

Bitcoin Suisse bids for crypto bank status

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JUL 16, 2019 - 14:23



Bitcoin Suisse is the third crypto financial institution to ask FINMA for a banking license.
([swissinfo.ch](#))

Another financial institution has thrown its hat into the ring to become a future crypto bank in Switzerland. Bitcoin Suisse has applied for a license from the financial supervisor and is also seeking authorization to trade securities.

The Swiss banking landscape has experienced a dramatic thinning of numbers in recent years. The number of banks fell from 337 in 2005 to 248 in 2018, while last year saw five more banks disappear without trace. The arrival of crypto banks would provide a rare growth area for the industry.

[Bitcoin Suisse](#)[external link](#) said on Tuesday that it has joined SEBA and Sygnum in bidding for a banking license from the Swiss Financial Markets Supervisory Authority (FINMA). Each of the three companies is focusing on the crypto assets market, although the authorization they are seeking is no different from any other banking or securities dealer license.



BITCOIN PIONEER

Bitcoin Suisse's Nikolajsen on the future of cryptocurrencies

David Riegelning, who is coordinating the license application, told swissinfo.ch that Bitcoin Suisse imagines itself as a smaller “[category 5 external link](#)” player in the banking landscape. The company, formed in 2013, currently offers a range of services, including brokerage and storage, to cryptocurrency holders. It also issues a [Swiss franc-backed stablecoin](#).

“A securities dealer license would enable us to trade crypto tokens that have been classified as securities by the financial regulator. This would include our own crypto franc product,” said Riegelning. “And we anticipate more securitized digital assets arriving in the market place.”

A banking license would open the door to Bitcoin Suisse to offer structured products and derivatives such as swaps. It would also consider offering [corporate banking services for blockchain start-ups](#), but says it would be selective in choosing firms.

No movement yet

FINMA has remained tight-lipped about when – and indeed if – it will grant such licenses. Some observers believe the financial supervisor will announce several license awards together to avoid giving any one company a competitive advantage.

Bitcoin Suisse is several months behind the applications of other budding banks that are starting from scratch. But the company believes its six-year track record of business growth will stand it in good stead. “We already have working anti-money laundering controls in place and have demonstrated prudent balance sheet management,” said Riegelning.

The Zug-based company has 95 employees (also in Denmark and Liechtenstein) and achieved net revenues of CHF43.7 million (\$44.4 million) last year. It plans to apply for a Liechtenstein banking license in future, having opened a branch there last year.

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The year-long journey to getting a FINMA license obliged Crypto Finance to jump through a number of hoops for the Swiss regulator. Quite apart from demanding stringent anti-money laundering requirements, the regulator went through the firm's financial books, business plan, products, management team and investors with a fine comb.

But the effort will bear fruit, according to Crypto Fund Chief Operating Officer Mathias Maurer. For one thing, Crypto Fund is no longer obliged to limit the amount of assets it manages on behalf of clients to CHF100 million.

The 20-year veteran of the Swiss banking and hedge fund industry also believes the cryptoasset financial market is on the verge of rapid growth.

"The promise is huge," he told *swissinfo.ch*. "Up until now it has been very tech-driven, but we are starting to see the first concrete use cases that can switch the vision into reality. Just as with the hedge fund industry, it may take two or three years to convince people to invest in this asset class. Then it will really take off."

Crypto Finance

Crypto Finance was established in Zug in June 2017 with financial support from a range of investors including hedge fund pioneer Rainer-Marc Frey. It carries out much of its operations in Zurich, a stone's throw from the Paradeplatz banking centre and the old site of the Swiss stock exchange.

It consists of three business units. The asset management Crypto Fund division recently won a FINMA license. Crypto Broker currently links 88 institutional clients, including banks and family offices, with 10 crypto trading exchanges, such as Bitstamp and Kraken. Crypto Storage offers a solution for clients who want to safely store their cryptocurrencies. It has recently signed up an unnamed Swiss bank to use its services.

The company currently employs 40 staff and has around 15 external developers. It does not give information about its financial performance.