



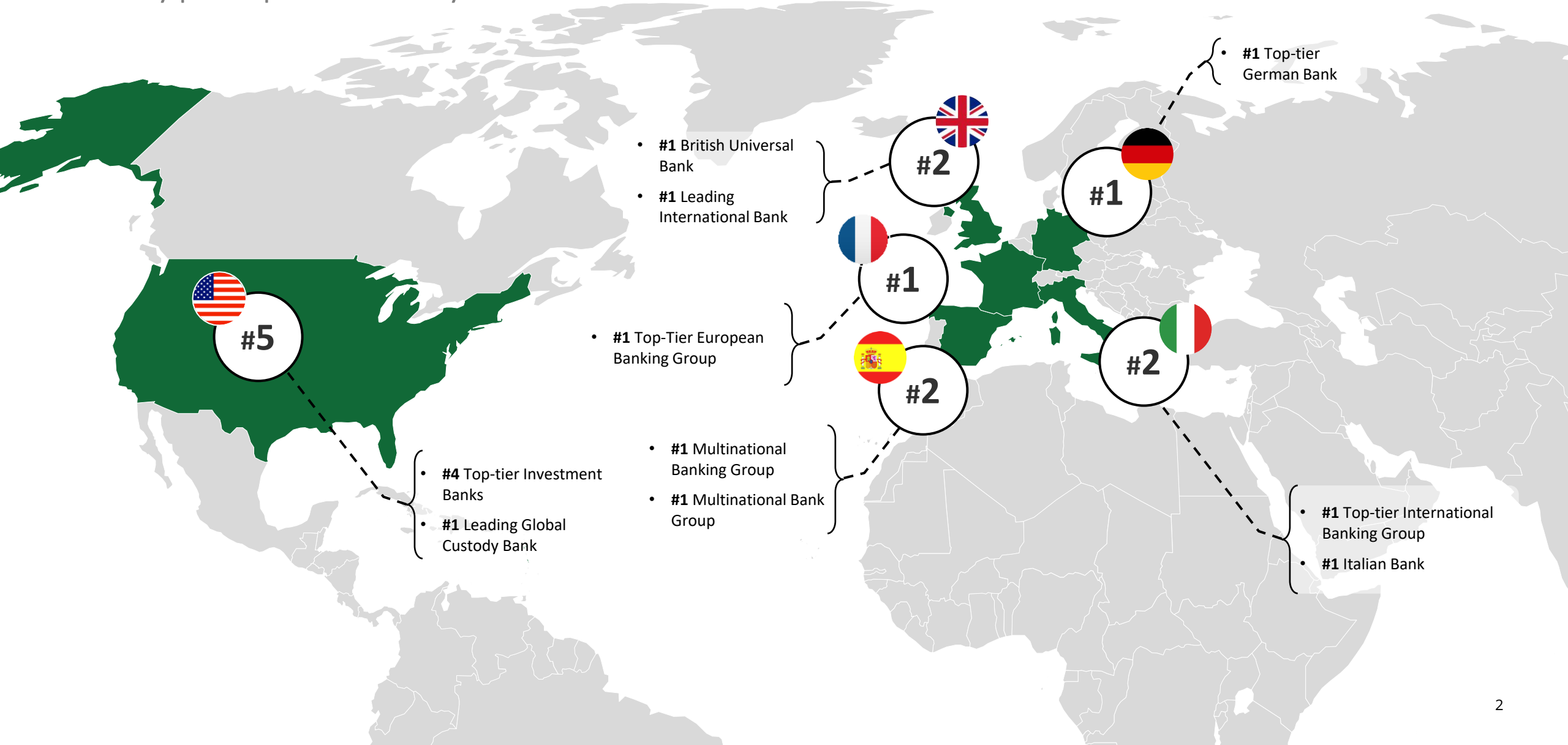
Blockchain & Digital Assets

Global Benchmark on Bank's initiatives and organization of the Group Compliance Function for managing all the crypto-assets related risks

June 2024

Market Analysis Benchmark

Survey participants – 13 Players across the world



Overview

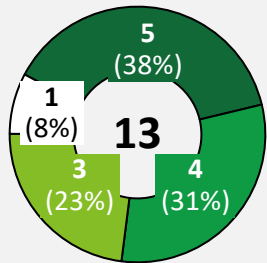
Initiatives and Time frame

Initiatives in the crypto-asset field

% of total sample (13)

The graph represents the status of initiatives in the crypto-activity sector of the sample under analysis:

- 92% (12) already carry out such activities or plan to start them;
- 8% (1 Extra-EU) do not plan to start such activities



- Yes, the Bank currently carries out issuing and/or providing services related to crypto-assets
- Yes, the Bank is currently working to issue/activate the provision of services related to crypto-assets
- Yes, the Bank intends to launch project activities aimed at operating in the crypto-assets sector
- No, the Bank has no intention of launching initiatives related to crypto-assets¹

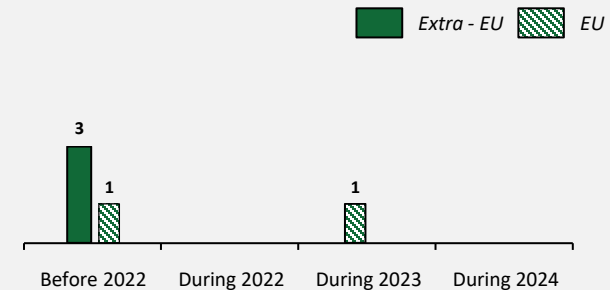
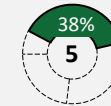
Note 1: Within the selected sample of peers, only one of them highlighted that the business strategy adopted does not envisage any commercial initiatives in crypto assets in the short to medium term

Participants

The answers were provided by the **player's Control Functions**, mainly by the **Compliance Functions**

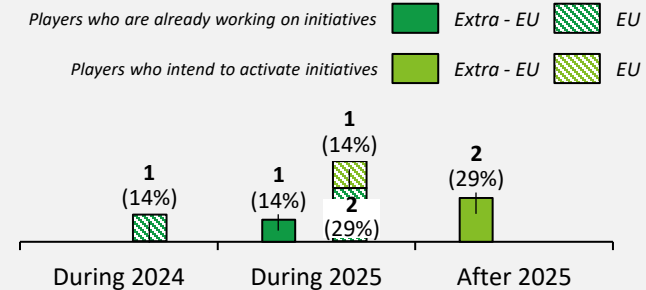
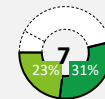
Time frame of the initiatives

38% (5/13) of the players reported that they are already **engaged in issuing and/or providing crypto-related services**



The analysis showed that **Extra-EU players (particularly US) were pioneers in approaching crypto issues** (before 2022). Among the EU players, one was identified as having launched initiatives as early as 2022 and another during 2023

54% (7/13) of players reported that they are already **working to activate/intend to activate crypto-related initiatives**



The analysis showed that **1 EU player and 1 Extra-EU player** are already working on **initiatives in the crypto-activities field that will launch between 2024 and 2025**.

Another **1 EU player and 2 Extra-EU players** are also moving in this direction, with **initiatives that will start from 2025**

Areas of Investigation

INITIATIVES IN THE CRYPTO-ASSETS FIELD



Section aimed at investigating the presence or future **desire to identify itself as an issuer and/or provider** of services in the area **crypto-assets**

COMPLIANCE MODEL FOR THE MANAGEMENT OF THE CRYPTO- ASSETS RELATED RISKS



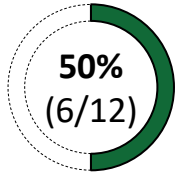
Section aimed at investigating the choices made in the **organization of the Compliance function** for the **management of activities** related to **crypto-assets**

Initiatives in the crypto-assets field



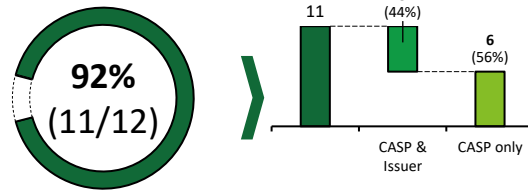
ORGANIZATIONAL STRUCTURE EVOLUTION

ISSUER: (6/12) 50%



Issue / intend to issue crypto-assets

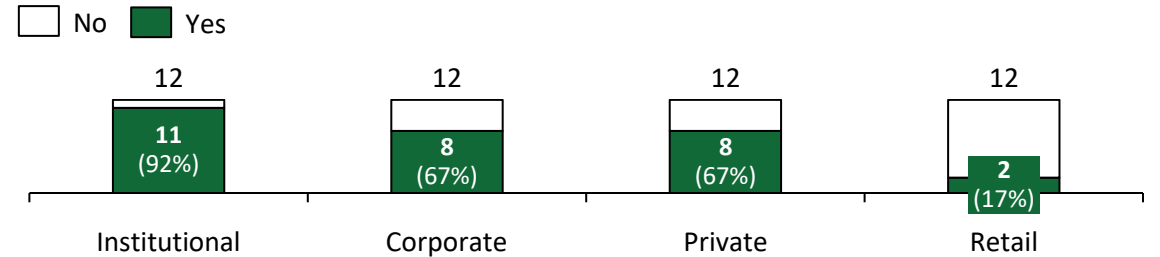
CASP: (11/12) 92%



Is already CASP or intends to become in the next months

Almost all the players (11/12; 92%) are CASP¹ or intend to become one in the next few months, of which 5 out of 12 players are also issuers. Only 1 player, however, resulted to be only issuer

TYPE OF CUSTOMER

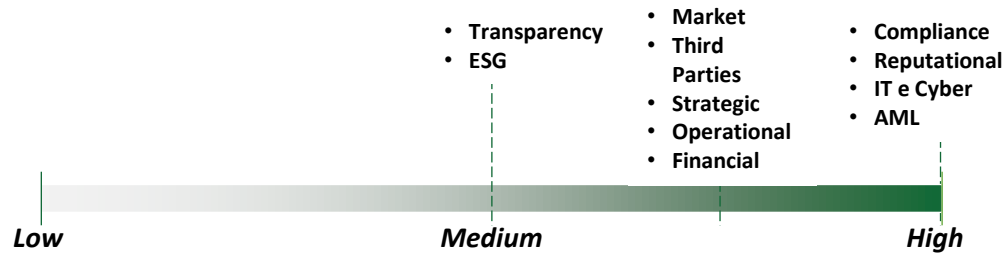


Most players are focusing mainly on Institutional, Corporate and Private customers, while Retail customers only cover a residual part of the sample

INITIATIVES IN THE CRYPTO-ASSETS FIELD

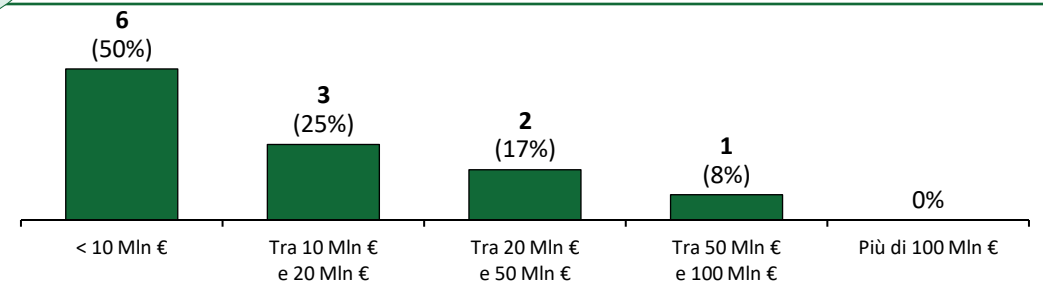


MAIN RISKS CONSIDERED



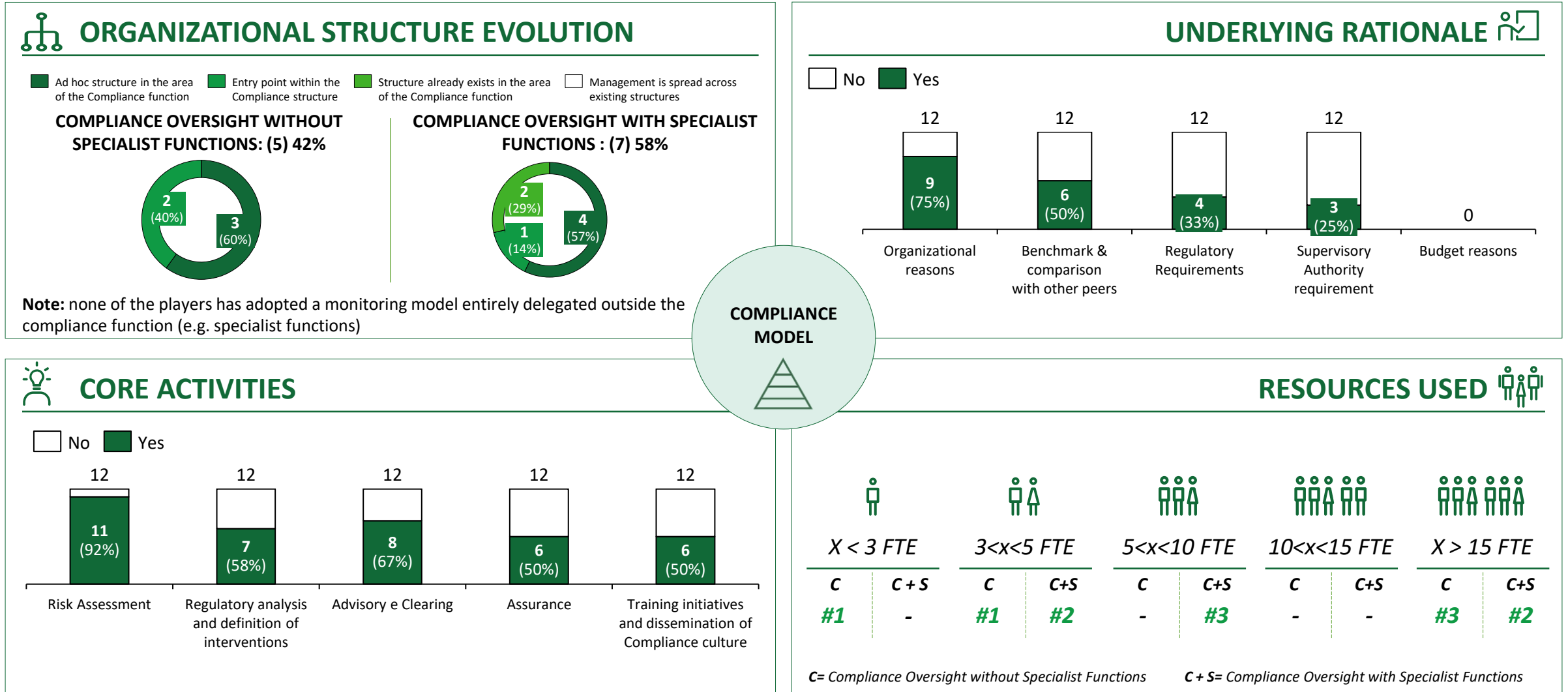
The analysis shows that players perceive the risks linked to crypto-assets mainly as medium-high and high

IT INVESTMENTS IN 2024



All players who operate or intend to operate in crypto-activities are already investing/ budgeting investments for the creation of IT infrastructures/ architectures

Compliance model for the management of the crypto-assets related risks



Main Risks related to crypto-assets

Relevance of the main risks related to crypto-assets

% relating to the perception of all players who have already started or intend to start initiatives related to crypto-activities

| Risk type | High | Medium | Low |
|---|------|--------|-----|
| Compliance | 100% | 0% | 0% |
| Reputational | 83% | 17% | 0% |
| Money laundering | 75% | 17% | 8% |
| IT & Cyber | 75% | 25% | 0% |
| Third-Party | 67% | 25% | 8% |
| Strategic | 67% | 33% | 0% |
| Market | 50% | 33% | 17% |
| Financial | 50% | 33% | 17% |
| Legal | 58% | 42% | 0% |
| ESG | 17% | 42% | 42% |
| Operational | 42% | 58% | 0% |
| Transparency and fairness towards customers | 17% | 67% | 17% |



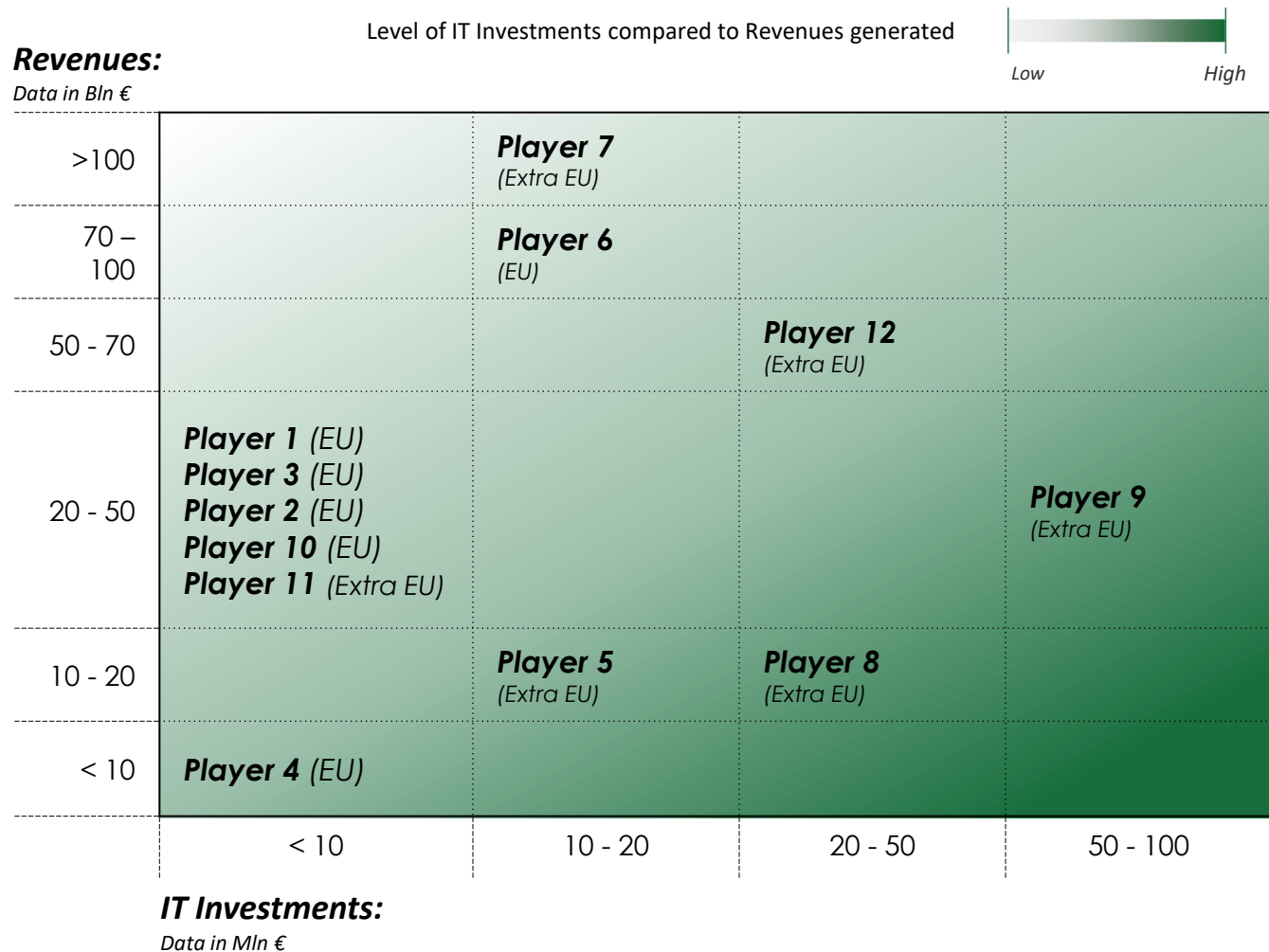
Main Evidence

The analysis highlights a **shared perception** on the part of the **players** regarding the **main risks** linked to crypto-activities, such as:

- «**High**» of Compliance, Reputational, Money Laundering, IT & Cyber and Third-Party risks
- «**Medium-high**» Market, Strategic, Operational, Legal and Financial risks
- «**Medium**» Transparency and ESG risks

IT Investments in 2024

Amount invested/ budgeted for 2024 for the creation of IT infrastructure / architecture to operate in crypto-assets



Main Evidence

The analysis shows that for 2024 the:

- **50%** (5 EU and 1 Extra-EU players) estimated investments of **less than €10 million**
- **25%** (2 Extra-EU and 1 EU players) estimated investments **between €10 and €20 million**
- **17%** (2 Extra-EU players) estimated investments **between €20 and €50 million**
- **8%** (1 Extra-EU player) has estimated investments **between €50 and €100 million**, in this case the investment is somehow significant compared to the player's overall revenues

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