The irony is in the current crisis, greed triggered the turbulence, says Daniel Blatter, Head of Digital Services at InCore Bank, in an interview with finews.ch. You need a bank now if you don't want to hold your assets in custody.

**Daniel Blatter, how surprising was the FTX fiasco for you?**

In the crypto world, one is used to a lot. Many of the exchanges and other service providers founded in recent years have long since disappeared. That the second largest crypto exchange filed for Chapter 11 is extraordinary.

The crypto market immediately priced in the contagion fears of other crypto service providers. After the storm, trading volumes have since dropped again and are in the normal range.

**What opportunities and risks do you see following this incident?**
Investors and financial service providers will now think carefully about which providers their assets are still safe with. This increases the pressure for more transparency but also increased control, to restore trust.

«Due to the FTX bankruptcy, many customers have only now become aware of this»

If the industry can get its act together, everyone will benefit.

Do you anticipate an increase in custody solutions at banks?

Crypto exchanges, unlike the traditional financial industry, fulfill two roles. One as a trading venue and the other as a bank, even though most of them do not have licenses common to financial service providers. In contrast, banks are regulated worldwide, and in many countries required to provide deposit insurance protecting the cash values of retail investors.

Thanks to DLT legislation introduced in Switzerland last year, digital assets in this country are segregated from the bankruptcy estate in the event of a bank failure and safe from any claims in the event of liquidation. All of these rules unfortunately do not apply to the best-known Exchanges.

Due to the FTX bankruptcy, many customers only now became aware of this. We feel the trend. The value of digital assets managed at InCore Bank for our client banks has more than doubled in a few days.

Can you elaborate on that a bit more?

With us, clients know their assets are highly secure and held exclusively by us and not by a sub-custodian or an exchange. Thanks to our trading network, digital assets can be bought or sold at any time and within seconds without pre-funding. Sufficient liquidity is provided.

«By not putting all our eggs in one basket, we are not vulnerable to volatility in the market»

InCore Bank has been active for over a decade as a diversified portfolio services provider in the B2B sector and has solid and stable ownership that is exclusively Swiss. By not putting all our eggs in one basket, we are not vulnerable to market volatility. Of course, it also makes a difference whether I deposit digital assets with a bank with insurance coverage or with any provider without this service.
There are now calls for regulation: What is your position on this?

First and foremost, regulation is urgently needed for the custody of digital assets and fiat. Bitcoin emerged from the financial crisis of 2008 when many investors lost confidence in central institutions such as government agencies, national banks, financial service providers, and currencies. As a result, the blockchain is fully decentralized and elegantly solves the trust problem through ingenious concepts.

The historical irony is that in the current crisis, it was again central actors and ultimately the greed of individuals causing the turmoil. If you don't want to keep your assets in custody yourself, custody with banks is now the obvious choice.

"We are in contact with many banks that have digital assets on their roadmap"

I can well imagine in the future, exchanges will be prohibited from holding customer funds and digital assets in custody if they do not have a license to do so. Excluding digital assets completely from the traditional banking system or overly regulating them is not the way to go, in my opinion. Digital assets are an asset and excessive regulation would unnecessarily limit the potential and benefits of blockchain technology.

How much interest is there in digital assets at InCore Bank right now?

We are in contact with many banks that have digital assets on their roadmap. Interest has not died down at all. We expect that more than 10 percent of all Swiss banks either already have a Finma authorization or are on the way to doing so with digital assets.

The situation will be similar for institutions in the Principality of Liechtenstein. A large proportion of the institutions are procuring services from us in this regard.

Daniel Blatter is Head of Digital Services at Swiss-based InCore Bank. He has been with the company since 2015, and has over 25 years of professional experience in the IT and financial industry and previously worked for several years at Finnova Bankware in development and product management. He holds degrees from ETH and the University of Zurich, among others.