

LICENSES AWARDED

# World's first crypto banks seen as game changer for Switzerland

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The merger of cryptocurrencies and conventional finance has come a step closer to reality.

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**The co-founders of Sygnum crypto bank have hailed the award of a Swiss banking license as a game changer that could open the floodgates to the integration of cryptocurrencies and other digital assets into the established financial sector.**

[Sygnum](#) external link, along with [SEBA](#) external link, [were awarded provisional banking and securities dealer licenses](#) by Switzerland's financial regulator on Monday. Both entities will become fully-fledged banks once they have completed some final routine regulatory hurdles.

"This is the first time such licenses have been granted worldwide, so Switzerland is playing a pioneering role," Manuel Krieger, CEO of Sygnum Switzerland, told [swissinfo.ch](#). He also thinks the early movers will encourage others to take the plunge. "We now have a responsibility as an enabling platform to help banks and other financial players make the step into the digital asset world."



#### BLOCKCHAIN FINANCE

### Switzerland's first crypto banks receive licences

The Swiss financial regulator has awarded banking and securities dealer licences to two new "crypto banks".

## Global reputation

Switzerland has been one of the leading players in the global adoption of tokenised digital assets and DLT technology. For example, Switzerland is in the process of updating its financial legislation to incorporate the new technology.

It is one of the reasons that Facebook decided to [house its Libra cryptocurrency foundation in Geneva](#). It's also why established players, such as the [Swiss stock exchange](#) and state-owned telecoms giant Swisscom, are getting involved, along with a growing number of start-ups in Switzerland.

Until now, the crypto asset sector had failed to completely convince the Swiss Financial Market Supervisory Authority ([FINMAexternal link](#)) that it could safely and reliably integrate the worlds of crypto and mainstream finance.

Sygnum and SEBA have now proven this possible to the regulator's satisfaction. Sygnum has even created its own digital payment token, backed by Swiss francs, which can be used to complete trades on its platform.

The benefits of tokenising all types of financial assets in a purely digital format and trading them on DLT ledgers are believed to be manifold. Bypassing intermediaries should make both trading and issuing company shares faster and cheaper. Instantaneous settlement would also eliminate the risk of trades going wrong while they wait a few days to complete.

## Critical voices

"DLT has potential to make whole financial infrastructure more stable and robust," said Krieger.

As with all new technologies untested on a large scale, there are doubters. Cryptocurrencies, such as bitcoin, have been banned in some countries as potential

instruments for crime and money laundering. FINMA was clear in awarding the licenses that it [expects both crypto banks to abide by anti-money laundering rules](#)[external link](#).

The United States is leading a host of critical voices against Facebook's Libra project, fearing it will snatch away control of the monetary system. Institutions like the Bank for International Settlements have also [highlighted concerns about cryptocurrencies](#)[external link](#).

Others worry that a "magical" digital book keeping system that does away with the need for accountants and banks to keep track of the money sounds too good to be true. At the very least, say detractors, it would collapse under the weight of multitudinous high-speed transactions conducted throughout the world every day.

But despite the doubters, Switzerland appears determined to keep ahead of the game. Part of the reason, as Imbach lays out, is the fear of falling behind international competitors. "Other countries, like Liechtenstein and Luxembourg have also taken steps towards adopting DLT [although they have not yet licensed a dedicated crypto bank]. It is crucial for Switzerland to at least remain at par with them."

*swissinfo.ch*

One of the first things Sygnum founders set out 'bridge' between the traditional banking industry and digital assets had to be created in major financial and banking hubs such as Switzerland and Singapore.

In March, German stock exchange operator **Deutsche Boerse** entered into a [strategic agreement to invest in Custodigit AG](#), a JV founded in 2018 by **Swisscom** and **Sygnum** that provides a technical solution for the custody of digital assets for regulated financial services institutions.

To be clear, the 65-member-strong company Sygnum has some venerable names from the traditional banking world on their board, including **Philip Hildebrand, Vice Chairman of BlackRock and former president of Swiss National Bank, and Peter Wuffli, former Group CEO of Swiss investment bank UBS**, among others.

As a fully licensed bank in Switzerland, Sygnum, which has so far raised about 60 million Swiss francs, is now focusing its marketing efforts on its digital assets banking solutions in Switzerland and asset management solution in Singapore, where the company has currently for a capital markets services (CMS) licence.

**"We have requests from all over the world. We have a pilot phase where we're going to start very slow now with some friends and family just for this month. And then from October onwards, we will be more and more open," Mathias adds.**