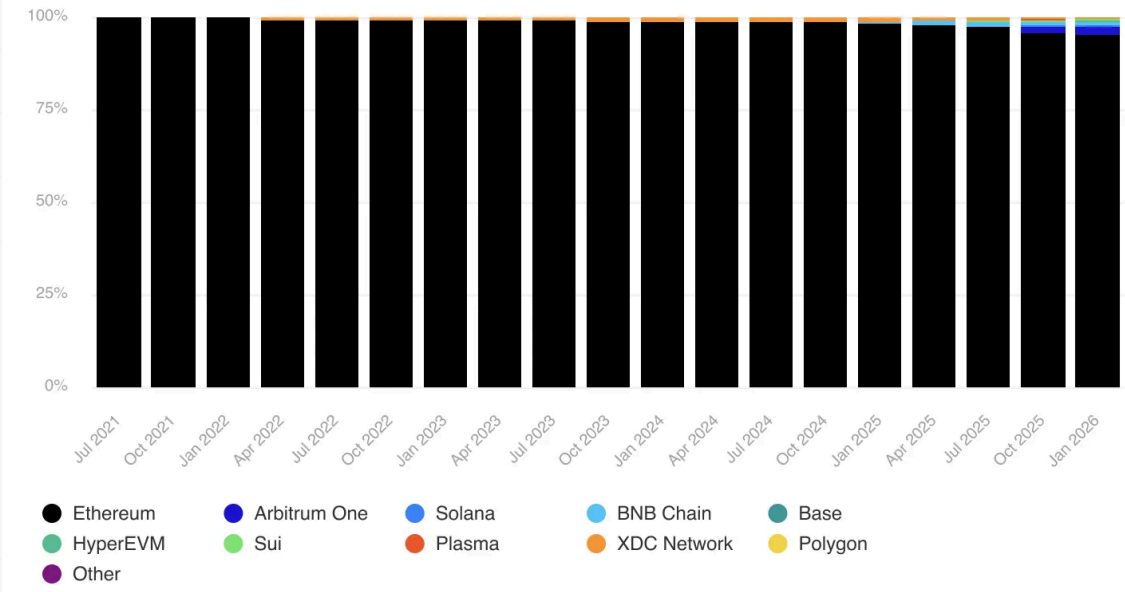
Approximately 95% of all tokenised commodity issuance is concentrated on Ethereum, making it the most dominant settlement layer across all of Hybrid Finance.

Tokenised commodities reached a market cap of $4.9B in Q1



Source: TokenTerminal, CoinShares, data available as of close 31 March 2026

~95% of all tokenised commodities have been issued on Ethereum

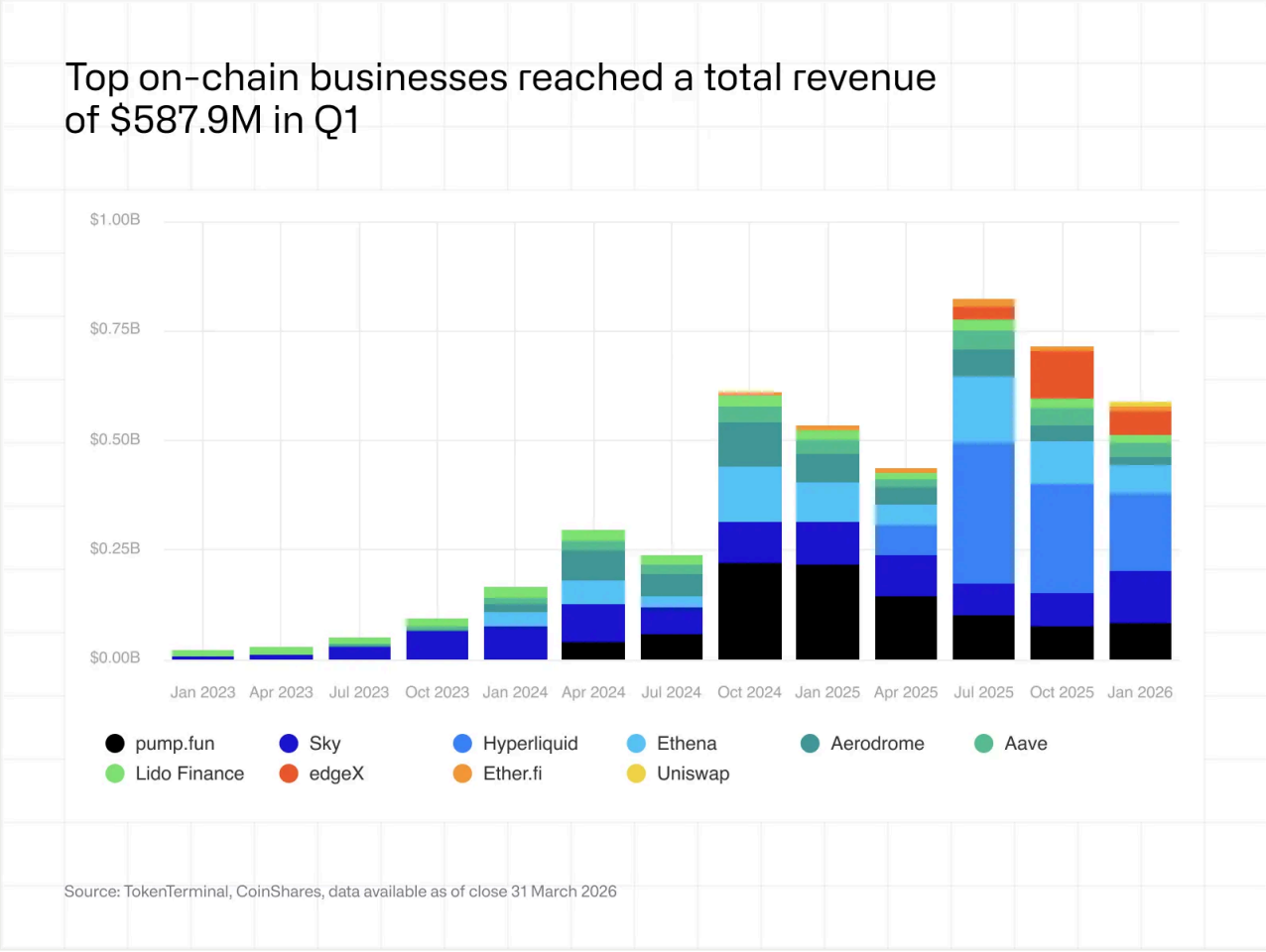


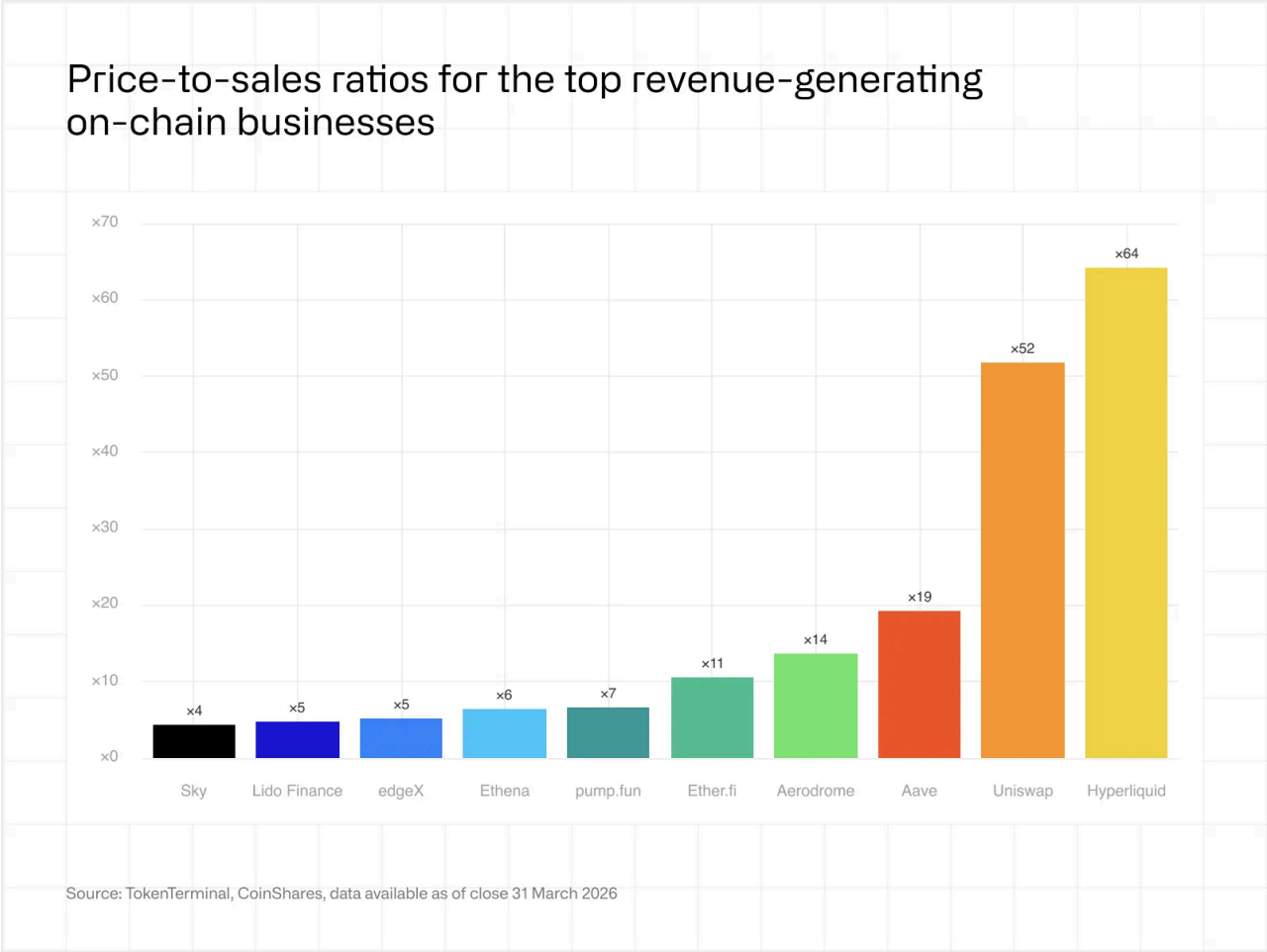
Source: TokenTerminal, CoinShares, data available as of close 31 March 2026

On-chain businesses

On-chain businesses represent a new category of internet-native companies that generate revenue directly from blockchain-based activity, and distribute a portion of that to their tokenholders.

In Q1, leading on-chain businesses generated $587.9 million in revenue, with revenue highly concentrated among a small number of trading platforms and stablecoin issuers, such as Hyperliquid and Sky, respectively. Unlike other stablecoin issuers like Tether and Circle, a portion of Sky's revenue is protocol-native, being generated from stability fees charged to borrowers who mint USDS against on-chain collateral, which is why it also qualifies as an on-chain business. However, Sky also allocates a significant share of USDS liquidity into off-chain yield sources: this model makes Sky a transitional case, more on-chain than Tether and Circle but not entirely so. These platforms demonstrate that on-chain businesses can generate substantial fee-based revenues, which makes their economic profiles comparable to traditional financial services businesses. As a result, on-chain businesses are increasingly valued with familiar public markets frameworks, like revenue and earnings multiples.



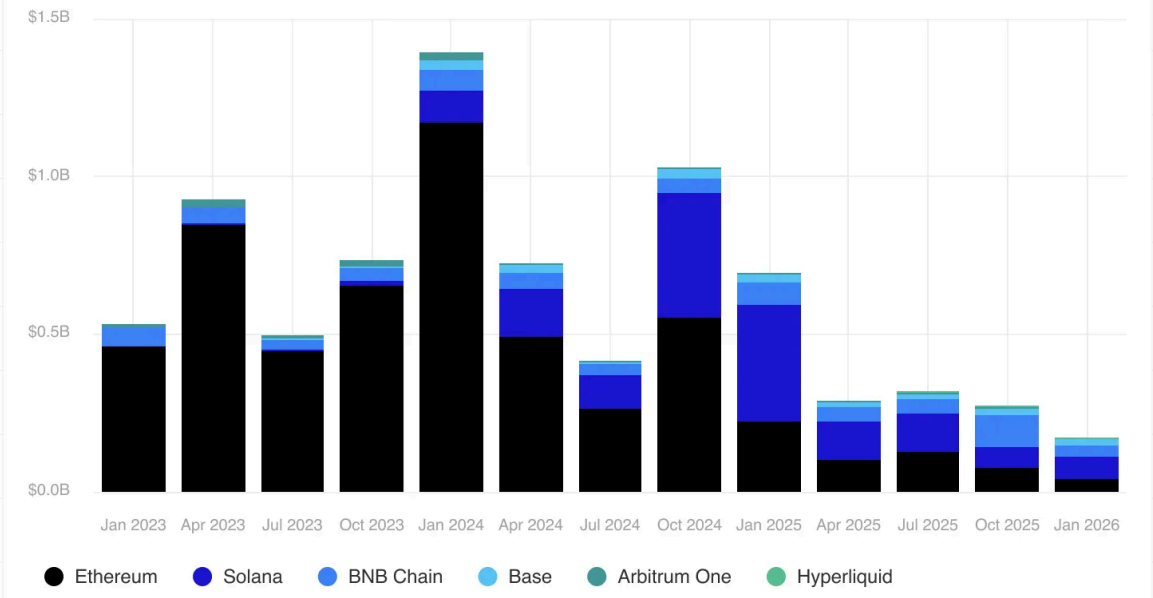


Settlement layers

General-purpose L1 and L2 blockchains provide settlement for large volumes of tokenised assets but monetise only transaction activity, not the assets themselves. Their fee model is usage-based, which means revenue scales with transfers and interactions rather than balances or AUM. This creates a structural gap between economic value supported and revenue captured.

Stablecoins make this explicit. Ethereum secures roughly $180 billion in stablecoin supply. At a 4% yield, this implies about $7 billion in annual issuer revenue. Ethereum captures only a small fraction of this through transaction fees, since users pay per transfer, not for holding or issuing the asset. Value accrues to the issuer, while the settlement layer remains economically underexposed to the capital it supports. The smaller Hyperliquid figure is explained by the fact its revenue comes from the trading activity, not the settlement fees. More explanation in the following segment.

The leading L1 & L2 blockchains generated $170.6M in settlement fees in Q1 '26



Source: TokenTerminal, CoinShares, data available as of close 31 March 2026

Conclusion

Revenue and economic value in Hybrid Finance are generated in a clear order: by on-chain businesses first, then by asset issuers, and finally by the underlying chains.

On-chain businesses such as Hyperliquid, Uniswap, and Aerodrome are the primary winners today because they generate revenue from trading, borrowing, and collateral usage. As more real-world assets move on-chain, these platforms gain access to yield-bearing and institution-backed collateral, which increases transaction volume and expands their revenue base. This position is likely to strengthen over the next 12 to 18 months, as user activity continues to concentrate in a small number of venues with deep liquidity and tight spreads.

Asset issuers form the second layer, as they issue the assets that are traded, borrowed, and used as collateral across these applications. In stablecoins, Tether and Circle lead due to distribution and liquidity, while Sky and Ethena are emerging by offering yield-bearing alternatives that may attract capital. In tokenised funds, BlackRock, Franklin Templeton, and Ondo lead by pairing institutional credibility with access to Treasury yields, and their leadership is likely to hold unless new issuers improve distribution or economics. In tokenised commodities, Tether Gold and Paxos Gold dominate due to demand for gold exposure, and this is unlikely to change because demand remains concentrated in gold. In tokenised stocks, Ondo and xStocks lead today, but the category remains open due to its small size, and leadership may change quickly as new issuers enter and liquidity develops.

Chains form the final layer by generating revenue from the transaction activity created above them. Ethereum remains the dominant settlement layer due to its depth of liquidity and security, while other chains compete by offering lower fees and higher throughput. As more assets and applications concentrate on a given chain, transaction volume increases, which directly translates into higher fee revenue. In its own way, Hyperliquid reflects this observation. Over the next 12 to 18 months, outcomes at the chain level are likely to depend on their ability to attract leading applications and issuers, as users and transactions follow where liquidity is deepest.

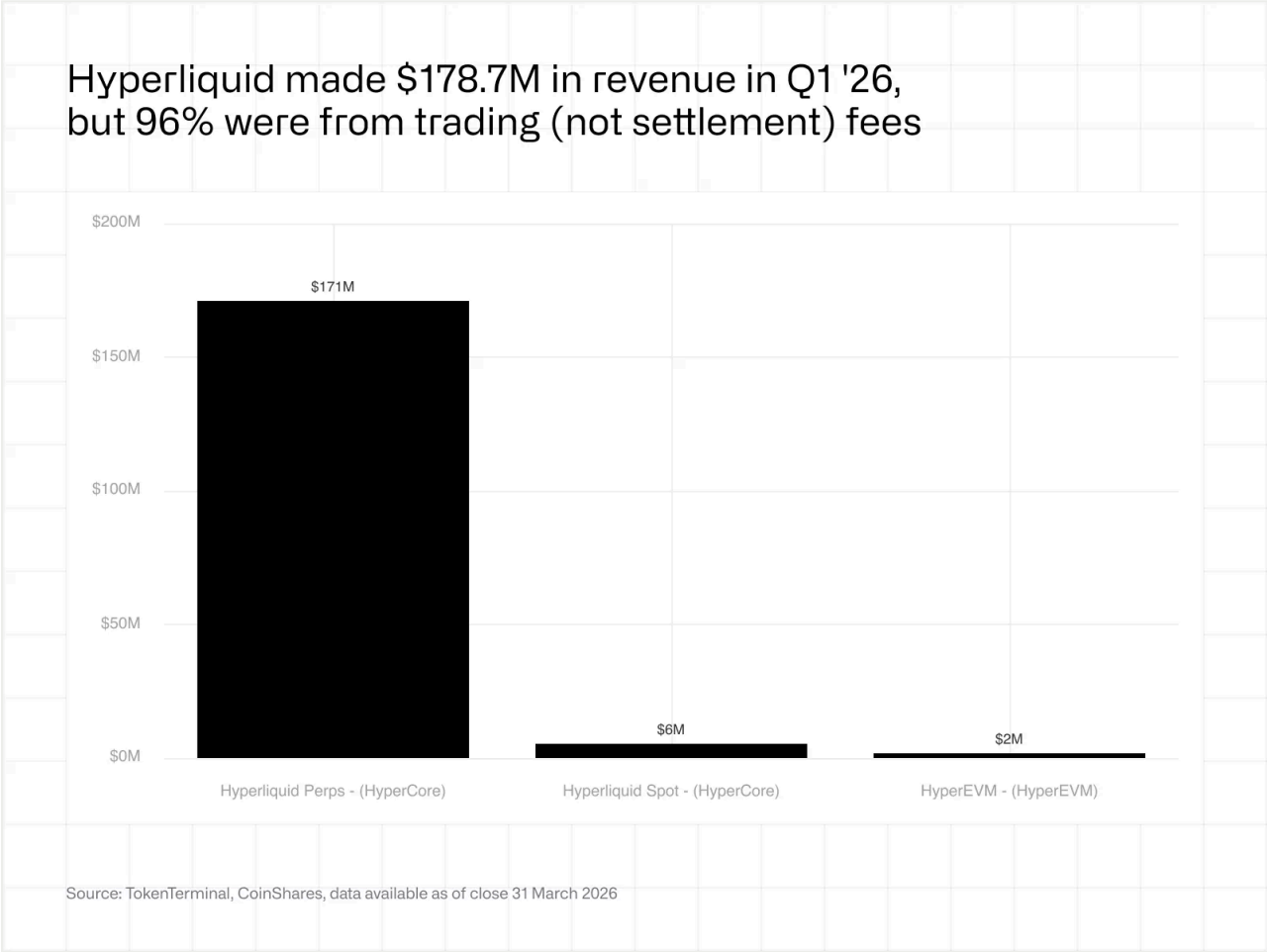
Across all layers, the mechanism is consistent: assets attract liquidity, applications turn that liquidity into revenue, and chains monetise the resulting transaction activity. The key question is which applications and issuers become default choices for users, and which chains are able to retain that activity over time.

Final thoughts

Hyperliquid: a case example of successful vertical integration

Hyperliquid captures value by combining infrastructure and application into a single system. It operates its own L1 while running a decentralized derivatives exchange that generates the majority of revenue. This shifts monetisation from passive settlement fees to direct user-level revenue, where margins are highest.

In Q1 2026, Hyperliquid generated $178.7M in revenue, with approximately 96% coming from trading activity and only a minimal contribution from the base layer. By owning the application, Hyperliquid captures the full economic flow of its core use case, with revenue scaling directly with user activity. This creates a strategic pressure for general-purpose chains. If value continues to accrue at the application layer, chains may need to move up the stack by launching or integrating native applications to capture higher-margin revenue streams. The trade-off is structural. Greater revenue capture comes at the cost of reduced neutrality and may reshape how ecosystems are organised.



1. A stablecoin is a digital asset designed to maintain a stable value relative to a reference unit, typically USD, with that stability achieved through collateralisation, active strategies, or hedging-based mechanisms.
2. Sky's USDS is covered here as a stablecoin; its fee-generating protocol mechanics are addressed in the on-chain businesses section.
3. A tokenised fund is a digital asset that represents pooled investment capital, with allocation decisions executed by a designated manager or a programmable strategy.
4. A tokenised stock is a digital asset that represents ownership in, or economic exposure to, a company or companies, with that exposure implemented through direct equity holdings or synthetic mechanisms.
5. A tokenised commodity is a digital asset that represents ownership of, or economic exposure to, physical goods, with that exposure implemented through physical holdings or synthetic mechanisms.

PUBLISHED APR 23RD, 2026