

# Banking on Cryptocurrency

Reports a major crypto player is in talks with large European banks to expand digital asset services indicates a significant shift in “TradFi” attitudes. But is this the moment DeFi has been waiting for?

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## Crypto Regulation is GOOD!

Efforts to deliver reasonable, enforceable cryptocurrency regulation in Europe are encouraging conventional financial firms, or traditional finance (TradFi), to expand decentralised finance (DeFi) services.

Since first launching the *Moni Talks cryptocurrency platform* concept three years ago, I have been public in my support for decent regulation of the crypto space. We ensured we complied with the relevant rules in our home base, the Isle of Man, and committed to seeking regulatory approval in every jurisdiction we planned to operate.

My belief has always been that anyone in the digital asset space had a responsibility to protect consumers and the reputation of the industry. More than that, I believed the lack of regulation was preventing major financial institutions from embracing cryptocurrency, holding back its growth and widespread adoption.

The latest news from Bitstamp seems to suggest I was right.

# Big banks go big for crypto

*During an interview with CoinDesk*, a senior executive from the longest-established crypto exchange, Bitstamp, revealed the business is in talks with three large European banks regarding the introduction of cryptocurrency services in early 2024.

Commentators have suggested the new shows that MiCA, the European Union's cryptocurrency regulation effort, is making it easier for traditional financial institutions to get involved in digital assets.

It shows that regulation designed to protect without putting a stranglehold on the industry, drawn up through genuine consultation and actual listening, can produce results.

Contrast the situation in Europe, where new regulation is giving big banks the confidence to explore offering more digital asset services to what's happening in the US. On the other side of the Atlantic, regulators, led by the *US Securities and Exchange Commission*, are cracking down on cryptos. Why would any reputable business ally itself with an industry under attack from the SEC?

## Stamp of approval

As MiCA begins to give banks and other financial institutions the confidence to explore offering new digital asset services, Bitstamp has managed to establish itself as a 'go-to' service provider.

This is thanks to the innovative white label offering which banks and FinTech firms can license to deliver their own cryptocurrency trading products.

Robert Zagotta, global chief commercial officer of the Luxembourg-based company, said: "In the last six to nine months, we've had quite an increase in inbound inquiries about this offering from large European banks.

"We are in advanced conversations with three such banks, household name banks in Europe. I think first quarter-ish we will be able to announce."

While Zagotta didn't name the banks, this is clear good news for Bitstamp, as well as the crypto industry. It is in Europe, at least.

Unfortunately, in the US (Zagotta is CEO of Bitstamp's US division as well), we're seeing quite the reverse.

Constant cases being brought by the SEC, and others, against crypto players, is scaring off traditional institutions, as well as forcing major digital asset names

to consider moving elsewhere. More welcoming jurisdictions, like Singapore, are proving popular.

Moving is not about escaping regulation, but finding a regulatory landscape which allows crypto to function and develop while looking after the welfare of consumers. Which is what the EU is trying to achieve through MiCA.

Against the backdrop of the European rule making, the likes of HSBC and Deutsche Bank have made headlines by announcing strategic partnerships with digital asset firms.

Zagotta confirmed that Bitstamp has experienced demand for a fully regulated swap product in Europe, and is working on developing a solution.

## Something good from FTX

The controversial collapse of FTX, and subsequent trial of founder Sam Bankman-Fried and others, plus the regulatory issues Binance has faced in various jurisdictions damaged the reputation (and therefore adoption) of crypto.

However, business with a positive attitude towards well-written, reasonable rules, like Bitstamp, are now seeing the *benefits from FTX's fall*.

During the first six months of this year, Bitstamp, with its “buttoned up” approach to regulation onboarded around one third more corporations than it did in the second half of 2022, when the FTX meltdown happened. Zagotta puts this down to FTX’s market share being redistributed and many looking for the safety of a regulated provider.

Like me, Zagotta believes the industry cannot allow another catastrophic event like FTX, especially if it were to involve another name known widely outside the inner crypto circle, like Binance.

## No brainer for banks

With around 38 million people in Europe holding or trading crypto – of which 58% are under 34, 36% earn more than \$100k a year, and 82% have a bachelor’s degree or higher, big banks embracing digital assets is a no brainer.

*MiCA regulations* create an opportunity for collaboration between established, traditional finance business and cryptocurrency service providers, just as we have seen Bitstamp discuss.

This is good news for mass adoption, or least European adoption, driving the industry forwards. In time, other regions will follow suit, for sure. This is a massive shift since last May, when the European Central Bank stated that crypto links with banks would pose a threat to financial stability.

The incoming regulations point to increasing market maturity and create a higher bar for compliance, levelling the playing field and ensuring that any gaps in oversight that led to breaches in the past don't happen again. This will help us avoid history repeating itself.

This is good news and shows how the industry can move forward. However, it will not solve resistance to involvement in crypto from TradFi overnight – the road to widespread adoption is a long one.

Brendan Beeken is an entrepreneur, commercial strategist, investor, philanthropist, and the Founder and Chairman of cryptocurrency community *Moni Talks*.

Brendan's success has been many years of hard work in the making, but it was after life-threatening heart failure that he crystallised his experiences, good and bad, into a culture, ethos, vision, and set of values. It was a catalyst to understand what he does and exactly why he does it now.

His professional life is built on four pillars: Trust, Curiosity, Spirit, and Heart. This simple approach allows Brendan to identify what matters in how you behave, and what you hope to see in others. A focus on ethics and clear goals has allowed Brendan to achieve success in multiple industries and sectors, establishing himself as a respected, trusted, and leading voice in the business community.

In 2023, Brendan was named among the Top 32 Business Influencers by respected publication Business Leader, recognising his expertise and status as a thought-leader.