

Digital Assets Survey

Market research on services and products -

MiCAR, eWpG, Digital Euro & DLT Pilot Regime



Preface

We are pleased to present the results of our Digital Assets Survey, conducted in cooperation with the Frankfurt School Blockchain Center. This year's online survey, which ran from August to September 2024, gathered insightful perspectives from key decision makers in the financial and banking sectors, founders and entrepreneurs, as well as researchers and academics.

Our survey focused on the current sentiment towards tokenized securities, cryptocurrencies and assets as well as the digital euro within the existing regulatory framework (MiCAR, eWpG, DLT Pilot Regime and ECB Trials & Experiments).

We are grateful for the participation of more than 40 institutions from across the financial market and would like to express our sincere appreciation to all respondents for their valuable contributions.

As we strive to maintain a comprehensive and up-to-date understanding of the market, we will continue to refine and expand our survey. We invite you to share your thoughts, questions, and suggestions about the Digital Assets Survey, and we look forward to further discussions with you.

The following report presents the key findings, providing a nuanced view of the current landscape and future prospects for digital assets in the financial sector in Germany and Europe. We hope our research provides valuable insights and informs your business strategies for years to come.

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Frankfurt am Main, November 2024

Executive Summary: The WEPEX-FSBC Digital Assets Survey provides an in-depth qualitative analysis and practical insights.

Method & Sample	The study, conducted as an online survey, was held from August to September 2024 and gathered the opinions of more than 100 participants representing more than 40 institutions. Most respondents would classify their organization as a bank, fintech or asset manager, working primarily in departments such as sales, C-suite or asset servicing. More than half regard themselves as experts in the field, with several years of experience in digital assets.
MiCAR	- MiCAR is viewed positively by the vast majority of respondents. Those at the forefront of using or implementing MiCAR products and services, grouped into a sub-sample of “MiCAR Pioneers”, cite increased regulatory certainty as the most important opportunity associated with MiCAR. - While regulatory ambiguity remains a major challenge, other factors such as IT adoption and third-party coordination appear to be less of an issue. - Respondents expect the crypto asset class to be widely adopted by institutional investors and see significant growth in the global market over the next decade.
Digital Euro & ECB Trials	- The majority of respondents prefer some form of digital euro. The clear favorite is a wholesale central bank digital currency, which the European Central Bank is currently actively exploring. - The ECB trials (settlement of wholesale transactions in central bank money via DLT) weren't an issue for most participants, as they say there is no added value. Those who did participate shared their expectations, namely to participate directly in the new digital capital market and to gain valuable insights along the way.
eWpG	- The eWpG is still an important part of the digital securities market. Leaders in this space are referred to as “eWpG pioneers”. As in previous years, these pioneers continue to see efficiency gains in the issuance and processing of securities as the main opportunity. However, it appears that some of the earlier adopters have abandoned their plans to utilize or implement their strategies. - The current lack of a digital euro to handle the cash side remains one of the most important obstacles for all respondents. “Other Respondents” have major difficulties with sales and unclear business models in this context, as well as with what they see as overly complex legacy (IT) infrastructure and market data supply. They question the efficiency benefits and are more pessimistic.
DLT Pilot Regime	Most respondents have lost interest in the DLT pilot regime compared to last year. It has become a less interesting issue.

The results of the WEPEX FSBC market study reflects the opinion of more than 100 participants with extensive experience from over 40 important players in the German financial market.

Respondents

111

Survey Participants



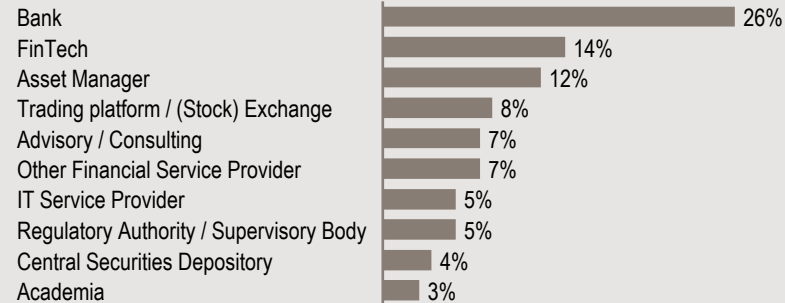
who represent

43

Financial Institutions

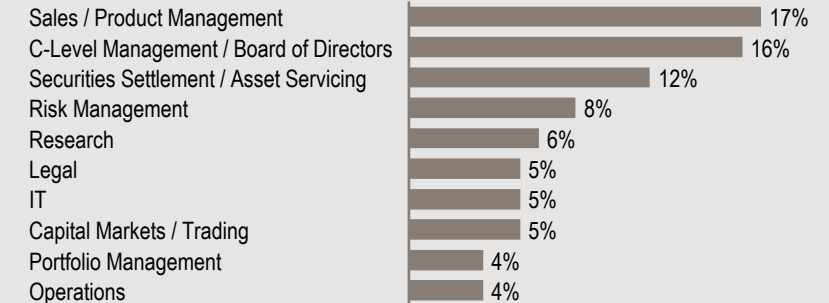


Classification of participating organizations



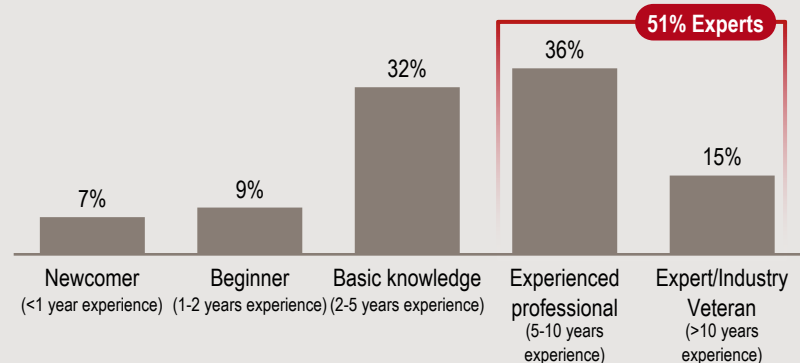
Categories with <3% include Insurance Company, Depository (According to KAGB), and Other

Participating departments within organizations

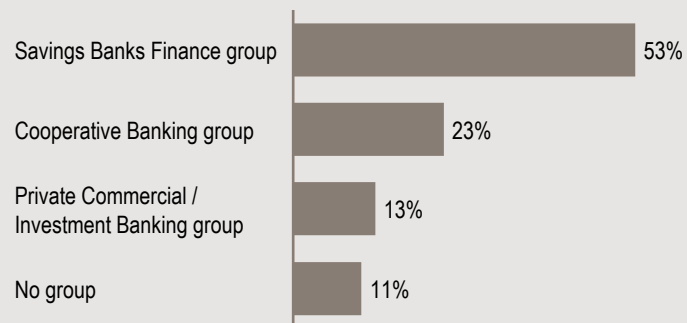


Categories with <4% include Business Development / Strategy, Payment Transactions, Controlling, Compliance, Accounting, Treasury, and Other

Experience with digital assets



Financial Institutions by group

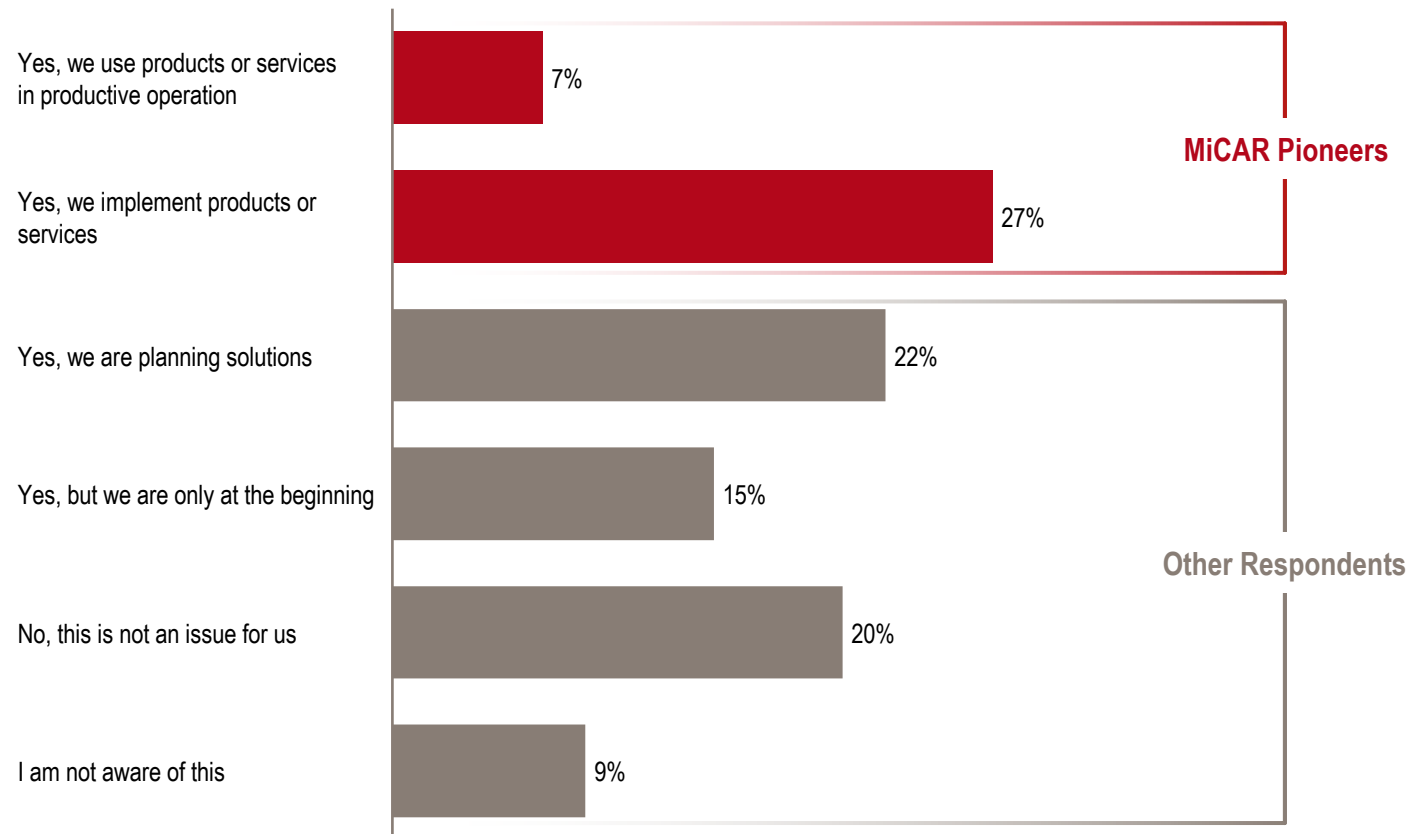


Top 5 educational backgrounds

- 1 Economics
- 2 Law / Business Law
- 3 Computer Science
- 4 Natural Sciences
- 5 Social Sciences

The survey cluster provides a dedicated overview of advanced **Pioneers** and **Other Respondents**. More than one-third are already actively involved in the MiCAR segment.

Is your organization involved with MiCAR and if so, what stage is it at?



34%

of all surveyed participants **are actively engaged with MiCAR** and are **already productively using solutions** or are in the implementation phase.

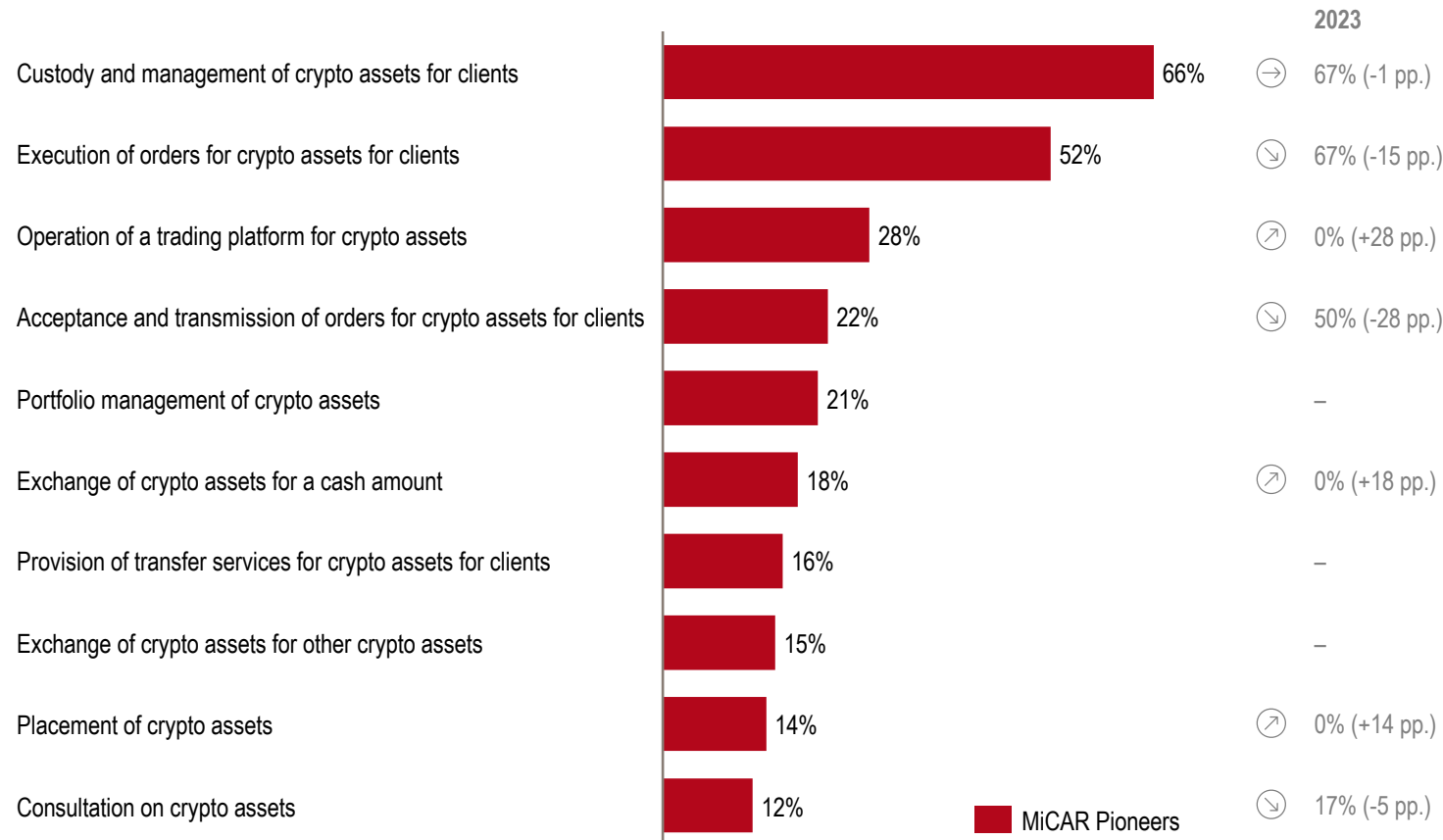
This subsample is classified as “**MiCAR Pioneers**” and represents those institutions that are at the forefront of the implementation of MiCAR solutions.

Compared to the previous year, the proportion of **Pioneers** has **increased by around 50%**.

Participants that are not yet actively engaged with MiCAR are classified as “**Other Respondents**” (66%).

Crypto custody and crypto trading are the services that MiCAR Pioneers provide or implement.

Products or services provided by MiCAR Pioneers¹



No major changes in the leading provided services

The **MiCAR** defines certain types of products (categories of tokens) and **possible available services**.

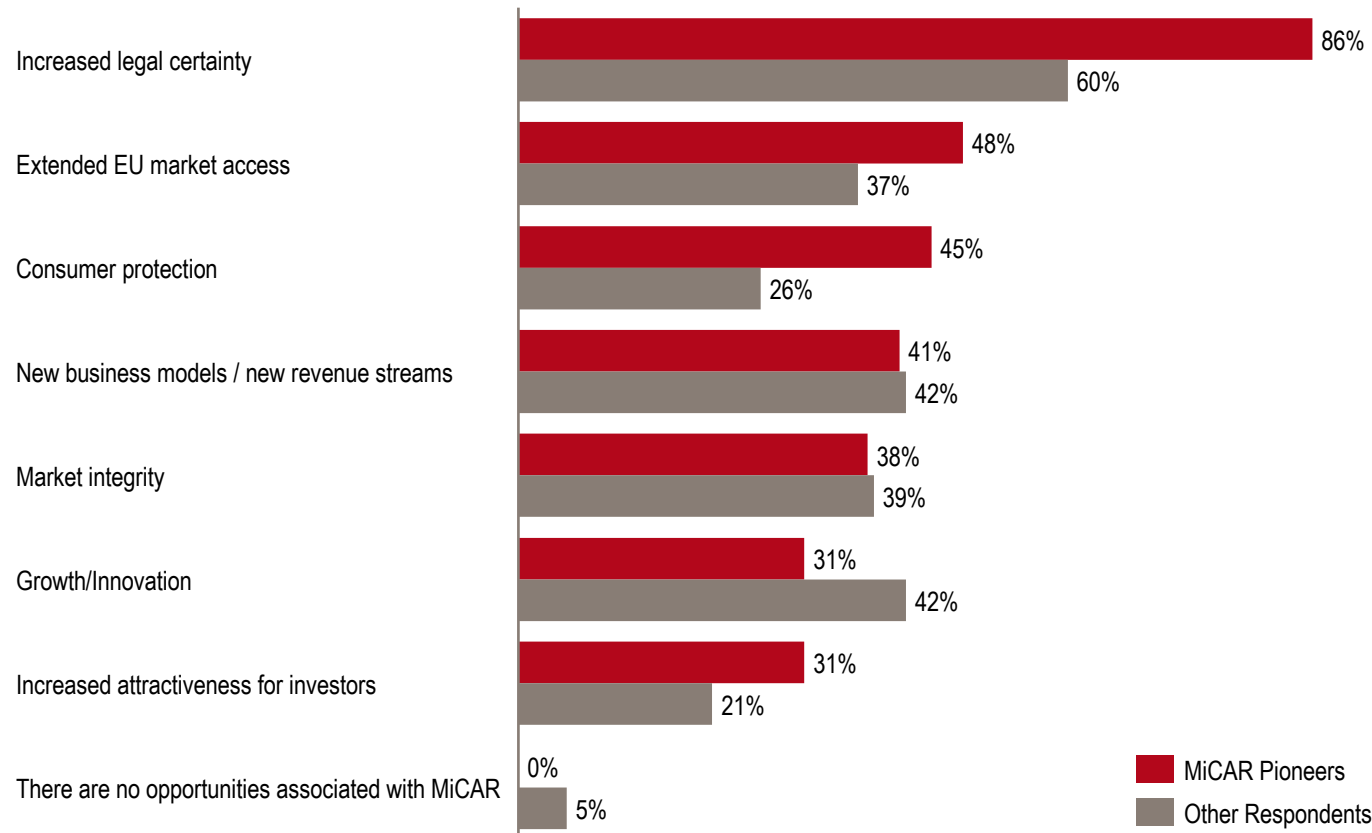
The services that were most provided or implemented by the pioneers last year are also at the top of this year's ranking.

There is a noticeable focus on custody and management of crypto assets for clients. In particular, accepting and transmitting orders for crypto assets and consulting on crypto assets for clients lost ground.

Source: WEPEX & FSBC ¹Shown is the opinion of MiCAR Pioneers only. Some of the categories were newly added for the 2024 survey. Multiple Answers Possible

MiCAR is viewed positively by a large majority. It is associated with promising opportunities and, above all, with a legally secure framework for business expansion.

Opportunities associated with MiCAR¹



Source: WEPEX & FSBC ¹Multiple Answers Possible

Increased legal certainty

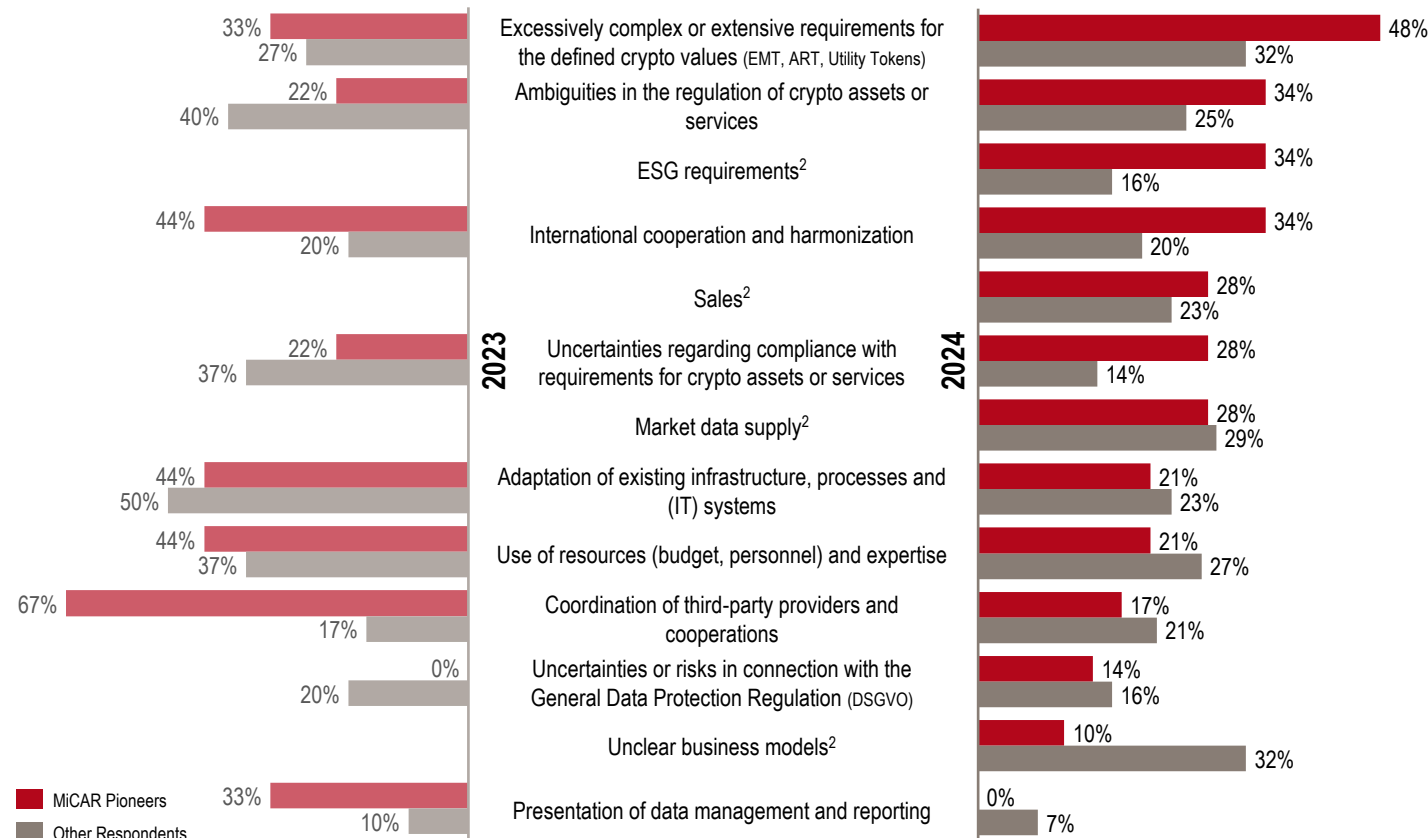
is the key opportunity for all market participants associated with MiCAR.

In addition to **expanded access to the European market**, **Pioneers** see **consumer protection** as a particular advantage.

Overall, **Pioneers** rate the opportunities in many categories **higher** than the “Other Respondents”.

Regulation remains a major challenge, while third-party coordination and IT adoption appear to be less of an issue compared to last year's survey.

Challenges associated with MiCAR¹



Source: WEPEX & FSBC ¹Multiple Answers Possible ²Response option was newly added for the 2024 survey

Top 3 newcomers

- 1 Market data supply
- 2 Unclear business models
- 3 Sales

Despite numerous published consultations, the **complex regulatory requirements** and **ambiguities** in this context continue to represent the most significant problems.

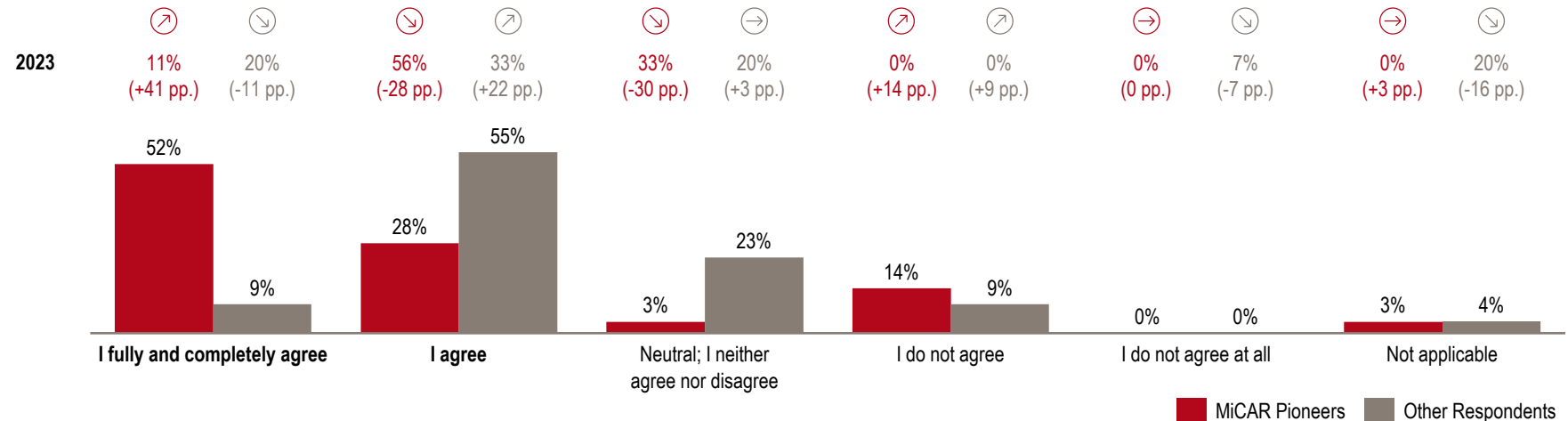
While Pioneers seem to have already found **clear business models**, this remains a significant problem for those who are less actively advanced. In particular, an **economically sustainable business case** often proves to be a key challenge.

The **market data supply** poses significant challenges for both.

MiCAR will significantly increase the attractiveness of the asset class for institutional investors in the near future.

Assessing MiCAR's impact on the attractiveness of crypto assets as an asset class for institutional investors

“The **crypto asset class** will be widely adopted by institutional investor, particularly in the coming months and years”



~80%

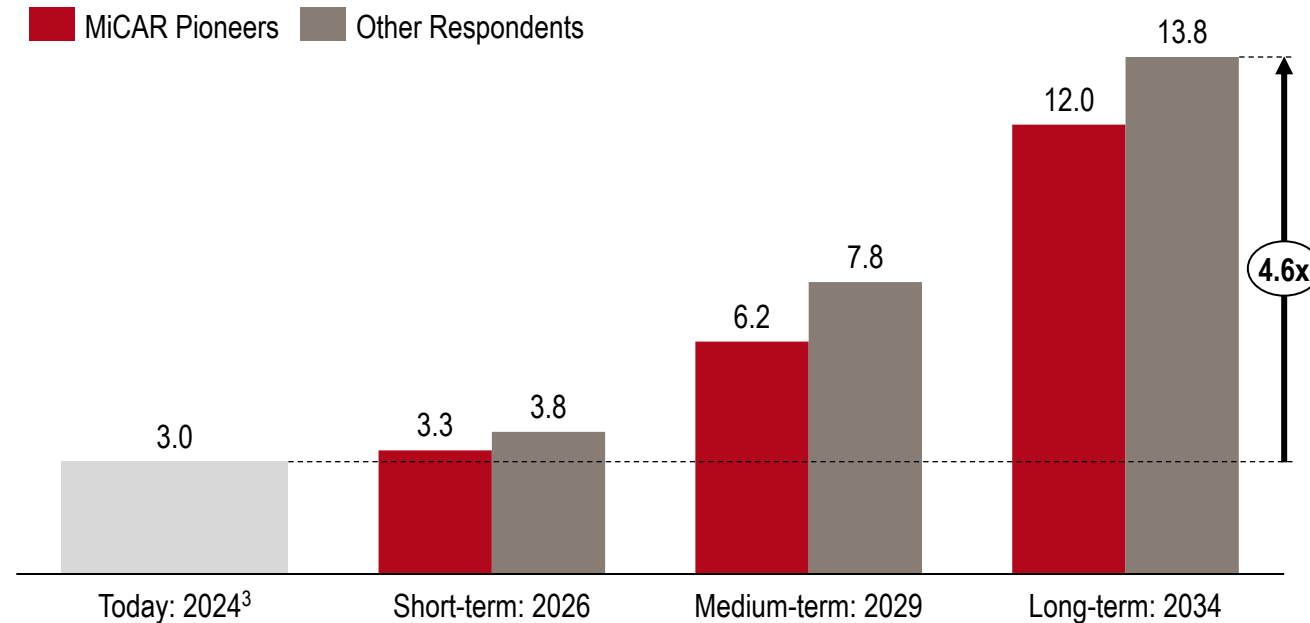
of **Pioneers** believe that institutional investors will adopt crypto asset class based on their expertise.

The Pioneers have **significantly increased their positive sentiment about institutional adoption**. In particular, the approval rate for the most positive category has **quadrupled** (+41 pp.). Recent engagements quantify this impression.

As a result, **Pioneers are expanding their offerings to include products and services designed specifically for institutional investors.**

Compared to the Pioneers, who are already operating productively, Others seem to be much more optimistic about how the global crypto asset market will develop in the next decade.

Estimation of the growth in the size of the total global crypto asset market (All cryptocurrencies and crypto assets, in trillions of euros)¹



EUR 12 trillions

is the size of the global crypto asset market in ten years, **according to Pioneers' estimates**. For comparison, the current market capitalization of gold is about 17 trillion².

While the predictions are relatively close in the short-term (2026), the divergence increases over time.

The **estimates of the Pioneers**, who are already active in the market, **are therefore more conservative than** those of the “Others”.

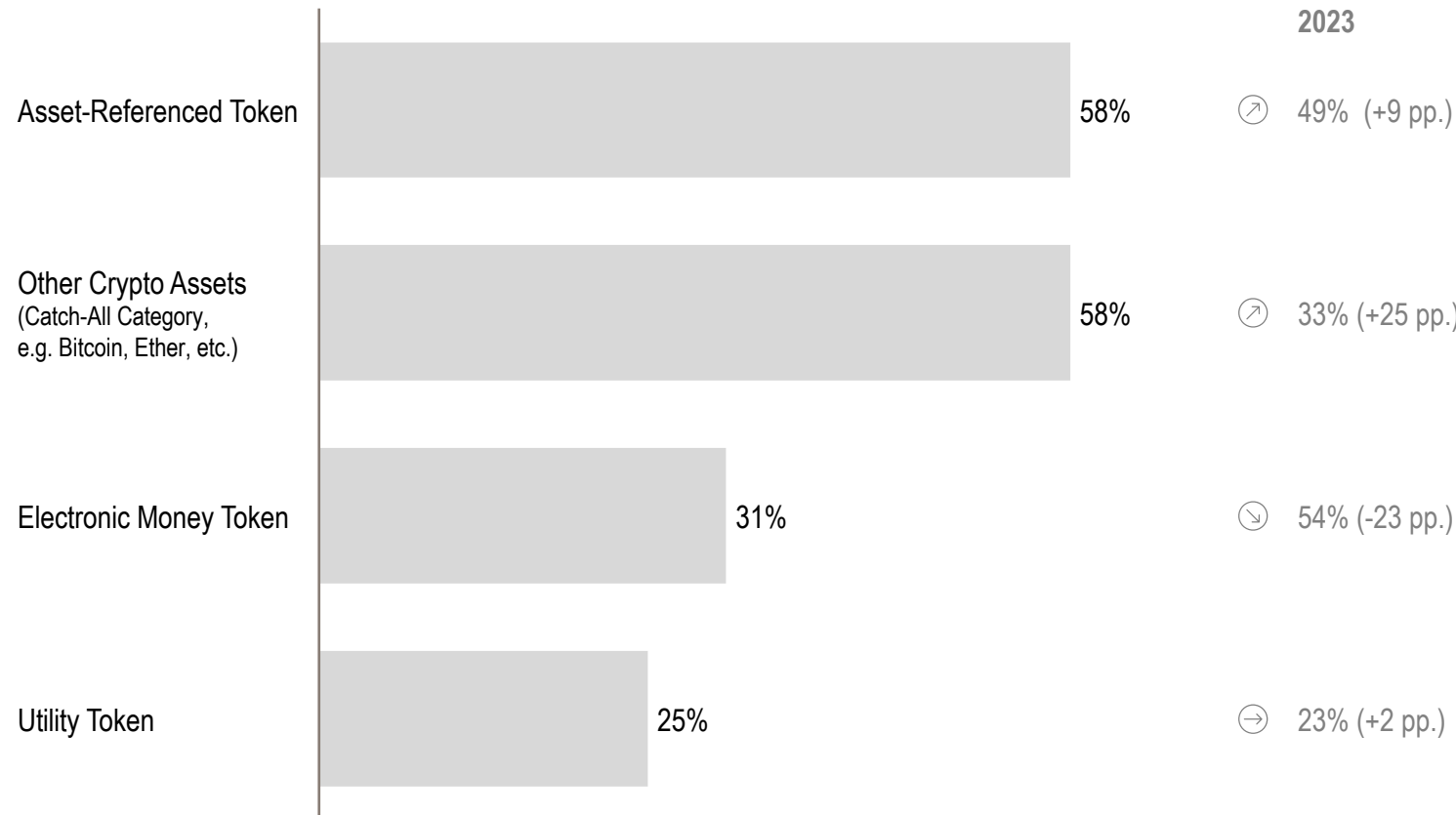
In 2034, “Others” estimate a market size of **nearly EUR 14 trillion**, which is **slightly higher than the Pioneers' volume for that time**.

Source: WEPEX & FSBC ¹To smooth outliers, the median values were used to summarize this data set ²According to companiesmarketcap.com

³At the time of this study's publication, the global cryptocurrency market, according to CoinMarketCap, is approximately 3 trillion Euro. However, MiCAR regulates all crypto assets, not just cryptocurrencies

Asset-referenced tokens remain one of the most promising types of crypto tokens. The “Other Crypto Assets” category has become much more interesting for organizations.

The type of crypto asset under MiCAR most interesting and promising for organizations¹



Nearly doubling

in interest as a promising token category, the “catch-all” category of “other crypto assets” **saw a significant increase in interest compared to the last survey**. This includes the individually regulated MiCAR tokens.

These now share the top spot with “Asset-Referenced Tokens” (ART), which recently had by far the highest approval ratings.

“Electronic Money Tokens” have almost halved, while utility tokens remain stable in fourth place, albeit behind.

When **Pioneers** are singled out, **their preference shows a clear choice for ARTs (59%)**.

Source: WEPEX & FSBC ¹Shown is the opinion of all those surveyed, including both “MiCAR Pioneers” and “Other Respondents”. Multiple Answers Possible

Around a quarter of respondents are already allowed to hold crypto assets under national law. More than 10% of Pioneers are already implementing EU-wide passporting.

Organizations already permitted to hold crypto assets under national law¹

Yes 24% **No 76%**

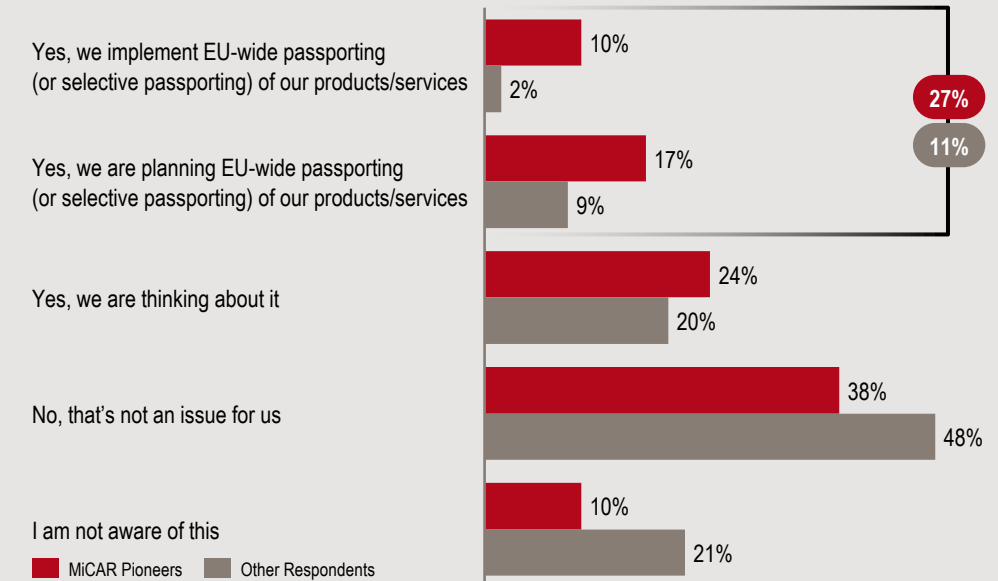
According to German Law² 14%

Under other national law 10%

It comes at no surprise that more **“MiCAR Pioneers”** already have national licenses than **“Other Respondents”**.

29% of the participating “Pioneers” can hold crypto assets under German law, but only 7% of participating “Other Respondents”. In contrast, 18% of Pioneers say they are licensed in other jurisdictions, compared to only 5% of “Other Respondents”.

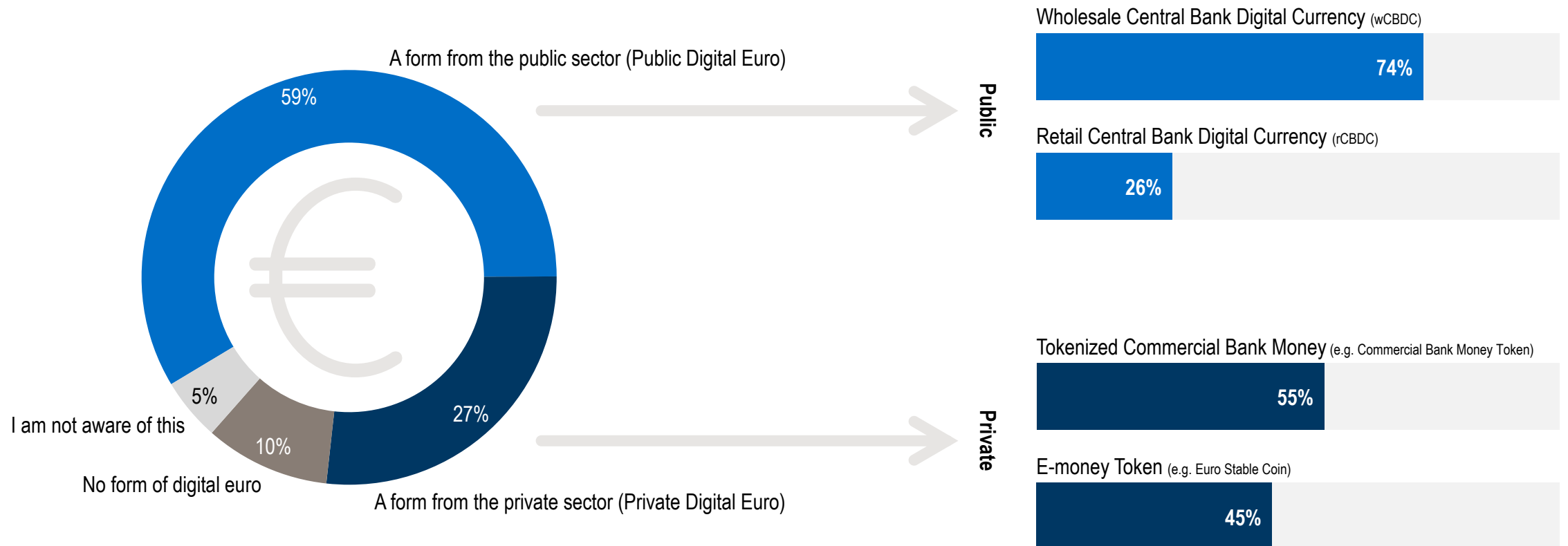
Organizations' position on possible MiCAR product/service passporting³



Around **half of the Pioneers** are actively considering passporting. More than a quarter are already planning or implementing it.

More than 90% currently favor some version of the digital euro. A public one, as issued by the ECB, such as a wholesale central bank digital currency, is the preferred form.

The preferred form of a digital euro¹



Source: WEPEX & FSBC ¹Because of rounding, totals may not equal 100%

Only a quarter of respondents participated in the 2024 ECB Trials. For the majority of respondents, this was not an issue due to lack of added value and available resources.

Participation in the ECB Trials, coupled with reasons for/against participation

Yes

As DLT market operator

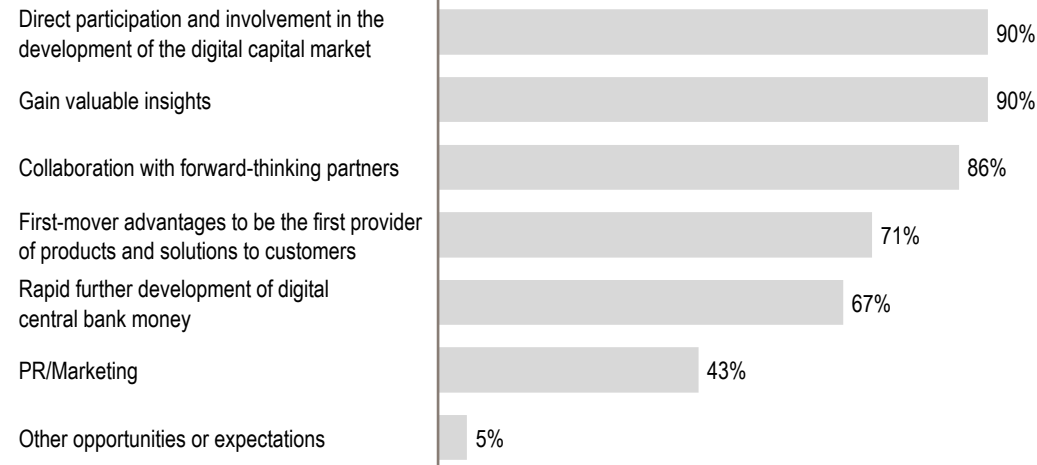
12%

As DLT market participant¹

13%



What were your expectations of the ECB Trials and what opportunities did you associate with them?²



No

This is not an issue for us

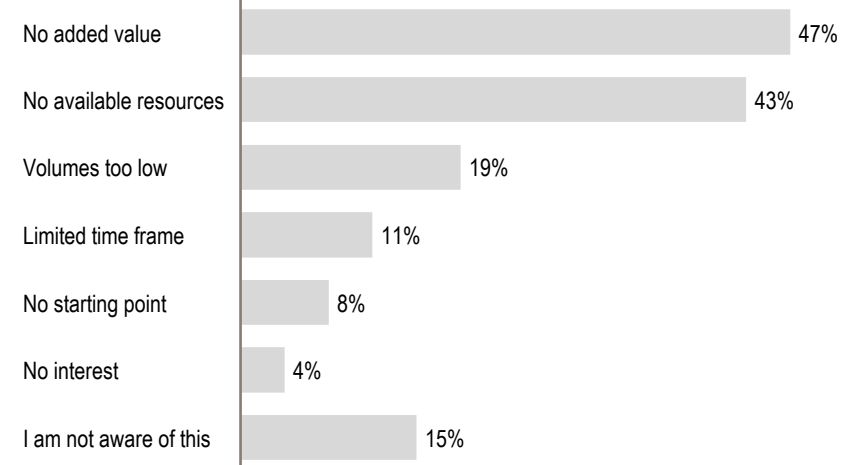
63%

I am not aware of this

12%



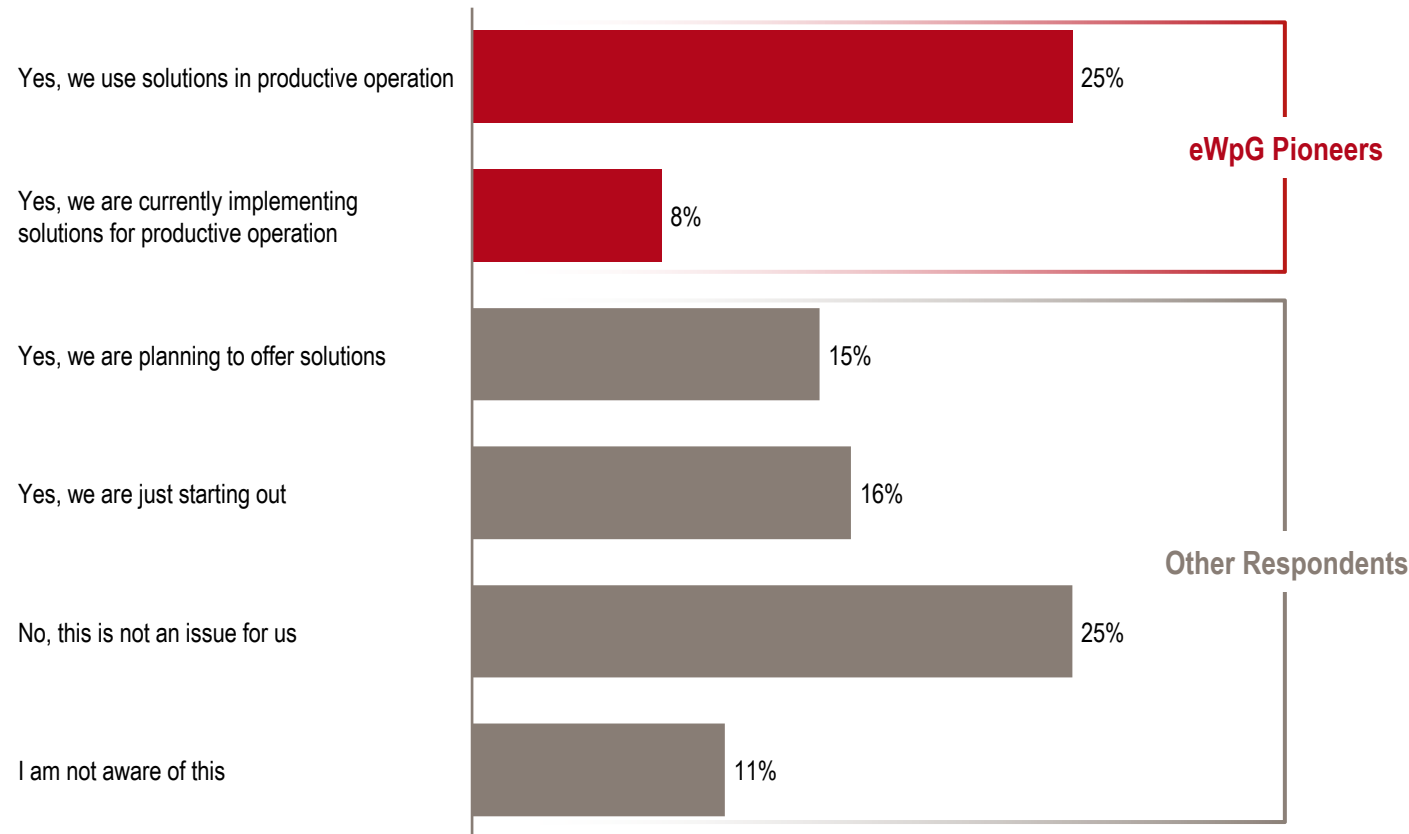
Why were the ECB Trials not an issue for your organization? What were the reasons for not participating?²



Source: WEPEX & FSBC ¹Participants who were connected to a DLT platform of a market operator ²Multiple Answers Possible

About one-third of the respondents can be classified as eWpG Pioneers. Another third are in the early stages of exploring the possibilities.

Is your organization dealing with the law on the introduction of electronic securities (eWpG) and if so, at what stage is it?



33%

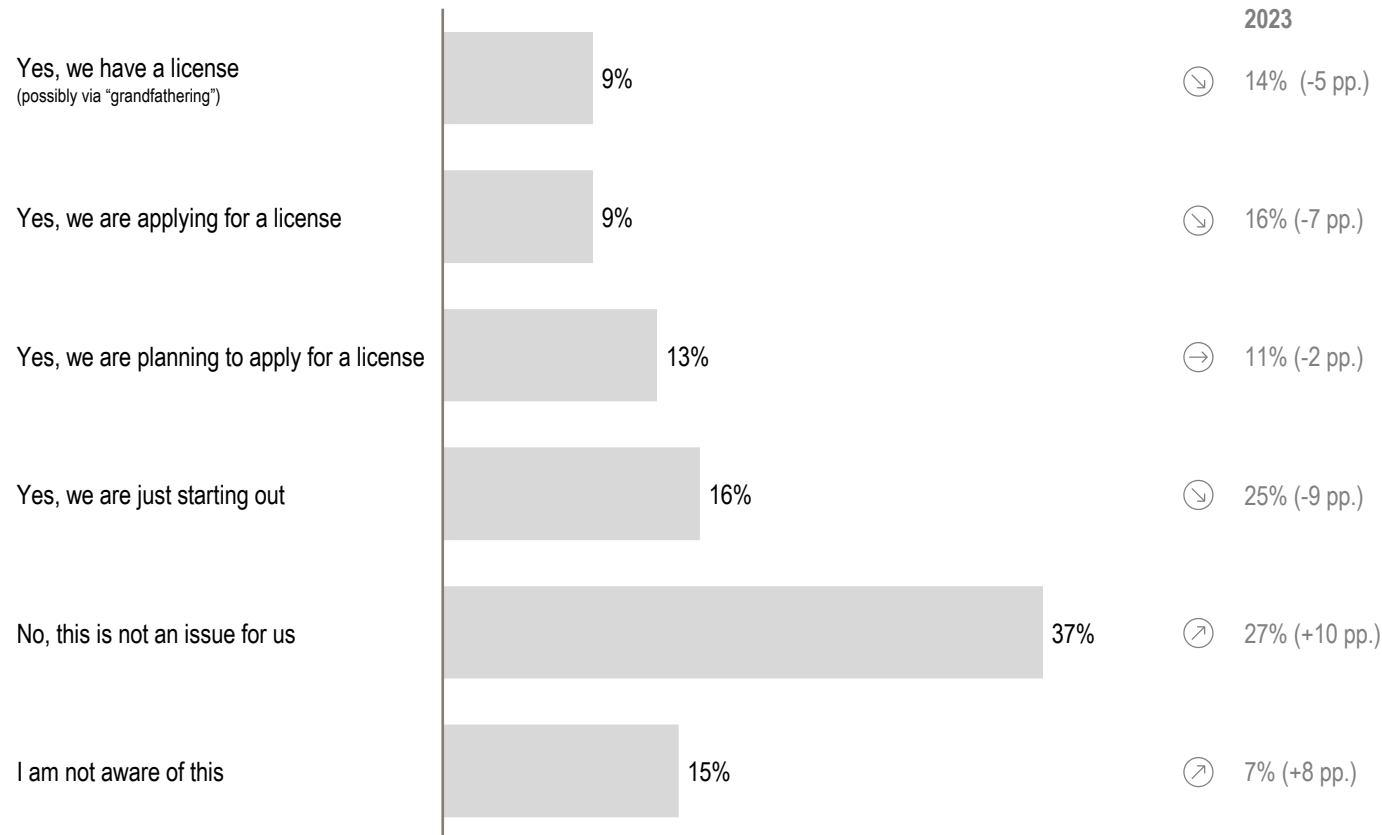
of all respondents **already use productive solutions** in the context of electronic securities or **are currently in the process of actively implementing** them.

Another 30% are currently involved in planning solutions. A quarter cannot identify any relevant activities of their companies in the context of electronic securities.

Compared to the last survey ("Pioneers": approx. 61% / "Others": 35%), a significantly smaller focused core and a larger deviating part have emerged. This suggests that some market participants have abandoned their plans or are no longer pursuing them.

Approximately half of all respondents are planning to obtain a license for a crypto securities registry under the eWpG or are already in productive operation.

Status of financial institutions with regard to a crypto securities registry license under the eWpG¹



Source: WEPEX & FSBC ¹Shown is the opinion of all those surveyed, including both "eWpG Pioneers" and "Other Respondents"

47%

of all respondents **either have, are applying for, or plan to obtain a license for a crypto securities registry** under the eWpG.

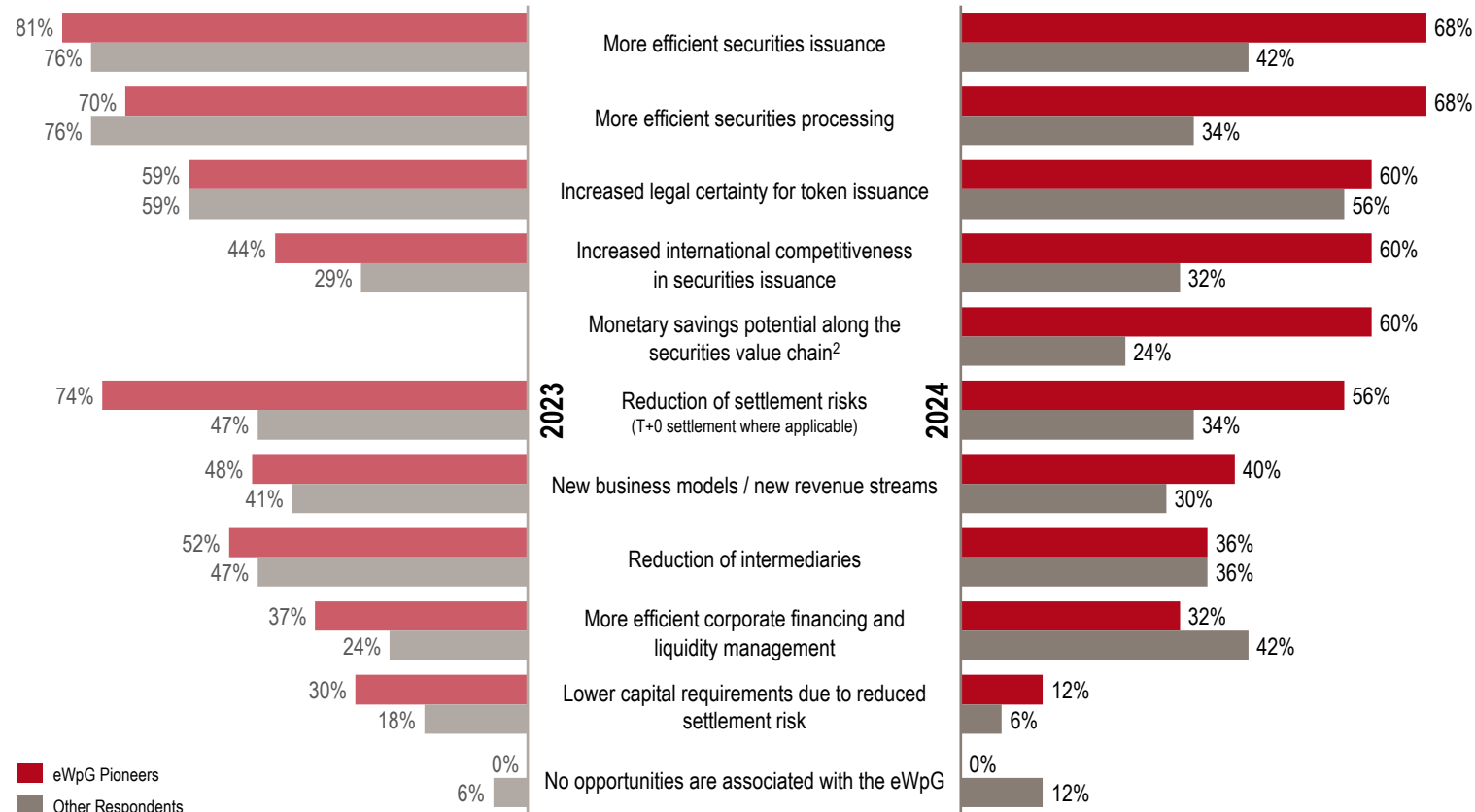
Obtaining the license is an increasingly specific process. The proportion of institutions that are not (or no longer) pursuing plans to apply for a license has tripled.

Compared to the last survey, **about a quarter of all respondents have abandoned the introductory phase and turned away from the topic.** They no longer see it as a desirable task.

A focused core of licensees is emerging.

While Pioneers continue to associate efficiency gains in issuance and securities processing at a similar rate as last year, their assessment is egregiously different from that of Others.

Specific opportunities associated with the eWpG¹



Source: WEPEX & FSBC ¹Multiple Answers Possible ²Response option was newly added for the 2024 survey

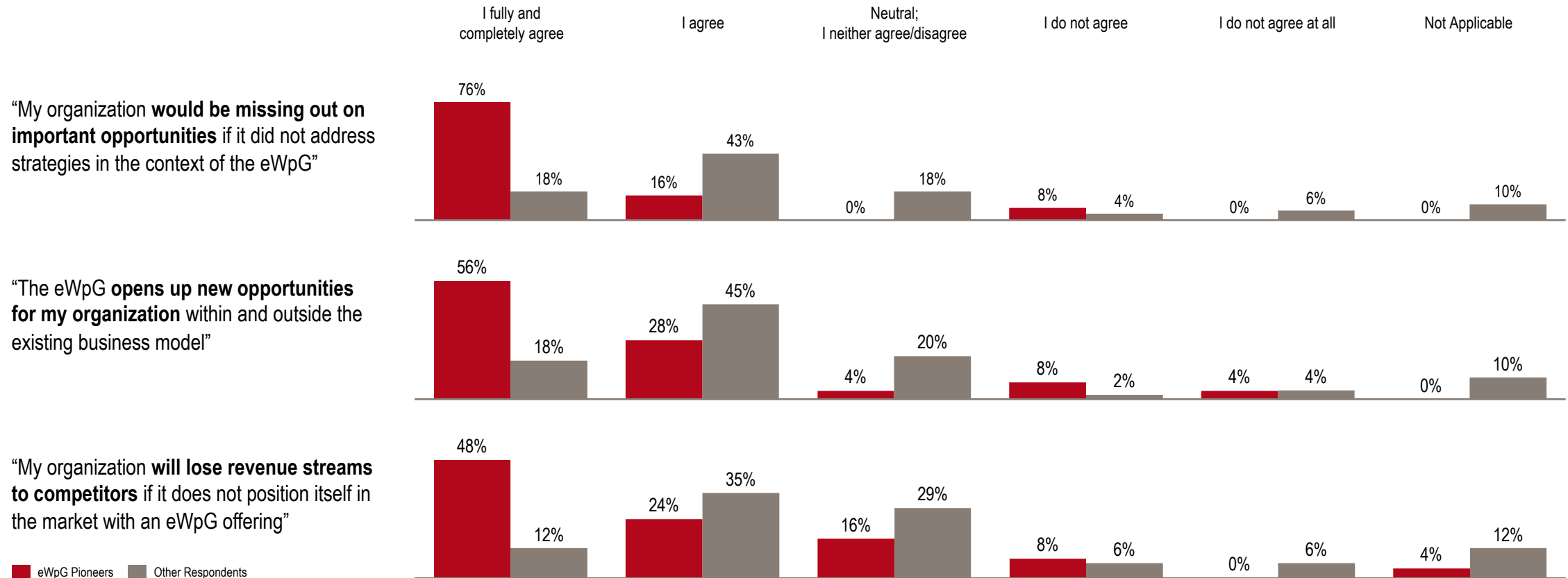
Greater efficiency and legal certainty

are **primarily associated with Pioneers**. This is also reflected in their assessment of the monetary savings potential along the value chain, which more than 60% of respondents identified.

Compared to last year, “Other Respondents” see much less potential for **efficiency improvements** in the areas of security and processing. In some cases, their level of agreement in these areas has almost halved. Overall, **there is an increasing divergence between the opinions of Pioneers and Other Respondents**, whereas the same categories were viewed relatively similarly last year.

The eWpG is primarily associated with opportunities. In particular, the focus is on the expansion of existing business models and the potential loss of revenue due to the lack of an offering.

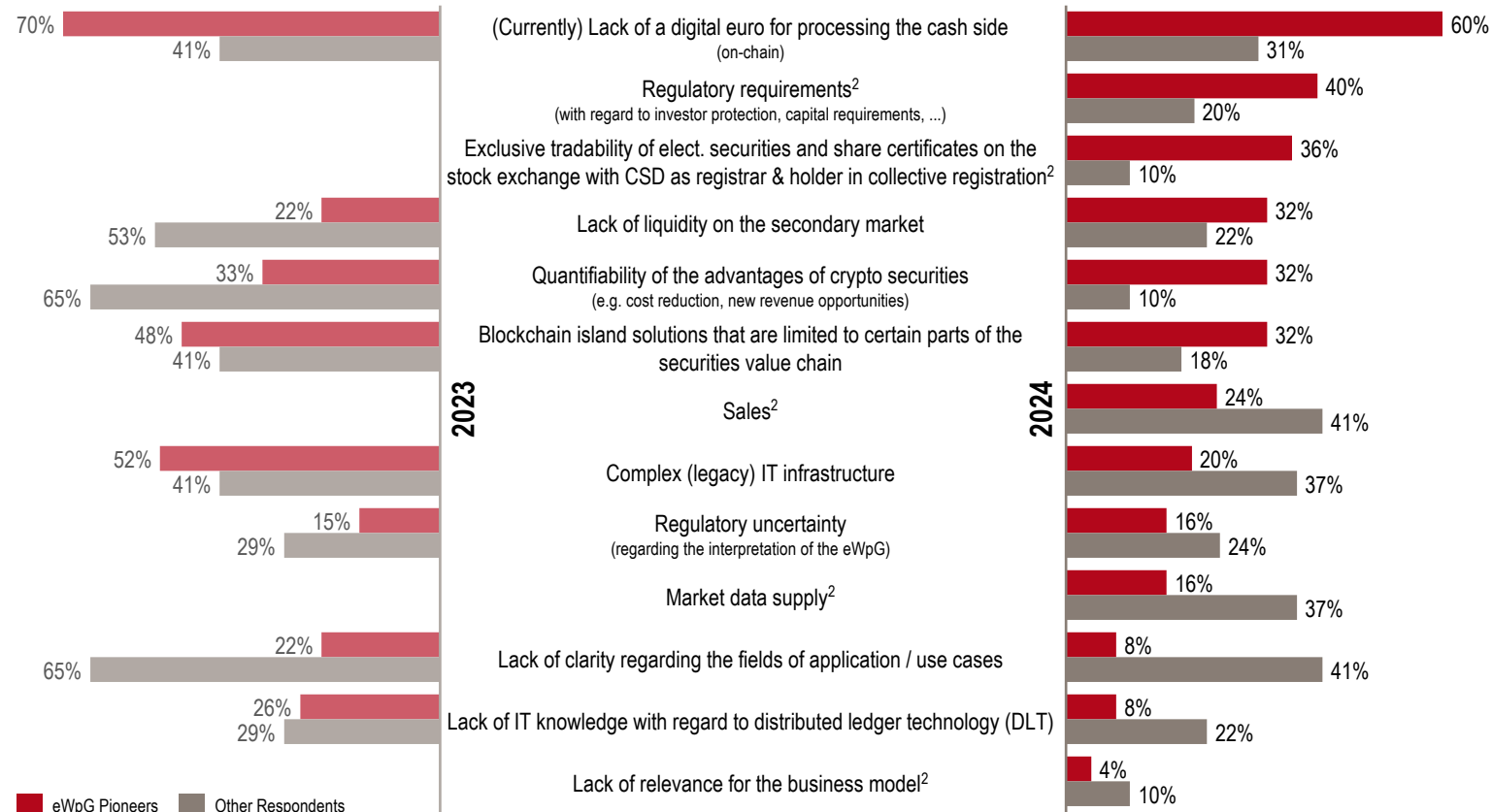
Estimated impact of a lack of strategies and positioning with offers in the context of the eWpG¹



Source: WEPEX & FSBC ¹Because of rounding, totals may not equal 100%

As in the previous year, the lack of a digital euro is the biggest obstacle for Pioneers in the eWpG domain. Other Respondents have major issues with basic product and service design.

Factors which inhibit the implementation of eWpG-related strategies¹



Source: WEPEX & FSBC ¹Multiple Answers Possible ²Response options were newly added for the 2024 survey

Significant shifts

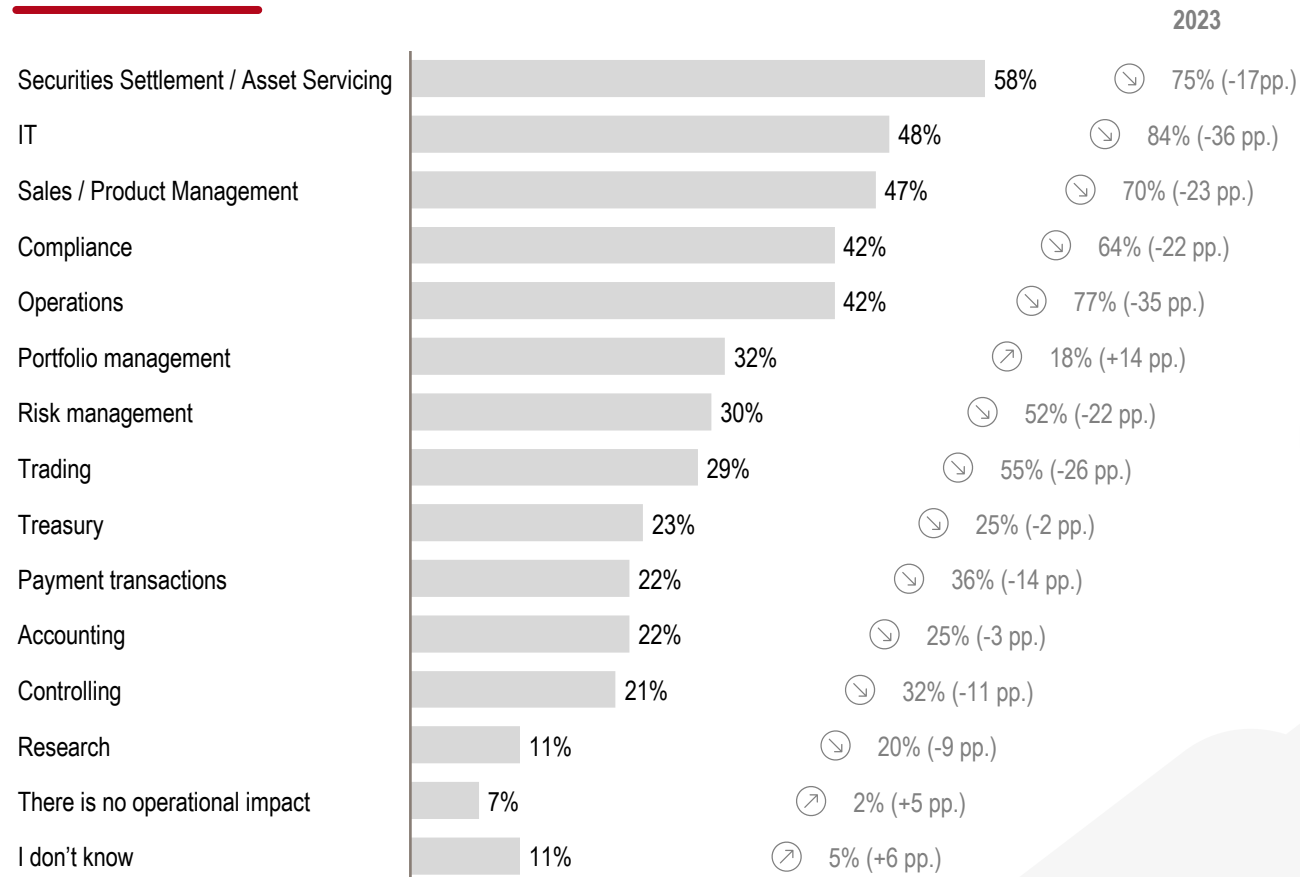
can be identified in the individual developments of the respondent groups compared to the previous year. An increasing divergence is becoming apparent.

The **Pioneers** see the lack of the digital euro and thus of an extended possibility of processing the business counterparty, the money side, as an obstacle to productive operation.

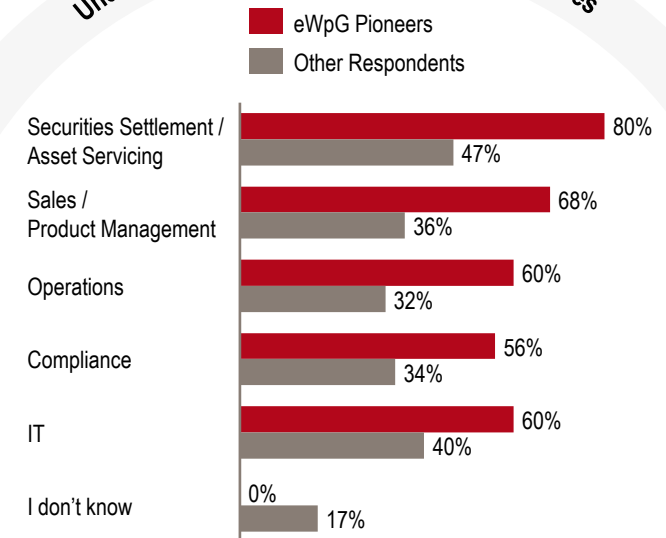
“Others” identify difficulties in the development of essential principles in the set-up and the business case. Uncertainties regarding use cases, sales, market data supply and complex infrastructure are their main problems.

Securities Settlement & Asset Servicing are the areas most affected by eWpG among all surveyed. Pioneers and Others see significant differences here, along with Sales & Operations.

Organizational areas affected by eWpG-related market positioning¹



Under the magnifying glass: Largest divergences



There are a few categories where there is considerable disagreement about which organizational areas are more affected by an eWpG-related market position. In the above, **"Pioneers"** see **significantly greater impact**. They also say that there are no areas that are not affected.

Source: WEPEX & FSBC ¹Shown is the opinion of all those surveyed, including both "eWpG Pioneers" and "Other Respondents". Multiple Answers Possible

Market participants expect a significant increase in the market share of crypto bonds and crypto fund shares in the medium to long term based on their forecasts.

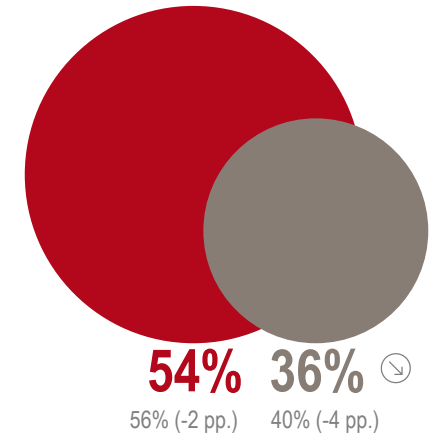
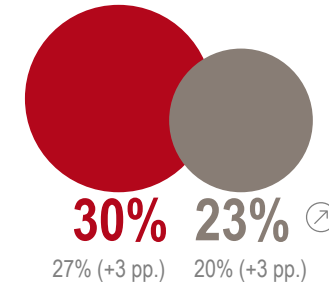
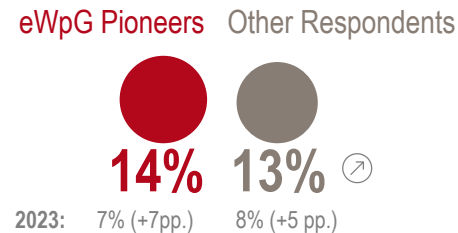
Forecast for the following periods

Short-term: 2026

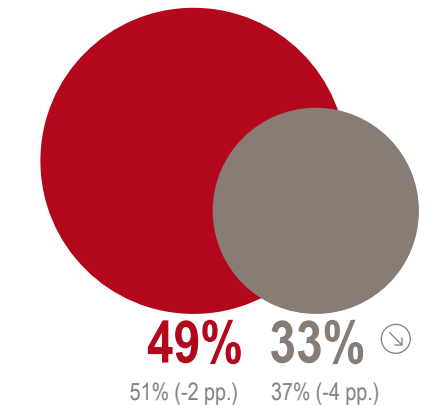
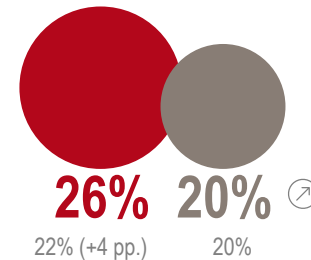
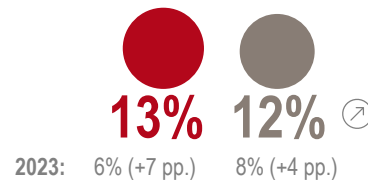
Medium-term: 2029

Long-term: 2034

Share (in %) of crypto bonds
according to eWpG in total volume
of gross new issues of bearer bonds

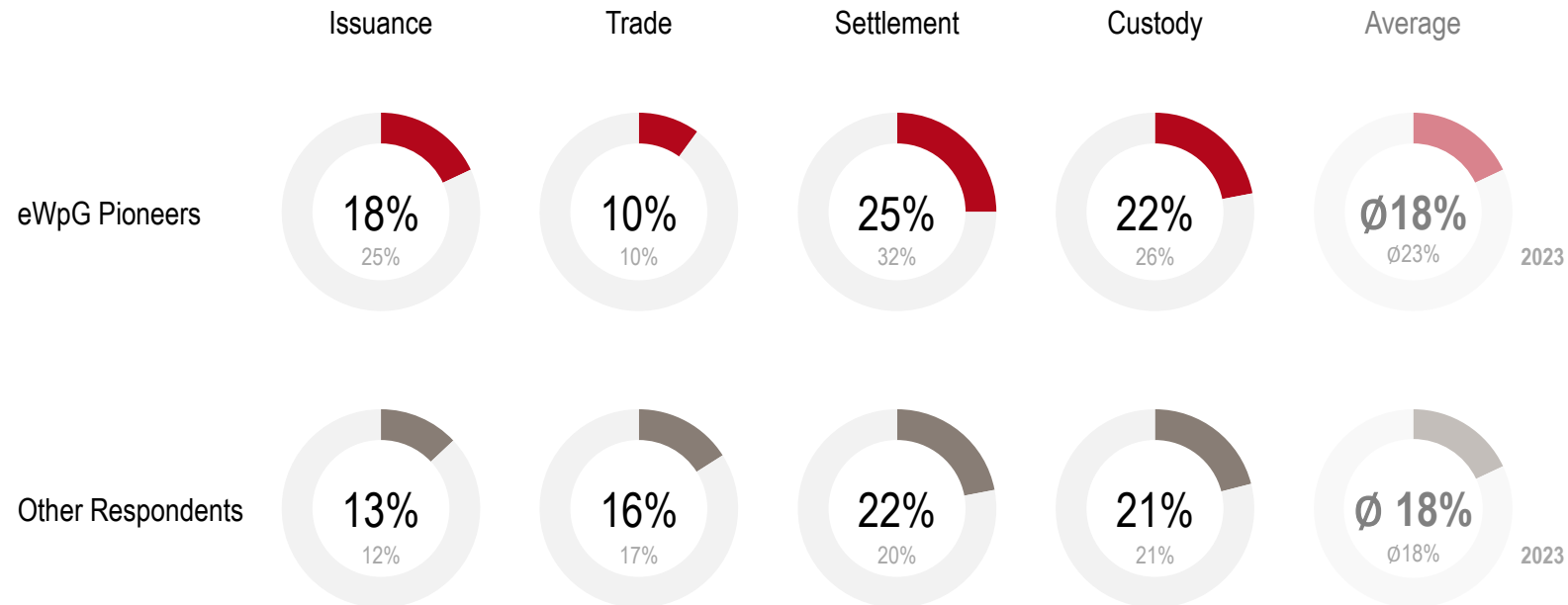


Share (in %) of crypto fund shares
according to eWpG in total volume
of gross new issues of share certificates



While “Other Respondents” continue to identify savings potential of 18% as in the previous year, Pioneers have revised their estimates and are now slightly more conservative.

Potential cost savings over securitized securities for organizations with crypto securities



-5 pp.

is the **decrease in cost savings along the value chain for crypto securities compared to last year (Ø 23%)**.

“Others” have changed marginally in the detailed categories, but the overall average is still 18%. As a result, both groups now estimate the cost savings similarly.

The largest delta between the two groups can be seen in Trading & Issuance.

Due to increasing practical experience, the assessment of the Pioneers in particular can be seen as a relevant development: **Cost savings are lower than initially expected, but they do exist.**

About half of the organizations surveyed deal with other jurisdictions in addition to German law. Pioneers in particular have already considered specific regulatory frameworks.

Are there other jurisdictions besides the eWpG (German legislation) that your organization deals with or that are of interest to your organization?¹

Yes 39%

There are other legislations of interest to my organization

No 49%

That's not an issue for us

N/A 13%

I am not aware of this

If so, which ones?²



Luxembourg



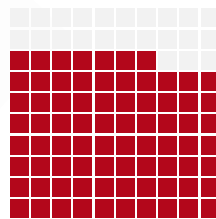
Switzerland



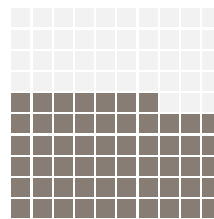
France



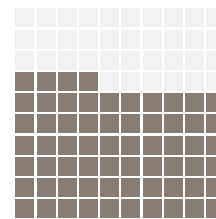
Others³



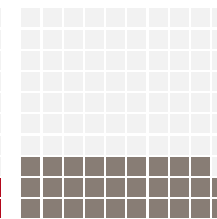
77%



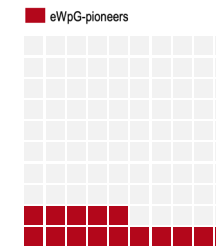
54%



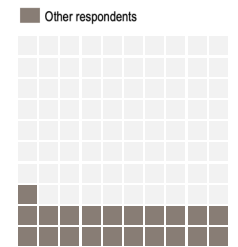
23%



29%



15%



21%

Digital Asset Survey participants lose interest in DLT Pilot Regime compared to last year.

Organizational interest in the DLT Pilot Regime¹

Yes

40%



The DLT Pilot is of interest to my organization

2023: 40% (-16 pp.)

No

Not interesting to my organization

49%



2023: 49% (+21 pp.)

N/A

I am not aware of this

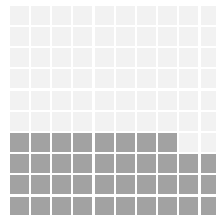
11%



2023: 11% (-4 pp.)

Which market infrastructure offering of the DLT Pilot Regime is most relevant to your organization?²

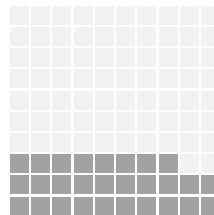
DLT MTF



38% →

2023: 38% (-3 pp.)

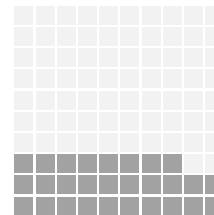
DLT TSS



28% ↘

2023: 28% (-17 pp.)

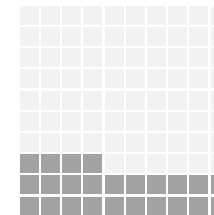
DLT SS



28% ↘

2023: 28% (-17 pp.)

I am not aware of this



24% →

2023: 24% (+1 pp.)

Source: WEPEX & FSBC ¹Shown is the opinion of all survey respondents ²The graph shows the results of a follow-up question. Respondents who answered "yes" to the first question (above), could then answer the next question (below, multiple answers possible)

Please feel free to get in touch with us directly.

About WEPEX – Consulting for Financial Markets

WEPEX is a boutique management consultancy focused on providing professional and strategic advice to leading national and international banks, stock exchanges, asset managers and other financial service providers. We are at the center of combining financial expertise with consulting competence.

Specializing in the financial markets and the entire securities value chain, including funds and structured products, WEPEX offers many years of market experience, methodological expertise and professional specialization.

Together with adesso, the largest IT advisory firm in the German-speaking market, we combine our technology

know-how for financial service providers with technical and regulatory expertise, taking our knowledge and delivery capabilities to a new level.

WEPEX portfolio ranges from the modernization of legacy trading platforms and order management or settlement systems to the custody of traditional and digital assets.

Our deep expertise in blockchain and digital assets for financial institutions spans the entire value chain, delivers transparent value, and can be complemented on a client- and product-specific basis by our proven experience, numerous practical project references, and expertise in artificial intelligence, big data analytics, data science, and Business Intelligence. “



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About FSBC – The Frankfurt School Blockchain Center

” The Frankfurt School Blockchain Center is a think tank and research center primarily focused on exploring the implications of blockchain technology, crypto assets, digital securities, digital euro, central bank digital currency (CBDC), asset tokenization, decentralized finance (DeFi), and non-fungible tokens (NFTs).

In addition to research and prototype development, the FSBC serves as a

networking hub for executives, start-ups and experts to share knowledge and best practices.

It also organizes educational opportunities for students and executives, including on-campus courses, workshops, and conferences.

Among others, the FSBC hosts the Crypto Assets Conference (CAC) and the DLT Talents program to empower women in the blockchain space. “



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