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Article Title: Switzerland looks to liberalise cryptocurrency banking access

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Switzerland looks to liberalise cryptocurrency banking access

Traditional banks have refused to operate accounts for the country's 'crypto valley' start ups

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Switzerland's fast-growing cryptocurrency industry could have full access to conventional banking services by the end of the year, removing one of the restrictions to future growth, a top Swiss policymaker has said.

Traditional banks have so far largely refused to operate accounts for the country's "crypto valley" start-ups, citing tough anti-money laundering and other rules on managing clients. The new companies, largely clustered around Zug, a small lakeside town near Zurich, have instead turned to banks in Liechtenstein and elsewhere for banking services.

Heinz Tännler, finance director of Zug canton, said he expected Swiss politicians and regulators to remove obstacles in coming months, allowing crypto companies to operate with banks in the same way as other companies.

"We hope to clarify relationships by the end of the year at the latest," he told the Financial Times. "Time is pressing — other jurisdictions such as Malta and Singapore are very active and making a lot of effort to attract these companies. The lack of access to bank services is a significant competitive disadvantage."

Switzerland's central bank, financial supervisor and federal government "are willing to help", Mr Tännler added. "We have to push certain national institutions to resolve this problem quickly and effectively, but that now seems to be going well."

Despite scepticism among regulators globally about cryptocurrencies, Switzerland has sought to steal a lead in the emerging financial products. Earlier this year, Johann Schneider-Ammann, economics minister, said Switzerland wanted to become the "crypto nation".

The affluent Alpine country last year ranked second after the US in funds generated from "initial coin offerings" — when start-ups sell tokens or coins — to investors. Zug is home to about 200 blockchain-based companies.



“Switzerland looks to liberalise cryptocurrency banking access” *Continued...*

However, the lack of access to normal banking services has become a worry. “You can do a lot with crypto — but you can’t pay rents and salaries,” said Alain Kunz, chief executive of Coinlab Capital, a Swiss start-up offering blockchain asset management services.

“On one hand, the government declares Switzerland a crypto nation and wants to become a business hub for blockchain technology. On the other hand, the banks make life difficult for the blockchain and crypto start-ups to obtain banking relationships — essentially killing the emerging businesses.”

Crypto Valley companies have started to take their own measures to resolve the problem by moving into financial services themselves, Mr Kunz said. Coinlab Capital had agreed a partnership with TokenPay, a blockchain-based payment platform registered in the British Virgin Islands which has banking operations. Under the deal, Coinlab Capital will become TokenPay’s asset management arm.

Mr Tännler described Zug as an “exceptionally economically-liberal” canton. “Of course, rules on money laundering and other rules must be adhered to by blockchain companies. I can understand that banks are careful with respect to ‘know your client’ and anti-money laundering. But experts reckon the danger of money laundering is lower than in other sectors of the finance industry.”

“Companies active in the blockchain area should receive banking services just like any other company. That way they will be stopped from choosing other domiciles — in countries where access is easier, such as Liechtenstein.”