

4 UK startups that are expanding the reach of crypto

Ever at the forefront of financial services, the UK has become a cryptocurrency hotspot over the past few years. How will UK companies impact the crypto ecosystem? Will the country become the silicon valley for cryptocurrency?

Transferwise, Revolut, Worldremit. The United Kingdom has been at the forefront of fintech for some time now and the same could be happening with crypto. In 2018, UK investors poured more than £200M into cryptocurrency startups.

Despite investor interest many of these companies would go bust, leaving neobanks to dominate the fintech scene. But a number of promising UK crypto startups have managed to weather the storm and come out stronger for it.

DAG Global — The first digital assets merchant in the UK?

Another example of a company looking to offer services to the cryptocurrency community is DAG Global. This company is trying to build the next generation of merchant banks, taking deposits from and loaning money to small and medium businesses with a focus on crypto asset companies.

The British banking sector has traditionally been hostile to cryptocurrency and adverse to serving firms involved in the industry. DAG hopes to provide a solution to this problem but they face a significant regulatory hurdle.

The company will need to apply for the coveted UK banking license. This license allows a bank to provide financial products and services in compliance with the law. These licenses are notoriously difficult to obtain and the ability to get one will be crucial to DAG Global's success.

CoinFirm — Fighting cryptocurrency crime

Cryptocurrency trading is notoriously prone to risk and Ponzi schemes. The comparative lack of regulation means that it is easy for bad actors to flourish. In 2015, risk and compliance officer Pawel Kuskowski founded CoinFirm to fight this problem.

The company leverages cutting edge cryptocurrency analytics to offer anti-money laundering (AML) services and even boasts the ability to track down stolen crypto. CoinFirm recently demonstrated its prowess by tracking down exactly what happened to the very first Ethereum mined all the way back in 2015.

It can use this coin-tracking ability to help users recover lost cryptocurrency. The company essentially uses analytics to follow the complicated journey that stolen cryptocurrencies take, allowing users to track down the final wallet address and potentially even identify the perpetrator.

These unique services will likely become increasingly important as crypto adoption accelerates. One of the big gaps in the crypto world at the moment is an effective deterrent for crime. If you can prove who stole coins from a wallet, this could make certain criminals circumspect, and provide more clarity in the crypto ecosystem.

Revolut — Crypto trading with a catch

Revolut is one of the largest fintech companies in Europe and also famously crypto-friendly. Its users have been able to purchase bitcoin on the service since 2017. And over time this neobank has slowly added more cryptocurrencies to its offerings. In July the company announced that it would be opening up access to a handful of cryptocurrencies to US-based users. Despite this, users are facing some significant limitations.

Revolut recently announced that it would be giving users legal ownership over crypto held on its platform but with caveats. Users will not be able to spend their cryptocurrency outside of Revolut's own network, and will no longer be able to use crypto card payments, one of the easiest ways that Revolut users could spend crypto outside of the app.

They plan to use these changes to the terms and conditions to legally expand their cryptocurrency-based features. This would likely draw-in new users who are interested in trading crypto, rather than buying it for philosophical reasons.

Cashaa — Combining traditional banking and crypto

One of the big barriers to cryptocurrency adoption has been banks. Cashaa was founded in 2016 — designed to help crypto businesses gain access to some form of banking. This proved to be a winning strategy for the company, which capitalized on its success by cutting fees more than 50% in 2019. The move helped increase the company's Indian trading volume by more than \$1 million in under a month.

Despite the company's historical success, it has faced difficulties in recent months. In July of this year, Cashaa was the target of a hack in which 336 BTC was stolen (worth almost £2.5M at that time).

An employee was allowed to use his personal computer to help set up a number of wallets on different exchanges. Investigators believe that his computer was infected with malware, which gave attackers access to the large number of BTC in Cashaa's network.

This attack shook confidence in Cashaa itself, with certain Twitter users accusing the company of an inside job. While it appears that these accusations are without merit, it will likely take Cashaa some time to rebuild lost trust.

The UK could become one of the most significant crypto countries

With the wealth of fintech experience in the country, it's not surprising that there are a number of promising crypto start-ups in the UK. Despite the nation's thriving fintech sector, however, major British banks have proven particularly adverse to working with cryptocurrency companies, largely due to AML and KYC (know your customer) rulings.

This friction point has somewhat ironically created the perfect conditions for a wide range of crypto service start-ups to move in to take up the vacuum left by the British banking giants. If trends continue, it is entirely possible that Britain could position itself at the forefront of the cryptocurrency revolution, just as it has with neobanking.

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