

CRYPTOASSETS: MARKET TRENDS AND FIRST MICA LESSONS



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Early lessons from MiCA and how Europe's crypto market is evolving

The Markets in Crypto-Assets Regulation (MiCA) represents a structural shift for the EU crypto-asset market. A sector that previously operated largely outside a harmonised regulatory perimeter is now subject to common rules, authorisation requirements and supervisory oversight across the Union. This transition is already generating tangible benefits, notably through enhanced legal certainty and regulatory clarity for firms and users.

MiCA reduces fragmentation by categorising crypto-assets into asset-referenced tokens ('ARTs'), e-money tokens ('EMTs') and other crypto-assets, and by creating a harmonised compliance baseline across Member States. Investor protection is strengthened through rigorous authorisation and requirements for CASPs, including governance standards, internal controls, management of conflicts of interest, safeguarding of client assets and operational resilience.

Market integrity is reinforced through the introduction of a crypto-specific market abuse regime for crypto assets, where new rules addressing insider dealing and market manipulation have brought greater transparency and fairness to markets that previously operated with limited regulatory oversight. In addition, MiCA's passporting regime supports cross-border activity, allowing authorised CASPs to scale across the EU under a single authorisation and contributing to the integration of the internal market

At the same time, as implementation progresses, several practical challenges are becoming emerging. A key issue concerns Article 60 of the regulation, which assumes that entities already authorised under other EU sectoral frameworks may commence crypto-asset services via notification. In practice, crypto-asset activities often entail specific and idiosyncratic risks that require adjustments to governance structures, risk management frameworks, custody arrangements and digital operational resilience systems, and a simple notification may not always adequately address these risks.

Applying MiCA to decentralised models is also difficult. While the regulation excludes "fully decentralised" activities, determining where decentralisation ends and regulated intermediation begins is not clear cut. These 'hybrid' models can create legal uncertainty regarding who must comply and what rules apply, which necessitates clearer regulatory guidance. Classification questions are another friction point, especially for ARTs. ARTs must be distinguished from EMTs and from traditional financial instruments to fall under the ART regulatory regime. In practice, however, ARTs often resemble traditional investments, creating a 'grey area' between MiCA regulation and MiFID II.

Looking ahead, the EU crypto market is likely to move toward deeper integration with traditional financial services. The focus will therefore shift from regulating a "standalone" crypto sector to ensuring coherent integration between MiCA and the wider financial framework.

From the perspective of a smaller Member State, the proposed evolution towards EU-level supervision for large cross-border CASPs merits careful consideration, as it entails both potential

advantages and important strategic implications.

Centralisation can enhance consistency in certain high-impact cases, but it should be proportionate and consistent with subsidiarity. There is a risk that overly centralised approaches could concentrate activity in a few Member States or weaken the link between supervision and local market realities. Differences in supervisory approaches across Member States do not automatically imply that there is suboptimal supervisory performance.

The EU crypto market is likely to move toward deeper integration with traditional financial services.

National regulators are often best placed to understand local market structures and specific risks, and their proximity to firms can support effective and efficient oversight. The key question is therefore whether centralisation is always the best answer—or whether clearer Level 1 rules, combined with stronger checks and balances around convergence tools, could resolve the problem more effectively.

Like any pioneering framework, the implementation phase of MiCA has revealed areas where further guidance, supervisory convergence and possibly targeted refinements may be needed to ensure that the regime remains effective and proportionate in a rapidly evolving market. MiCA has nevertheless significantly improved clarity, and its success will depend on continued guidance, constant supervision and careful calibration as crypto and traditional finance converge.



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Assessing MiCAR's progress to date

The establishment of MiCAR was an important milestone to support crypto asset innovation and growth in the EU. The timeliness, comprehensive, and open nature of the Regulation provides a strong foundation for meeting its core objectives. By delivering a harmonised and passportable regime for crypto assets, MiCAR brought regulatory clarity and opportunity.

The primary objectives of legal clarity, strong consumer protection, enhanced market integrity, while safeguarding financial stability, remain intact and are starting to be realised. A growing list of authorised CASPs seeking access to the single market demonstrates the progress to date and reflects not only interest in serving the EU market, but also industry's ability to meet regulatory and supervisory expectations. More broadly but less overtly, the EU's strong support of the rule of law is growing in importance for supporting industry and growth.

It is vital that these principles remain in place and continue to support consumer and investor confidence in the future, given the novel and borderless nature of these activities. Other jurisdictions are working towards agreeing if, what, or how to legislate crypto asset activities,

which will result in further changes to the market. Therefore, while we should acknowledge the achievements to date in the adoption of MiCAR we should also consider what further enhancements might be appropriate.

The demand for and issuance of EU-denominated stablecoins has been limited. While this may be disappointing to some and concerning to others, it should not be surprising that USD-denominated stablecoins dominate the stablecoin market. The US economy and US dollar continue to be prominent in central bank reserves and payments across the world. Given that a major use case of stablecoin involves cross-border payments and remittances (in addition to the primary usage in unbacked crypto asset trading), this position is likely to persist for the foreseeable future. By having a framework that allows for innovation and appropriate transparency and protections for investors will help make MiCAR a success.

The multi-issuance stablecoin model is a key topic of discussion at EU level, driven by concerns that EU consumers could potentially be placed at a disadvantage compared with those in other jurisdictions. Several EU bodies have voiced financial stability concerns with this issuance model. More generally, there are concerns about a lack of clarity on this topic/issue in the industry. While such concerns should not be ignored, other factors need to be considered, including that one of MiCAR's original objectives was to design a framework to allow access to international stablecoins.

**MiCAR laid the
groundwork for growth
and innovation, but it
was only a first step.**

Another practical lesson emerging from MiCAR is the interplay with other regulations – for example, PSD/PSR, MiFID, DORA – and how the arrangements support the simplification and competitiveness agendas.

Looking forward, there are newly developing areas where MiCA could support important policy objectives such as Savings & Investment Union and Competitiveness. Several of these have been identified and put forward by the Commission as part of the MISP package.

One is whether to centralise the supervision of CASPs with ESMA or instead strengthen and reinforce

existing efforts to achieve supervisory convergence of approaches taken by NCAs currently supervising CASPs. Given MiCAR is still in its infancy as a legal framework, it would be premature to conclude, based on current evidence, that enhanced supervisory convergence measures cannot deliver a sufficiently harmonised application of MiCAR across Member States.

There should be adequate consideration of the benefits that national supervision brings to the table. NCAs are uniquely positioned to account for national characteristics and have already dedicated significant resources on developing their supervisory frameworks for CASPs. In Ireland, under the Central Bank of Ireland's Supervisory Framework, the CASP sector is subject to sectoral supervision, with enhanced supervision applied where deemed necessary. The approach seeks to provide an environment which enables the benefits of innovation for consumers, businesses and society to be realised, while ensuring that the risks are effectively managed and mitigated. Also considering industry feedback, we should not underestimate how costly and disruptive a change could be for the sector and how it may run contrary to the simplification agenda.

Given the cross-border nature of digital assets and the rapidly growing global stablecoin market, the conversation around supervisory alignment must include international co-operation. As CASPs develop new and innovative business models that target consumers both within in the EU and in third countries, international regulatory coordination through multilateral bodies such as the FSB, IOSCO, and BIS is more important than ever in order to address systemic risk and ensure EU consumers are protected.



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MiCA implementation: supervisory convergence and global regulatory coordination

The first phase of implementation of Regulation (EU) 2023/1114 on markets in crypto-assets (MiCA) has unfolded in a market for asset-reference tokens (ART) and e-money tokens (EMT) characterised by concentration and complex cross-border issuance arrangements, including multi-issuance models involving entities or infrastructures located in third countries outside the Union.

Globally, stablecoins are used predominantly to facilitate trading of crypto assets, liquidity management and settlement, whereas their role as a mean of payment in the broader real economy remains limited. This usage profile entails significant supervisory considerations. Under MiCA, issuers shall ensure continuous redemption at par value, including under stressed conditions. Given the possibility of rapid, large-scale redemptions, robust reserve management, liquidity buffers and sound operational and governance arrangements are essential.

The majority of crypto-asset services on tokens in the EU is provided by a limited number of providers, top ten

entities. The digital and platform-based nature of these services often gives them an EU-wide footprint from inception, reinforcing the need for consistent supervisory standards, effective information sharing and structured cooperation among competent authorities (CA) to ensure a level playing field and mitigate regulatory arbitrage.

In case of significant EMT issued by e-money institutions, a dual supervisory approach applies with close cooperation between supervisors. The EBA becomes direct supervisor as regards liquidity and own funds requirements, recovery and redemption plans and remuneration policy aspects. The rest of areas remain under the supervisory power of the relevant CA. In case of significant ART, the EBA becomes direct supervisor in full.

Although MiCA establishes a directly applicable and harmonised framework, consistent supervisory outcomes require sustained convergence efforts. In this context, the EBA's supervisory convergence mandate has supported the development of methodologies for structured risk assessment, and the calibration of supervisory approaches. Particular attention has been given to interpretative and supervisory issues requiring a common understanding, including fiduciary deposit structures used by EMT issuers, the holding of own tokens by issuers and the eligibility of certain crypto-assets as reserve assets or referenced assets for ART.

The EBA supports common understanding on crypto-asset classification by developing non-binding opinions upon request. Further, the EBA fosters continuous knowledge exchange among CA and promotes supervisory convergence in the application of MiCA to ART and EMT through its ongoing market monitoring. A cooperation framework under MiCA reinforces structured collaboration across authorities, and supervisory priorities identified for ART and EMT issuers are currently being assessed for their effective implementation.

**Consistent supervisory
outcomes require
sustained convergence
efforts.**

MiCA is expected to bring benefits to market participants, consumers and investors in a short timeframe. By establishing common prudential, governance, conduct and transparency requirements, MiCA reduces

fragmentation and enhances investor protection, market integrity and financial stability. Stablecoins not issued in accordance with MiCA are no longer expected to be legally offered or admitted in the Union, contributing to a reduction in the availability of unauthorised stablecoins.

Some gaps identified are transitional. The phased application of CASP licensing and reporting requirements may create temporary information asymmetries between issuers, service providers and supervisors. During this period, supervisors may be limited to access fully consistent and comprehensive data, affecting the completeness and timeliness of risk monitoring.

Other challenges are more structural. Complex or evolving business models, including issuance of certain stablecoins in several jurisdictions ("multi-issuance"), must be paid specific attention and underscore the importance of developing a common supervisory understanding of the associated risk profile and prudential implications. Ensuring a consistent assessment of these structures and of the potential additional risks they may entail, designing proper reserve management frameworks and cross-border arrangements is essential to limit contagion risks, avoid divergent treatment and safeguard effective risk control across the Union.

Given the global and interconnected nature of stablecoin markets, cooperation among authorities is essential. While full regulatory equivalence may not always be feasible, collaboration and timely information sharing between the EBA and non-EU authorities is key. Effective cross-border cooperation mitigates supervisory blind spots and reduces the risk that vulnerabilities emerging outside the EU undermine financial stability, market integrity and investor protection.



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UK cryptoassets regulation: driving responsible innovation and growth

In February 2026, the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026, establishing the UK regime for cryptoassets was signed into UK law. The objective is clear: support responsible innovation and promote the UK as a leading destination for digital assets.

Rather than opting for a standalone approach, the UK has taken a deliberately integrated legislative approach by updating the UK's established financial services framework to bring cryptoassets activities into regulation. The legislation introduces new regulated activities that will require Financial Conduct Authority (FCA) authorisation, alongside new frameworks covering market abuse and an admission and disclosures regime.

From targeted interventions to a full market framework

Cryptoassets are here to stay. The UK's policy response has evolved in line with the market, addressing the most urgent risks first; including money laundering and misleading financial promotions. The new regime builds on this to

provide a clear, proportionate and robust regulatory framework to oversee an evolving market. It complements wider digital assets initiatives to unlock the real economy benefits of blockchain technologies. This includes the Digital Securities Sandbox, the Digital Gilt Instrument pilot (or 'DIGIT'), and the Wholesale Financial Market Digital Strategy.

Key features: scope, rationale and next steps

The legislation defines "qualifying cryptoassets" as those that are fungible and transferrable. This includes the major tokens such as Bitcoin and Ethereum, but excludes, for example, non-fungible tokens that are not suited for financial services.

Within this category, "qualifying stablecoins" are defined as qualifying cryptoassets where the issuer holds assets for the purpose of maintaining a stable value against a particular fiat currency. Tokenised versions of traditional investments, such as shares, are generally outside of scope, but the new cryptoasset safeguarding activity extends to them to ensure regulation can address tokenisation-specific risks.

The new regulated activities include operating a qualifying cryptoasset trading platform, dealing in qualifying cryptoassets as principal or agent, arranging deals, safeguarding, staking and issuing a qualifying stablecoin in the UK. Firms carrying on these activities in the UK, or for UK consumers, will generally need FCA authorisation and to comply with FCA rules.

Protecting consumers and promoting the UK as leading destination for digital assets

The regime recognises the cross-border nature of cryptoasset markets and avoids unnecessary duplication of authorisation where appropriate. So, where a UK-authorized trading platform or dealer acting as principal intermediates between an overseas firm and a UK consumer, the overseas firm does not need UK authorisation. Overseas firms serving only institutional customers are also exempt, assuming those customers are not acting as intermediaries to UK consumers.

For stablecoin issuance, authorisation is required where this activity is carried on from a UK establishment. Overseas

issued stablecoins can still be bought and sold in the UK. Where firms carry on regulated activities in connection with overseas-issued stablecoins, they will need to be authorised for the relevant activity as if the stablecoin were an unbacked cryptoasset.

The legislation establishes robust frameworks for market abuse, and public offers and admissions to trading. It defines and prohibits insider dealing and market manipulation, requires disclosure of inside information and mandates firms to have in place appropriate systems and controls. Public offers of qualifying cryptoassets are prohibited unless a specified exemption applies, and those responsible for offers or admissions are required to produce cryptoasset disclosure documents.

On decentralised finance, this regime is broadly technology-neutral. So, where persons can exercise control over certain services, it is right that they should be authorised in the same way as other firms, and the FCA will assess this on a case-by-case basis.

The FCA is consulting extensively and expects to finalise rules and guidance later this year. The regime will come into force in October 2027. Separately, the Bank of England is developing regulatory proposals for stablecoins recognised as 'systemic'.

A competitive, high-standards regime that is a basis for international cooperation

Overall, the UK's regulatory approach aims to strike the right balance between ensuring consumers are protected and incentivising firms to invest and innovate in the UK. It is a regime designed not just to respond to risk, but to enable the next phase of growth.

Blockchain technologies stand to play a transformative role in delivering real efficiencies in financial services from payments innovation to capital markets modernisation. As domestic regimes develop, the UK continues to have an interest in working together with international partners to harness these benefits responsibly and support open markets.



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MiCA: towards effective Implementation boosting innovation and competitiveness

The introduction of MiCA has positioned Europe as a global pioneer in digital assets regulation bringing legal and regulatory certainty and enhancing consumer protection. However, the debate is no longer about whether digital assets should be regulated but whether Europe can effectively implement and supervise its framework in a way that does not hinder innovation and competitiveness.

MiCA provides the foundation for a more mature European digital assets market. Legal certainty is a precondition for market integrity, institutional participation, and global competitiveness. At Kraken we view regulation as a catalyst for trust, not a barrier to innovation. Securing a MiCA license from the Central Bank of Ireland last year was a pivotal milestone for us as it unlocked the ability to provide regulated services and engage directly with 500,000 citizens across all 30 EEA member states.

Europe is now shifting towards MiCA implementation with many member

states still in a transitional period and supervisory practices naturally still evolving. As we are approaching the end of this transition, the next phase is critical and should aim on ensuring the consistent application of rules, achieving a genuine level playing field across Europe, and closing policy and regulatory gaps without hindering innovation and European competitiveness.

Much of the policy discussion is now focused on centralised EU level supervision and whether ESMA should assume supervisory responsibility for all or some of the CASPs. At Kraken, we have long supported regulatory certainty, high standards, and effective supervision across Europe. As policymakers consider the future supervisory architecture, the priorities should be consistency, coherence, proportionality and efficiency.

The debate around supervision is often framed as a binary choice between national oversight and a single EU supervisor, when a more balanced approach could be more prudent and effective. MiCA has only recently entered its full implementation with many member states still in the transition period. Allowing for a full regulatory cycle under the new framework would provide useful data to assess effectiveness and decide the best way forward.

At the same time, Europe can achieve greater supervisory convergence and risk mitigation whilst ensuring proportionality, operational efficiency, and innovation through stronger supervisory coordination between NCAs under ESMA. Europe can utilize existing tools such as market studies, peer reviews and common supervisory actions, as well as established practices such as supervisory colleges and information exchange mechanisms. We support a model with clearly defined responsibilities that achieves proportionality and operational efficiency, avoids duplication, and enables innovation, fair competition and competitiveness.

In addition to CASP supervision, the debate is also centered around “MiCA 2.0”. While calls for a “MiCA 2.0” in such a rapidly evolving market are not completely unjustifiable, a structural overhaul of a framework that has only recently entered into force with elements phasing in throughout 2026 risks having the opposite effect. A framework of this magnitude requires time to be fully embedded by both companies and supervisors, and it also requires a comprehensive assessment based on empirical evidence and verified data before any reform. Reopening core provisions too quickly risks regulatory divergence rather than alignment.

At the same time, regulators should engage with the industry on new innovative products such as crypto derivatives, and associated market developments adopting a balanced evidence based approach that does not risk shifting activity offshore towards unregulated venues undermining the EU’s ambition to onshore digital asset markets. This is particularly critical as other jurisdictions are moving to onshore specific activities recognising that innovation underpinning certain products will expand quickly to cover traditional financial assets.

MiCA's success now hinges on its effective implementation and adoption by global market leaders.

MiCA has positioned Europe as a leader by being the first comprehensive legal framework for digital assets. However, other jurisdictions — including the UK and the US — are advancing their own frameworks. Europe has built a robust framework, but the success now hinges on effective implementation, supervisory convergence, operational efficiency, and a balanced evidence-based policy and supervisory approach. Under these principles MiCA can transition from a mere regulatory milestone to a benchmark for global market leadership.



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The MiCA impact on institutional engagement with crypto assets and tokenisation

The introduction of the Markets in Crypto-Assets (MiCA) regulation has been a transformative event for financial institutions within the European Union. Its implementation phase arrived at a pivotal moment, coinciding with a globally favourable alignment for the crypto ecosystem. This unique economic and political backdrop has allowed MiCA to provide the legal certainty needed to give European financial institutions a first-mover advantage.

Key Advantages of MiCA for Institutional Players

MiCA's comprehensive framework unlocks several specific opportunities for banks and asset servicers

Expanded Stablecoin and Payment Services: The regulation permits both banking and non-banking entities to issue stablecoins. It also enables the development of new payment rails for clients requiring instant and on-chain settlement.

Enhanced Custody Solutions: Banks can offer custody services using

individual client accounts with segregated holdings for digital assets. This moves away from the omnibus account model commonly used for crypto assets. By avoiding pre-funding or sub-custody arrangements with non-financial institutions, counterparty risk is significantly reduced.

An EU-Wide Passport for Crypto Services: Achieving MiCA compliance grants a passport to provide digital asset services across the entire EU. This offers a significant advantage over country-level Virtual Asset Service Provider (VASP) licences.

Integration with Traditional Financial Instruments: While tokenised securities fall under MiFID and the EU DLT Pilot Regime in the case of securities admitted to trading, MiCA brings some guidance for the clarity to the provision of custody services for tokenised financial instruments due to the use of common technical infrastructure.

Unified Asset Servicing: When investment fund shares are tokenised, this can be managed by an asset servicing group's existing registrar and transfer agency functions. This ensures full integration with traditional services like fund administration and reporting. From issuance to consolidated reporting, institutional clients benefit from a unified solution covering both on chain and off chain liabilities and assets.

Persistent Regulatory Gaps and Challenges

Despite MiCA's progress, several regulatory gaps continue to hinder seamless institutional participation.

The introduction of the Markets in Crypto-Assets (MiCA) regulation has been a transformative event.

Global Interoperability and Harmonisation: MiCA's scope is limited to the EU, leaving cross-jurisdictional harmonisation as global challenges. New crypto-asset regimes in the UK, US, Hong Kong, Singapore, and the Middle East have adopted differing approaches, particularly in their technical details, creating a fragmented international landscape.

Conflicts with Existing EU Legislation: The interplay between MiCA and other EU laws creates complexities.

Examples include the overlapping scope of PSD2 and MiCA regarding Electronic Money Tokens (EMTs), and discrepancies between the legal form of securities under the Central Securities Depositories Regulation (CSDR) and the diverse national approaches for tokenised securities.

Technological and Operational Uncertainties: The lack of a unified approach for performing settlement 'on-chain' persists due to multiple competing blockchain protocols.

Compatibility with Central Bank Solutions: from an industry perspective, an additional goal to ECB Eurosystem's DLT solutions - the short-term Pontes and long-term Appia - should be interoperability with the global crypto assets ecosystem and existing solutions for tokenisation of traditional financial instruments.

Financial institutions have to continue their efforts on the operational side to be at scale for mass adoption of crypto-assets and tokenisation.

Custody Digital Assets infrastructure is not yet fully standardised. Interoperability between custodians, trading platforms and execution venues should be the objective for efficient operations of capital markets.

Institutional settlement rails development. Reliance on crypto native execution venues is not optimal for financial institutions due to significant use of pre-funding model and sub custody arrangements with non-banks.

Financial Institutions legacy IT systems should be made compatible with tokens issued natively. That also requires interoperability across blockchains and smart contracts likely creating the need for specific adaptations of software used.

Conclusion

The implementation of MiCA represents a watershed moment for the European digital asset landscape, offering unprecedented legal clarity and a competitive advantage to institutions within the bloc. By enabling services from tokenisation to institutional grade custodial wallets, CACEIS is accompanying its clients in their journey for institutional engagement. However, work has to continue for greater adoption of Distributed Ledger Technology by Financial Institutions and improved standardisation and interoperability.



CHRISTIAN EDELMANN

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Europe's crypto crossroads: from regulatory pioneer to strategic autonomy

Europe is a pioneer in crypto-assets oversight. The Markets in Crypto-Assets Regulation (MiCAR) framework, which took effect in late 2024, provides legal clarity, a common taxonomy, and passporting rights for custody, trading, and tokenisation across the single market — and serves as a model for the rest of the world.

But converting first-mover advantage into market leadership has been a challenge.

MiCAR's prudential rigour reflects a bank-centric approach. Licensing is complex, reserve and safeguarding requirements are demanding, and authorisation timelines remain lengthy. While these features enhance consumer protection, they can slow innovation. Moreover, MiCAR leaves important gaps on deposit tokens, the emerging bridge between bank money and blockchain assets, while decentralized finance (DeFi) remains largely outside its perimeter pending future guidance.

As a result, despite strong legal foundations, euro-denominated stablecoin and tokenised asset activity

remains modest. Euro stablecoins account for less than 2% of global supply, raising concerns over the growing “dollarisation” of crypto markets. Europe built the rulebook — but others are beginning to build the rails.

Across the Atlantic, meanwhile, the US is edging toward a federal stablecoin framework that could reshape global market dynamics. Congressional proposals in 2025 signalled bipartisan intent to set consistent issuance standards, prohibit interest on circulating tokens while permitting limited non-interest “rewards,” and clarify custody and redemption rules. A more openly pro-innovation regulatory posture has since stimulated institutional adoption, with smaller banks beginning to offer stablecoin access to payments and wealth clients.

Three battlegrounds now define the race. In crypto trading, global DeFi and offshore exchanges dominate US dollar and euro volumes, with European retail flows increasingly intermediated abroad. In digital money, US dollar stablecoins account for the majority of on-chain settlement value, while banks explore deposit-token pilots to protect funding and payments economics. And in tokenisation, US markets lead in live experiments across money market funds, Treasuries, and collateral networks — moving from proofs of concept to economically meaningful scale.

Europe built the rulebook — but others are beginning to build the rails.

Oliver Wyman analysis suggests that even if global stablecoin supply were to rise to around \$4 trillion by 2030 — still small compared with roughly \$72 trillion of projected global commercial deposits — the impact on bank funding and payments economics could be material, even as new value pools may emerge around blockchain transaction processing, conversion, and FX services.

Yet the proliferation of stablecoins, bank tokens, tokenised funds, and central bank digital currencies (CBDCs) could fragment client liquidity and challenge banks' historic role at the centre of financial flows. The market for tokenised deposits and euro stablecoins remains open, but speed and scale will decide who captures it.

There are four ways Europe can improve its chances. First, it should act to

safeguard strategic autonomy in digital money. In addition to the ECB's efforts on the Digital Euro, MiCAR's prudential strength must be matched by practical pathways for euro-denominated innovation. Clarifying the treatment of deposit tokens and enabling interoperable settlement arrangements — for instance, clearinghouse-style mechanisms for tokenised deposits — would materially reinforce Europe's monetary sovereignty.

Second, Europe should accelerate supervisory execution by extending EU-level oversight to major cross-border crypto-asset service providers, in the spirit of the Single Supervisory Mechanism, to curb regulatory arbitrage. And it should equip national authorities with pragmatic guidance and resources to match authorisation speed with market dynamics.

Third, Europe should integrate DeFi and tokenisation coherently. Current regulation covers centralised intermediaries but leaves decentralised protocols largely outside its scope. Europe needs a durable framework defining how banks engage with DeFi and how tokenised securities interface with MiFID, CSDR, and settlement rules.

Finally, Europe should build and own the digital-asset rails. As history shows, those who design the infrastructure — from card networks to app stores — capture disproportionate value. Europe must now translate its regulatory leadership into infrastructure leadership through public-private cooperation and strategic investment.

Europe's success in crypto regulation has demonstrated foresight and discipline. The next test is execution — converting clarity into capability. Acting decisively on supervision, interoperability, and infrastructure can ensure Europe's institutions do more than just comply with global digital-asset frameworks but also help build and export them.