

**BBVA**

Creating Opportunities

# BBVA Strategy on Bitcoin, crypto, DLT and digital currencies

## ECB OMG

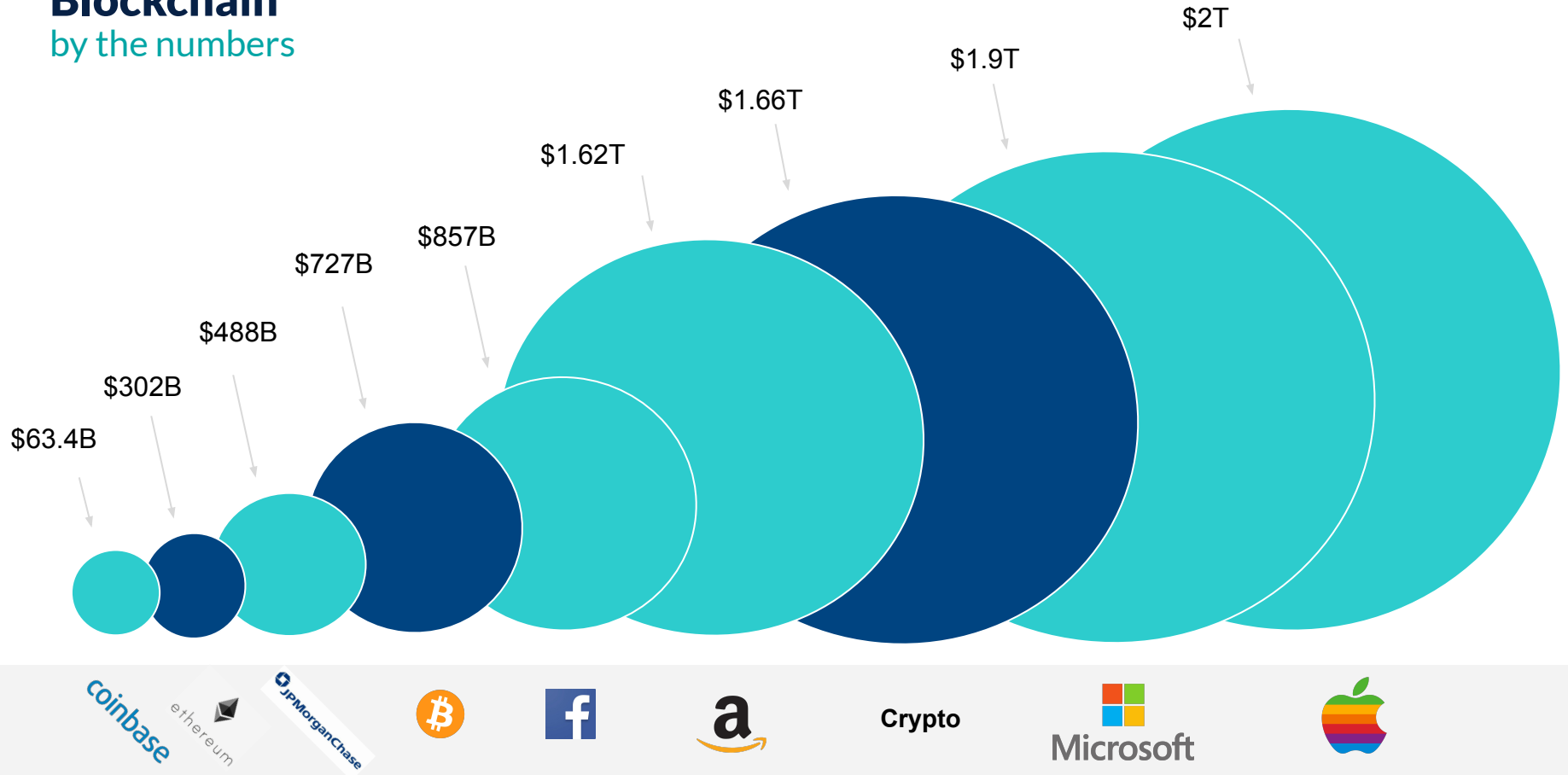


June 2021

01

# Blockchain Main Trends

# Blockchain by the numbers



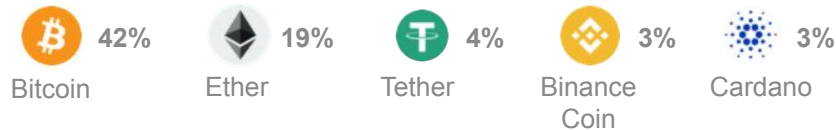
# Crypto currencies market & players

## Crypto market size and evolution

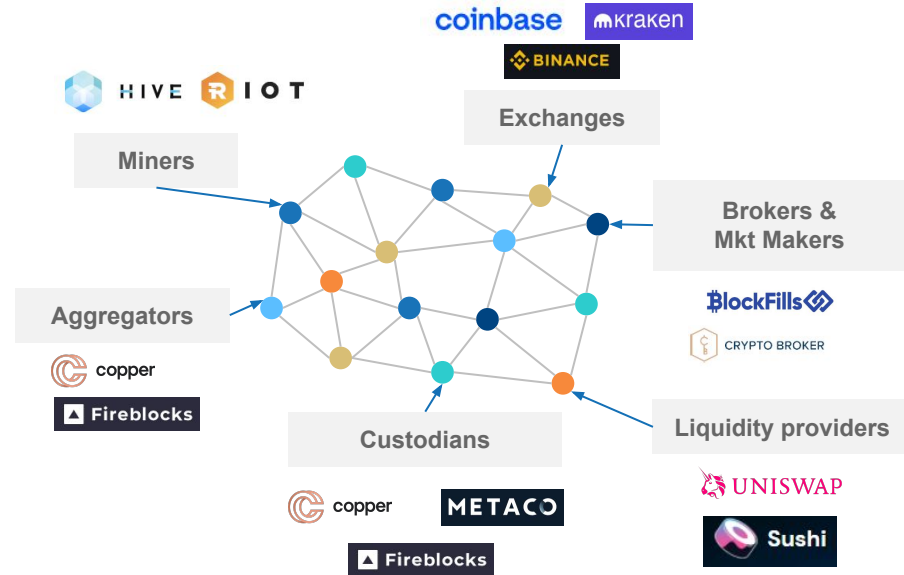
Data as of 26 of May 2021 – Source coinmarketcap.com



## Main cryptos



## Crypto market players



# Fiat players are entering the space of custody and trading

Institutional segment



Private wealth segment

J.P.Morgan

WELLS FARGO

Morgan Stanley

Retail segment



Revolut



# 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)



BANCO DE ESPAÑA  
Eurosistema

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



BANK OF JAPAN

- 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 **CBCs 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 Flipping Comes to Exchanges as Uniswap Topples Coinbase in Trading Volume**

02

# BBVA Blockchain Strategy



# Blockchain Strategy built around three “E” pillars

## EXECUTION, ECOSYSTEM, AND EXPERTISE



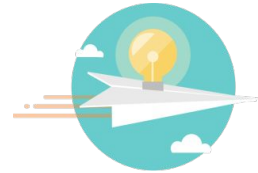
Execution

- 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



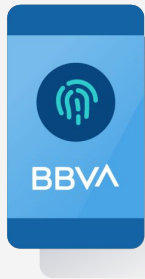




# BBVA: Custody service



## 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

BBVA

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# Q&A



**Thank you!**