

Asmolova Maria Sergeevna, first-year master's student,
Financial University under the Government of the Russian Federation

DIRECTIONS AND PROSPECTS FOR THE DEVELOPMENT OF THE WORLD STOCK MARKET

Abstract. This article analyses the directions and prospects for the development of the world stock market along three theses. First, the world stock market has become structurally more concentrated, both geographically and at the issuer level. Second, the public-equity universe has been shrinking relative to private capital. Third, the digitalization of equity investing, the exponential growth of ETFs, the post-COVID surge in retail participation and the early-stage tokenization of real-world assets, is the principal driver of further growth of the world stock market over the next 5-10 years.

Keywords: World stock market, tokenization, IPO, digitalization, ETF, real-world financial assets.

The world stock market is dominated by a small number of exchanges. At the end of 2024, the New York Stock Exchange and Nasdaq together accounted for roughly USD 61 trillion of domestic market capitalization, close to half of the global aggregate, followed at substantial distance by the Shanghai, Euronext, Japan Exchange Group, Shenzhen and Hong Kong exchanges. By contrast, MOEX in Russia accounted for approximately USD 0.5 trillion. Within this aggregate, three structural patterns merit attention. First, geographic concentration in the United States has reached historically high levels: US equities represent close to 60-65% of global free-float market capitalisation, against approximately 35-40% in the late 1990s. Second, sectoral concentration in technology has accelerated since 2020: information-technology and communication-services companies together account for roughly one-third of the S&P 500 capitalisation. Third, issuer concentration has reached an unprecedented intensity: the seven largest US technology companies, commonly referred to as the Magnificent Seven (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta and Tesla), represented around 30-35% of S&P 500 market capitalisation by the end of 2024, the highest single-cohort share since the early 1970s.

Drivers of this concentration are partly cyclical and partly structural. Cyclically, the post-pandemic AI investment cycle, which began in late 2022 and accelerated through 2024, has disproportionately benefited US technology companies positioned at the centre of the AI value chain (chip designers, hyperscale cloud platforms and AI-software incumbents). Structurally, three forces are at work: the scale economics of digital platforms favour the largest incumbents; passive investing through capitalisation-weighted ETFs mechanically reinforces the position of the largest constituents, and the persistent dollar funding advantage and depth of US capital markets attract foreign-issuer listings (in 2024 more than 40% of IPO proceeds on US exchanges came from non-US issuers).

The implications are twofold. On the one hand, concentration has historically been associated with elevated index-level valuation multiples and, in extreme episodes, with regime shifts (the dot-com episode of 2000-2002 being the canonical example). On the other hand, the underlying earnings concentration of the Magnificent Seven is materially higher than that of the dot-com leaders, which moderates valuation concerns. For non-US markets, the dominant policy question is how to rebuild domestic equity issuance and retain liquidity in the face of cross-listing arbitrage and capital outflows toward US-listed indices. Despite the headline growth of global equity capitalisation, the public-equity universe has been quietly shrinking in developed markets. The number of US-listed operating companies has fallen from approximately 7,500 in the mid-1990s to fewer than 4,400 today; the number of UK-listed firms on the Main Market of the London Stock Exchange has declined by



roughly 40% over the same period. The trend reflects both delistings (driven by M&A and take-private transactions) and a structurally lower IPO flow.

The global IPO market illustrates the cyclical pattern overlaid on this structural decline. After the post-COVID peak of 2021, when 2,682 issuers raised USD 459 billion globally, IPO activity collapsed by approximately 70% in proceeds terms by 2024. The 2024 trough recorded only 1,215 IPOs raising USD 121 billion. A partial recovery is visible in 2025: EY records 1,293 IPOs raising USD 171 billion, a 39% increase in proceeds, with AI-related issuers and industrial names leading the cohort.

In parallel, private capital has expanded materially. McKinsey estimates global private-markets assets under management at approximately USD 14-15 trillion as of 2025 (private equity, private credit, infrastructure, real estate and venture combined), against under USD 4 trillion a decade earlier.

The shift has two macroeconomic consequences. First, an increasing share of corporate value creation occurs outside the public market, which reduces the diversification opportunities available to retail and pension investors and concentrates returns among institutional limited partners. Second, the public-private boundary becomes a regulatory frontier: regulators (the SEC, ESMA, FCA) have responded with proposals on private-fund disclosure, secondary-market liquidity (for example continuation funds and GP-led secondaries), and democratisation of access via tokenisation and feeder vehicles.

The exchange-traded fund (ETF) is the single most transformative product innovation in the world stock market of the past two decades. Global ETF assets under management grew from approximately USD 1.3 trillion in 2010 to USD 18.8 trillion by the end of September 2025, the highest level on record. Net inflows reached a record USD 1.9 trillion in 2024 alone, and every major regional ETF market grew by 20–30%.

Three structural forces are accelerating ETF adoption. First, low expense ratios (broadly 5-20 bps for core equity ETFs against 50-100 bps for active mutual funds) compound into materially higher long-horizon returns. Second, intra-day liquidity, transparency and tax efficiency in the US market make ETFs the preferred vehicle for both retail and institutional investors. Third, the proliferation of thematic, active and fixed-income ETFs has expanded the universe well beyond traditional broad-market index trackers; active ETFs alone are projected by State Street to exceed USD 150 billion in incremental new assets in 2025.

A parallel digitalisation trend is the post-COVID expansion of retail participation. The combination of zero-commission trading, mobile brokerage applications, fractional share ownership and tax-advantaged accounts has structurally raised the share of household assets allocated to listed equities. The phenomenon is global, from Robinhood in the United States and Trade Republic in Europe to T+1 settlement in India and the mass-retail platforms operated by MOEX brokers in Russia.

A third, longer-horizon trend is the tokenisation of real-world financial assets on distributed-ledger infrastructure. In the first half of 2025 the on-chain real-world-asset market grew from approximately USD 8.6 billion to over USD 23 billion, a 260% expansion driven primarily by tokenised private credit, tokenised US Treasuries and tokenised money-market funds. BCG and Ripple estimate that the total tokenised-asset market could reach USD 16-19 trillion by 2030-2033 in a baseline scenario, with tokenised funds reaching at least USD 600 billion in AUM by 2030. While these projections carry meaningful execution risk, the direction of travel is clear: tokenisation is poised to do for the next decade of asset management what ETFs did for the past two decades, by lowering the cost of issuance, settlement and distribution. Listed exchanges are responding: the Singapore Exchange, the Swiss SIX Digital Exchange and Nasdaq have all launched or piloted regulated tokenisation venues; the London Stock Exchange Group announced in 2024 a plan to develop a tokenised-asset trading platform on blockchain rails.

Taken together, these three forces, ETF growth, retail democratisation and tokenization, imply that the next phase of world stock-market expansion will be driven less by new corporate issuance



and more by the lowering of access costs for investors and by the migration of new asset classes onto exchange-traded infrastructure. The exchange operators best positioned for this transition are those that combine deep equity-listing franchises with credible tokenisation strategies and broad ETF ecosystems.

Conclusion. The world stock market enters the second half of the 2020s with a paradoxical profile. In aggregate terms it is larger than at any point in history, close to USD 124 trillion of listed equity, deeper than world GDP and supported by an institutional and technological infrastructure of unprecedented sophistication. At the same time, it is structurally more concentrated: a small number of US technology mega-caps account for an outsized share of capitalisation and returns, the public-equity universe in developed markets is shrinking relative to private capital, and the post-2022 geopolitical fragmentation has segmented several major regional markets, including Russia, from the global benchmarks.

Three forward-looking directions emerge from the analysis. First, concentration is unlikely to reverse in the near term: scale economics in digital platforms, the mechanical reinforcement of passive capitalisation-weighted investing and the post-2022 AI investment cycle all point to a continued dominance of the largest US technology issuers, with diversification effectively delivered at the index level rather than at the individual-stock level. Second, the substitution between public and private equity will continue, but with a partial counter-trend: the regulatory and product agenda of the next 5-10 years (ETF wrappers for private credit, evergreen interval funds, tokenised feeder vehicles) will progressively narrow the access gap between public and private markets, gradually re-democratising private-asset exposure.

Third, the digitalisation of the world stock market is, prospectively, the most important growth lever. ETFs are likely to cross USD 25-30 trillion in AUM by 2030 under reasonable extrapolation of current inflow rates; retail participation will continue to rise across emerging markets as mobile-first brokerage penetrates new geographies; and tokenisation of real-world assets, although carrying meaningful execution and regulatory risk, is positioned to migrate progressively larger asset classes onto exchange-traded blockchain rails, with BCG-cited baseline projections of USD 16 trillion by 2030. Exchanges and post-trade infrastructure providers that combine deep equity-listing franchises with credible tokenisation strategies will be the principal beneficiaries.

References:

1. SIFMA. Capital Markets Fact Book. 2025
2. World Federation of Exchanges - Market statistics monthly bulletin. WFE. 2025
3. Capital Group - Fresh breadth? Market concentration in 3 charts. Capital Group. 2024
4. Karim Anani. EY - Global IPO Trends Q1 2026 and 2025-2026 outlook // EY. 2026.
5. Consultancy.asia - Global IPO market value dipped to USD 121 billion in 2024 // Consultancy.asia. 2025.
6. Bain & Company - Global Private Equity Report 2026 // Bain & Company. 2026
7. ETFGI - Global ETF assets reach record high of USD 18.81 trillion at end-September 2025 // ETFGI. 2025.

