BBVA Strategy on Bitcoin, crypto, DLT and digital currencies
ECB OMG

June 2021
Blockchain Main Trends
Blockchain by the numbers

- $63.4B
- $302B
- $488B
- $727B
- $857B
- $1.62T
- $1.66T
- $1.9T
- $2T
Crypto currencies market & players

Crypto market size and evolution
Data as of 26 of May 2021 – Source coinmarketcap.com

- $1.7 trillion

Main cryptos
- Bitcoin: 42%
- Ether: 19%
- Tether: 4%
- Binance Coin: 3%
- Cardano: 3%

Crypto market players
- Miners
- Exchanges
- Brokers & Mkt Makers
- Aggregators
- Custodians
- Liquidity providers
Fiat players are entering the space of custody and trading

Institutional segment

Private wealth segment

Retail segment

J.P. Morgan

Wells Fargo

Morgan Stanley
Regulators, market players and investors recent reactions to crypto

- Digital currencies could create risks for businesses and households by fragmenting the payment system. The response is accelerating digital dollar (CDBC) - Governor Lael Brainard.

- China bans financial, payment institutions from cryptocurrency business (>15% impact on BTC price). Also planning to ban crypto mining (>75% world mining)

- CNMV and bank of Spain alert about the risk of investing in cryptocurrencies due to their lack of transparency

- Most of the trading is speculative and volatility is extraordinarily high and it’s barely used as a means of settlement - Governor Haruhiko Kuroda

- No plans to offer cryptocurrencies or stablecoins to its customers or open a cryptocurrency trading desk; confidence on CDBCs role – CEO Noel Quinn

- Tesla will no longer accept Bitcoin over climate concerns - CEO Elon Musk (>10% impact on BTC price)

- Asset managers express caution on cryptos after price swings. Worried about high level of speculation and volatility; further regulatory focus expected

- Mutual funds with exposure to bitcoin futures “is a highly speculative investment” — Mutual funds involvement with cryptos will be subject to intense scrutiny
Decentralized Finance is growing exponentially

Growth in Decentralized Finance (DeFi): use of decentralized networks and open source to create products/services

Total value locked in DeFi marks new all-time high close to $40B

Total value locked in decentralized finance has hit another milestone, but DeFi proponents would do well to look beyond the effects of the bull market on the gross metric.

DeFi Flippening Comes to Exchanges as Uniswap Topples Coinbase in Trading Volume
BBVA Blockchain Strategy
Blockchain Strategy built around three “E” pillars

**EXECUTION, ECOSYSTEM, AND EXPERTISE**

**Execution**
- End to end **digital interactions** by automation based on DLT
- Reinvent **processes** based on smart contracts
- **Develop** new business models to engage users, clients, colleagues and regulators

**Ecosystem**
- **Benefit** from talent and technical assets being developed by the community
- **Understand** the direction of regulators/key market infrastructures
- Anticipating disruption **impact** from decentralization

**Expertise**
- **Disseminate** knowledge through the organisation
- Create **deep expertise** in executing units
- Build **toolkits** for escalation
Our journey @ BBVA

Transactional Banking

Global Markets

Venture Capital

Asset Management

Crypto Trading and custody in BBVA Switzerland

Global Lending
BBVA: Custody service

**Custody**
- Cryptoassets supported: Bitcoin and Ether

**Investing**
- Buy & Sell
  - Through a broker connected to the platform.

**Transfers**
- Inbound & Outbound transfers
  - From/to the own client addresses or between BBVA CH clients

**Traditional Private Banking**
- Multicurrency accounts
  - Access to a broader investment universe, reporting, lending, credit cards, etc.
Learnings

New risks intrinsic to crypto assets

Technology

Compliance

Intrinsic Crypto Assets Market

Risks similar to the existing

Operational

Legal & Regulatory

Reputational
Q&A
Thank you!