

HALF-YEAR 2026: ON-CHAIN MARKETS

JULY 2026

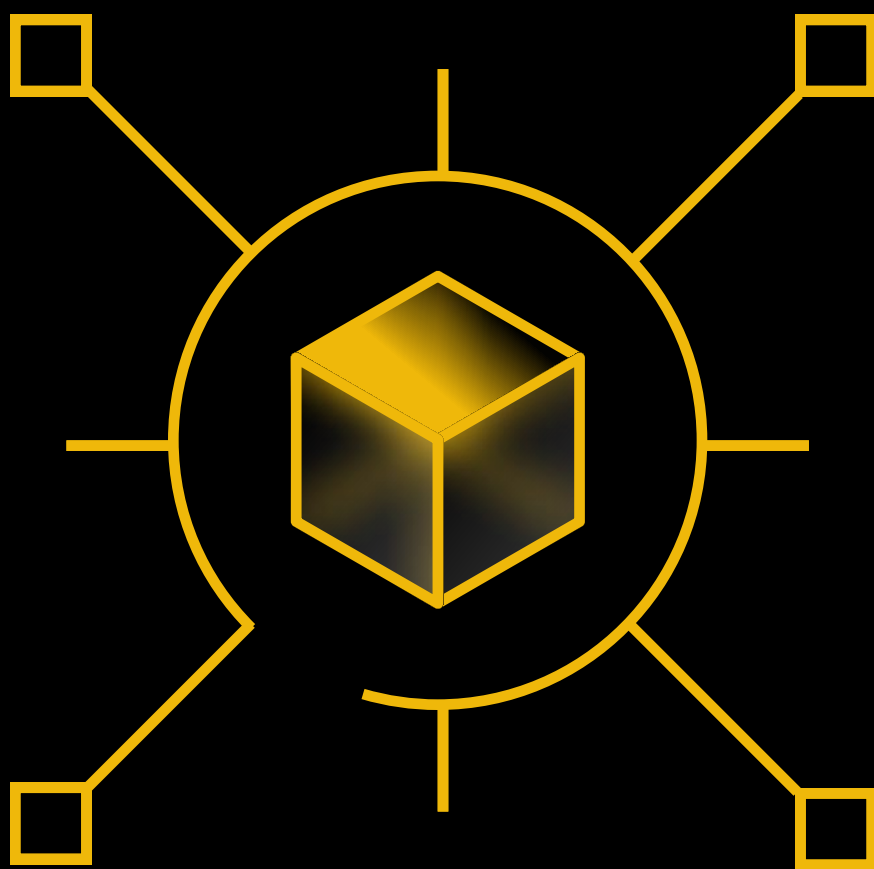


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01 / Key Takeaways

- The first half of 2026 was a broad on-chain contraction, not a rotation. Total DeFi TVL across all chains fell US\$43.4B, or 38%, while the combined market cap of the six major Layer 1s covered in this report dropped US\$246.5B, or 42%.
- Ethereum's marginal holder changed from the ETF to the corporate balance sheet. Spot ETF balances shrank from over 6M ETH to 5.2M, while digital asset treasury companies grew holdings from 6M to 7.7M ETH, flipping the ETF complex and widening the gap. Meanwhile, cheaper Ethereum blockspace has not converted into revenue. Since the gas limit was raised to roughly 60M, average gas prices have fallen 75% versus 2025 and transaction count is up about 50%, yet chain revenue is tracking a 53% decline for the full year.
- Generalist Layer 2s are shedding users far faster than the market is shrinking. Total L2 user operations fell approximately 77% between January and June 2026, against a 9% decline on Ethereum. In June 2026, Layer 2s collectively earned around US\$15M in fees and paid Ethereum US\$66,397, an effective margin of roughly 99%.
- Solana's network REV fell from US\$40M in January to US\$14M in June, a 64.5% decrease. Memecoins still represent 25% of Solana DEX volume, but tokenized equities reached 4% in June.
- BNB Chain became the leading venue for tokenized equities, and the on-chain equity market found real volume. Tokenized RWA market cap on BNB Chain grew 107% in 1H 2026, lifting its share of on-chain RWAs from 9.8% to 13.5%. Moreover, BNB remains the only deflationary major L1 at a 5.05% annual burn rate, against +0.86% for ETH and +3.96% for SOL.
- DeFi TVL fell 38.7% in H1, 9.0 percentage points more than the broader crypto market, while active loans declined 38.0%. The sharpest deterioration came in April, coinciding with major exploits that weakened confidence in supplying on-chain liquidity. Across H1, the industry recorded US\$972M in losses across 207 incidents, the highest number of incidents in any six-month period. Revenue remained concentrated in apps that controlled execution, leverage or collateral, with the strongest areas of activity concentrated in DEXs and lending products.
- Tokenized RWA adoption expanded beyond cash-like products. The distributed value of tokenized RWAs increased by more than 50% to ~US\$34B by mid-July, while exchanges and market-infrastructure providers advanced tokenized issuance, trading and settlement. The next phase will depend on whether secondary liquidity and collateral mobility develop as quickly as primary issuance.
- The World Cup accelerated prediction market adoption, but the increase was not confined to sport. Monthly notional volume rose 86% from January to June to US\$51.6B, while non-sports volume across Kalshi and Polymarket increased 136%. With the two platforms accounting for 92% of June volume, H2 will test whether tournament-driven demand can be retained and whether regulation and settlement integrity can support a broader, more durable market.

02 / Protocol Layer

Layer 1s entered 2026 on the back foot. A series of major DeFi exploits, set against sustained weakness in the broader crypto market, drove total DeFi TVL across all chains down US\$43.4B, or 38%, in 1H 2026. The combined market cap of the six major Layer 1s covered below fell US\$246.5B, or 42%, over the same period.

Figure 1: Summary of key metrics for major L1s as of the end of 1H 2026

						
	Ethereum	BNB	Solana	Tron	Sui	NEAR
Market Cap (US\$B)	189.4	73.6	42.7	29.9	2.8	2.3
Trading Volume (US\$B)	3,529	214	695	104	109	52
1H-26 Revenue (US\$M)	92	70	140	172	2	3
Daily Txns (M)	2.23	15.44	110.11	11.35	4.57	2.34
Daily Active Addresses (M)	0.64	2.57	4.23	3.4	0.27	1.38
Average Tx Fee (US\$)	0.2343	0.0247	0.0057	0.0835	0.0021	0.0706
Staking Ratio	34%	19%	68%	46%	72%	45%
DeFi TVL (US\$B)	37.0	4.9	4.8	4.4	0.4	0.1
Stablecoin Supply (US\$B)	155.3	17.8	15.6	89.7	0.5	0.1

Source: Artemis, Staking Rewards, DeFiLlama, Binance Research, as of July 1, 2026

The headline contraction masked meaningful divergence. NEAR was the standout performer among the tokens listed, price appreciated about 17% in the first half of 2026 while ETH dropped 47% during the same period.

NEAR has launched NEAR Intent and NEAR AI and positioned itself across two of the half's more durable narratives: intent-based trading with privacy features, where volumes surged alongside the rise in ZEC trading in early 2026, and AI compute. Critically, NEAR did not simply market the narrative. It brought protocol-owned applications in-house and directed the revenue they generate into token buybacks, creating a direct link between application activity and value accrual to the NEAR token.

Stablecoin infrastructure told a different story. Despite the launch of purpose-built stablecoin Layer 1s, with Plasma and Stable arriving in late 2025 and Stripe-backed Tempo in March 2026, Tron retained the majority of stablecoin volume and grew its on-chain stablecoin supply from US\$82B to close to US\$90B. Incumbency in payments has proven harder to dislodge than new entrants anticipated.

2.1 Ethereum

Ethereum spent the first half of 2026 navigating a period of structural transition. The Ethereum Foundation underwent a change in personnel, accompanied by an intention to become less central to the ecosystem and to narrow its remit to the protocol layer under the CROPS framework: censorship resistance, open source, privacy, and security.

The vision is internally consistent. The difficulty is that it leaves no one accountable for what the market actually needs, namely proactive adoption and a clearer route from network usage to ETH value accrual. ETH/BTC fell from 0.03381 to 0.02681 over the half, a 20% decline against BTC.

Two new independent non-profit organizations were launched in mid-2026 in response: EthLabs and Ethereum Institutional. Both are intended to take on specialized R&D and technical work aimed at driving adoption among projects and institutions and, ultimately, at bringing value back to the ETH token.

Figure 2: The ETH/BTC ratio weakened steadily through H1 2026

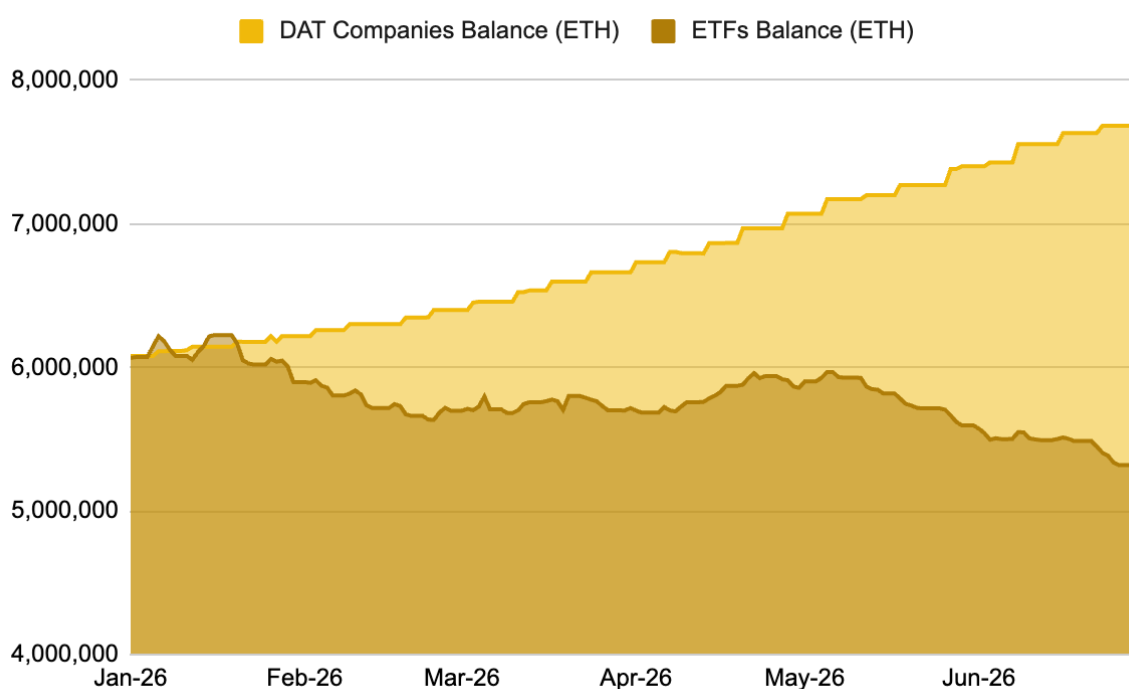


Source: Binance Research, as of July 1, 2026

Weakness in the broader crypto market, combined with ETH's position as the Foundation's core focus rather than its product, contributed to weaker market sentiment, and ETF flows amplified rather than offset the narrative. Spot ETF balances fell from over 6M ETH to 5.2M ETH over the half, indicating that ETF investors are cyclical holders.

Digital asset treasury (DAT) companies moved in the opposite direction. Bitmine in particular continued to accumulate, and DAT holdings rose from 6M to 7.7M ETH, a 27% increase in a weak market. **DAT companies have now flipped spot ETFs as the larger holder of ETH** and continue to widen the gap. Bitmine alone accounts for close to 5% of ETH supply, and ETFs and DATs together hold close to 11%.

Figure 3: ETH accumulation by Spot ETFs and DAT companies

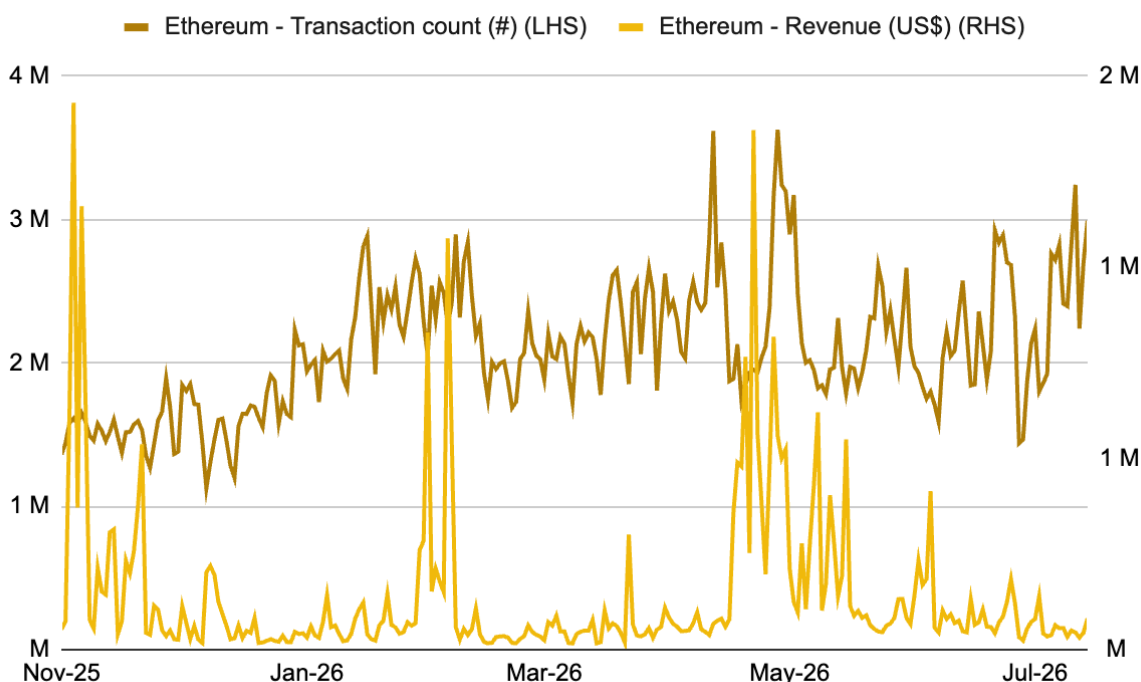


Source: SoSoValue, Blockwork, Binance Research, as of July 1, 2026

On the supply side of blockspace, the average gas limit was lifted to approximately 60M in November, and average gas prices fell 75% against 2025. The change supported the volume as intended, with total transaction count in 2026 up approximately 50%. However, this did not translate to higher revenue. Lower gas prices more than offset higher throughput, and **chain revenue is projected to fall 53% by year end** if conditions persist.

2026 has not been a high-activity year, and some of this is cyclical. But the structural point stands: raising the block limit and reducing gas prices are necessary, not sufficient. Sustained growth in on-chain activity will likely require stronger product-led demand.

Figure 4: Ethereum transaction counts increased slightly in 2026, while chain revenue remained stagnant



Source: Blockscout, Binance Research, as of July 15, 2026

Network Upgrades

Glamsterdam

Targeted for H2 2026, with a working target around Q3 2026 and late August as an aspirational internal goal. Originally eyed for H1 and a June release, it was delayed after interop testing and is now in the final devnet phase. Glamsterdam is one of the largest protocol overhauls since The Merge, and clears the runway for meaningful L1 scaling by overhauling how blocks are built and executed.

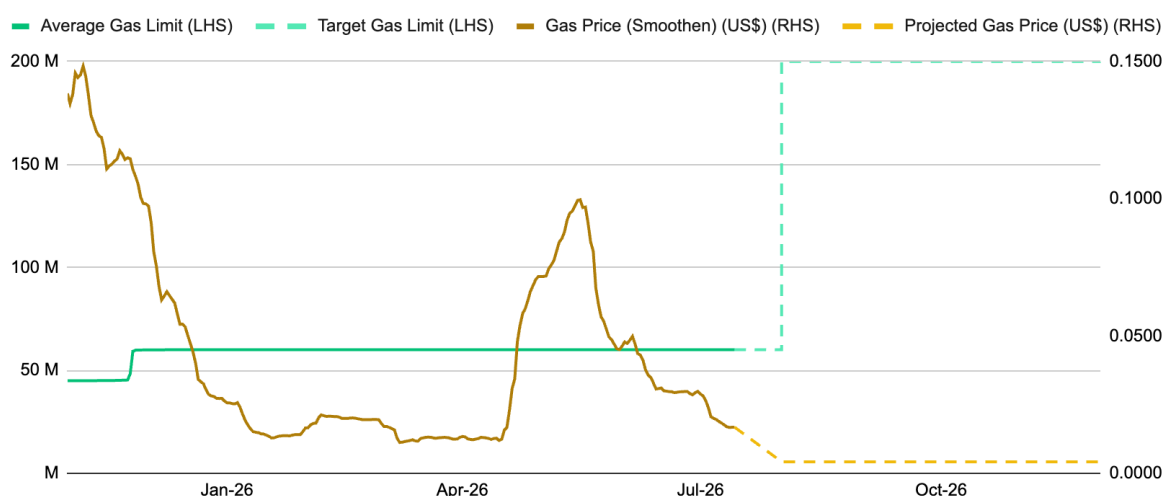
Key changes:

- **Enshrined Proposer-Builder Separation (ePBS, EIP-7732).** A major architectural shift that separates block proposals from block building. Validators can safely outsource block construction to specialized builders without assuming trust. This helps L1 scale, improves resilience, and reduces reliance on external MEV infrastructure, with some estimates suggesting it could cut MEV extraction significantly.
- **Block-Level Access Lists (BALs, EIP-7928).** Introduces mandatory access lists at the block level rather than per transaction, enabling parallel transaction

processing, faster syncing, parallel disk reads, lower gas costs for state-heavy applications, and better gas predictability.

- **Gas limit increase.** A post-fork target of a 200M gas limit floor, against the current ~60M range. Combined with other optimizations, a significant step toward higher L1 throughput.
- **Gas repricing package.** Expected to meaningfully reduce L1 fees, with some projections citing fee cuts of around 78% in certain scenarios.
- Other supporting EIPs, roughly 10 in the bundle.

Figure 5: Average gas price fell as the gas limit rose, with Glamsterdam's 200M target projected to compress fees further



Source: Blockscout, Binance Research, as of July 15, 2026

Fusaka reduced the cost of transacting on Ethereum Layer 1 and made transacting there viable again. Glamsterdam builds on that foundation, positioning Ethereum to compete with other high-performance Layer 1s and making it economically sensible to execute the majority of activity on Layer 1.

Hegotá

H2 2026, arriving late in the year after Glamsterdam. The feature set is still being finalized. The focus is long-term sustainability: reducing the burden on node operators from state growth, improving censorship resistance, and supporting higher scalability.

Key planned features:

- **Verkle Trees.** A strong candidate as the headline feature, replacing the current Merkle Patricia Trees for state storage. Expected to cut node storage requirements by approximately 90%, enabling stateless clients and directly addressing Ethereum's long-term state bloat problem.
- **FOCIL (EIP-7805).** A protocol-level mechanism for censorship resistance via inclusion lists or similar, aiming to hardwire stronger guarantees against transaction censorship.

Strawmap

The Strawmap, a portmanteau of "strawman" and "roadmap," is a high-level visual coordination document created by the Ethereum Foundation Protocol team, covering planned changes to verification, quantum resistance, consensus, state architecture, privacy, the execution layer, scaling, client architecture, and formal verification. Its headline targets are:

- **Fast L1.** Transaction inclusion and finality in seconds.
- **Gigagas L1.** Approximately 1 gigagas/sec, or around 10,000 TPS, at L1 via zkEVMs and real-time proving.
- **Teragas L2.** Much higher throughput at L2 via data availability sampling.
- **Post-Quantum L1.** Cryptographic security that lasts for centuries.
- **Private L1.** Privacy as a first-class citizen via L1 shielded transfers.

Layer 2

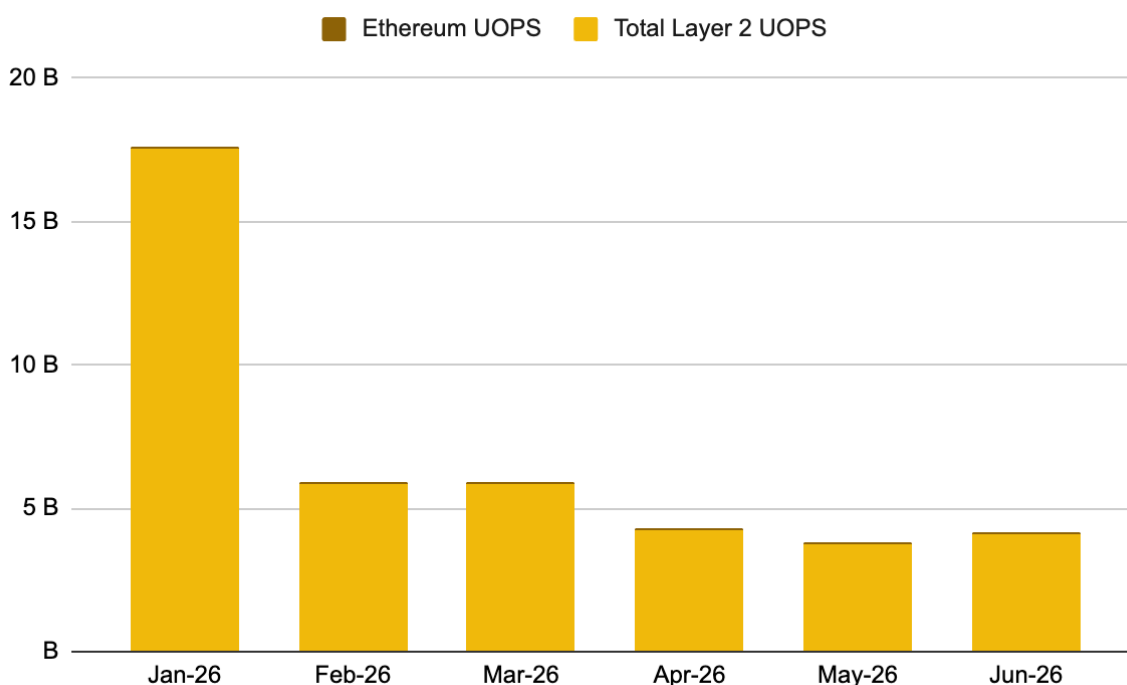
Generalism is Losing Relevance

Earlier in 2026, Ethereum co-founder Vitalik Buterin argued that general-purpose Layer 2s no longer make sense, on the basis that Ethereum is now scaling Layer 1 significantly and addressing the blockchain trilemma with the help of ZK technology.

General Layer 2s did fragment liquidity away from Ethereum, but if Layer 1 costs fall a further 75%, the cost advantage of transacting on a general Layer 2 becomes largely irrelevant. This is particularly true given that most Layer 2s have not reached Stage 2 decentralization, the point at which users no longer need to place heavy trust in the project team to protect their funds.

The 1H 2026 data nonetheless supports the direction of the conclusion. **Total user operations on Layer 2 fell approximately 77%** between January and June 2026, against a 9% decline on Ethereum over the same period. Broader market weakness explains part of the fall, but the magnitude of the gap suggests Layer 2s without a specialized purpose have been losing, and will continue to lose, share of user activity.

Figure 6: Total Layer 2 user operations fell approximately 77% between January and June 2026, while Ethereum fell 9%



Source: L2Beat, Binance Research, as of July 1, 2026

MegaETH's mainnet launch reinforced the thesis. Despite genuine technical capability at ultra-high throughput, the network has yet to develop a standout application capable of retaining users. Activity spiked in late January and has not returned. TVL peaked at US\$245M and has since fallen below US\$100M.

Appchain and Corporate Chain

The Layer 2s that have thrived are either application-focused networks or entity-backed networks. Figure 7 lists the 4 networks with higher average monthly user operations than Ethereum in 2026.

Lighter and Reya are on-chain perpetual (perp) orderbook exchanges that built dedicated networks to support their own trading operations, and both benefit directly from the activity on their exchanges. Base and the newly launched Robinhood chain are entity-backed networks with structured resources, distribution, and a company mission capable of driving network activity.

The same logic applies at Layer 1. The general-purpose Ethereum killer has lost appeal. A new Layer 1 requires a differentiated use case.

Figure 7: Summary of key metrics for major L2s with higher monthly user operations than Ethereum

Logo	Name	TVS (US\$)	FDV (US\$)	Monthly UOPS (M)
	Lighter	868.2M	2.2B	2,260
	Base	11.8B	-	234
	Robinhood	773.5M	-	149
	Reya	5.4M	-	96

Note: The table is not intended to be a comprehensive list of all L2s
Source: L2Beat, Binance Research, as of July 1, 2026

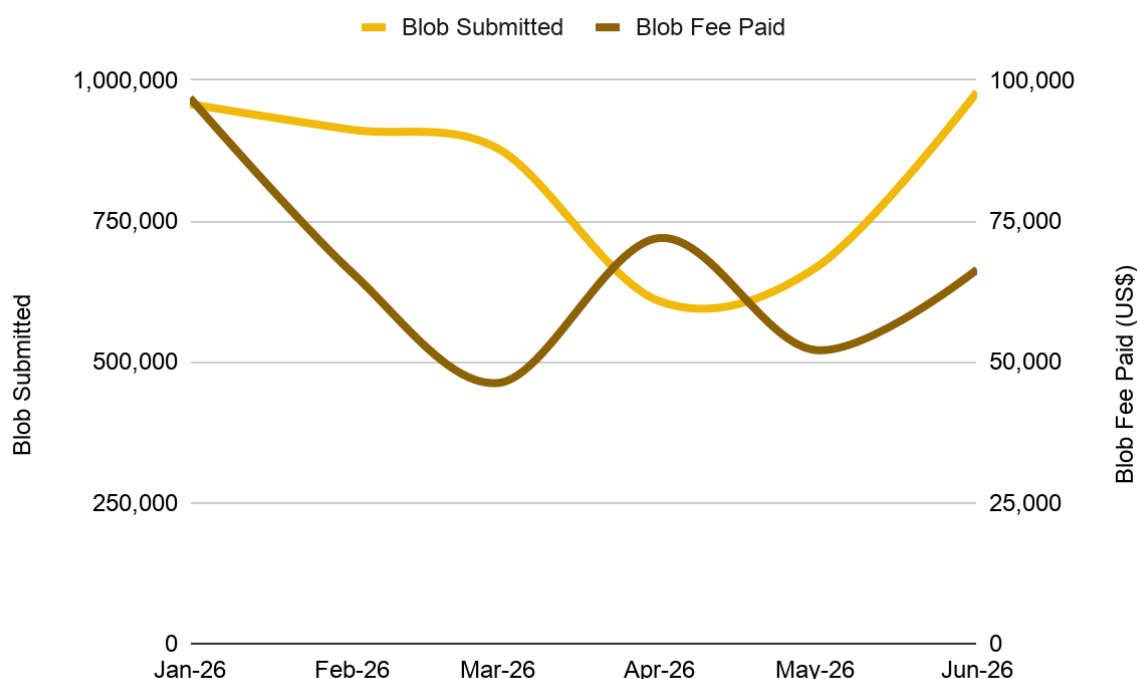
Revenue Model or Money Model

Layer 2 scaling has been effective in expanding data availability capacity. Blob usage regularly hit 100% of the blob target as recently as April 2025. The blob target has since been raised 4.7 fold, blob count per block now runs at under 30% utilization, and average blob fees have fallen 95%. The effect held up even through market weakness: blobs submitted in June 2026 were 2.25% higher than in January 2026, while blob fees paid to Ethereum over the same period fell 31%.

This raises a question the ecosystem has not settled. Layer 2s have been operating at an average profit margin of approximately 99%. In June 2026 they **collectively collected around US\$15M in fees and paid Ethereum US\$66,397**. This raises a broader strategic question: should Ethereum increase the fees charged to Layer 2s in order to improve value capture, or maintain low fees to encourage activity and preserve the economics of the broader ecosystem?

Scaling Layer 2 and keeping fees low may remain a reasonable approach. The more people who use the Ethereum ecosystem, the more the ETH-as-money thesis consolidates. The problem was likely not that scaling went too far ,but maybe that too few compelling Layer 2 applications were deployed to fill the blockspace that scaling created. Scaling Layer 2 was directionally correct. The next allocation of resources should go to Layer 1, adoption, and building good products.

Figure 8: As blob submissions returned to their highest level in 2026, blob fees paid to Ethereum were only US\$66,397 in June 2026

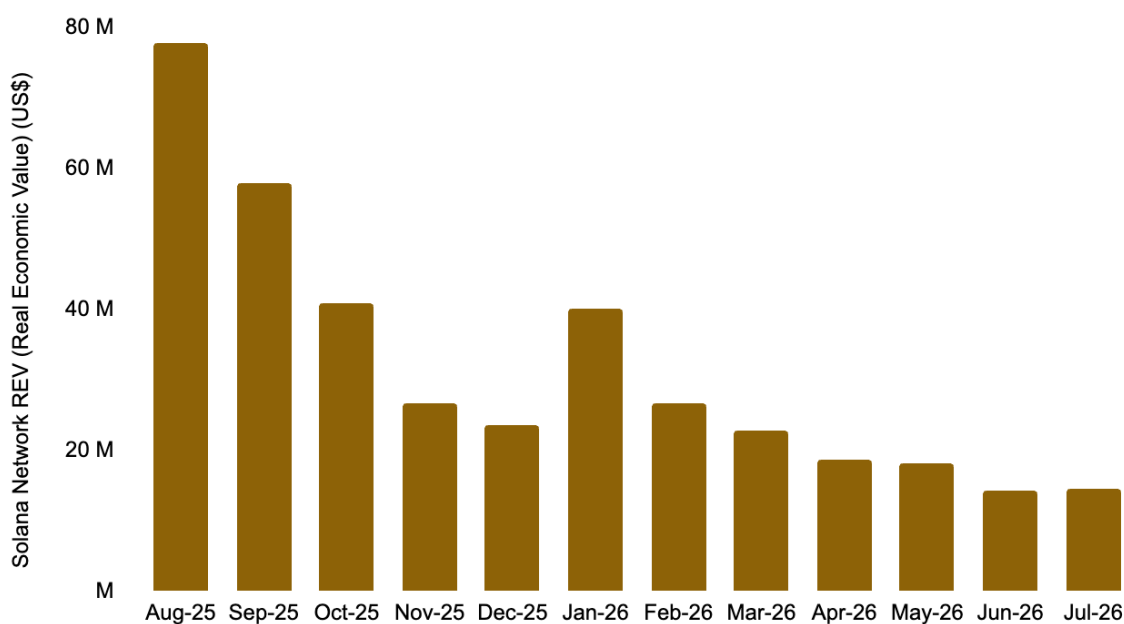


Source: Dune, Binance Research, as of July 1, 2026

2.2 Solana

Solana faced pressure on network REV, or real economic value, defined as the transaction fees and out-of-protocol tips paid on the chain. REV fell from US\$40M in January 2026 to US\$14M in June 2026, a **64.5% decrease**, and has declined an average of 13% MoM over the past year.

Figure 9: Solana network REV decreased an average of 13% MoM over the past year



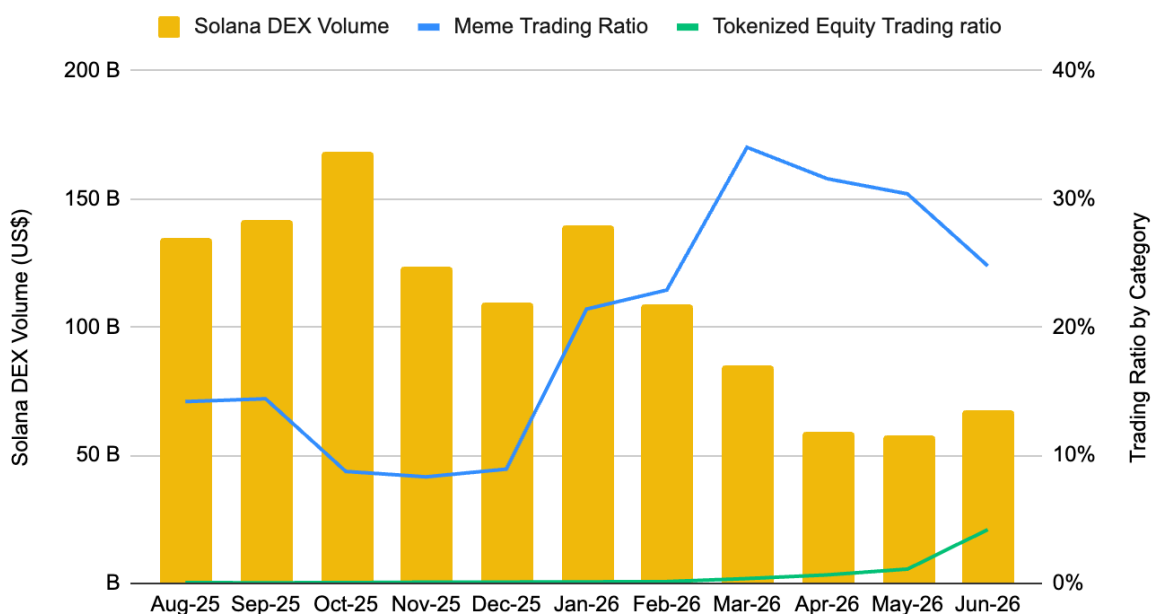
Source: Blockwork, Binance Research, as of July 24, 2026

The proximate cause is the decline in memecoin trading, with which the Solana chain is closely associated. Volume on Pump.fun, the leading memecoin launchpad, fell from US\$30B in January 2026 to US\$17B in June 2026.

Notably, the memecoin share of total DEX volume on Solana has risen rather than fallen. **Memecoins accounted for 25% of Solana DEX volume in June 2026**, having peaked at 34% in March 2026. Memecoin trading took more share of Solana DEX volume in 2026 as major bluechip trading volumes fell further amid broader market weakness.

Solana does not seem to remain as a memecoin chain. It signals intentions to become the decentralized Nasdaq, and in 2026 tokenized equity trading volume has begun to register meaningfully, reaching 4% of total DEX volume on Solana in June.

Figure 10: Memecoin trading from Pump.fun accounted for 25% of total DEX volume on Solana in June 2026

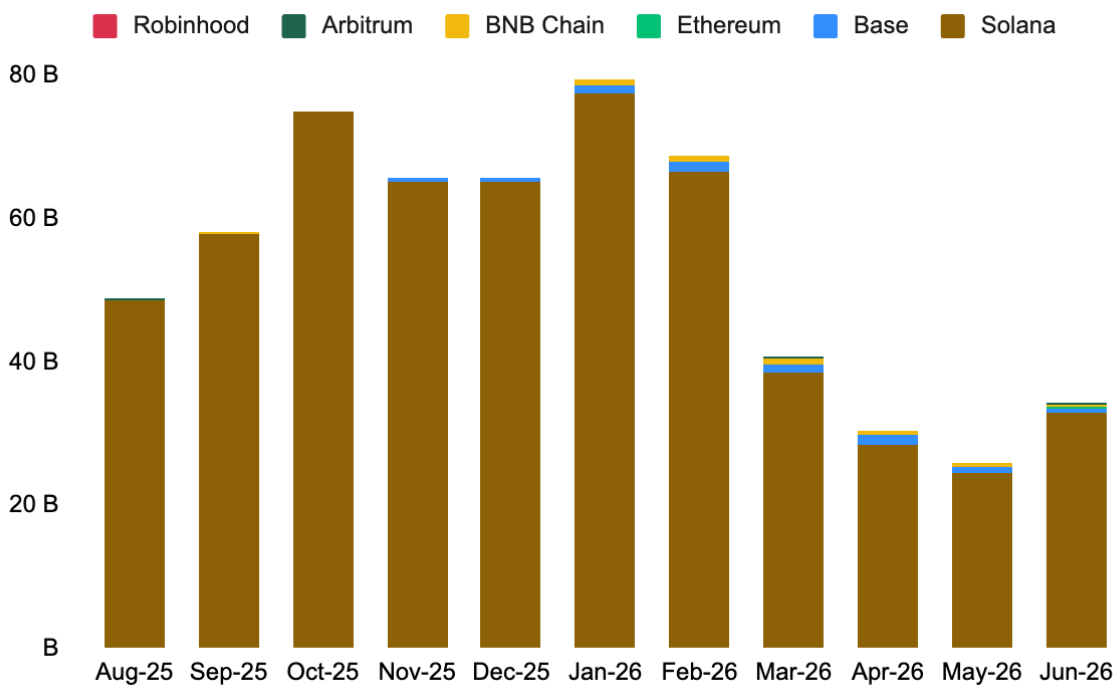


Source: DefiLlama, Binance Research, as of July 1, 2026

Solana is also the leading chain for PropAMM, a proprietary automated market making design that prioritizes order flow, in which market makers aggregate liquidity across venues and adjust depth at high frequency. PropAMM was popularized by the Solana ecosystem on the back of the chain's performance, and Solana accounts for over **90% of on-chain PropAMM market share**, with more than US\$268B in volume in 2026 alone.

PropAMM currently focuses on major cryptocurrencies such as SOL and BTC, but the results are notable. The design has **narrowed SOL spreads from a 5 to 9 bps range to 1 to 5 bps**, and scales with size. That infrastructure lays a strong foundation for extending order flow to broader assets such as tokenized equities, where tighter spreads and deeper liquidity could materially increase on-chain adoption of tokenized stocks.

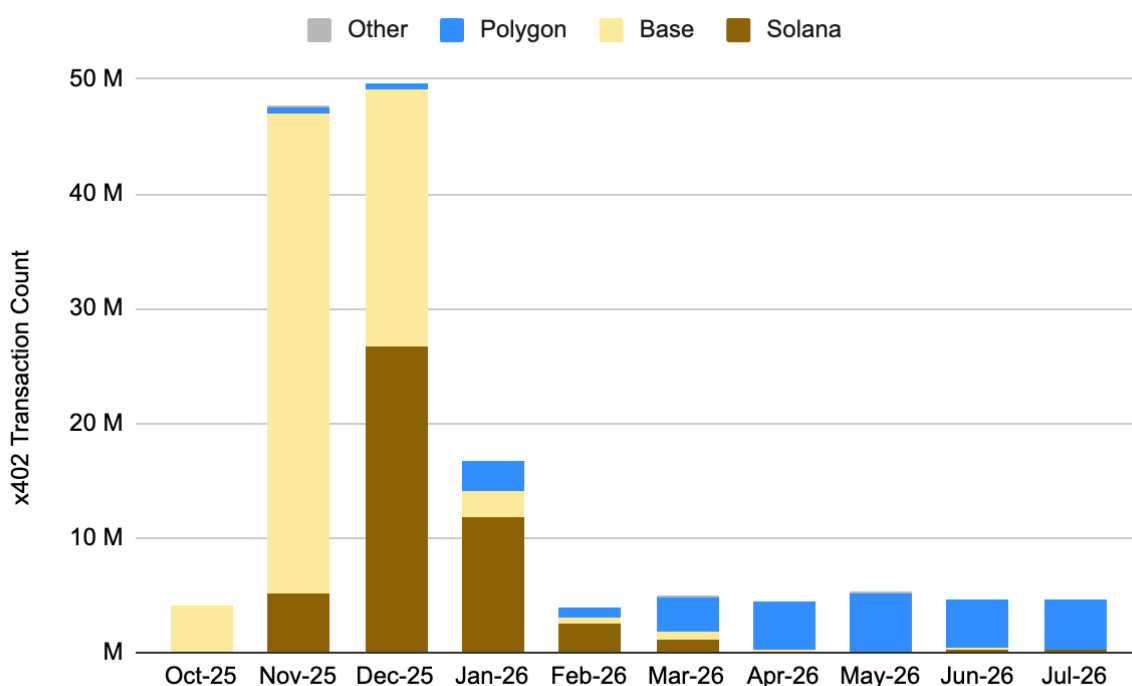
Figure 11: Solana leads PropAMM trading volume at over 90% market share



Source: Blockwork, Binance Research, as of July 1, 2026

Solana also performed well in agentic payments at the start of the year, but lost the lead to Polygon from March 2026.

Figure 12: Solana led agentic transactions in early 2026, but lost the lead to Polygon from March 2026

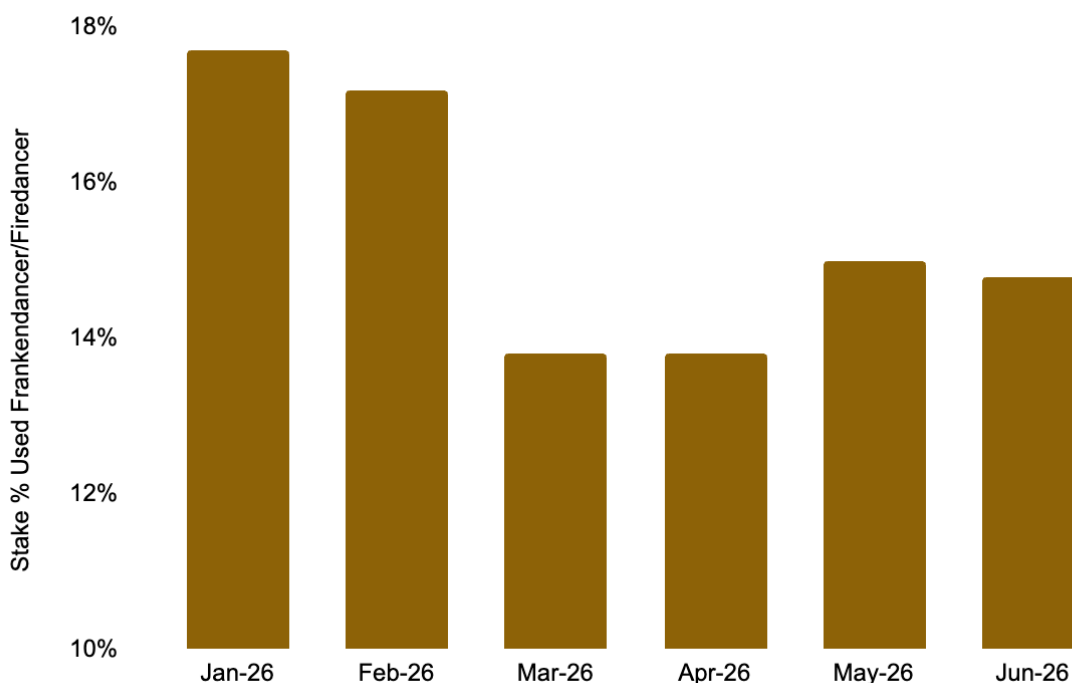


Source: Dune, Binance Research, as of July 24, 2026

Network Upgrades

Since Firedancer launched in December 2025, adoption of the new client has been steady rather than explosive, as Agave with JitoBAM continues to provide reliable and effective capture of tips and priority fees.

Figure 13: Firedancer adoption by validators has been steady rather than explosive



Source: Firedancer.io, Binance Research, as of July 1, 2026

The next major upgrade is **Alpenglow**, targeted for mainnet activation in Q3 2026. Alpenglow, formerly SIMD-0326, fully replaces the existing Tower BFT and Proof of History mechanisms with two new components: Voter, a streamlined voting engine, and Rotor, an optimized block propagation layer. The upgrade is expected to reduce transaction finality from 12.8 seconds to 100 to 150 milliseconds, roughly a 100x improvement, while freeing up the substantial blockspace previously occupied by vote transactions.

The more consequential proposals for token holders are **SIMD-550, Double Disinflation**, and **SIMD-547, Resource-Based Fee Burn**. Both would materially change SOL tokenomics.

SIMD-550 would double the annual inflation reduction rate from 15% to 30%, bringing the network to its 1.5% terminal inflation target in approximately 2.8 years instead of 5.7, and heavily restricting long-term SOL emissions. Relative to the current path, the proposal would reduce supply by 9.52% over six years.

Figure 14: Projection of SIMD-550 impact on SOL supply

After	Current Path (M)	Proposed Path (M)	Reduction in SOL emitted
1 year	650.4	649.5	0.13%
2 years	670.3	665.5	0.85%
3 years	687.8	677	2.40%
4 years	702.9	687.3	4.57%
5 years	716	697.8	7.03%
6 years	727.4	708.5	9.52%

Source: Firedancer.io, Binance Research, as of July 24, 2026

SIMD-547 would tie base fees strictly to the network resources a transaction actually consumes, and burn 100% of the resource-based fees collected, strengthening the deflationary effect of high network activity. On current activity levels, the proposal is projected to raise the annual burn rate by 2.5x, and by more than 10x in a bull case.

Figure 15: Projection of potential burn introduced by SIMD-547

	Current Annual Burn Projection	SIMD-547 Annual Burn Projection	Multiple vs current
Bear	213,160	394,200	1.8x
Base	266,450	675,250	2.5x
Bull	799,350	13,797,000	17.2x

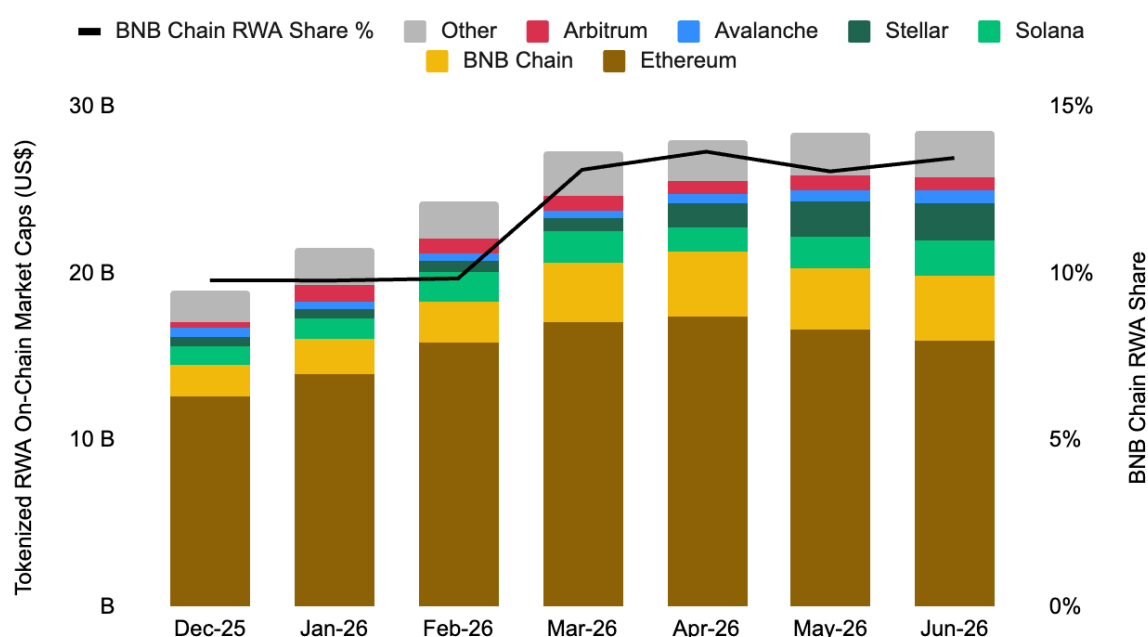
Source: Firedancer.io, Binance Research, as of July 24, 2026

2.3 BNB Chain

BNB Chain delivered significant growth in tokenized RWA in 2026. Tokenized RWA on-chain market cap rose from US\$1.9B to US\$3.8B in the first half, a **107% increase** of roughly US\$2B, lifting BNB Chain's share of on-chain RWA market cap from 9.8% to 13.5%.

Tokenized Treasuries drove most of that growth. 82% of the increase in RWA market cap on BNB Chain came from tokenized treasury products, the majority of it from Circle's USYC tokenized money market fund. The pattern holds across networks, with at least 50% of all RWA growth attributable to tokenized treasuries. Stellar is the extreme case, where close to 100% of RWA market cap growth came from tokenized money market funds.

Figure 16: Tokenized RWA on-chain market capitalization by chain, with BNB Chain's RWA market cap share rising from 9.8% to 13.5% in 2026

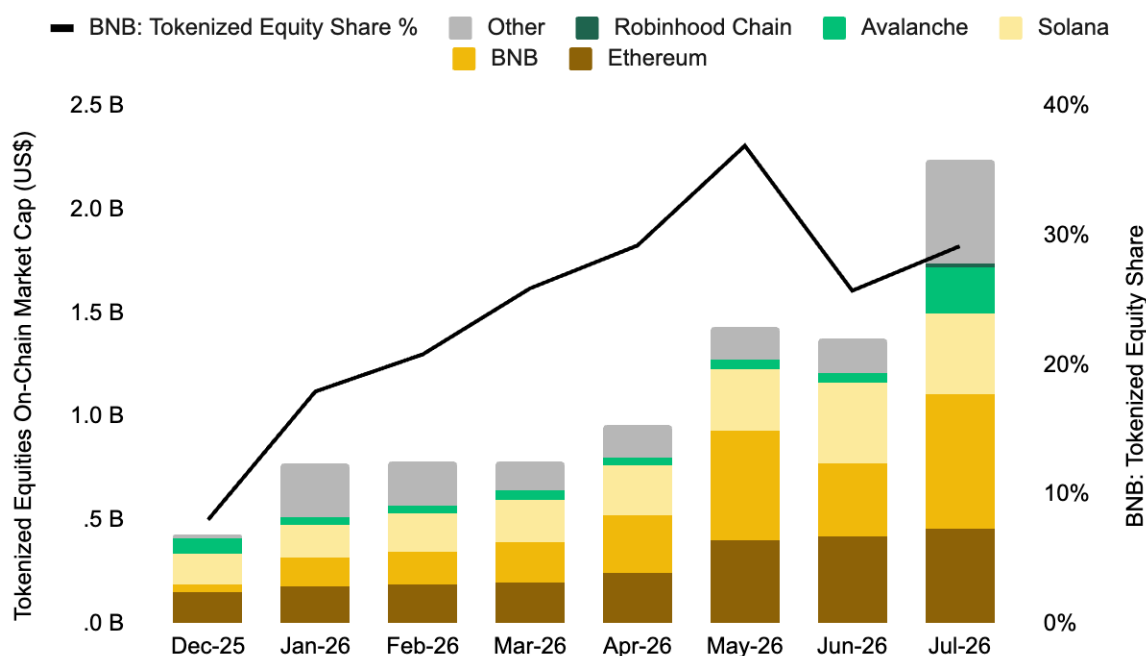


Source: DefiLlama, Binance Research, as of July 1, 2026

Rising adoption of tokenized treasuries is a positive development in itself, improving access and capital efficiency for yield on idle funds, particularly in a high interest rate environment. A notable shift in the first half of 2026 was the adoption of other RWA categories, notably tokenized equities.

BNB Chain led that growth, taking tokenized equities from US\$34M at the start of the year to US\$355M in June 2026, a US\$321M increase and the largest of any network. The pace accelerated in July to US\$652M, making **BNB Chain the leading tokenized equities chain**, flipping Ethereum and capturing close to one third of total tokenized equity on-chain market cap.

Figure 17: BNB Chain has the largest share of tokenized equity on-chain market cap

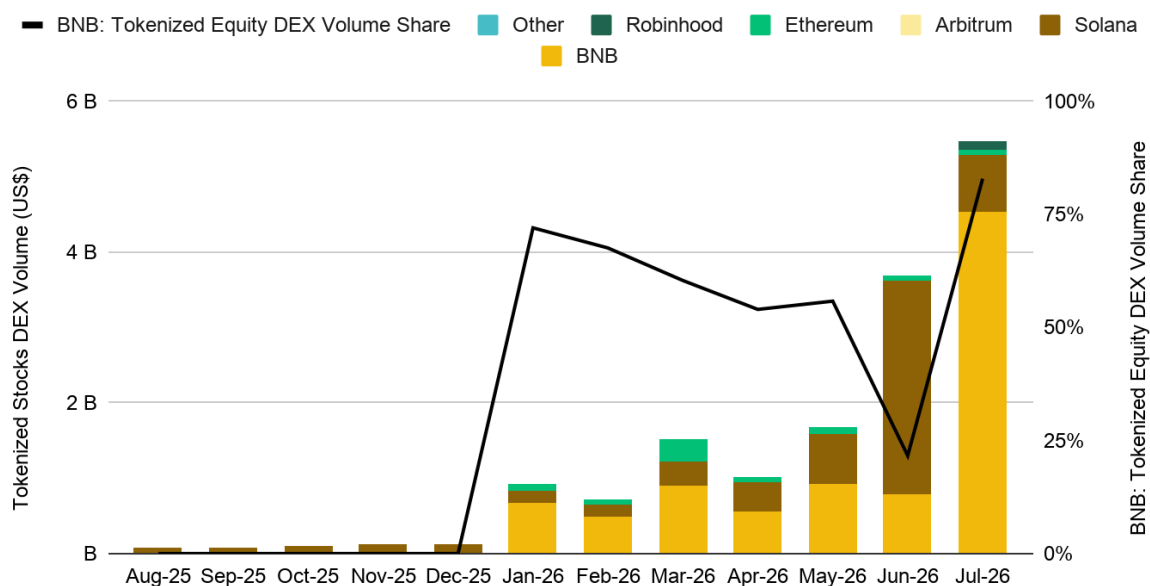


Source: DefiLlama, Binance Research, as of July 24, 2026

The rise in tokenized RWA also lifted on-chain tokenized equity trading volume. BNB Chain already led on-chain equity trading volume, having integrated Ondo's tokenized US stocks and ETFs into Binance Wallet in November 2025 and Binance Alpha in February 2026.

When Binance launched its own tokenized equity product (bStocks) in June 2026, the majority of trading volume occurred on the exchange rather than on-chain, while xStocks on Solana captured significant on-chain volume during the month at approximately US\$3B. That changed in July. As more DeFi protocols integrated bStocks and created opportunities to earn yield on top of stock holdings, tokenized stock trading volume surged past US\$4.5B in the month, capturing approximately **83% of all on-chain tokenized equity trading volume**.

Figure 18: BNB Chain leads on-chain tokenized equities trading volume with 83%



Source: Dune, Binance Research, as of July 24, 2026

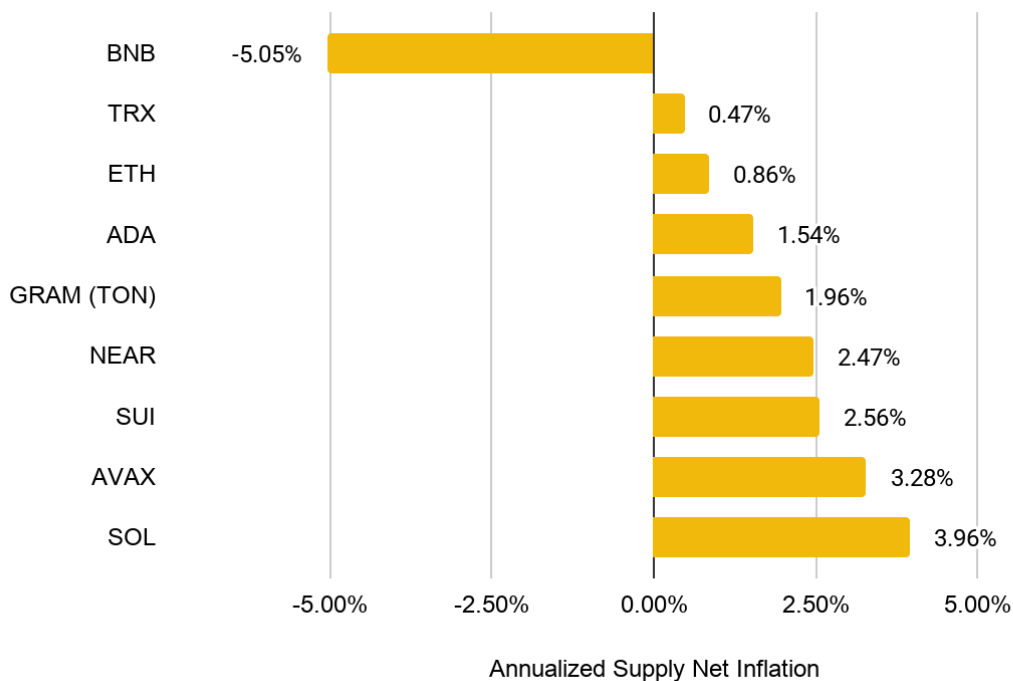
As more tokenized equity moves on-chain, the crypto industry becomes more deeply embedded in the broader equity market cycle, with implications for the four-year cycle framework that has characterized previous Bitcoin market cycles.

Layer 1 Annualized Net Supply

Among the major Layer 1 cryptocurrencies, BNB is the only one with a deflationary supply. Validators are paid entirely from gas revenue rather than new issuance, so the only supply effect is token burn: a continuous BEP-95 real-time burn of approximately 10% of gas fees, plus the quarterly Auto-Burn program targeting a 100M BNB floor, which removed roughly 6M BNB over the last four quarters. Together these produce a **5.05% annual burn rate**.

BNB Chain was also among the earliest Layer 1s to bind application revenue, in this case revenue generated on Binance CEX through the use of BNB, to token burn. This layered a volume-based revenue model on top of the conventional transaction-based model. That approach is being adopted more widely, particularly by newer Layer 1s built around a specific application such as Hyperliquid, and by NEAR, which uses embedded applications including NEAR Intent and NEAR AI to buy back and deliver value directly to the NEAR token, though without a burn to date.

Figure 19: BNB is the only deflationary major L1 token, with a 5.05% annual reduction in token supply



Source: Staking Rewards, Binance Research, as of July 24, 2026

Network Upgrades

The **Pasteur hard fork (BEP-673)** is targeted for release on August 25, 2026. It includes a proposer-builder separation upgrade that decouples block proposals from block building, and lays the consensus-level block structure foundation required for full, network-wide parallel execution driven by **Block-Level Access Lists**. By pre-declaring the state a transaction will touch, validators can execute non-conflicting transactions simultaneously across multiple CPU cores rather than sequentially. This is the primary driver behind the 20K TPS milestone targeted for H2 2026.

BNB Chain also announced a significant addition to its technical roadmap for the second half of 2026: a **new AI-focused network** designed explicitly for autonomous AI agents and high-frequency trading, targeting 100K TPS, sub-50ms transaction pre-confirmations, and sub-1 second finality. It will eliminate the public mempool to prevent sandwich attacks, use a proprietary routing mechanism (TxStream), and include a PriorityLane for mission-critical oracle and bridge updates. Testnet is expected in late 2026.

03 / Tokenized RWAs

Tokenized RWA value grew from ~US\$22B in January to ~US\$34B by mid-July, up more than 50% over the period. Beyond market growth, major financial infrastructure providers accelerated adoption.

Nasdaq received SEC approval in March to support tokenized share trading alongside traditional shares, NYSE introduced a similar framework in April, and DTCC advanced its tokenization platform, backed by 50+ institutions, toward an October 2026 production launch. These developments highlight the shift of tokenization from a crypto-native initiative toward broader institutional market infrastructure.

Figure 20: Distributed tokenized RWA value continued to expand, holding above ~US\$30B since April 2026



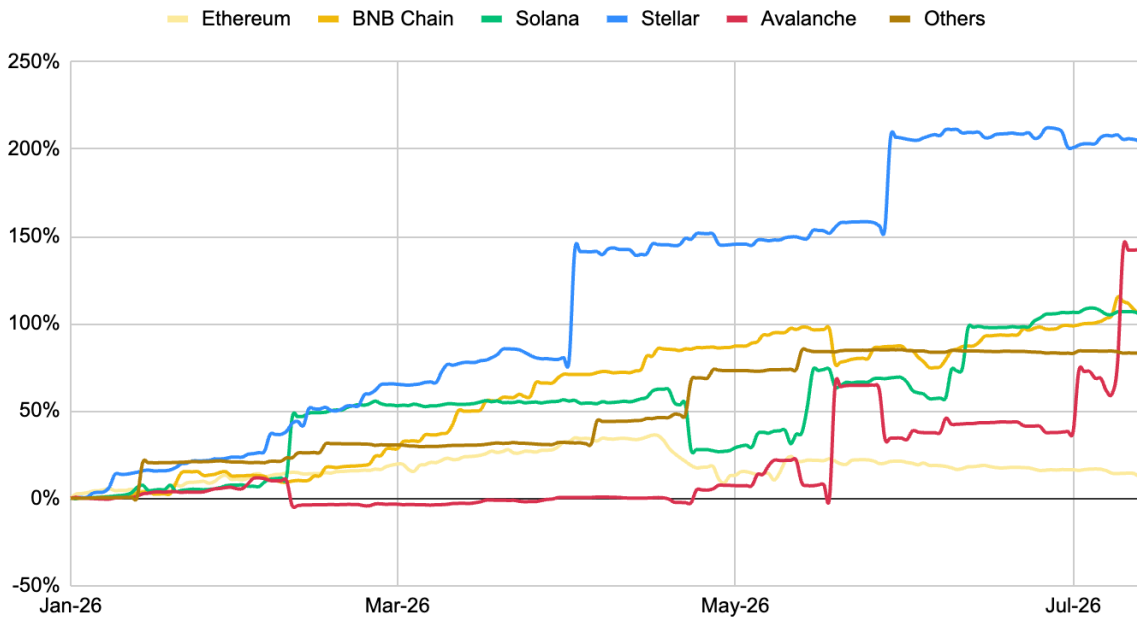
Source: RWA.xyz, Binance Research, as of July 15, 2026

Chain-level performance diverged significantly in H1 2026. Solana maintained the largest tokenized value among major RWA-focused chains, while Stellar emerged as the strongest performer, rising >200% YTD to reach ~US\$2.3B.

Stellar's growth was primarily driven by institutional fund products, with tokenized money-market and treasury assets such as Franklin Templeton's BENJI, Ondo's USDY, and Spiko contributing meaningfully to its RWA expansion. Its low-cost infrastructure and compliance-focused features continue to attract institutional issuers. State Street's tokenized private liquidity fund, SWEEP, launched in 2026 and is expected to further strengthen Stellar's role in institutional fund distribution.

Avalanche, BNB Chain, and Solana also recorded notable gains, while Ethereum posted slower percentage growth despite hosting major RWA products such as BUIDL and OUSG. Overall, the chart highlights an increasingly multi-chain RWA ecosystem rather than one dominated by a single settlement layer.

Figure 21: Stellar surged over 200% YTD in tokenized value, with its RWA base composed almost entirely of tokenized funds



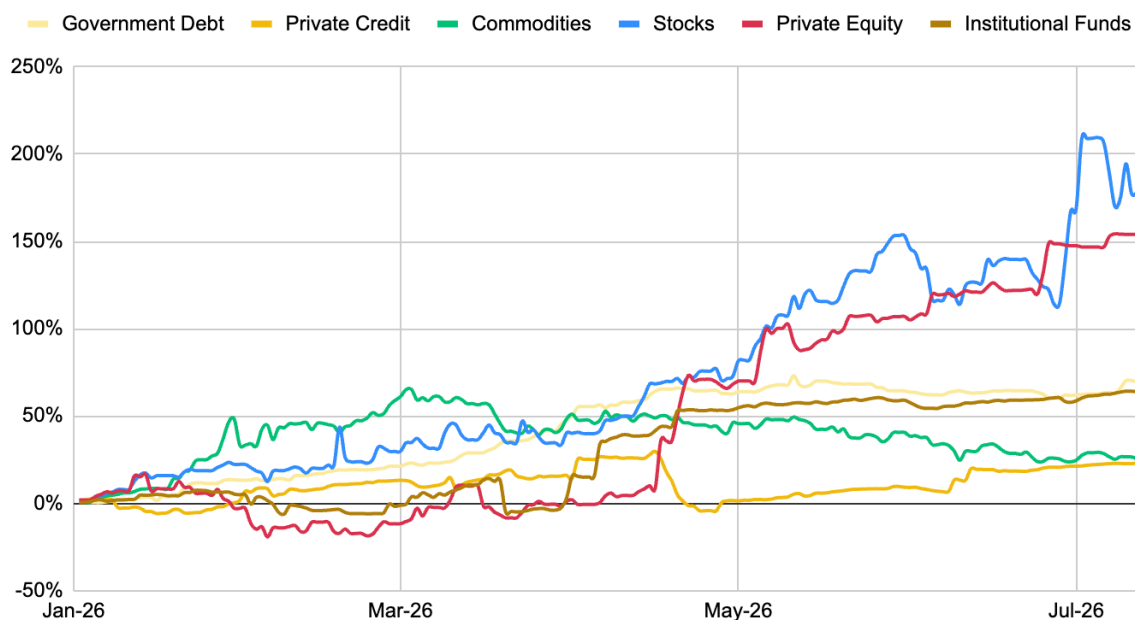
Source: TokenTerminal, Binance Research, as of July 16, 2026

3.1 Equities and Private Markets Lead Asset-Class Growth

Tokenized stocks and private equity were the fastest-growing RWA categories in H1 2026, rising ~177% and ~164% YTD, respectively. Their growth outpaced government debt, institutional funds, and commodities, showing that **RWA adoption is broadening** beyond yield-bearing assets into equity-linked and private-market exposure.

- Tokenized Stocks** benefited from improving regulatory clarity and stronger exchange-led distribution. Products such as Ondo Global Markets, xStocks, and Binance's bStocks helped bring fractional, crypto-native access to U.S. equities to a broader user base, supporting the category's rapid expansion.
- Private Equity** growth followed a different path, driven more by institutional product distribution than retail trading. Tokenized share classes of evergreen private-market funds are being used to improve access, servicing, and distribution for private-wealth channels, suggesting tokenization is becoming a workflow upgrade for existing private-market products rather than a new underlying asset class.

Figure 22: Stocks and Private Equity led YTD growth, up ~177% and ~164% respectively



Source: TokenTerminal, Binance Research, as of July 16, 2026

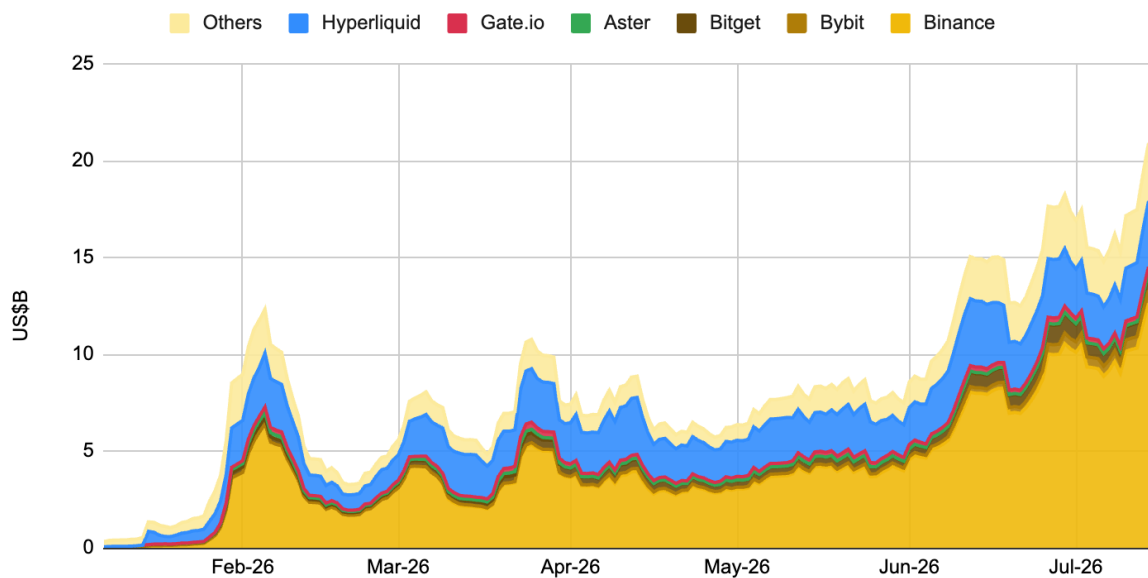
3.2 Expanding Access to RWAs

RWA Perps Capture Crypto-Native Demand

While not directly an on-chain market by definition, RWA perps give indication to the underlying demand for RWAs for the crypto investor base. RWA perps scaled steadily through H1 2026, with daily volume climbing to over ~US\$20B recently. Binance maintained the largest share throughout the period and currently accounts for ~60% of total volume, while Hyperliquid remained the leading DEX venue.

The composition of demand shifted meaningfully over the period. The early spike in February was largely commodity-driven, as geopolitical macro volatility boosted trading activity in crude oil, gold, and silver exposures. More recently, activity has rotated toward equity-linked perps, with AI-driven momentum in public markets supporting stock-related demand. This evolution highlights how **RWA perps can quickly capture changing macro conditions** and market narratives.

Figure 23: RWA perps volume grew steadily, with Binance currently accounting for ~60% of total volume



Source: Binance Research, as of July 16, 2026

The DEX/CEX ratio for RWA perps fell from a mid-March peak near ~70% to ~20% by July, even as overall volume grew. The shift reflects faster CEX expansion into equity-linked and pre-IPO perps, which favor venues with deeper liquidity, stronger execution, and integrated on-ramps, leaving RWA-linked derivatives increasingly CEX-led despite decentralized venues' early lead.

Figure 24: RWA perps DEX/CEX ratio declining



Source: Binance Research, as of July 16, 2026

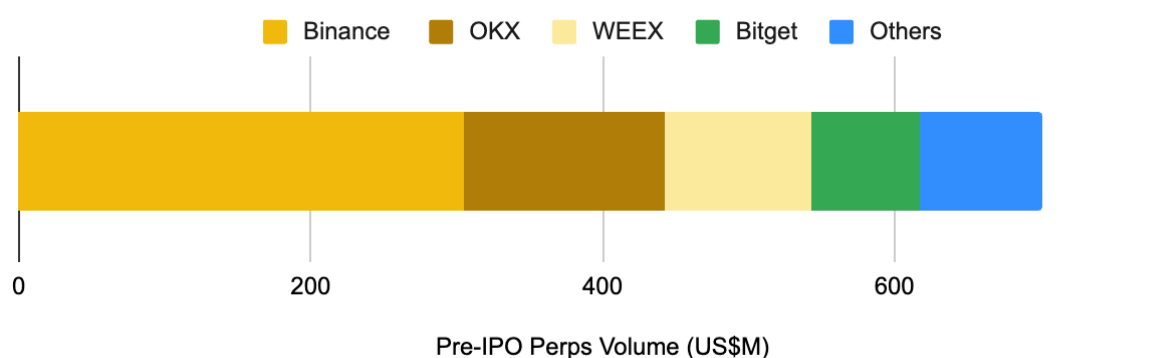
Pre-IPO Perps Expand Access Before Listing

Pre-IPO perps are synthetic, cash-settled contracts that track private company valuations before listing, without providing equity ownership or voting rights. They enable retail users to access private-market exposure beyond institutional or accredited investors. The category became one of the fastest-growing new product segments, with SpaceX, OpenAI, and Anthropic driving most activity as centralized and on-chain venues launched competing offerings.

May provides a useful snapshot because it captured heightened pre-listing activity around SpaceX while avoiding post-listing price effects. **Binance led tracked pre-IPO perp volume during the month** at approximately US\$305M, accounting for 43% of the total.

More broadly, cross-venue price convergence ahead of potential listings offered an early indication that pre-IPO perps could support price discovery around real-world liquidity events. The category remains nascent, and its long-term relevance will depend on sustained liquidity and whether prices reliably converge with observable private-market and eventual post-listing benchmarks.

Figure 25: Binance led Pre-IPO perps volume in May with ~US\$305M, ~43% of total volume

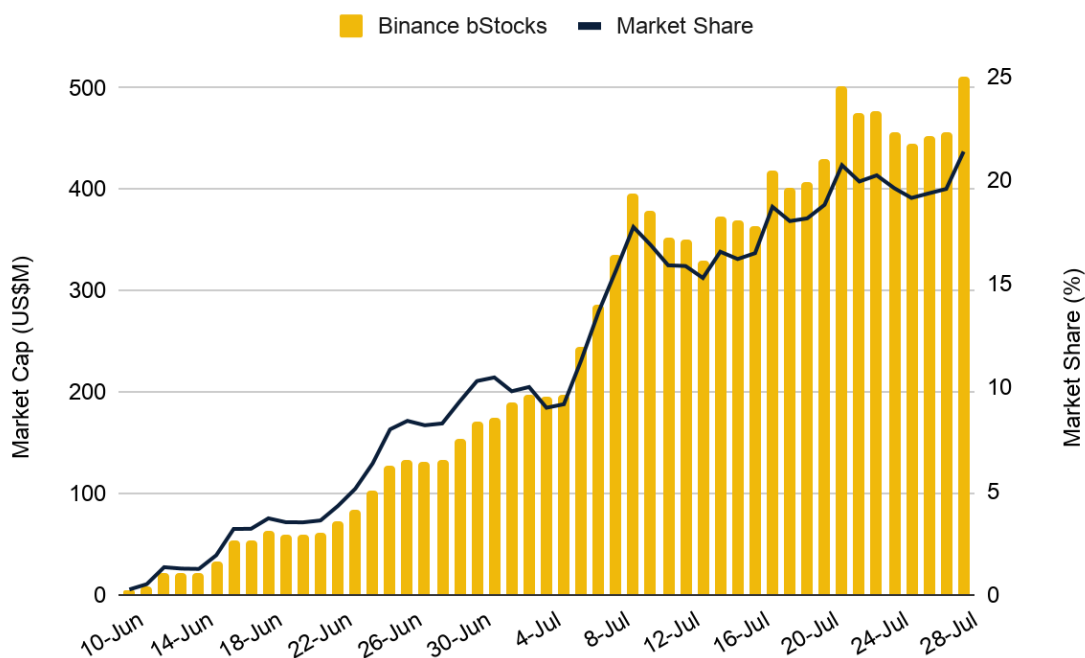


Source: CoinGecko, Binance Research, as of July 16, 2026

bStocks Scale Tokenized Equity Access

Binance's bStocks surpassed US\$500M in market cap within seven weeks of launch, lifting its share of the tracked tokenized-stock market above 20%. Between June 8 and July 20, bStocks added US\$451.6M, the largest absolute increase among major issuers and equivalent to 64% of total tracked market growth. Its 4,151% expansion points to strong early demand for tokenized U.S. equity exposure.

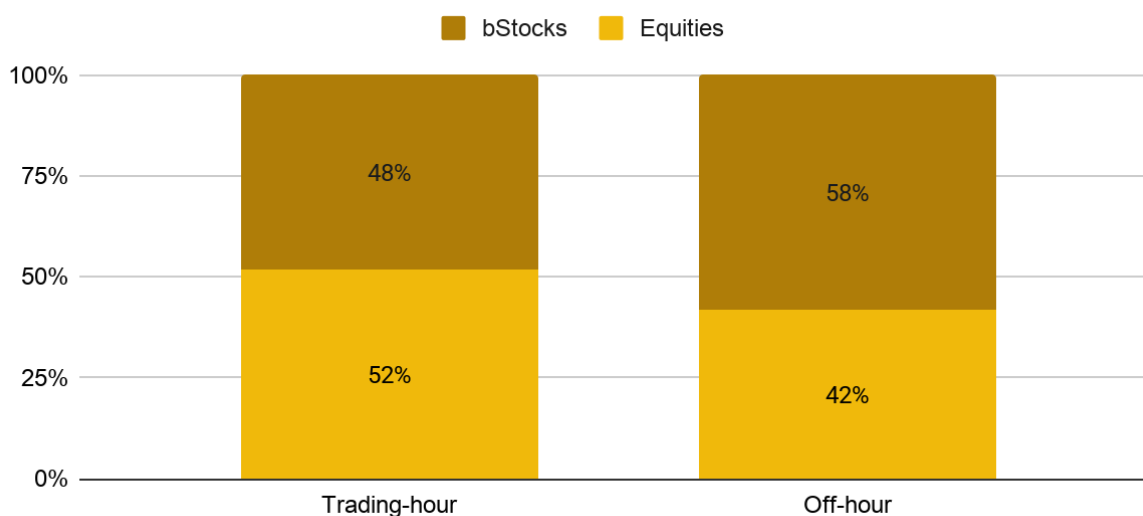
Figure 26: bStocks crossed the US\$500M milestone within seven weeks of launch



Source: Binance Research, as of July 29, 2026

bStocks are gaining traction where traditional equity markets are unavailable. During regular hours, volume is nearly balanced at 52% equities vs. 48% bStocks, but outside market hours, bStocks lead with 58% of volume. Continuous access allows global users to react to earnings, macro data, and crypto-market moves before U.S. markets reopen.

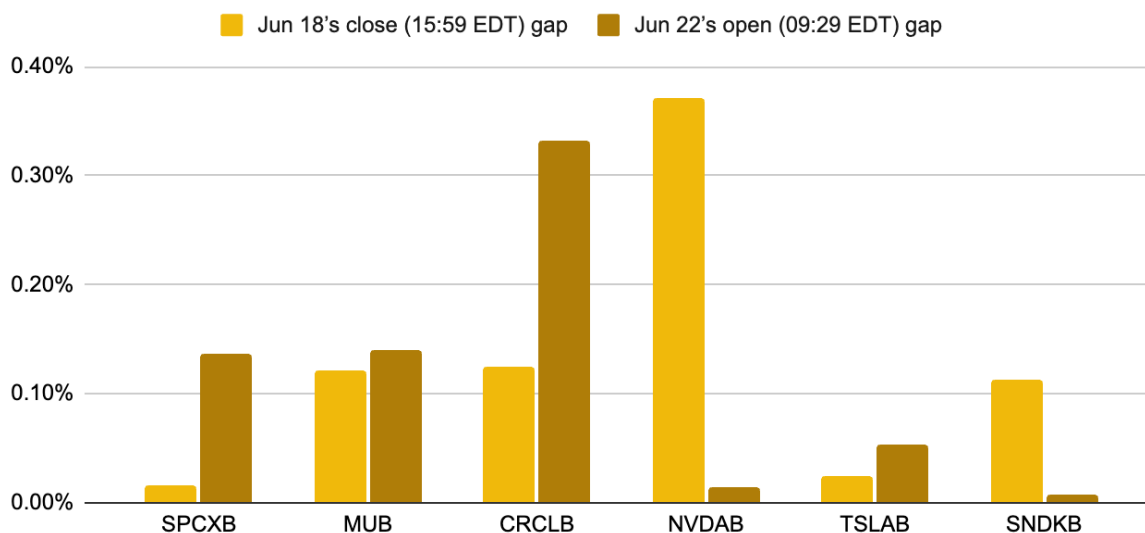
Figure 27: bStocks capture majority share of off-hour equity-linked trading volume



Source: Binance Research, as of July 8, 2026

In its second week, bStocks faced an early holiday stress test during the Juneteenth closure, when U.S. equity markets were shut and **tokenized equities provided an alternative venue for repricing U.S. stock exposure**. Across all six tracked bStocks, spreads vs. regulated-market equivalents remained within institutional ranges, with the average gap narrowing from 0.13% at Friday close to 0.11% by Monday open, while the most liquid names converged to near-parity (<0.01%). Trading activity concentrated in major tokens such as SPCXB and TSLAB. The successful test demonstrated that tokenized equities can maintain reliable price alignment through a full market closure.

Figure 28: bStocks maintained <0.4% spreads to regulated markets through the Juneteenth weekend



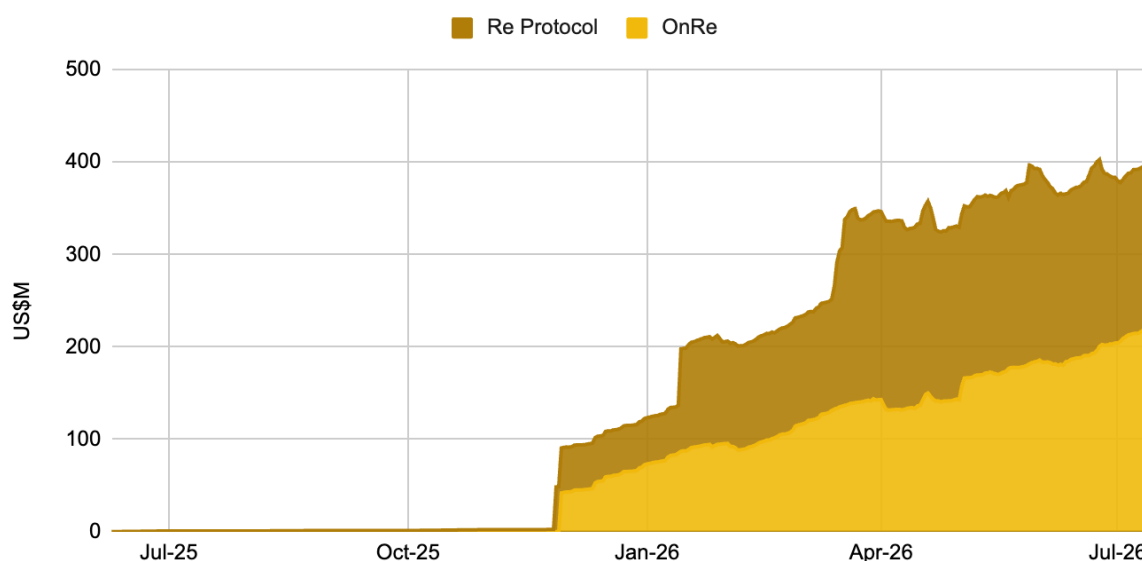
Source: Binance Research, as of July 6, 2026

Tokenized Reinsurance Extends RWAs into Specialty Finance

Tokenized reinsurance emerged as a new specialty finance vertical in H1 2026, scaling to roughly ~US\$400M in on-chain value. The segment is currently led by two major players, OnRe and Re Protocol, which hold similar market shares. The appeal lies in diversification, as reinsurance returns are primarily driven by underwriting performance rather than crypto-market cycles, providing a **differentiated yield source**.

- **OnRe** led the segment through its tokenized reinsurance product, ONyc, which provides on-chain access to reinsurance risk pools. Rather than directly replicating traditional reinsurance vehicles, OnRe packages underwriting-driven returns into a tokenized structure, allowing users to access insurance-risk premiums on-chain. Supported by integrations with DeFi protocols and institutional infrastructure providers, ONyc is expanding its role as collateral and yield infrastructure.
- **Re Protocol** expanded the category through its reUSD and reUSDe products, combining reinsurance-linked risk with stablecoin-style structures. Through integrations with Ethena and insurance-sector participants, these products highlight how tokenized reinsurance is developing into a DeFi-integrated RWA vertical, extending RWAs further into specialty finance.

Figure 29: Reinsurance RWAs scaled to ~US\$400M, highlighting expansion into Specialty Finance



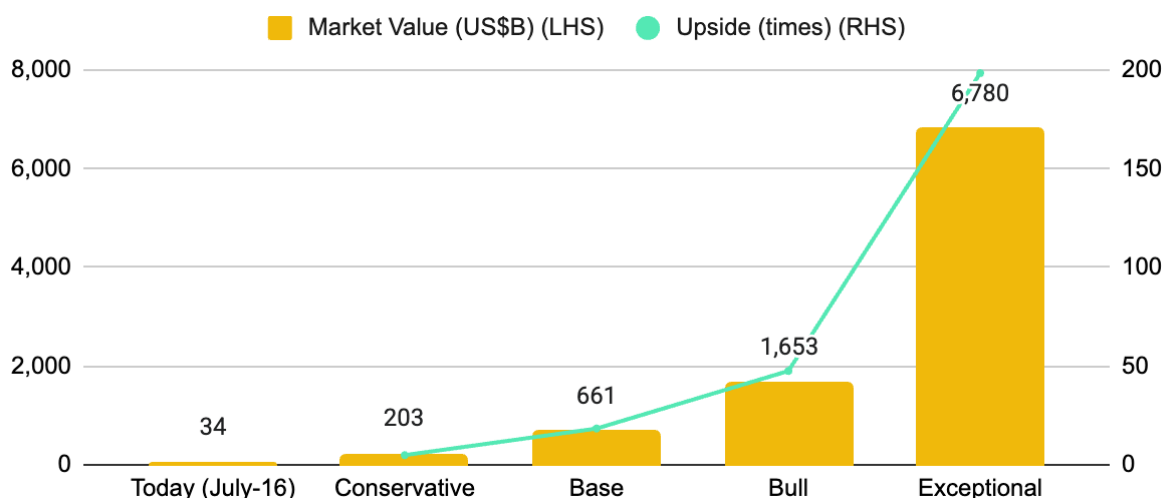
Source: DefiLlama, Binance Research, as of July 16, 2026

3.3 Scaling Toward a Trillion-Dollar Market

Per our latest projection, tokenized RWA market value could expand across several scenarios:

- Conservative case (US\$203B, 5x upside): A 0.12% penetration rate, reflecting gradual institutional adoption and incremental regulatory clarity, still implies an 18-fold increase from current levels.
- Base case (US\$661B, 18x upside): At 0.4% penetration, broader platform participation and maturing infrastructure drive meaningful market cap expansion.
- Bull case (US\$1.6T, 48x upside): A 1% penetration rate, achievable if tokenized products become standard offerings across major financial platforms and retail access widens significantly.
- Exceptional case (US\$6.78T, 198x upside): At 4% penetration, tokenized RWAs achieve mainstream financial integration, with tokenized equities, commodities, and ETFs becoming default instruments across both retail and institutional portfolios. This scenario assumes deep liquidity, cross-chain interoperability at scale, and a regulatory environment that actively accommodates on-chain asset ownership. While ambitious, it reflects the full scope of what tokenization could unlock if adoption curves mirror those of prior financial market innovations.

Figure 30: The Tokenized RWA market capitalization could reach US\$6.78T

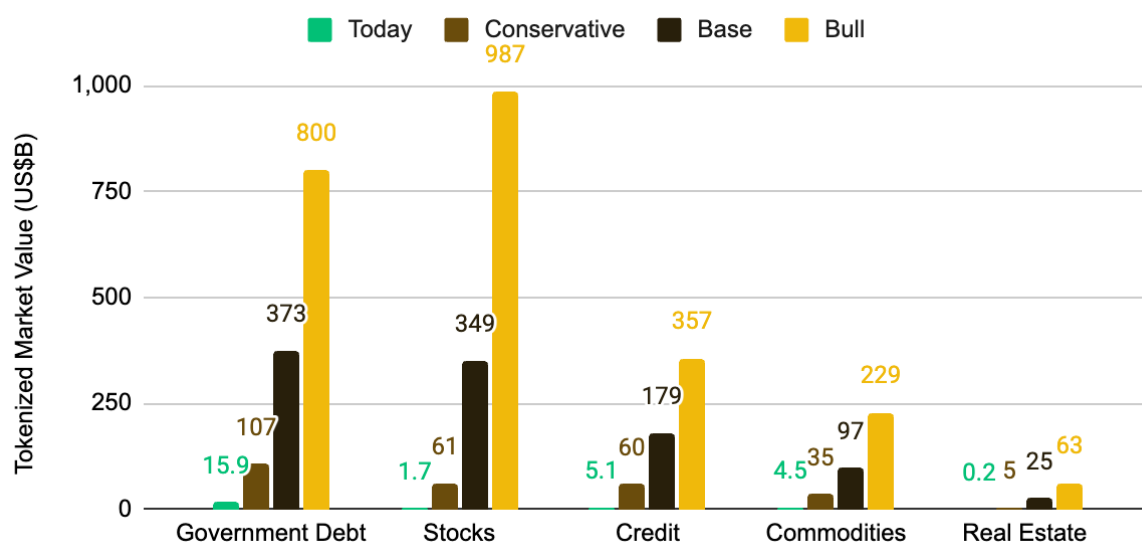


Source: RWA.xyz, Binance Research, as of July 16, 2026

Within this broader trillion-dollar RWA outlook, tokenized stocks represent one of the largest category-level opportunities. Per our 2030 projections, the segment could grow from ~US\$1.7B today to **~US\$349B in the base case and ~US\$987B in the bull case**, supported by equities' large addressable market, global investor demand, and potential integration into regulated trading and settlement infrastructure.

Tokenized stocks can also **improve capital efficiency** by enabling faster settlement, 24/7 transferability, fractional access, and potential use as on-chain collateral across trading and lending venues — a trend reinforced by **Binance's upcoming addition of 10 bStocks as eligible collateral assets**.

Figure 31: Stocks hold the largest tokenization potential across 2030 Scenarios



Source: RWA.xyz, Binance Research, as of July 15, 2026

04 / Prediction Markets

4.1 Market Developments

In H1 2026, prediction markets consolidated around a few dominant venues while attracting institutional capital, new distribution partners, and infrastructure investment. The updates below highlight how the sector is shifting from retail-driven speculation toward regulated, institutional, and infrastructure-backed growth.

Kalshi: Regulation and Institutional Markets

Kalshi reinforced its regulated U.S. positioning and institutional credibility.

- **CFTC-related progress:** Regulatory developments around event contracts supported confidence in federally regulated prediction markets.
- **Institutional block trade:** In April, Kalshi completed an institutional block trade in carbon-allowance contracts, arranged by Greenlight Commodities with Jump Trading providing liquidity. The transaction showed how regulated prediction markets can support macro hedging and institutional risk-transfer use cases.
- **Major funding round:** In May, Kalshi announced a US\$1B Series F led by Coatue at a **US\$22B valuation**, reinforcing investor confidence in regulated prediction market infrastructure.

Polymarket: Short-Duration Products and Institutional Activity

Polymarket focused on short-duration products, compliance, and institutional activity.

- **Fast crypto markets:** Its 5-minute crypto “Up or Down” markets expanded the platform’s short-duration trading products and became a major incremental product line.
- **Compliance tightening:** Polymarket’s VPN crackdown signaled a stronger compliance posture as the platform scaled.
- **Institutional on-chain trade:** In June, Polymarket completed its first reported institutional on-chain block trade, involving FalconX and Anera Labs on a GPU compute-pricing contract. By making AI compute costs tradable, the transaction highlighted prediction markets’ potential as on-chain hedging and risk-transfer infrastructure.

Predict.fun: Wallet-Native Distribution

Predict.fun became a key example of crypto-native prediction market distribution.

- **Binance Wallet integration:** Binance integrated prediction market trading into Binance Wallet through Predict.fun.

- **Gasless user experience:** Built on BNB Smart Chain, the integration allows users to access event markets inside Binance, fund positions from existing balances, and trade with gas fees sponsored by Binance.
- **Distribution significance:** The launch highlights how major crypto platforms can lower onboarding friction and become important distribution channels for prediction markets.

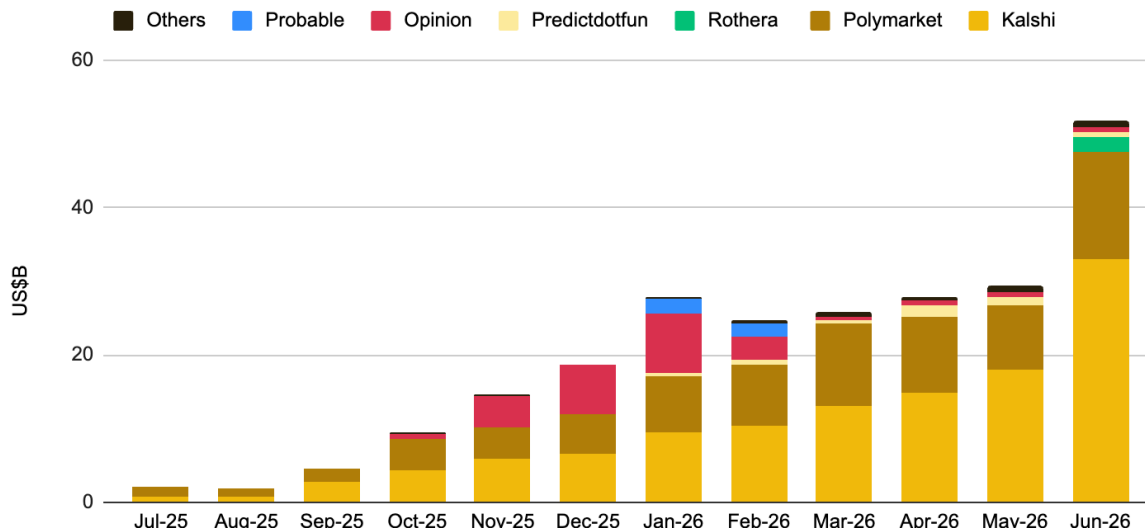
4.2 World Cup-Led Market Expansion

Prediction market volume accelerated sharply in H1 2026. Monthly notional volume rose from ~US\$27.7B in January to ~US\$51.6B in June, representing **~86% YTD growth** as World Cup-related trading activity intensified.

The 2026 FIFA World Cup's expanded 48-team format **increased the number of matches by ~60%**, creating more tradable events and further boosting market activity.

Kalshi and Polymarket remained the two dominant platforms, together accounting for ~63% of volume in January and 92% in June, further reducing the share of smaller platforms. Between the two, **Kalshi gained share more rapidly**. In June, Kalshi reached ~US\$33B in volume, up 3.5x from January, while Polymarket reached ~US\$14.5B, up 1.9x over the same period.

Figure 32: Monthly prediction market trading volume spiked as the World Cup season began



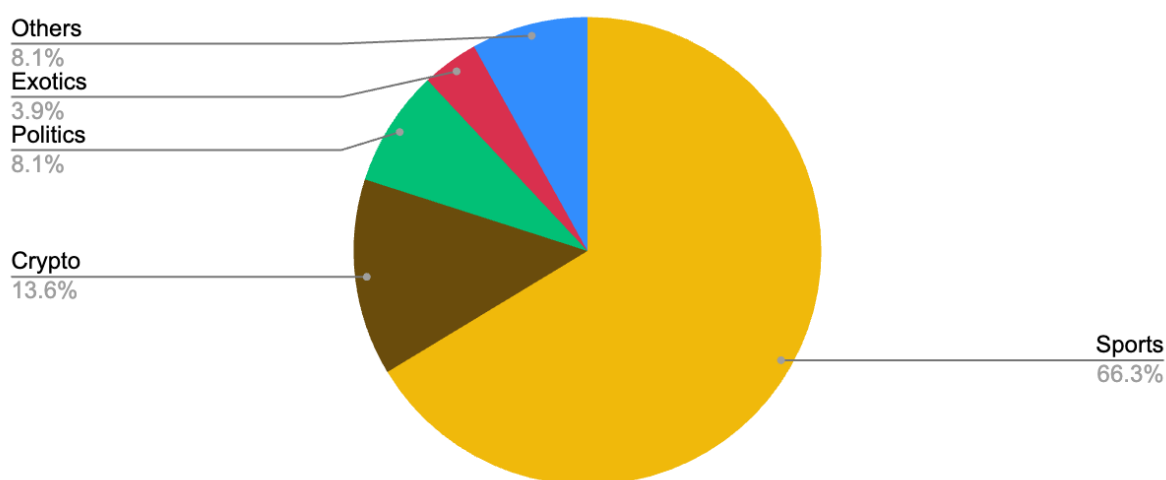
Source: Artemis, Binance Research, as of July 10, 2026

On a YTD basis, sports was also the largest prediction market category in H1 2026, accounting for ~66.3% of total volume, followed by crypto at ~13.6%, politics and other markets at ~8.1% each, and exotics at ~3.9%.

In our view, this dominance reflects two key factors behind the strong fit between prediction markets and major sports tournaments:

1. **Tradable event structure:** Each match can generate multiple tradable contracts, and participants are able to enter or exit positions before, during, and after games as new information emerges. This creates a more dynamic trading environment than traditional sports betting, where wagers are typically held until settlement.
2. **Lower-cost exchange model:** Traditional sportsbooks operate as principals, earning through margins in their odds with effective hold rates around ~10%, while prediction markets act as exchanges charging fees closer to ~1%. This persistent cost advantage is difficult to replicate within the traditional sportsbook model.

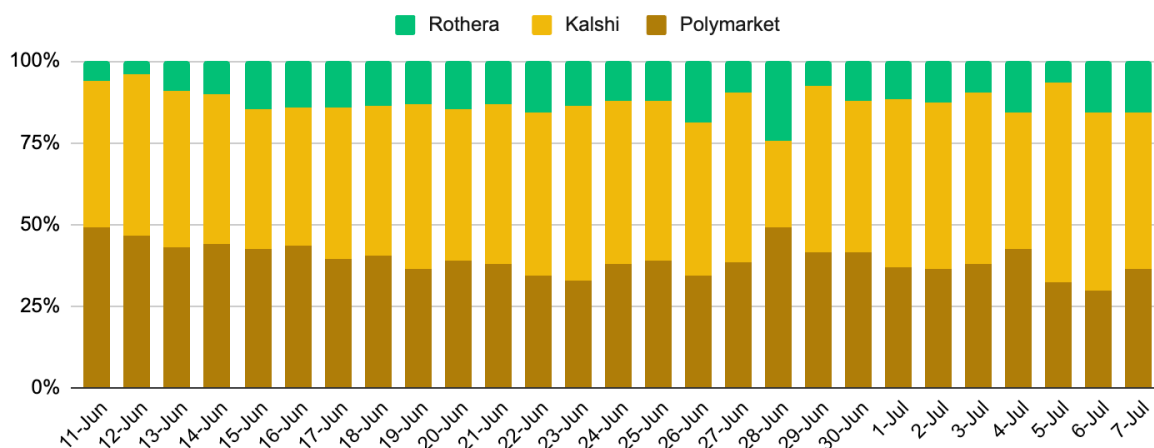
Figure 33: Sports led prediction market volume YTD, accounting for around 66.3%



Source: Artemis, Binance Research, as of July 10, 2026

As Robinhood began routing selected World Cup contracts through Rothera, the platform captured ~15% share shortly after the World Cup began, showing that well-positioned new entrants with strong distribution can gain meaningful traction quickly.

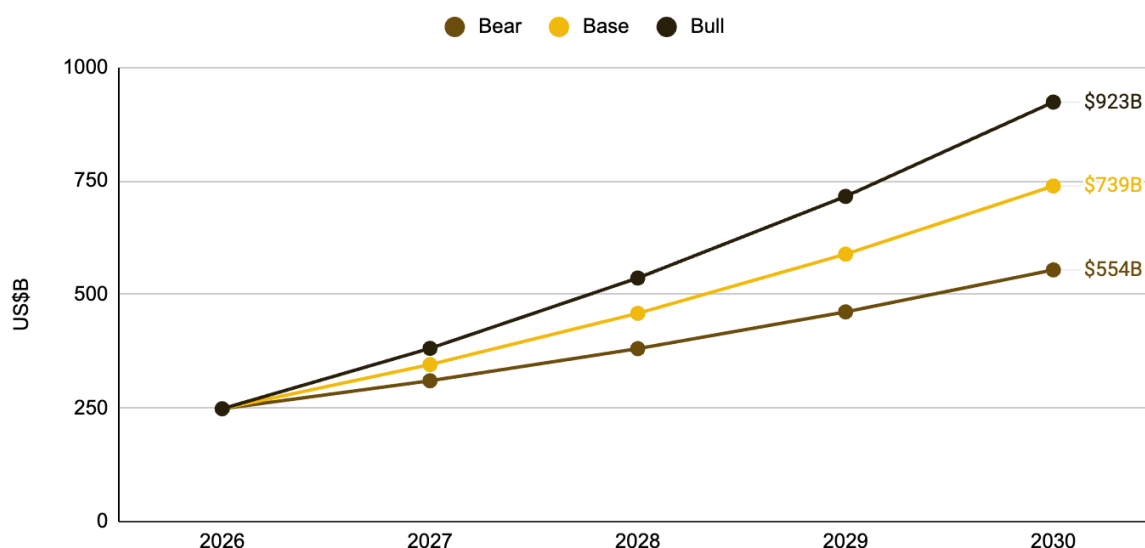
Figure 34: Since the World Cup, Rothera captured ~15% share of category volume



Source: Artemis, Binance Research, as of July 10, 2026

Per our latest projection, annual sports prediction market volume could grow from ~US\$248B in 2026 to **between ~US\$554B and ~US\$923B by 2030**, with a base-case estimate of ~US\$739B. The 2026 FIFA World Cup has accelerated this trajectory by becoming the sector's largest event-trading category, reinforcing sports as the primary growth engine for prediction markets.

Figure 35: If current growth rates persist, prediction markets could likely exceed US\$739B in sports volume by 2030



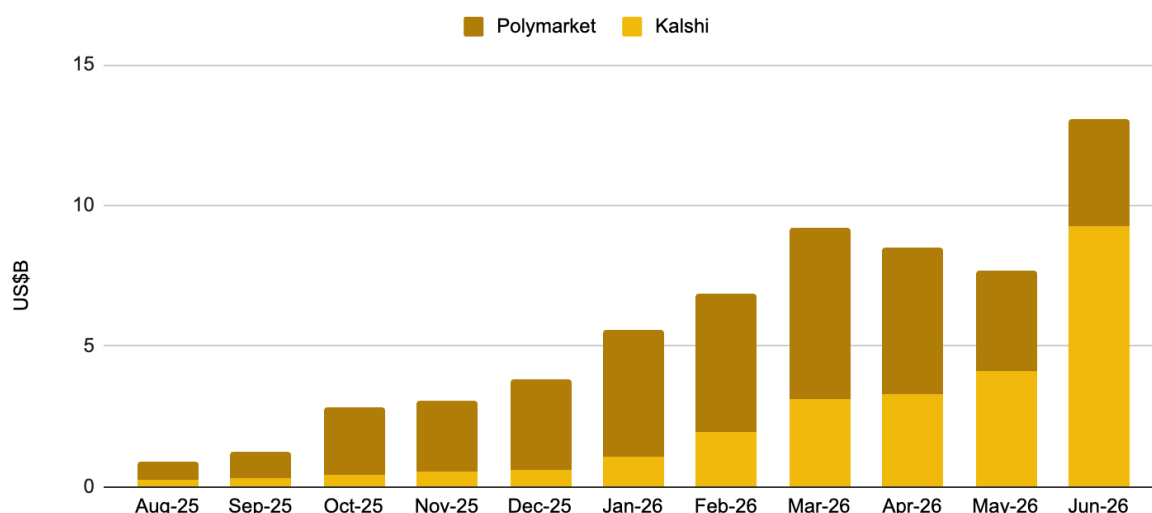
Source: Artemis, Binance Research, as of June 30, 2026

4.3 Non-Sports Markets Broaden the Growth Base

Although sports drove most headline growth, non-sports prediction markets also expanded meaningfully in H1 2026. Combined non-sports volume on Kalshi and Polymarket rose from ~US\$5.5B in January to ~US\$13B in June, representing **~136% YTD growth**. This suggests the World Cup not only boosted sports activity, but also helped lift broader prediction market activity outside sports.

The growth in non-sports volume indicates that prediction markets are developing use cases beyond event-driven spikes. If H1 2026 growth were driven only by the World Cup, volumes could normalize sharply once the tournament ends. Instead, the continued rise in non-sports markets suggests prediction markets are building broader, recurring use cases — pointing to activity sustained beyond major one-off events.

Figure 36: Non-sports volume grew beyond the World Cup, led by Kalshi

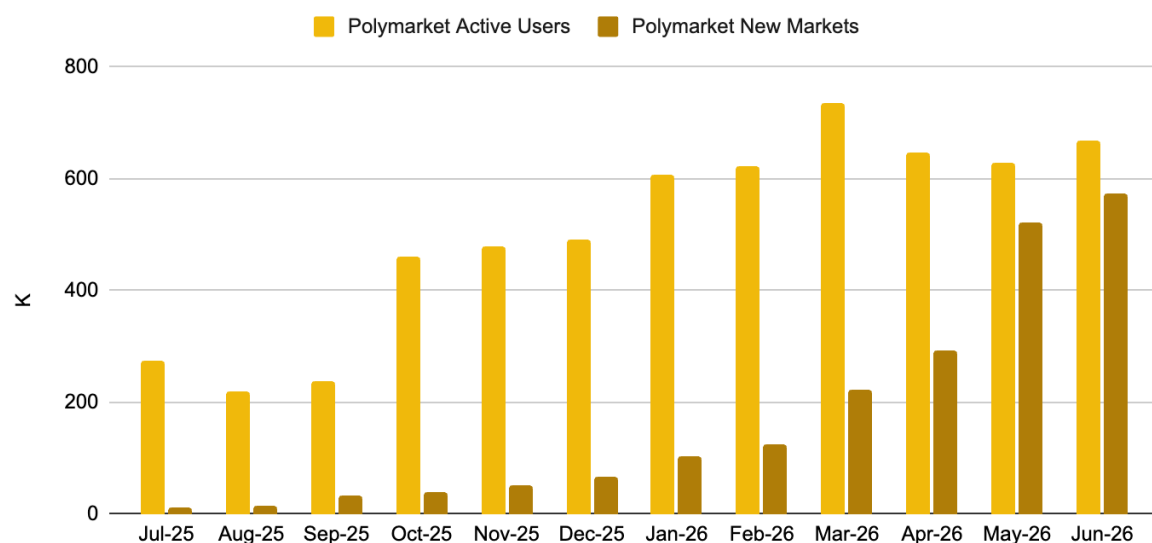


Source: Artemis, Binance Research, as of July 10, 2026

Polymarket's user activity remained elevated in H1 2026, with active users stabilizing at ~600K–700K, **significantly above mid-2025 levels**.

While user growth stabilized, market creation accelerated. Monthly new markets rose sharply during the period, exceeding 500K in both May and June. This reflects a shift from a limited number of high-profile events toward a broader universe of tradable outcomes.

Figure 37: Polymarket active users stabilized around 600K–700K while new market creation surged



Source: The Block, Binance Research, as of July 10, 2026

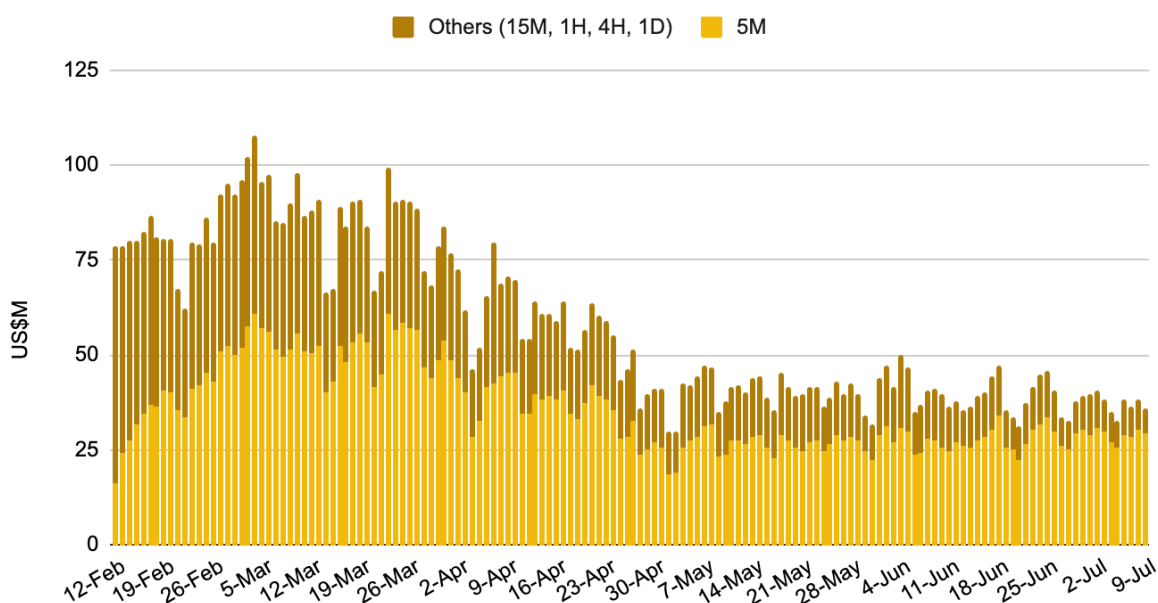
Polymarket's crypto "Up or Down" markets were a key product development in H1 2026. After launching 15-minute and hourly contracts in late 2025, **Polymarket added 5-minute contracts in February 2026**, shortening resolution windows and driving demand for faster-settling formats.

Activity quickly concentrated in the shortest duration. Total daily volume peaked at roughly US\$80M–100M in late February and March before easing to about US\$30M–50M from May onward. Despite the decline, 5-minute contracts remained dominant, averaging around 63% of daily “Up or Down” volume and recently reaching about 81%, reflecting both migration from longer-duration formats and incremental new demand.

Short-duration markets have therefore become the main driver of Polymarket’s “Up or Down” activity, illustrating how prediction markets are expanding into real-time, trading-oriented use cases that increasingly resemble derivatives markets.

However, a recent study, “**Settlement Manipulation in Prediction Markets**,” highlights settlement-integrity risks in these ultra-short contracts. Using Binance BTC spot prices as a proxy for the Chainlink settlement benchmark, the study notes that the two align with final contract outcomes roughly 85% of the time and finds that **order flow rises sharply in the final seconds before settlement and reverses shortly afterward**, suggesting temporary settlement-driven pressure rather than new information.

Figure 38: Polymarket crypto “up or down” markets have been dominated by 5-Minute contracts since launch, averaging 63% of daily volume and recently reaching 81%



Source: Dune Analytics (@datadashboards), Binance Research, as of July 10, 2026

05 / Decentralized Finance

5.1 Liquidity Retreats Faster Than Market

DeFi entered 2026 with more mature products but a **weaker economic proposition for undifferentiated capital**. Total value locked (TVL) fell from US\$114.4B on January 1 to US\$70.1B on June 30, a 38.7% decline. This decline includes a sharp reset in February, a failed recovery into April and a second step lower from late April through June.

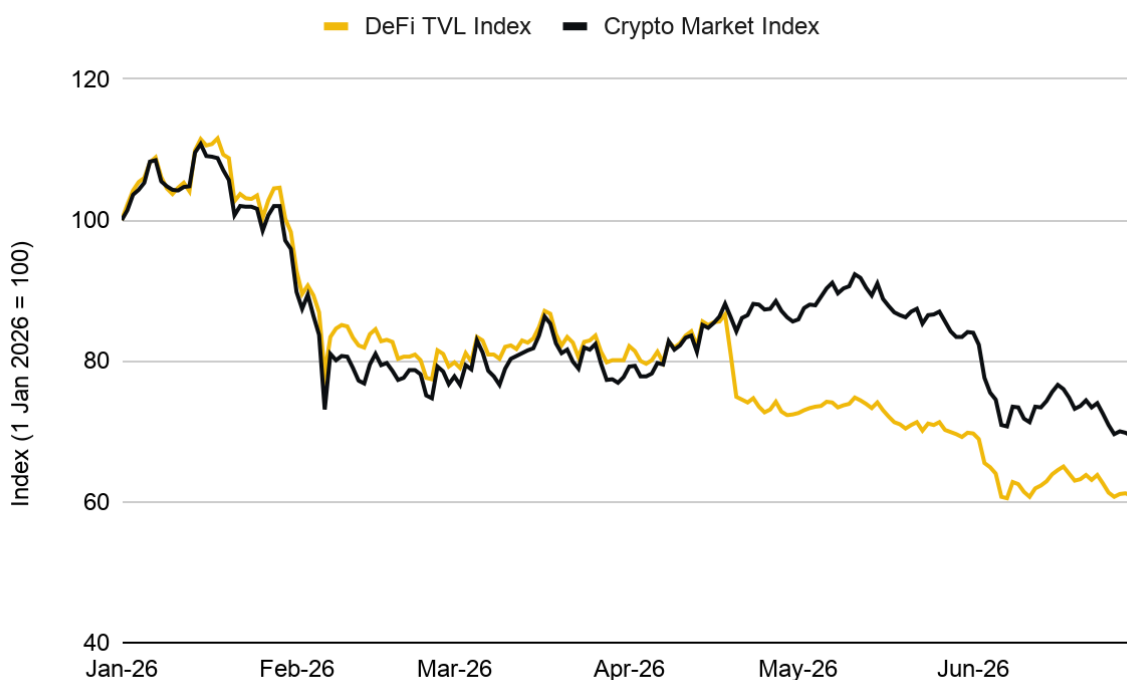
Figure 39: DeFi TVL fell 38.7% from US\$114.4B to US\$70.1B in H1



Source: DeFiLlama, Binance Research, as of July 26, 2026

Part of the decline was mechanically amplified due to lower token prices reducing the U.S. dollar value of collateral. However, **DeFi's H1 contraction extended beyond the decline in crypto asset prices**. DeFi underperformed the broader market by approximately 9 percentage points on an indexed basis, while the **TVL-to-market-cap ratio fell from 3.86% to 3.37%**. The shift notably occurred in April after sentiment for holding on-chain liquidity took a hit following various security incidents.

Figure 40: DeFi's liquidity flight extended beyond the market drawdown

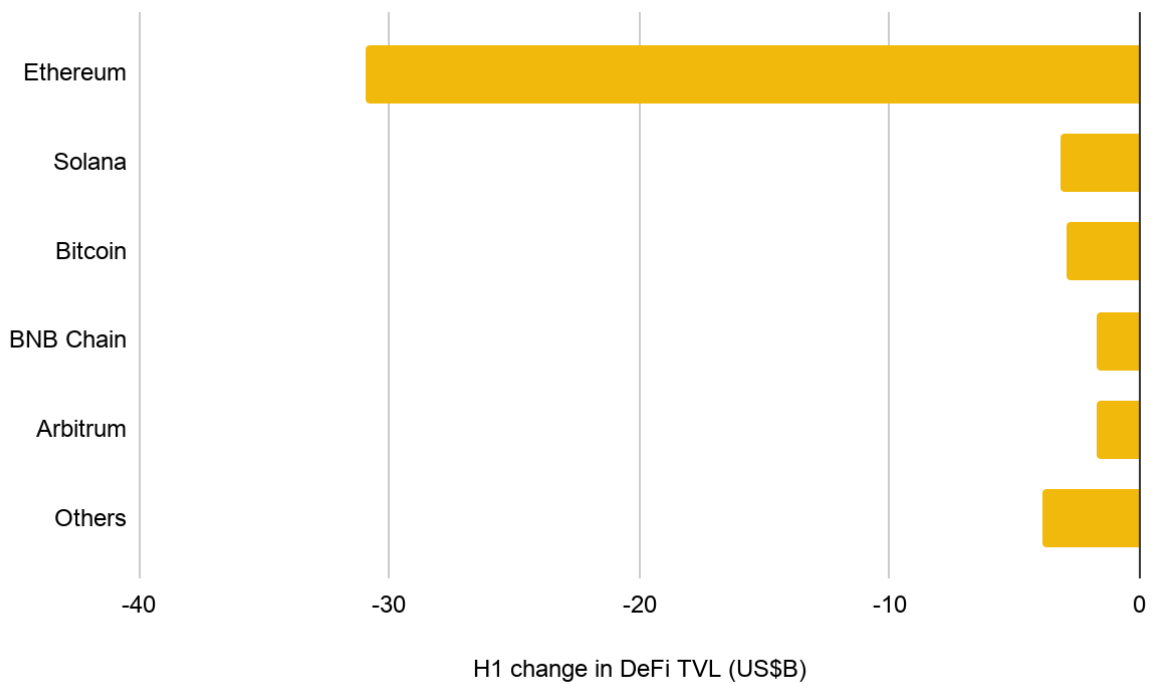


Source: DeFiLlama, CoinMarketCap, Binance Research, as of July 26, 2026

TVL includes the changing dollar value of deposited assets, but the accompanying decline in outstanding credit and revenue shows that H1 was not simply a valuation adjustment. Lower collateral prices reduced borrowing capacity, triggered liquidations and made recursive leverage less attractive, while higher off-chain dollar yields also raised the opportunity cost of leaving stablecoins in low-utilization lending pools. Active DeFi loans declined 38.0% in H1 and app revenue fell 24.9% from Q1 to Q2 as the same reduction in risk appetite reached lending, trading and liquidity provision.

Ethereum alone accounted for US\$30.9B, or 70%, of the US\$44.3B decline in chain-level DeFi TVL; including other major networks, the share rose to nearly 90%. The concentration shows the decline occurred where capital was largely being held, and without any material rotation within DeFi itself. Smaller chains did not absorb enough capital to offset the decline, while stablecoin liquidity that remained on-chain had alternatives in tokenized cash, basis products and protocol-native savings products that do not create the same borrowing or trading multiplier. A recovery in token prices would lift TVL immediately, but a more durable DeFi recovery would require active loans, utilization and application fee generation to rise alongside it.

Figure 41: Ethereum accounted for 70% of the H1 decline in DeFi TVL

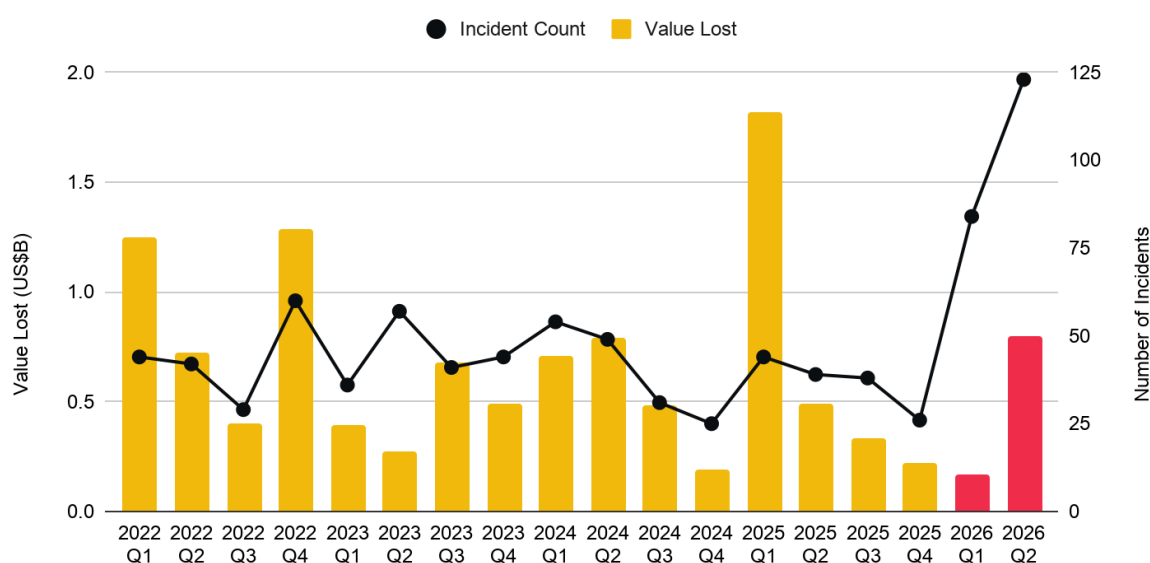


Source: DeFiLlama, Binance Research, as of June 30, 2026

5.2 Rising Security Risk Premium

Hack frequency rose sharply across crypto's wider operating stack, while losses remained concentrated in a small number of high-severity events. TRM Labs recorded 207 crypto hacks in H1 2026, the highest number in any six-month period and more than double the 83 incidents recorded in H1 2025. Total losses reached US\$972M, below the US\$2.3B recorded in H1 2025, although the prior-year figure was heavily distorted by the US\$1.5B Bybit breach.

Figure 42: On-chain incident frequency accelerated while infrastructure failures drove H1 losses



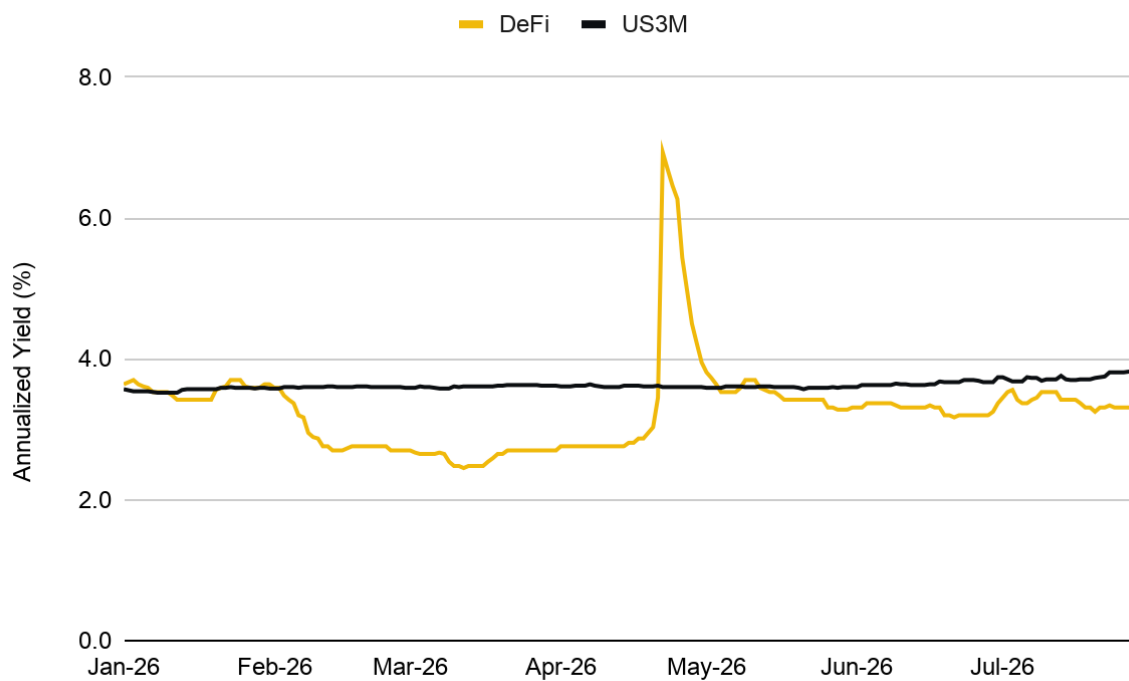
Source: DeFiLlama, Binance Research, as of June 30, 2026

The Drift Protocol and KelpDAO exploits accounted for US\$577M, or 59.4% of H1 losses. Smart-contract exploits drove frequency, accounting for 125 of 207 incidents, while infrastructure and operational compromises represented only about 15% of incidents but approximately 76% of value stolen. Code-level exploits therefore drove incident volumes, while failures involving credentials, signing infrastructure and operational controls determined economic severity.

This divergence shows that **contract-level security captures only part of the risk** borne by DeFi users. It also raises the question of whether lending yields adequately compensate depositors for risks across the wider operating stack. Lending rates primarily reflect utilization and borrower demand; they do not explicitly price smart-contract, oracle, governance, infrastructure and operational risk.

Based on the market-size-weighted measure used here, median H1 base yields for major stablecoins across the largest EVM lending markets were 3.24%, compared with 3.60% for the three-month U.S. Treasury bill. A brief spike in late April temporarily lifted DeFi yields, but the premium quickly disappeared. On base yield alone, **DeFi lenders therefore accepted additional protocol and operational risk** at a 36 bp discount to cash, rather than receiving a positive risk premium.

Figure 43: DeFi yield offered no consistent premium to cash

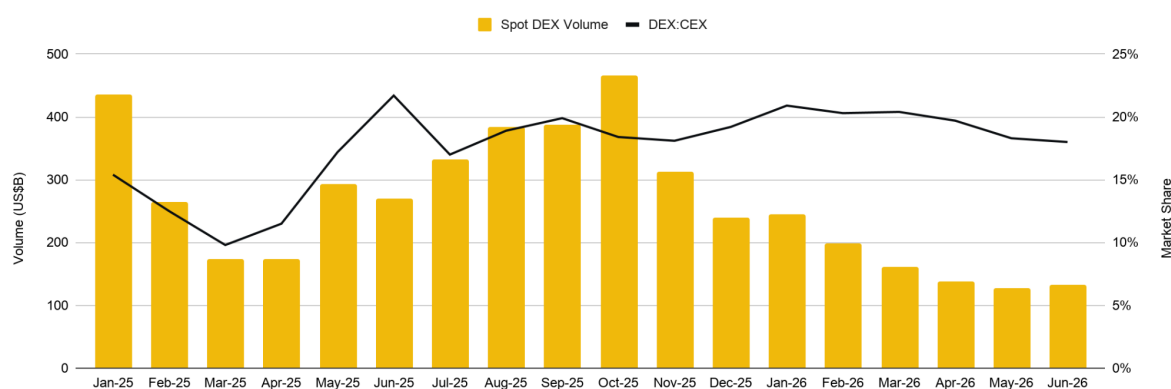


Source: DeFiLlama, Binance Research, as of July 29, 2026

5.3 Trading Moves On-Chain

Spot DEXs retained much of their structural market-share gain despite a sharp decline in speculative turnover. **Spot DEX volume fell 34.0% in Q2 to US\$398.7B**. DEX share declined from 20.9% in January to 18.0% in June, but remained above the 15.4% recorded in January 2025.

Figure 44: Spot DEX:CEX ratio remained stable this year, even as monthly volumes declined



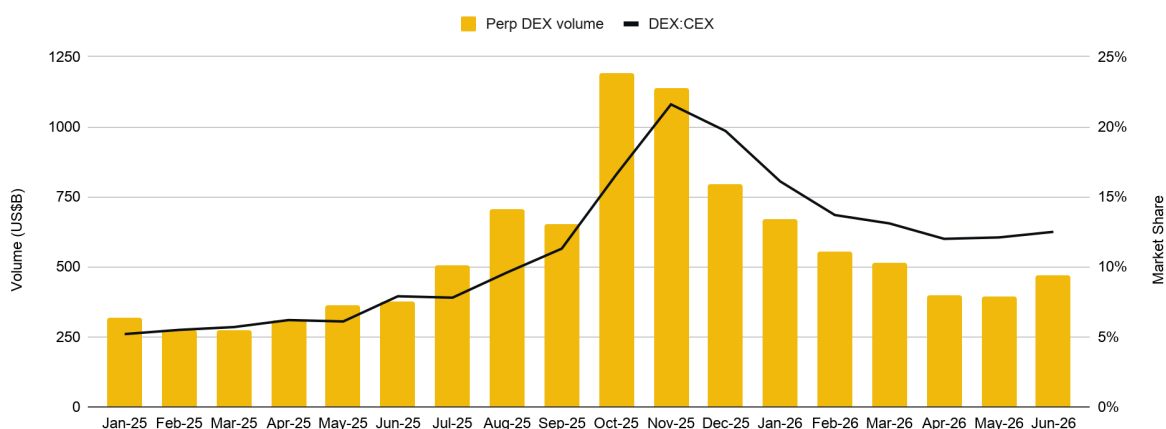
Source: The Block, Binance Research, as of June 30, 2026

The decline was concentrated in memecoin and other high-turnover speculative activity, while **tokenized asset swaps were one of the only spot categories to grow**. Spot DEX share nevertheless remained structurally higher during this period, owing to the improvements of the on-chain trading product base. In particular, execution quality has materially improved: aggregators and solvers increasingly route orders across pools, lower-cost chains reduced the penalty for smaller transactions, and wallets or broker interfaces can provide access without exposing the underlying settlement path. These collectively broaden distribution, while also making the on-chain liquidity layer more interchangeable.

A user-facing interface can now retain the customer relationship and determine the route, while liquidity providers compete on price and depth across several pools. Protocols that rely on a standalone front end therefore face greater pressure on fees, whereas differentiated liquidity, proprietary order flow and consistently better execution can preserve pricing power.

On the other end, perp DEX adoption remained stronger in open interest than in gross turnover. **H1 volume fell 27.4% from Q1 to Q2**. The DEX share of futures volume remained well above early-2025 levels, although it eased from the January 2026 high as risk appetite weakened.

Figure 45: On-chain derivatives retained double-digit futures market share



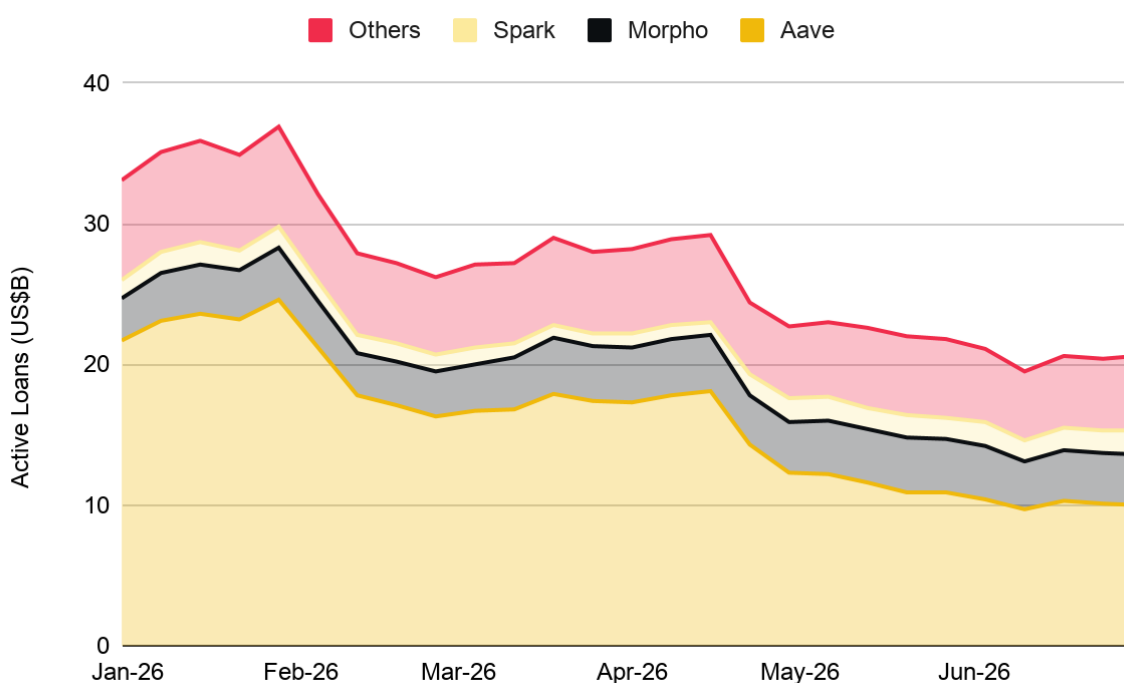
Source: The Block, Binance Research, as of June 30, 2026

Competition also broadened in the space as product expansion moved beyond crypto pairs into commodities, equities and pre-IPO exposures. **This extended the use case of DEXs from crypto leverage to always-on market creation.**

5.4 Credit Deleveraged and Reallocated

On-chain money markets saw split growth in H1, where credit deleveraged alongside notable product integration wins. In particular, credit contracted at the market level while a larger share of capital moved toward isolated markets and delegated allocation. **Active loans fell from US\$33.2B to US\$20.6B in this period.**

Figure 46: DeFi credit contracted but reallocated toward isolated, curated and institution-facing markets



Source: DeFiLlama, Binance Research, as of June 30, 2026

The contraction was heavily concentrated in the largest on-chain money market as users diversified where their capital was being put to work. Aave loans fell 54.2% in H1, from US\$21.8B to US\$10.0B, whereas Spark rose 21.4% to US\$1.7B and Morpho rose 13.2% to US\$3.6B. This dynamic represents a shifting in market structure. Modular markets let risk parameters, front ends and distribution sit above shared infrastructure. Exchange-embedded loans and borrowing against staked assets extend that model to users who may never visit a DeFi app directly.

Vaults emerged as one of the emerging growth areas. Risk-curator TVL increased from US\$5.46B to US\$7.43B in H1, a 36.1% gain, even as active loans declined 38.0%. The top three curators managed 75.5% of category TVL at the end of June.

Figure 47: Vault growth continued even as end-borrower demand contracted



Source: DeFiLlama, Binance Research, as of June 30, 2026

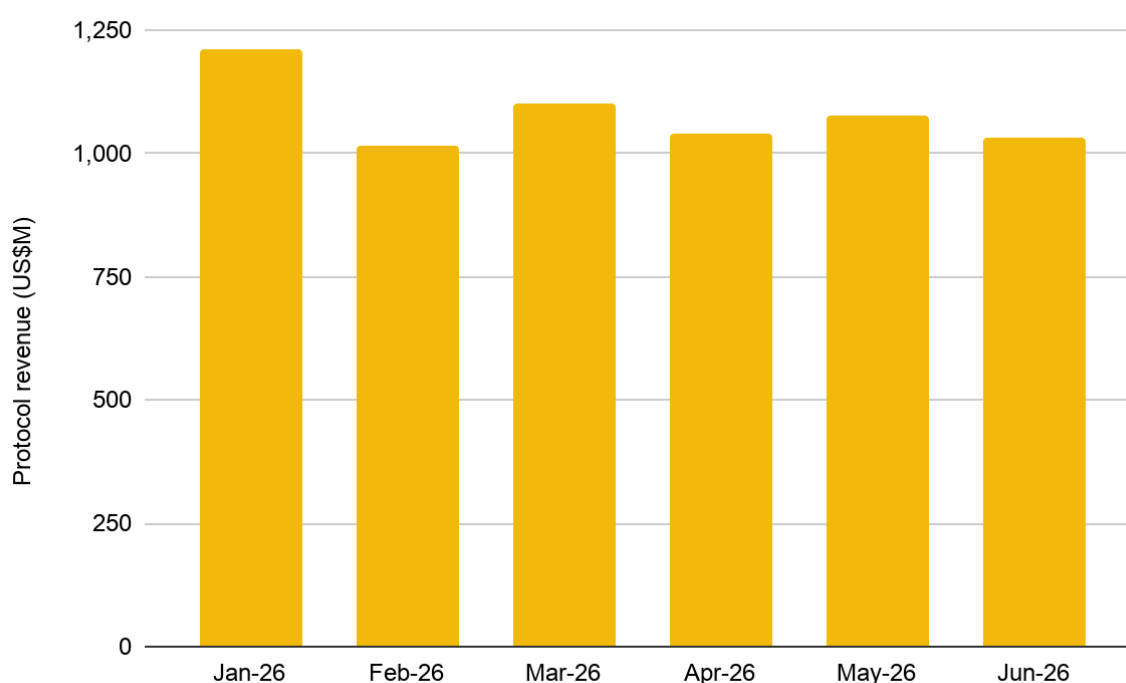
The divergence between falling active loans and rising curator TVL shows that **capital is moving toward delegated risk management** even as end-borrower demand weakened. Vault TVL can rise while utilization and depositor yields fall if new deposits outpace borrowing demand. Going forward, vault growth remains economically meaningful when it is also accompanied by higher utilization, diversified borrower demand and returns that remain competitive after curator fees and loss protection.

5.5 Cash Flow Becomes the Test for Tokens

Protocol revenue totalled US\$6.5B in H1, of which stablecoin issuers generated US\$4.2B, or 64.4%. If we exclude areas like stablecoins, chains, RWAs and Prediction Markets, this leaves US\$2.0B for core DeFi and other on-chain apps. App revenue fell 24.9% from ~US\$1.2B in Q1 to ~US\$0.9B in Q2 as weaker trading and borrowing reduced the largest monetizable activity pools.

Trading remained the largest source of retained revenue, as users continued to pay for two functions: execution and leverage. DEXs and derivatives generated ~US\$1.1B, or 52.4%, of the H1 total. The strongest on-chain businesses remained those that **control (and monetize) order flow, collateral and end-user relationships**. Products that mainly held assets or passed economics to depositors generated less retained revenue despite substantial TVL.

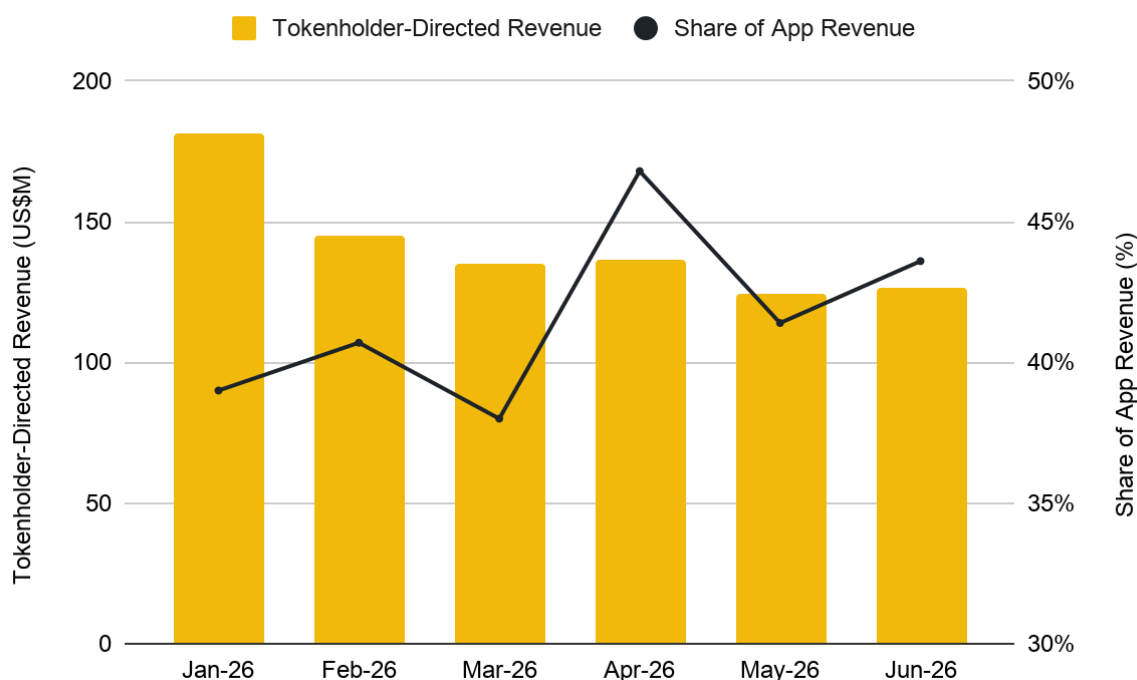
Figure 48: Monthly protocol revenue fell 14.7% in H1



Source: DeFiLlama, Binance Research, as of June 30, 2026

Buybacks, burns and direct distributions became the clearest attempt to convert protocol revenue into token demand. Across tracked protocols, tokenholder-directed revenue totalled over US\$840M in H1 and represented 41.2% of matched protocol revenue. Once again, DEXs and derivatives led most of this, generating 80.4% of the H1 total.

Figure 49: Almost half of DeFi App revenue was directed to tokenholders



Source: DeFiLlama, Binance Research, as of June 30, 2026

While the market is beginning to **differentiate protocols with visible fees and token-value mechanisms** from sectors that remained more dependent on future adoption, it was unable to offset the broader market downturn. This is because native DeFi tokens remain highly sensitive to the same liquidity conditions affecting broader crypto markets. The **DeFi Composite was down 28.0% YTD through July 29**, underperforming BTC but outperforming ETH and broader smart contract platforms.

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07 / New Binance Research Reports

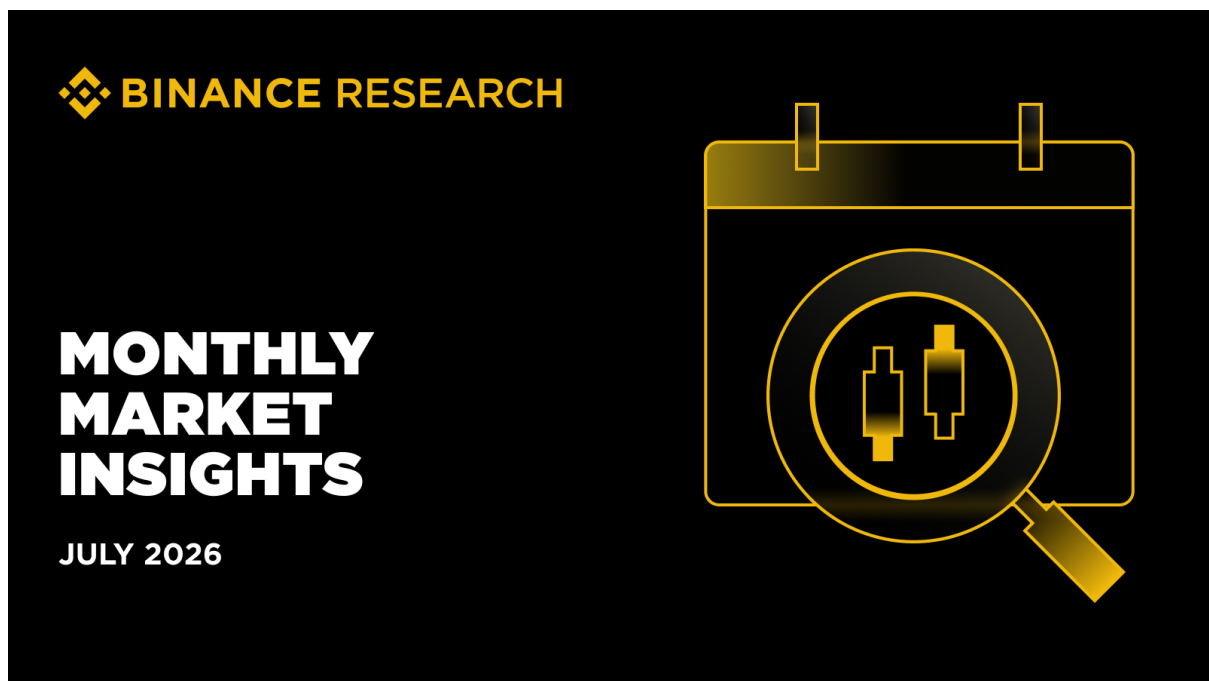
Half-Year 2026: Macro & Bitcoin [Link](#)

A crypto-centric review of the first-half of 2026, with a focus on Macro & Bitcoin



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A summary of the most important market developments, interesting charts and upcoming events



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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.



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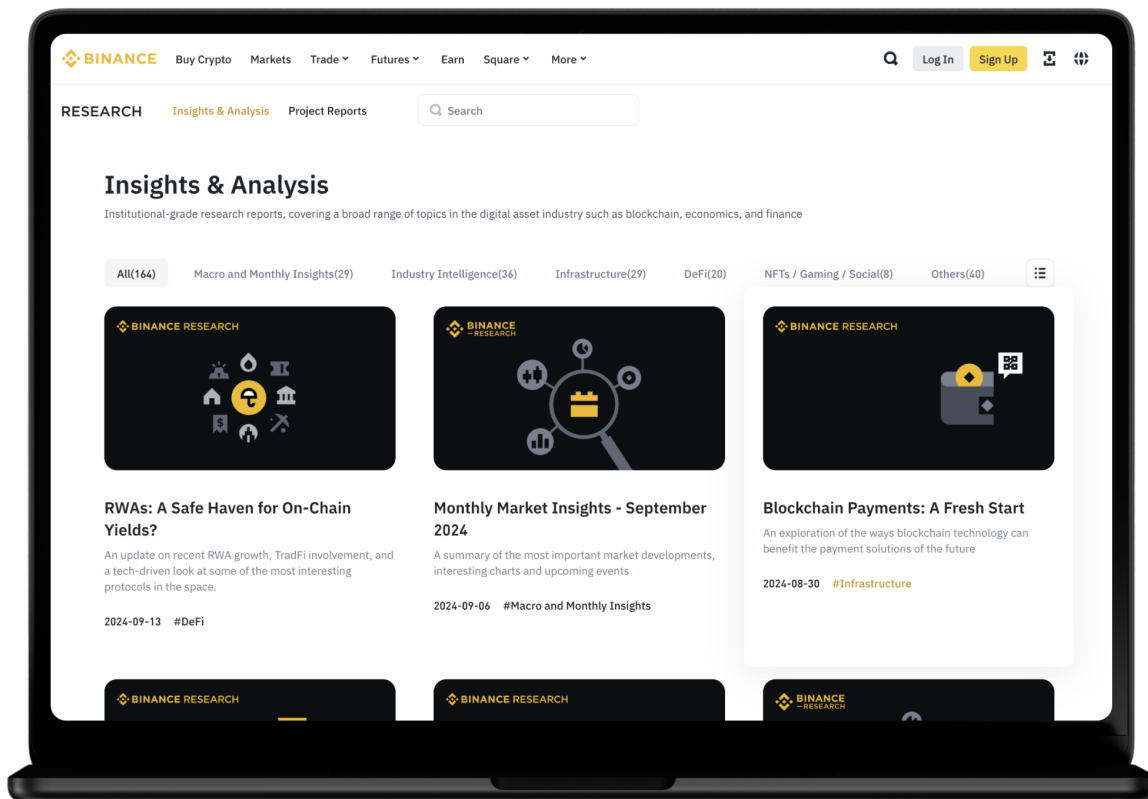
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