



DIGITAL ASSETS & BANKS

An overview of recent trends and aspects to consider when implementing.

June 23, 2021

Today's speakers



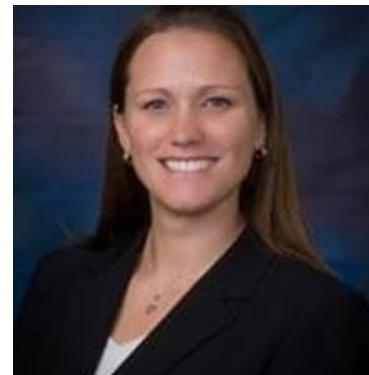
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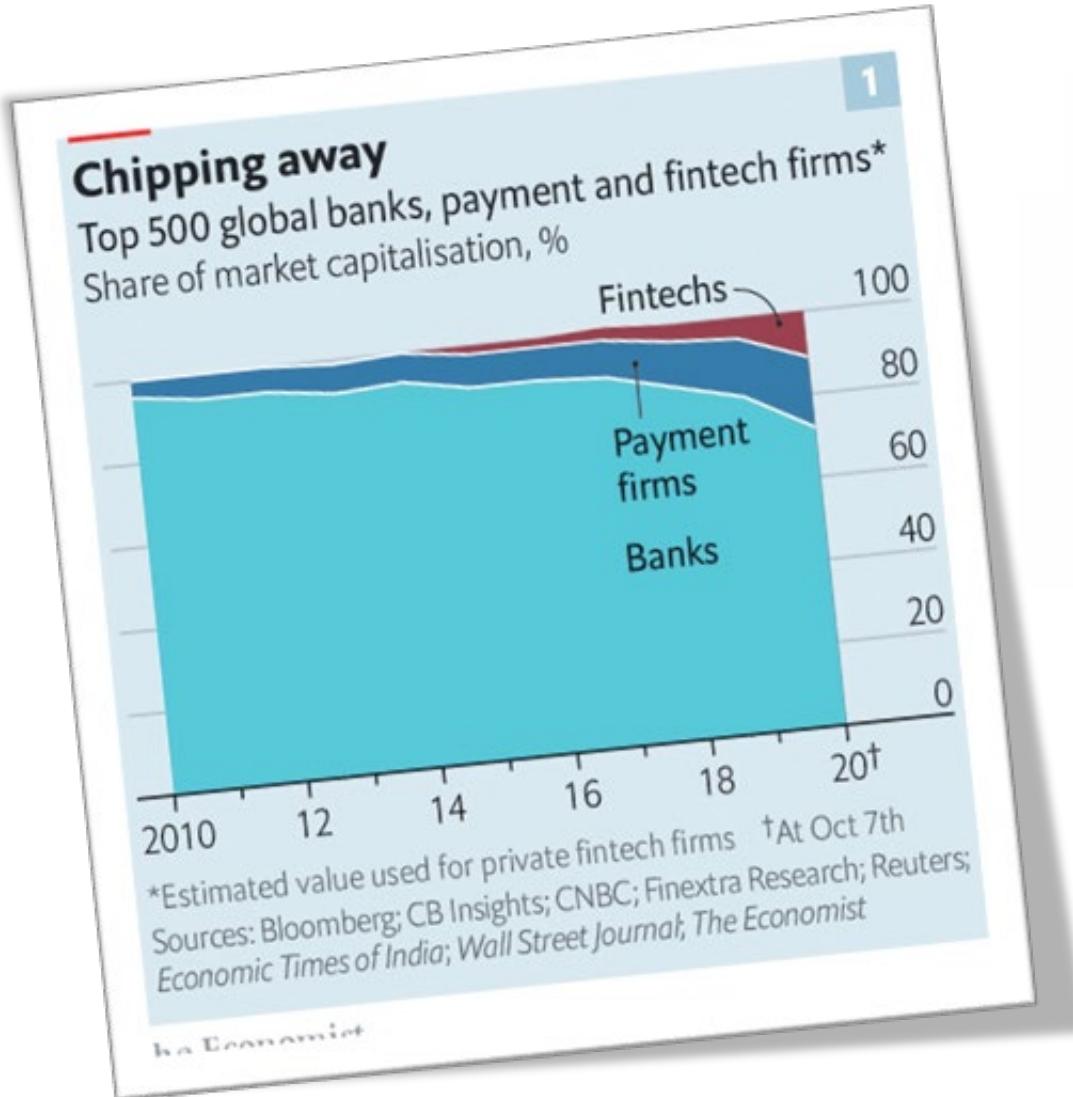


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DEVELOPMENTS FUELING THE CONVERGENCE OF DIGITAL ASSETS AND BANKS

Digital banking is here and it is growing fast



In the middle of the digital rush, payment processors, neo-banks, and commerce platform are becoming marketplaces where users can buy a wide range of financial products made in-house or by third parties.

Established brands are leading the way

2020 HAS BEEN A BANNER YEAR FOR FINANCIAL SERVICE DEVELOPMENT IN CRYPTO AND DIGITAL ASSETS

FEB		MAY		JUL		AUG		SEP		OCT		DEC	
Cash App Cash app "bitcoin active" users generated more than 2-3x Cash App \$30 annualized revenue per user in Dec	Revolut Revolut teams up with Paxos to launch crypto purchase service in the U.S.	Cash App Cash app generated \$875 million of bitcoin revenue and \$17 million of bitcoin gross profit during the second quarter of 2020, up 600% and 711% Y/Y, respectively	Kraken Crypto exchange, Kraken, launches a crypto bank in Wyoming as a Special Purpose Depository Institution (SPDI).	FIGURE Figure announced that it had applied for a national bank charter from the OCC	Fidelity <small>DIGITAL ASSETS</small> Fidelity's bitcoin custody business has been 'incredibly successful,' says CEO								
VISA Visa CEO Alfred Kelly said he views digital currency backed by fiat as an emerging payment technology	U.S. OCC U.S. OCC says national banks can custody crypto	Goldman Sachs Goldman Sachs appoints a new global head of digital assets, exec reveals interest in token tied to fiat	venmo PayPal adds buy/sell capabilities in app and onsite, powered by Paxos. Venmo integration and merchant payment acceptance targeted for 1H21.	BBVA Spanish banking giant BBVA is said to be launching crypto trading and custody services	Cboe Cboe's data deal lays the foundation for a wide range of new crypto market products and potential for new indices								
VISA Visa seeks patent for 'digital fiat currency' and the filing points to a CBDC use case	Ant Group Chinese fintech giant Ant Group launches new blockchain brand 'AntChain'	OCC OCC confirms banks can hold reserve deposits behind stablecoins	CIRCLE Visa partners with Circle to let card issuers integrate USDC payment capability	USD Coin <small>tether</small> Outstanding stablecoin supply crosses \$26B (+340% Y/Y) and annual transaction volume crosses \$1 trillion (+300 Y/Y).									
PNC <small>usbank</small> PNC and US Bank responds to OCC letter, want further clarity on crypto custody and servicing	Square Square forms a consortium to widen access to crypto technology by creating an open-source patent library	DBS Singapore's largest bank, DBS, announces it is launching a crypto exchange. The bank is also deploying an institutional custody solution	Citi Citi is working with 'some governments' to create digital currencies, says CEO										
PayPal PayPal reveals that it is developing crypto buy/sell capabilities through Paxos	Mastercard Mastercard launches customizable CBDC testing platform	JPMORGAN CHASE & CO. JP Morgan rebrands IIN network and moves to commercialize JPM Coin; The bank is also engaging w/ digital asset firms on crypto custody	Standard Chartered Standard Chartered teams up with Northern Trust to launch crypto custody business 'Zodia'	SIX SWISS EXCHANGE Swiss Stock Exchange is launching an 'Institutional Digital Asset Gateway' next year to get banks into crypto									

COVID-19 is accelerating digital banking

Banks accelerate new branch strategies in increasingly digital post-COVID world

Source: S&P Global Market Intelligence 7/15/20

M&T BANK

Digital banking enrollment up 40% from 60 days prior to pandemic.

F.N.B. CORP.

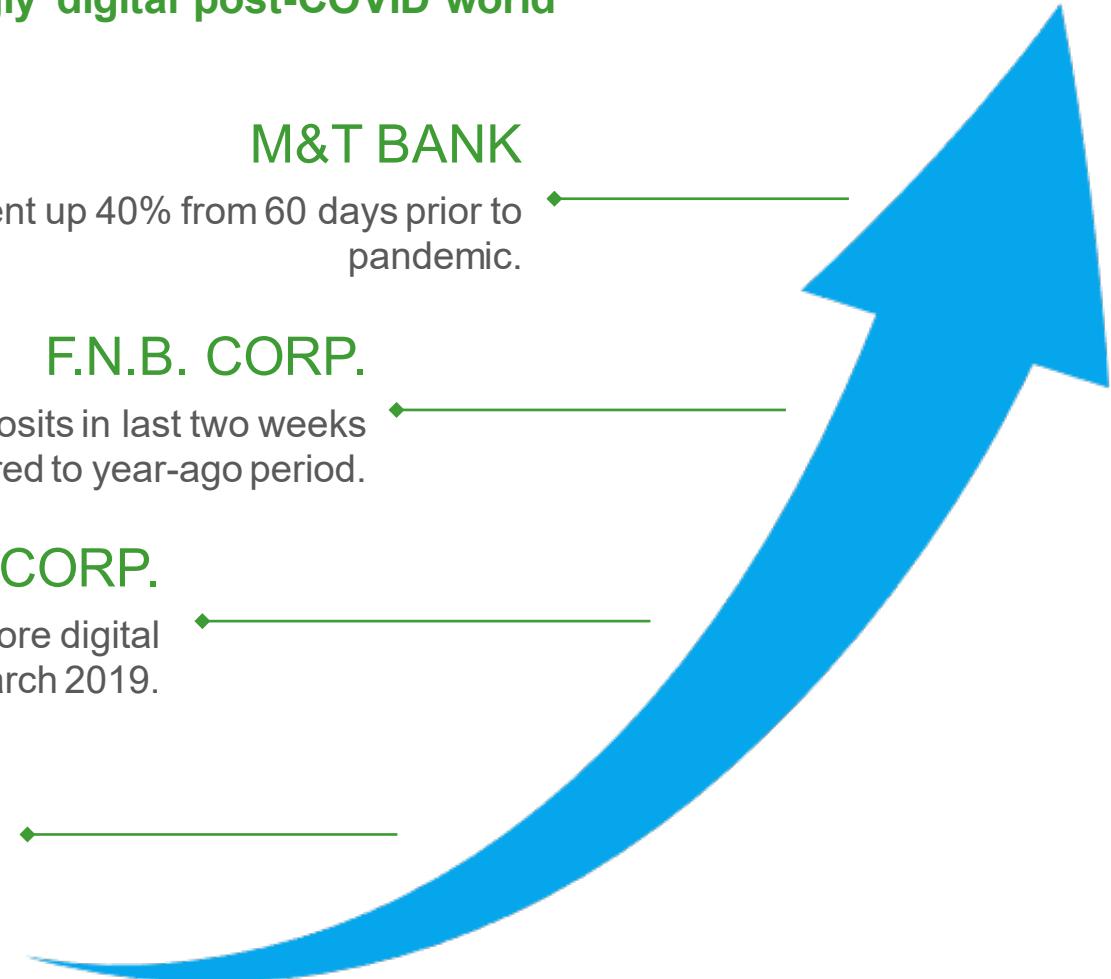
40% increase in mobile deposits in last two weeks of March compared to year-ago period.

SOUTH STATE CORP.

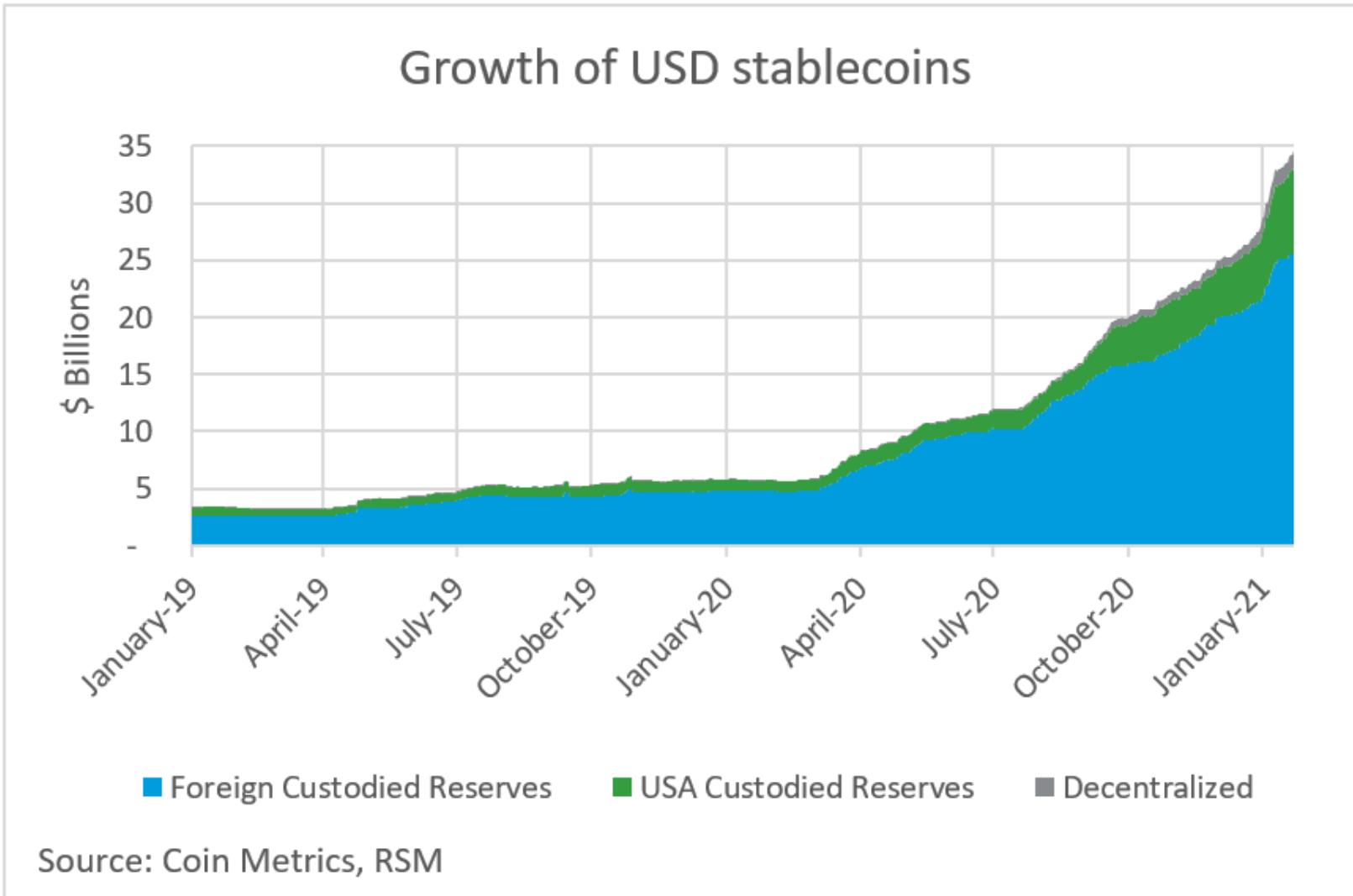
65% increase in mobile deposits, 90% more digital deposits during March 2020 than March 2019.

CITIZENS FINANCIAL GROUP INC.

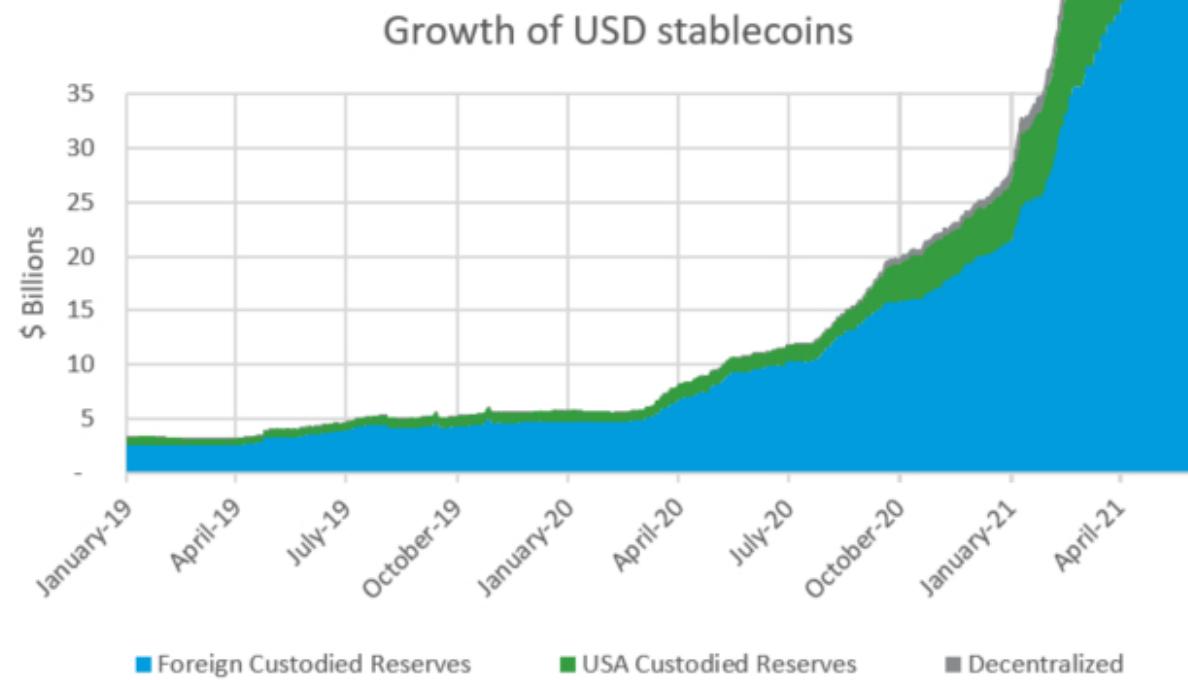
Logins to digital and mobile platforms since mid-March up 25% compared to last year, while branch transactions are down 20% for the same period.



A look at stablecoins



A look at stablecoins (cont.)



The OCC empowers U.S. financial institutions



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RISK & COMPLIANCE JOURNAL
This Regulator Wants to Help Banks Embrace Cryptocurrency
The Office of the Comptroller of the Currency hopes more guidance from the regulator would help ease banks' embrace of financial technology

Forbes
EDITOR'S PICK | 5,635 views | Oct 26, 2020, 03:54pm EDT
Silvergate Takes \$586 Million In Cryptocurrency Deposits



9,762 views | Jul 27, 2020, 11:17am EDT
The OCC's Notice On Crypto Is A Really Big Deal

On July 22, 2020, the OCC published an interpretive letter **authorizing national banks** and federal savings associations regulated by the agency to **custody digital assets**.

On January 4, 2021 the OCC published another interpretive letter **authorizing national banks** and federal savings associations regulated by the agency to **use public blockchains and dollar-backed stablecoin as settlement infrastructure**.

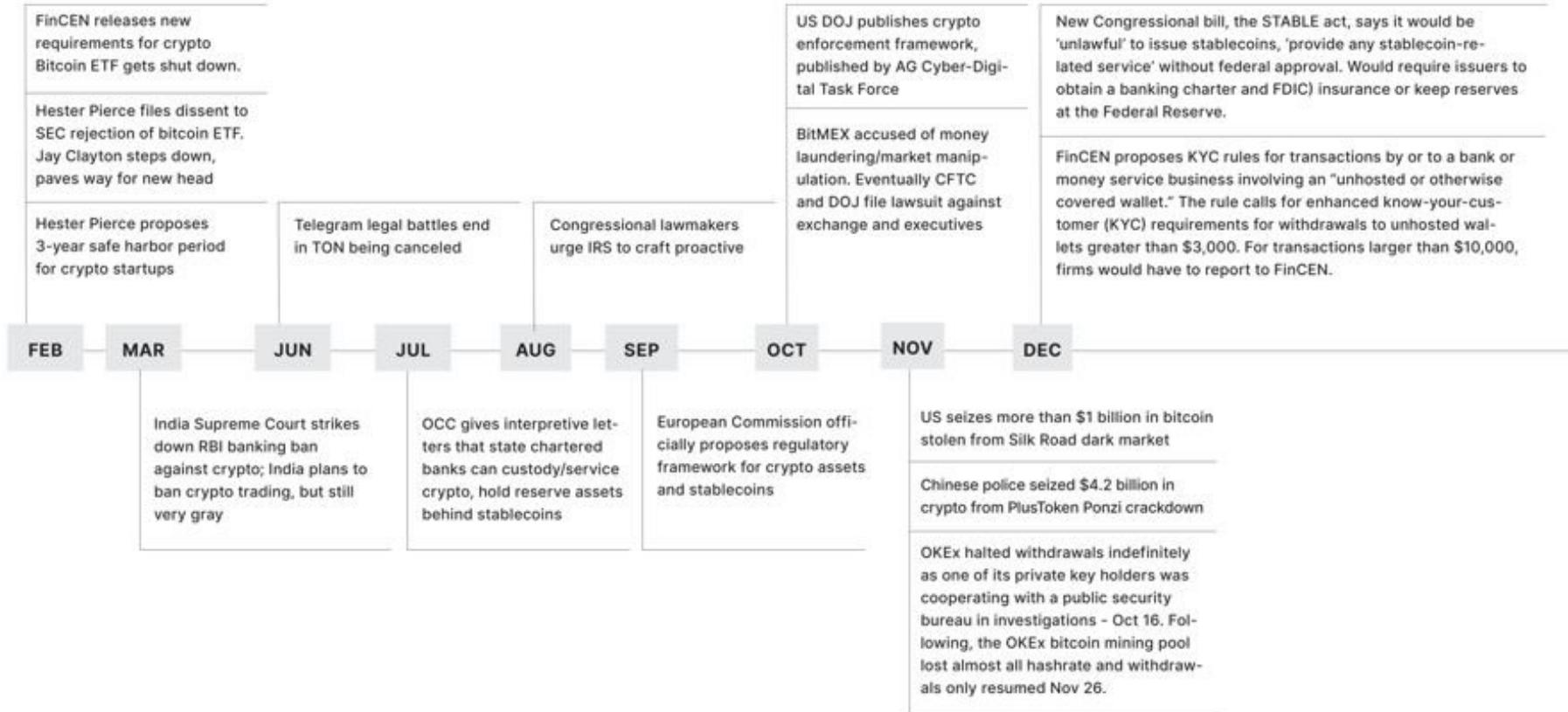


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Cryptos
U.S. regulator says banks can use stablecoins, connect to blockchains
Last Updated: Jan. 4, 2021 at 11:44 p.m. ET
First Published: Jan. 4, 2021 at 8:44 p.m. ET
By Mike Murphy
Crypto prices fall back to earth after initial pop

Regulation is aiding adoption

KEY REGULATORY DEVELOPMENTS OF 2020



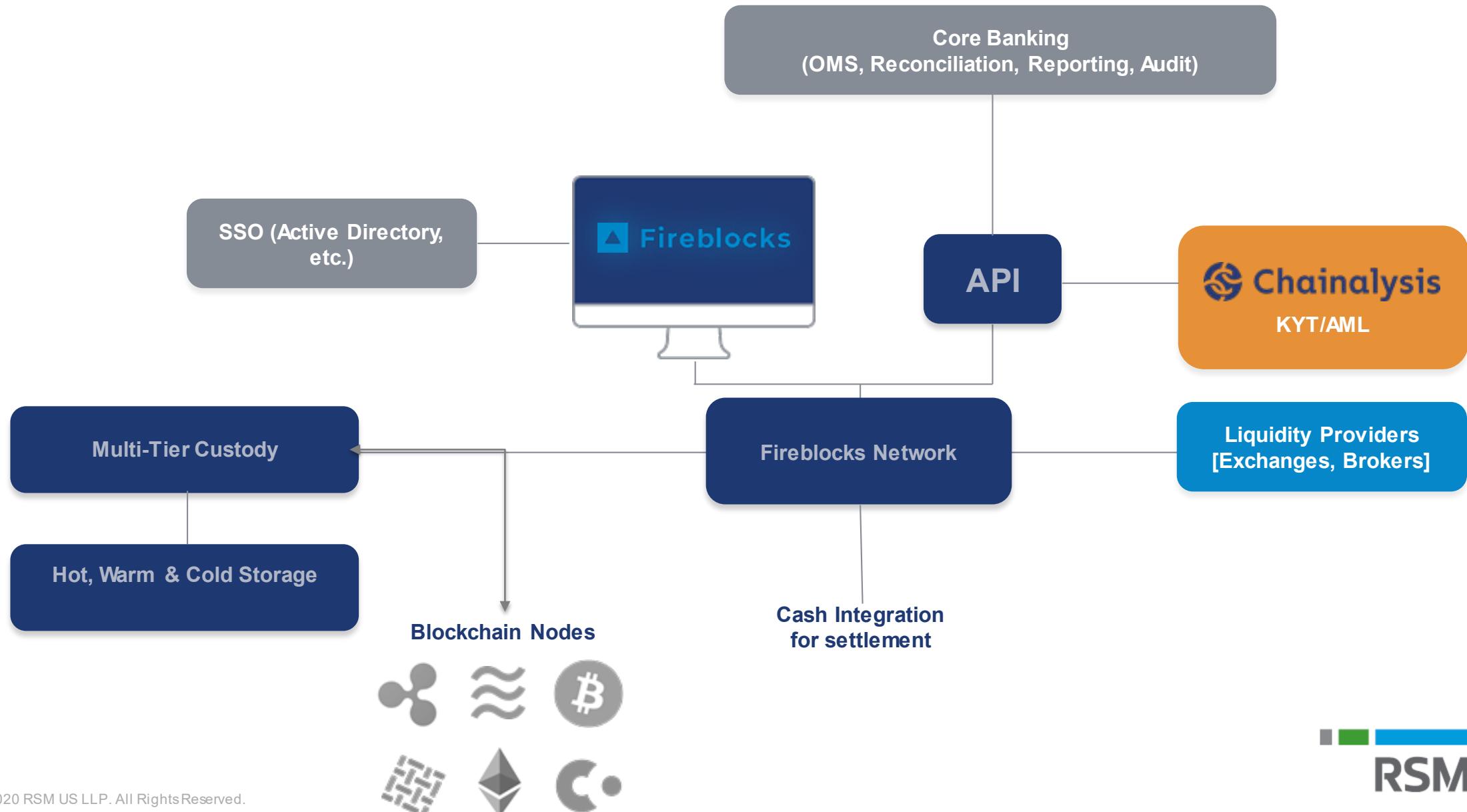


OPEN LOOP VS CLOSED LOOP CUSTODY

Open vs closed loop

- Open Loop Providers
 - Allows crypto deposits and withdrawals
 - Coinbase
 - Gemini
- Closed Loop Providers
 - Only allows buying and selling of crypto, no deposit and **withdrawal**
 - Robinhood
 - Paypal / Venmo
 - Square / CashApp
 - SoFi

Closed-loop vs open-loop custody visual





PANEL DISCUSSION



QUESTIONS AND ANSWERS



THANK YOU
FOR YOUR TIME
AND ATTENTION

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