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Hello and welcome to another news episode of BFRR, our Bitcoin, Fiat and Rock'n'Roll podcast. We explore the intersection of traditional finance, digital money and digital assets and help you understand how digital money and digital assets will evolve in the future. I am co-host Michael Blaschke and today it's time for another news episode. Today we look back to the month of April and discuss key news in institutional blockchain.

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To this, I am joined by Jonas and Dr. Lidia Kurt, CEO at Seturion and BX Digital. Hi there, guys. Lidia, how about you introduce yourself briefly to the BFRR audience? Hi, pleasure to be here. Thanks a lot for the invitation. Looking forward to this interesting podcast hour. Yeah, you already said most of the things. So CEO at Seturion, it's one of the subsidiaries of Börse Stuttgart Group.

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a larger European exchange group. Seturion is a pan-European settlement platform for tokenized assets. We also have a subsidiary in Switzerland called BX Digital, which is basically speaking an exchange for tokenized assets, including also a settlement system. And of course, there is no need to introduce Jonas. Great to have you with us today again. Jonas. Thanks so much. I'm glad to be here and good discussions, like lot of interesting topics as always. And good to have Lidia on the show again.

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Absolutely. Indeed, we cover a lot today. We start with a market overview, including some potential revelations on Satoshi Nakamoto, the pseudonymous creator of Bitcoin. That's a tough word. Then we look at interesting stablecoin news in the private sector, but also in the public sector.

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And in a final block, we look on all things institutional tokenization and TradFi market infrastructure. This is one of the many reasons why it's great to have Lidia with us today as this is really your domain at Seturion and BX Digital, right? So let's dive in. Yes. And I mean, to kind of set the scene, let's see where the market currently stands in our end of April where we record. So I think generally a pretty good month for

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crypto compared to previous months. So we made the end of the month had around 2.6 trillion market capitalization, a rough 10 % increase over the month. And Bitcoin standing at 78K, which was also a 15 % increase compared to the beginning of the month. And also crypto ETFs that regained a lot of their initial, yeah, let's say loss in volume and asset under management in the previous month, which basically

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Yeah, was an increase also related to 20%, which was also, I guess, driving some of the Bitcoin price increases as well. And also Goldman Sachs, which is basically now a new player that also entered the Bitcoin ETF game, maybe a little bit later than some others, like who launched actually quite a while ago, but also Goldman now present with an ETF on Bitcoin. For Ethereum, was a similar 9 % return on that.

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And I think generally just interesting because crypto here totally has performed a little bit better than other asset classes. So MSCI World, for example, for stocks was up 7%, oil 6%, gold kind of around 0%. So generally in a macro environment, was where the tensions were a little bit eased, in particular with Iran, Bitcoin was basically outperforming some of the asset class. But of course, still on a...

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on a low level if it's just, you know, five percentage point higher, but at least a stark contrast to the previous month, I would say. Yeah, and a 10 % month for the broader crypto market. If you assume that Bitcoin and ETH is the broader crypto market against a 7 % MSCI world and a flat gold print, that's really the kind of relative performance we want. And that gets attention and allocator meetings and it really should again. Yeah. But

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The number I'd actually focus on in this conversation is the ETF assets under management move from 88 to 104 billion. That's a 19 % increase in a single month and it's ahead of the price. So which means we're not just seeing mark to market. We're seeing genuine net inflows from allocators who were not in the trade 30 days ago. So that's the institutional bit showing up in real time here. And then

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Goldman files their first Bitcoin ETF in 2026. So I'd say late to the party. But what this actually tells me at least is that the last holdout tier of Wall Street has now concluded that not having a Bitcoin product is now rather a competitive liability, regardless of what the internal view on the asset class is. So the distribution decision has now decoupled from the

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conviction decision, at least at Goldman internally. And that's the moment an asset class becomes structurally embedded in the institutional stack. That is if an institution just has to do it, to offer it independent of what a majority of the staff internally believes. Michael, the bull is back. Michael definitely turned optimistic again.

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That's very good to hear. I guess still, you know, some way up, Michael, for the market to hit our Bitcoin price predictions by end of year, right? At least for mine. So, yeah, we should see a few more months like that. Yeah, but maybe just to add, I mean, I agree with all your interpretations, Michael. However, would be... The markets are so wild and volatile, you know, I'm a little bit cautious on if this was now a permanent trend that again, crypto is outperforming all the rest or if this was just one month because of course there are signals.

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you know, that show that this is maybe again back to the normal before, but again, markets are so crazy. So I, you know, I wouldn't overinterpret it at that point in time, at least if you ask me. There were also two kind of interesting related or Bitcoin related news that I think it's worth to discuss today. And one highlight definitely is about Satoshi, but we will park this for now. Another one was basically the kingdom of Bhutan. And we talked about them actually quite

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quite a few times in this podcast and there were some news that they sold 70 % of their Bitcoin holdings over the last 18 months. So they were very bullish on Bitcoin. They also were mining and they also were kind of seen as like the bullish Bitcoin country who also understood how Bitcoin can contribute to a global energy market, stabilizations, power grids, et cetera. But now data indicate that they

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substantially reduced their holding as at 70 % in the last 18 months, which was from 13,000 Bitcoins in October 2024 to around 4,000 Bitcoins today. So basically more than 200 millions that have been sold and also not really, if at least if you believe the data that some players put together also no really meaningful mining activities. So of course the question is now, you know, why is this the case? Why are they slowing down? You know, is there a complete change in their policy is maybe just, you know, because they

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may need the electricity somewhere, right? But that's, think, something, you know, which one could discuss because obviously they were one of the pioneers and now it seems that they reduce their activities at least a lot in the past few months here. I might take the Bhutan story is being misread by many really. The headline I often perceive is quote unquote sovereign sells Bitcoin and the implied narrative that at least reaches me is that

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a state lost conviction in Bitcoin. And that's not what happened here to me. What actually in my interpretation happened is that Bhutan ran the most successful sovereign Bitcoin strategy of any country in the world. They monetized stranded hydro power in a treasury asset, rode it from accumulation to a peak position of around 13,000 Bitcoin and are now systematically rotating out.

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at materially higher prices than they mined at. So that's not the capitulation that some of these media coverages imply. That's actually textbook treasury management of a state. The fact that we're not used to seeing a sovereign executed with this level of discipline says more about our expectations than about Bhutan actually. So I applaud Bhutan for their discipline in treasury management. And I mean, obviously you also never know

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or don't know why they did this move. But I think that's the interesting thing also with Bitcoin mining, you can always switch on and switch off the mining devices, right? So if you have a lot of excess energy, you can turn it on. And I mean, there are also some sources that say one of the reasons why they shut this more down is really that they export more energy to India and other countries, right? So just another use for that. But also here, I think it also shows which role Bitcoin can also play in stabilizing.

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or these energy supply and bringing this in kind of equilibrium with demand. So yeah, definitely an interesting one here as well. And then another news piece, news or maybe also non-news, let's see, but this is about Satoshi because there were a few and I'm really excited to talk about that because that's always very entertaining and I'm really curious to get your perspectives on that.

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Because we know that Satoshi Nakamoto is basically the pseudonymous creator of Bitcoin, published the white paper 2008, started the Bitcoin, you know, kind of platform protocol 2009. But also identity has never been proven. So there was a lot of mystery around who was this probably brilliant mind that created Bitcoin. I think that's awesome, a little bit part of Bitcoin. And the interesting thing is now that in this one month two

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news have been dropped or two findings, if you will, of who Satoshi now could be. And one was from The New York Times and where kind of an investigative journalist kind of started the whole Satoshi finding all over and has brought some names forward. And also basically a documentary who was produced by a New York Times bestselling author who also brought a few new names to that. So that's why we discuss it now. You may think about, you know, discussing for this now for

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for 18 years, why now? But that's really the reason that there have been some names, new names or, you know, also well-established names come up. And we want to use a little bit to dive a little bit deeper into who can be Satoshi and who is basically in this whole discussion already be a candidate for being Satoshi Nakamoto. So to bring this also into perspective. And there are a few names. And again, it's very interesting.

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If somebody would know who Satoshi is, because that would be some kind of the face of Bitcoin, similar maybe to Vitalik Buterin at Ethereum, also Jensen Huang from NVIDIA, that you would really know who this mind is and who's driving this infrastructure in the end. And but also people are interested which brains has designed Bitcoin, but also who is ultimately one of the richest persons in the world, right? Because Satoshi owns very likely more than 1 million Bitcoin, which yeah, just in terms of

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value is around 80 billion US dollars currently in value. And I think that's also some part of why this really matters for lot of people. But let's go a little bit deeper into the candidates before also getting your perspective on all of that. So one person who was mentioned quite often in this whole seek for who Satoshi is Nick Szabo. Basically, yeah, one of the people that also worked on Bit Gold. So one of the precursors of Bitcoin also deep

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crypto and economics expertise, long standing candidate, but this person basically denied that quite a while ago. So that is basically has no proof in this direction as also for other candidates. Then another one was Hal Finney, who was a very early researcher, also one of the earliest Bitcoin, or the first Bitcoin recipient from Satoshi and really elite cryptographer, also some direct email conversations with Satoshi in the early days.

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also a very natural name and candidate. I really loved also one candidate who was Dorian Nakamoto. I'm not sure if you know the documentary. I think I watched this in Netflix at some point in time where just this person who has had the name Nakamoto was approached by so many journalists and got confronted of being the inventor of Bitcoin, but he really didn't know or seem to didn't know what he was talking about. So that was definitely an interesting one. I'm not sure. you know this documentary and do you know that?

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Yeah, I know it. And that certainly wasn't the age of enlightenment when it comes to journalism. So that was really poor work, just following a name and his profession that fitted being a math teacher, think that was a bit naive and under investigated. Yes, but also quite, quite entertaining. And then a few other, a few other candidates, Len Sassaman also

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from the crypto community, Cypherpunk, so also deeply embedded in the space, similar to Satoshi's strong privacy focus and also the timing because he basically passed away in 2011, which was then also around the time when Satoshi disappeared. So there were also some people who saw kind of a connection here. Then also Craig Wright.

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who's often also in this space, yeah, said like, or nickname is often Faketoshi because he claimed to be Satoshi and tried to prove it. But also here, like a legal court was pretty clear that this proof was not really sufficient and that this is rather, you know, fraudulent what he's doing out there. And then, and I think this is now where it's getting really interesting. was, where these two new or also old kind of, yeah, let's say indicators or evidence.

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for who Satoshi would be from this month also. And one name that The New York Times investigation brought forward was Adam Back. So Adam Back in the crypto space, guess also one of the most prominent figures generally he invented Hashcash. So also some kind of a protocol that was cited in the Bitcoin white paper. He's also British, which often was from the writing style, something that a lot of people claimed that Satoshi must be British.

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This is basically what The New York Times investigation kind of revealed in their perspective that Adam Back has to be Satoshi. And then from the other documentary, it was basically said that again, we had this name already that they think Hal Finney together with Len Sassaman is Satoshi. So they basically brought the two people together. So now the question is, know, after you, you heard this new, you know, about being having this information on the new revealed Satoshi, like

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What do you think? Who's Satoshi? Is one of the two Satoshi? Do you have an opinion? Yeah, I don't have an opinion on which individual it is. I'm a believer in the group theory as blockchain and Bitcoin in particular as just promoting a new form of digital money or digital asset.

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It takes so many expertises that is crypto economics, systems design, inventing a new technology, database technology, a decentralized one that is blockchain, that this can barely be done by an individual. So I believe in the group theory and let's not forget Satoshi Nakamoto is the author of the white paper, which not necessarily means that he is the one and only inventor of this database technology and this form of asset.

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or money as it were back then. So believe in the group theory. You nicely asked the question, is it important to know who Satoshi is? I think it is, but I think it's important not to know who Satoshi is. it's important, but I negate it because I mean, many, when talking about Bitcoin, many think of cryptography or the supply cap or the consensus mechanism as the key design feature.

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But I think the underrated design feature and actually the most important one is the absence of a founder. So every other crypto network that then followed has a face and every face becomes an attack surface from a security perspective. So regulatory, legal, narrative, personal.

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So Vitalik gets subpoenaed, Ethereum has a problem. Jensen makes a bad quarter call, NVIDIA takes a hit. But Bitcoin has no such surface and that's not an accident. To me, that's the most underrated design feature. So it is important not to know who Satoshi is and I really hope that they are all wrong.

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I'm totally on Michael's camp here. believe, or I understand why everyone wants to know, but I truly believe it doesn't matter at all. It's the technology that is the relevant part and who actually created it, whether it was a group or a person is in my opinion of irrelevance. would even argue as Michael does that it might, might hinder the further adoption of Bitcoin if we would know. And having said that at the last point also.

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it's not, so it's not a person that is currently guiding Bitcoin alone, right? So then it would obviously be important to know who that is. But as it's a community driven project or infrastructure, that's irrelevant in that sense. Let's not forget, I mean, all this coverage predominantly targets retail investors or allocators, but think from, think about it from an institutional allocator perspective where there is more than curiosity. So

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part of their due diligence framework on any digital asset is founder risk and governance concentration of the asset. So if the founder or the team behind Bitcoin would be revealed, that would have implications on their due diligence activity, certainly. So Bitcoin is the only network where that line item in the due diligence is structurally zero. You cannot

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investigate the founder risk and governance concentration because there is none. Yeah, so, but if it were to change and the Bitcoin founder were to be found, that would have implications for the institutional allocators listening to BFRR, certainly. Yeah, then we are absolutely on the same track. So I fully agree with you. That was also the reason why I didn't even put together the new evidence for these two new candidates. So if you want to read it up, we link it in the show notes, you can, but for me it's

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It's very interesting. It's very entertaining. Also how people, you know, interpret specific evidence from 10 years ago and everything. And it's just, I think it's part of the mystery also to have new names or, you know, old names coming up all over and over again. But I totally agree. I think it's really more a feature than a bug to not have this one person. And that also, you know, as part of all this decentralized Bitcoin narrative and, and, and Bitcoin and what Bitcoin basically is.

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which I think is really better off if you don't have the central person, but rather have this kind of mysterious discussions. yeah, but you know, for all of you who wants to read it up, I also read the article, I enjoyed it. It was really like reading a good book where you cannot stop reading. So I nevertheless find it very entertaining, but who it really is, to be honest, I don't care. And I think, yeah, it's not more than entertainment at some point.

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All right, let's move away from the market and crypto assets, specifically Bitcoin and ETH. Let's move away from the crypto conversations towards the private sector, towards stablecoins in the private sector.

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And in all this Nakamoto turmoil, one news was rather underappreciated, I think. If not the most underappreciated story of the month, Crédit Agricole is preparing its own EUR stablecoin for context. This is Europe's second largest banking group, 2.4 trillion euros on the balance sheet. And the reporting suggests a possible go live as early as this summer already. If that

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really holds, Crédit Agricole would be the fourth major European bank to enter stablecoin issuance after Société Générale, via SG-FORGE, Banking Circle and ODDO BHF. Maybe why we picked this story to me, because it's the kind of news that gets a two line mention in the trade press, in particular in comparison to the Nakamoto story, but then it disappears.

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But when in fact, is really one of the clearest signals we've had that European universal banking has internally now crossed the threshold. And I'm saying internally here because this is more targeted towards a treasury management use case. So if you're not interested in cataloging every stablecoin announcement we observe globally on Europe,

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We are interested in the ones like this that mark a structural shift in how incumbents, the universal banks, see this technology and Crédit Agricole going operational, not just exploratory is exactly that. So we discuss it today because if you're advising treasurers, regulators or competing institutions, this now changes your baseline assumptions about where the European banking sector actually is on adoption.

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And what I find fascinating in that particular case is not necessarily that they're doing it. I mean, it's just not the first bank launching a stablecoin. It's how the first use case here isn't

retail banking. isn't merchant payments. It's internal treasury. And that makes perfect sense. Once you remember that Crédit Agricole is not a centralized group. It's a federation of more than 2,300 entities, roughly.

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40 regional banks and a long list of specialized subsidiaries. So moving liquidity between those units today is operationally expensive and a stablecoin gives them a 24-7 settlement lane for internal flows. And the capital efficiency gain from unlocking pre-funded accounts is genuinely material for a global universal bank. Now let me ask the question I'm always asking for this kind of news and let's play the devil's advocate.

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Do we really need another stable coin? So many players have announced their stable coins. I cannot even count anymore. Is this really just, you know, is this really such an amazing news? Maybe to answer that question. I think it's amazing on the side that we see further institutional adoption on the digital asset side, be it on the cash side or then at some point also on the security side. So it really shows that DLT infrastructure can be used for

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large use cases within banks outside of banks. Right. So I think that as a first thing is very good to have that as a further sign. I truly believe as well that we don't need like hundreds different stable coins. So what is very good as well, if those stable coin providers start working together, nonetheless, we are at the beginning of the things, right? It's totally normal that for certain use cases, you might want to have the stable coin that you are actually

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in charge of that you can decide on which rails they're on and so on. So especially for that use case, which I agree, it's a very interesting use case, the internal treasury use case. I see the idea of having an own stable coin and using it for that. If they would stop there and say, okay, that's it, we're going to use only our stable coin. We never go to look at other stable coins. We are not working together with others on digital cash. Then I would say it would be short-sighted, but that's not what I'm reading here. So it's for that first use case, it makes sense, but definitely there should be a push in the industry.

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in bringing those infrastructures together, having solvability between it and working together. Jonas, to answer your question, there's one design detail that's worth and needed or requiring a flagging. Under MiCA, a credit institution can either fully back a stablecoin with segregated reserves or structure it against the bank's own balance sheet. ODDO BHF, for example, already chose the balance sheet route with its EUROD. Crédit Agricole looks to be going the same direction.

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And now to your question, if Crédit Agricole chooses its own balance sheet as the reserve, then of course they must launch their own because no other entity can launch a stable coin backed with its own balance sheet. Yeah. So if they want and need that for their internal treasury use case, for whatever reason, they have to do it like this. And also that, you know, you don't get me wrong. I'm not against, you know, this news. And I appreciate this also, like Lidia, said, you know, more institutional adoption.

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It's great that such banks talk around that. I'm more seeing this from an end user product perspective that in the end you have so many stable coins, you know, where for me it's really just the rail where the magic happens and not, you know, the amount of stable coins. But I agree. I mean, it just needs cooperation and maybe this is the first phase to get everybody hyped on stable coins. Everybody, you know, think about doing stable coins and

then to align on, you know, on standards to cooperate so that in the end it also adds value for the end user and you don't have like an

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you know, a stable coin for the stable coins sake that you have introduced. And I believe there will be different stable coins for different use cases, right? So on the retail side, totally agree as a retail end user, don't want to have like 100 stable coins to select from. There will be a handful likely that you might be using in the future, but nonetheless, there might be many more for different use cases that as an end retail investors, you would never see and you would never buy, but still there might be high volumes in those cases as well.

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The point really for in particular the institutional listeners is that if you're a credit institution issuing a token against your own balance sheet, what you have economically is really not, let's say USDT, it's more of a tokenized deposit with better branding. Yeah. So I think Lidia's blood pressure will increase a bit because of this.

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misuse of terminology, but the MiCA framework is effectively allowing banks to issue tokenized deposits under a stablecoin label, which is both a regulatory arbitrage and a distribution advantage. And the reason treasury first is the right starting move, at least for Crédit Agricole, is that it's the one use case where the issuer and the user are the same entity. The adoption problem, which so many have, in particular the euro stablecoin issuers,

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which has killed almost, or many tokenization pilots in the last few years, it simply doesn't exist in this case where you're the issuer and you're then also the user of that stablecoin. So I am not the expert on MiCA. So I don't know in detail on how all these different stablecoins can be structured. But for me, the important differentiating criteria, and we will see how Crédit Agricole is going to implement it, is whether you're going to fully back it.

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or whether you are not fully backing it, right? If you are using the cash that serves as underlying of the stablecoin, if you are reusing that for other purposes, that's in my opinion a deposit token. And if you keep that fully backed in that sense, be it on the balance sheet or be it in segregated accounts, then for me it's a stablecoin, but that might not be in line on how the industry qualifies it. And I've always had a hard time understanding the deposit token side.

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I totally understand the stablecoin side obviously and how you have increased in efficiency and all that. If you move away from that fully backed scenario where you then make the cash itself transferable as it is, right, which is the great benefit of digital cash. And if you move into a deposit token framework where it's not fully backed and where you, but it's basically a credit risk towards the one issuing in a much larger extent than a stablecoin would be.

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then it's much harder to transfer it. So you might not use that Crédit Agricole stable coin or any other, which would be a deposit token. Not saying that Crédit Agricole is doing a deposit token, but if you would do a deposit token, that's much harder to transfer without having an infrastructure in the backend of actually reallocating again where those, those deposits actually are. So that's a bit my take on the deposit token versus stable coin, but let's see how the Crédit Agricole structure is going to turn out and how they're going to implement it. Then we can.

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definitely qualify it as what it might be. thank you Lidia. Go live expected in the summer. Once they launch, we certainly talk about it. It will certainly hit the respective news episode of this go live month. And then we can evaluate the ultimate implementation. So is it more of a deposit token? Is it more of a stable coin? Do they really stick to the internal treasury use case only or will they expand?

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outward to corporate clients, then interbanking, then capital markets infrastructure. There might be a playbook behind this. We will evaluate all of this after go live, certainly. Good. Second story, Switzerland on the 8th of April, UBS, PostFinance, Sygnum, Raiffeisen, Zürcher Kantonalbank, BCV and Swiss Stablecoin AG, a local

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Swiss stablecoin issuer announced a joint Swiss franc stablecoin sandbox. I underscore sandbox. So they didn't launch a stablecoin. They launched a sandbox. And that's for me significant and made it to this episode for three reasons. First, there is still no

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regulated Swiss franc stablecoin with broad application. So we know that AllUnity launched Swiss franc stablecoin, but there is none with broad application. The Swiss franc is conspicuously absent from a global stablecoin market, although it's a super strong currency and the stablecoin market is still roughly 97 % dollar denominated. The second reason is two of the four systemically relevant Swiss banks are in.

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And third, several of these institutions were part of Project Helvetia on wholesale CBDC with the Swiss National Bank. So this is kind of the same operational muscle, but now clearly private sector led and stablecoin oriented. I think it's an amazing step for the Swiss industry. Full disclosure, I am a co-founder of the Swiss Stablecoin AG. So I have my slightly biased view maybe, but as you're saying, there has been

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an absence of a Swiss stablecoin so far, except for the recently launched AllUnity. One of the main reasons is the missing regulatory framework in Switzerland for that. as opposed to other areas such as crypto, such as tokenized securities, where Switzerland is quite far ahead in terms of regulation, on the stablecoin side, there is no regulation that is very much applicable or allows to actually launch stablecoins on a full scale. There has actually even been

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a rule being issued by the Financial Market Authority, FINMA, which actually implemented a whitelisting requirement if you issued it in Switzerland, which actually makes it very difficult for a lot of stablecoins outside of Switzerland to actually also be active in Switzerland. But having said that, in Switzerland, there is a regulation underway, so it's being worked on it.

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has been actively engaged for the last years in actually building a stablecoin environment and ecosystem. So it's amazing to see that those banks are now coming together to actually act on the Swiss stablecoin environment and issue stablecoins within that sandbox. So first thing, I think it's a very good step and especially for Switzerland, which lags behind in that area.

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Do you have a feeling Lidia how long it will take until such a regulation is there? So you said, you know, it currently it's been working on the regulatory guidelines for stablecoins. Do you have a feeling on the timeline? So they are in the, let's say in the final phases of putting the law together. It obviously still needs to go through all the processes involved in

lawmaking. So that's, that's going to take quite some time still, but nevertheless, one can start now and that's what the sandbox shows. So even with, with having the

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regulation not in place yet, you can issue stablecoins. So it's not that it's not allowed or not possible. So you can do it. That's also why it's being done in a sandbox environment to actually also envision this future regulatory amendment. At the same time, it is implemented in a productive environment. So it's not just tests as a sandbox might imply. It's really stablecoins on a productive environment.

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which I think it's very good that those banks are acting on that and, they're trying it out. Maybe one last note also on the CBDC and the Helvetia project that you were saying, think that's a very important point as well. I truly believe that there will be, as said before on the use cases towards retail that will also apply to that topic. So for me, this stablecoin sandbox is not, let's say the continuation of Helvetia, or it's not that Helvetia wouldn't

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work and now you do the next thing and try whether that works. It's really the wholesale CBDC research that is being done by the Swiss National Bank, which is quite far ahead, is for really wholesale payments and wholesale payments only. Whereas the stablecoin route goes into different directions. So ultimately also could go to the retail side of things. So for me, those projects, Helvetia, as well as now this sandbox are very much in parallel.

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Brilliant. And with that, let's move to Tether. Tether signs Big Four audit firm for first full audit. So they really have signed a Big Four accounting firm for its full independent financial statement audit at a reported \$184 billion in reserves. This is plausibly the largest inaugural audit in financial history.

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So industry reporting names KPMG and PwC, part of the motivation is clearly the US GENIUS Act, which requires rigorous audits for stable coin issuers. We picked this story really because Tether is the single largest counterparty risk in the crypto economy and how that risk is documented and disclosed affects market participants.

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heavily, so whether they hold USDT or not. So we're not piling on Tether or relitigating all debates, we're just highlighting that this is because it's the moment a decade long argument about transparency standards collapses now in real time and the operational consequences, particularly for reserve composition.

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might ripple through fixed income markets in ways that are not yet priced in. So if you do manage liquidity, this matters to you, even if you've never touched a stablecoin. I can only say finally. I've been waiting for this moment for, I wouldn't say 10 years, but for so many years. And so, I mean, it's good and long overdue that the step is taking place and

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I mean, obviously, Michael, you could frame this as, you know, kind of the largest inaugural audit in financial history. But, you know, you could also say it's pretty crazy that until the size of a company, you don't have an independent audit. Right. So, yeah, the matter of framing, but long story short, I think it's really good that this takes place. I'm curious, you know, that what does this will figure out. But I guess as this is a step, a proactive step now,

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you know, been taking from Tether, I would be surprised if they would find something very surprising to us, if you ask me. Yeah, it's cool to see that regulation is actually working. At

least that's my interpretation. For a decade now, Tether's position was that quarterly attestations from a smaller Italian firm were sufficient transparency. And that argument died in the moment the GENIUS Act was signed. A single legislative cycle

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ended the debate, the crypto industry had been having for 10 years. So if and how to really audit these day one stable coin issue is in fact how to audit the originator of this form of digital money even. Yeah. Yes. And my feeling is it's more and more turning positive, the sentiments or a little bit, Lidia, on what you said before that there is more traction coming, more institutional interest, but also my feeling is the sentiment is getting.

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more positive and one piece for the sentiment was now a few quotes from the French finance minister who basically also said like small volume and I quote him here, small volume of euro-backed stable coins compared to dollar-backed ones is currently basically not satisfactory, which also means that more euro-stable coins are here demanded or it's asked for. I'm personally not...

38:17

A big fan of, we discussed that before on the topic of amounts. So don't think it needs, it needs, you know, way more stable coins. I think it's really more, you know, the other factors that be here and have to be given. So some of them are of course, legal uncertainty, we have also due to MiCA. think understanding and awareness is really increasing. So I also had some of the calls with some ministries and member states, also European Commission turns more.

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positive also on the potentials of stable coins, which is at least my observation for the past first year or so. But I would also like to get, you know, the question to you guys, because you also deeply embedded in the stable coin ecosystem. Like, would you agree that you think also from the public sector, the sentiment is getting more and more positive here and also like, you know, what do you think still needs to change for the euro stable coins or maybe also for Switzerland, like for fiat stable coins generally.

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that are not US dollar denominated to thrive. So what's basically maybe currently missing in the market around stable coins? I actually feel that, especially in Europe, the sentiment has for quite some time now already been very positive on the public side. So we see that in the regulation that has been put in place. Obviously there is always room for improvement also with respect to regulation. But nonetheless, we have a very good basis. And that's what we see also with looking at the number of stable coin issuers.

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It seems to work. It seems to be a good enough regulation as well as public opinion on stablecoins in general. So I think we're already on a very good path ahead. Switzerland is a bit of an exception. I said, it still needs to have the regulation and still needs to have this public positive appearance to be implemented. What still is needed for actually those currencies also to flourish

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Next to the US dollar stablecoins are actually use cases. So as we see, the US dollar stablecoins are highly dominant, but that's mainly driven by DeFi use cases. I don't see that changing quite that quickly. So I assume this dollar dominance is going to stay in the DeFi segment. What I expect though, when we have more more institutional adoption on the stablecoin side, that that will obviously be very currency driven.

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The institutions are not going to move on a US dollar stablecoin for business that they are doing today in euro or Swiss franc, right? So as soon as the institution adoption is coming in, we're to have increase in volumes on the other currencies. So it's amazing that we have those stablecoins out there, be it EURCV by SG-FORGE, be it Qivalis. Which is not live yet. But which we have a lot of banks working on it. So it's very good that we are going into that direction. Let's see.

41:00

But what I think is missing is the use cases now. So we have the stable coins, whether they are live or not, and we can agree or disagree on which ones are set to make it, but we need them to be implemented and used in use cases. And we need to move away from everyone has his own stable coin and actually collaborating and bringing that together. I hear some skepticism, Michael, on your end. You know, just about bank consortia, I understand why banks form consortia.

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or sandboxes, I just don't believe that a consortium in itself, but then a particular one formed of financial institutions has the same firepower as a stablecoin startup like USDT. So I'm just skeptical of the speed and effect of the implementation, but that's a whole different debate. Here we are talking a statement of a sitting G7 finance minister who publicly says the dollar

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stablecoin dominance is not satisfactory, which is pretty diplomatic. So that's no longer a comment on crypto, as we've seen it so far. That's really a monetary sovereign statement. And it tells you stablecoins have officially crossed from a fintech curiosity for some politicians into strategic infrastructure at the highest levels of European policy. So that in itself is good to me.

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And here I'm with Lidia. The honest issue, though, is that political will alone won't move the needle here. So EUR stablecoins don't lose to USDC and Tether on regulation. MiCA actually gave Europe a head start in regulation, but the EUR stablecoins lose on use cases, as Lidia said, on liquidity depth and the fact that global crypto rails were built dollar native from day one. And what Europe actually needs is not another

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compliant euro stable coin issuer as Lidia also said it needs one or two serious players with bank rate distribution, real institutional integration and a coordinated push from the ECB, the Commission and the private sector. Otherwise we keep having this very same conversation here still in 2027. And I totally agree with what you said like, A, we need legal clarity. We have this kind of given by MiCA. We need, you know, use cases where

43:22

Everybody is basically asked to support, right? It's one party pointing to the other. It really needs the stablecoin industry, the financial industry, other industries for use cases. I mean, what I'm really happy about is really, and I think I agree with you, Lidia, that generally the sentiment about stablecoins also in regulation was very positive. But what I missed in the past year was also from politics, a lot of support in a sense of really member states and other entities on that.

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I think this is currently changing, which is also good for these environment. And what I always hope is that also then here in the public sector, more understanding is being driven and also maybe that some more budgets for specific projects are being provided by the public sector. That's what I'm hoping for to also get the use cases maybe figured out more. And this is why I think for this whole euro stable coin journey that, yeah, at least the small nuances in the communication are really worthwhile to mention.

44:19

as we do in this episode. But let's now take a quick look at stablecoin regulation in the US again. And we discussed that in previous episodes as well. That, you know, we know that the GENIUS Act has basically passed already last year. But currently, the CLARITY Act was basically a second piece of regulation is basically having a lot of discussions at one point and is, I wouldn't say a little bit stuck, but it has not been adopted and entered into force yet.

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particular due to one top one open topic maybe a little bit more but one key topic and this is the topic of interest rates and and interest remuneration on stable coins and we know from the you from MiCA that stable coin issuers are not allowed to pay yields so you cannot say as a stable coin issuer I pay you whatever five percent interest rate a year if you just hold the stable coin that's actually forbidden from the regulation and in the US it's very similar in the GENIUS Act that this direct

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allowing of yields of interest rates paying interest income is not allowed. However, there is currently some kind of a loophole, which basically is on about third party or affiliate yield products that may exist where you can get indirect remuneration via stablecoins. So to tell you an example, example could be that a user does not get interest on a stablecoin holding itself like USDC, but can opt into a separate, let's say, lending product. So for example, a user deposits a stablecoins at an exchange.

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Let's say Coinbase. Coinbase would route the funds to a third party DeFi protocol. Let's maybe say Morpho or somebody else. Borrowers take loans using crypto collateral and the interest from the borrowers is passed to the end users and the end user earns interest rate income, maybe 5 to 10 % yield. And that is basically a current loophole in the GENIUS Act, which you can currently use. And there are a lot of discussions now about that. Should this be allowed? Should this be forbidden? And here what the news piece is and why we brought this to this episode today.

46:16

is new evidence actually from the Council of Economic Advisers in the United States that basically said that if you would ban the yield on stablecoins, so not allowing also this indirect remuneration, this would only a little bit negatively impact bank lending, namely by 0.02%, which was one of the main concerns from the banking lobby and why they are lobbying against this option that you are allowed to pay indirect incomes.

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And this is here, basically now this Council of Economic Advisers says, hey, this problem is not really, you know, really huge. We quantified that. So, you know, let's not close this loophole, what the banks, however, see from a different perspective. It also then, just related to that, a couple of days later, Treasury Secretary Scott Bessent published an op-ed in The Wall Street Journal to push the CLARITY Act to get more...

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more clarity on the CLARITY Act. So basically asking them to put the CLARITY Act draft on the table of the President. So what you see here is basically some kind of public sector players making really, you know, providing data, publishing numbers on this yield ban that it's really marginal to really also put pressure on that this topic can be resolved. So I think that was very interesting to see. And maybe it's some kind of a push to get the CLARITY Act in a final form.

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soon because we will see, at least that was some interesting and remarkable news on this issue of stable coin remuneration in the US. one thought to add there. I'm totally in favor of any regulation which allows to build innovative businesses. So a regulation shouldn't be here for cementing the status quo because I believe also large institutions can actually then amend their business cases according to the new law. there also are possibility to amend an existing business case if it's beneficial.

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for ultimately the society. Now, having said that on the yield topic on stable coins, I'm not so sure whether the argument is right as it's currently being done. I understand obviously that from a digital asset perspective, especially from a stable coin perspective, you want to be able to pay yields on the stable coin. But if you look at that today, why you earn interest, it's actually earning interest because you are giving your money to an institution and you're accepting credit risk for that, right? This institution can take that money.

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and do other business with it, can hand out mortgages or anything. So there is a credit risk. We might not feel that that much anymore because usually banks are being saved by the governments in case there might be, but ultimately we give the money to a bank, we have credit risk, therefore we get interest, right? Also, when you look at cash, so physical cash today, you don't get interest on that, right? So that's the difference, right? Why you get interest on certain cash environments and you don't get interest on others. Now on the stablecoin, so if a stablecoin is fully backed,

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Maybe even think about at some point, a stablecoin provider might have access to central bank account and directly transfer the yield it gets on the central bank to the end user and that on a fully backed scenario. And if the insolvency risks are implemented and in the right way, then you actually don't have credit risk. So why would you need an interest or why would you require an interest? Because then it would be ultimately cash. But you obviously would get interest if you use that cash. Again, the comparison to the physical cash. If you use that cash and use it,

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in, for example, a lending context. So you take the cash, you borrow it to someone, and someone pays you interest on it. So I'm not that sure whether this interest yield component is simply of, oh, we should be treated the same as banks, we should be allowed to pay interest. We also need to think about why this interest is being paid today and whether that's the same thing in the same kind of environment. Not saying there shouldn't be the same conscious saying that's a different argument that also needs to be considered when thinking about that topic.

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Maybe Lidia, you're deeper in the topic to me. The GENIUS Act yield ban is a classic case of regulation protecting incumbents rather than consumers. So the Council of Economic Advisers' own numbers show it adds a rounding error, 2.1 billion in bank lending while costing the users 800 million in welfare through yields, which is exactly the kind of trade off that gets made when bank lobbying

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outweighs the evidence that the Council of Economic Advisers produced themselves. So maybe my thinking isn't as nuanced as yours yet, but to me, this is just lobbyism protecting their business model. And yeah, it likely is. So I'm not saying anything against that. It's likely is because as a large institution who would be hurt by that, you obviously are lobbying against that. So totally with you on that.

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I'm just saying there might be an additional argument that needs to be thought through. If that has been sought through and taken care of, then please let's implement it, right? Totally not in favor of having regulation that cements the status quo. Yeah. So I understand your point just as an additional thought that might be something to consider. And what I found very remarkable, just one more sentence is that the, basically the public sector, like the government or this entity, this advisor's entity was on, it now seems to be on the side.

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of the, you know, of the industry of the digital money, digital assets industry and not on the side of the banks, which, yeah, it's just very interesting and very worthwhile to see how the market and also the public sector in the US is really pushing the topic of digital assets and digital money. Let's move to the ultimate section of today's episode. That is institutional tokenization and TradFi market infrastructure.

51:55

three stories really dominate in this domain in April. I will give you a quick overview and then interested to see what is the biggest one for you. So first, Deutsche Börse Group has taken a 200 million US dollar strategic stake in Payward, the parent of Kraken. So a 1.5 % fully diluted position closing Q2.

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This is the operational follow through on the partnership they announced in December 2025. What Deutsche Börse Group is building openly now is a hybrid market infrastructure, one liquidity pool that can process traditional securities and blockchain native tokens side by side. Then second and directly connected, Ondo, Clearstream and 360X announced a partnership to bring

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tokenized US stocks and ETFs into European regulated infrastructure. So there are 10 tokenized securities such as NVDA or NVIDIA. I won't list all of them. They went live on 360X and Clearstream will handle custody, settlement and collateralization. And third, there is KfW.

53:22

Germany's development bank is issuing its third DLT-based bond in June, deliberately designed as a stress test. So they are swapping the registrar mid-life cycle from Cashlink to DekaBank and migrating the chain from Polygon to Regulated Layer One. Side note, we need to have Ivica Aračić finally in here to discuss Regulated Layer One.

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which is the permissioned European network co-owned by KfW, DekaBank, DZ Bank and more. On the cash leg, two Eurosystem rails on one instrument for the first time now. So Bundesbank's Trigger Solution at issuance and Pontes for coupons and redemption. So those are the three biggest items in institutional tokenization and TradFi market infrastructure, at least from our European perspective.

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Yeah, now I'm interested in hearing what you found most interesting. think all of the three topics are very, very crucial. So there's not one of them to pick out. What it shows in general is that we see again, more and more and also massive institutional adoption into the digital asset and crypto sector. So I think that is what those three topics show. It also shows that we move away from

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simply testing, piloting. We are very much in production environments. So that, for example, is the Ondo case, which shows very well. think Ondo is an amazing team. are looking at that it's possible, or they're showing that it's possible to bridge DeFi with TradFi so that you

don't have to run those systems in parallel, but can actually be present on both rails. So I think that definitely is, or are all very important signs. Excellent. With that, we

55:15

rushed through unfortunately so many interesting news. really enjoyed our Satoshi Nakamoto debate and our focus on stable coins. As always, we also brought super interesting knowledge bites that we recommend you to go through and learn from. Jonas, which one did you pick this month?

55:39

Yes, thank you. So I brought the ECB's retail payments strategy with me. So the European Central Bank published, yeah, kind of their thinking on where they think payment is heading and also how they adjust their own infrastructures, their own payment infrastructures in the next couple of years. Obviously, I guess no surprise that the digital euro is one part of that, but also wholesale CBDC efforts like Appia and Pontes are part of that.

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But they clearly also see tokenization as one of the key themes for the years to come and wants to prepare the payment infrastructure also from their side on that. I think everybody who's interested also, you know, to get the central bank, the public sector perspective on the future payment rails, they should definitely check out this retail payment strategy by the ECB. Thank you, Jonas. We'll definitely give it

56:27

How about you Lidia? Yeah, I couldn't decide on one. I brought two. One is a podcast by Raoul Pal, The Journey Man, which is actually a talk about how Ethereum should be seen as the main neutral base layer for moving the financial infrastructure on. there are, just to give one quote from the podcast is that the entire banking system will go on Ethereum. So very provocative, but very great to listen in and hear what they're talking about.

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And then secondly, Vitalik Buterin has issued one of his blogs in April, which is actually a link between blockchain as well as AI. I think it's a very tech-driven blog post, but it's interesting to have a read, especially for those currently implementing AI infrastructures. It is about, for example, if you want to consider how to connect LLMs to an Ethereum wallet, but he very much comes from a design principle on how you should set it up to obviously...

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align with the principles we know from the blockchain space such as security, self-sovereignty and so on. So very good reads there as well for those a bit more into the tech topics. Brilliant. I definitely know the situation not being able to pick one. The one I picked this one though is in fact The New York Times piece by John Carreyrou titled My Quest to Solve Bitcoin's Great Mystery. And although

57:51

I pitched that for institutional investors, it would only cause more work knowing who behind Bitcoin is or the name Satoshi Nakamoto. It is still super interesting, particularly on how seriously he investigated this. this is now really serious journalism, not Satoshi clickbait as the other examples were that Jonas listed. So yeah, he really names Adam Back and

58:18

backs it with linguistic forensics, AI assisted text analysis, and a narrowing from 34,000 mailing list users down to one. Although we actually don't want the truth behind the label Satoshi Nakamoto, although we don't want it, it's fascinating to read and you learn a lot about the crypto community and the early cypherpunk community. So give it a read. And with that,

58:47

Note: This transcript is an AI translation from the English Audio.



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