

Hundreds of US banks to offer Bitcoin trading by partnering with FIS, crypto custodian

Article

Cryptocurrency custodian NYDIG has [partnered](#) with banking technology vendor FIS to enable the latter's clients to offer Bitcoin trading, and hundreds of smaller US retail banks are

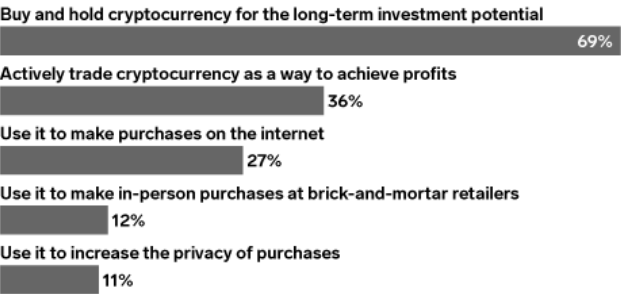
already planning to take advantage, [per](#) CNBC. The full rollout to customers is expected in the coming months, and bigger banks may join later. Banks want to offer Bitcoin trading in order to stanch the flow of their customers' funds to crypto exchanges such as Coinbase, NYDIG President Yan Zhao told CNBC. NYDIG also plans to support Bitcoin payments generated by traditional banking features, such as deposit interest and card rewards points.

By offering crypto trading, participating banks are following in the footsteps of challenger banking players such as Revolut and Venmo.

- UK-based neobank **Revolut** [offers](#) trading for four types of cryptos in the US, with a minimum starting balance of just \$1. Users can trade cryptos in-house, without needing a linked bank account and a separate exchange. Revolut is also planning to [roll out](#) a withdrawals feature as a beta for its paid Metal tier, enabling customers to port their holdings to their personal wallets.
- PayPal's **Venmo** unit [added](#) trading for four cryptos last month, also with a \$1 minimum for users. Venmo is seeking to position trading as a social activity, as it includes the ability for users to share transaction details with their friends. The company [eschews](#) the "neobank" label but has unveiled a slew of new products since last fall that put it in increasing competition in the space—examples include a [credit card](#) last October and [mobile checking cashing](#) in January.

The Bitcoin trading partnerships will help to level the playing field between small incumbent banks and challengers and introduce a new revenue source for participating banks. By teaming up with FIS and NYDIG, US retail banks can erase an emerging competitive advantage that challengers like Revolut and Venmo have with their crypto offerings. The retail banks' upcoming offering gives them the opportunity to retain customers by pitching the convenience of keeping deposits and trading under one roof, potentially helping limit the outward flow of deposits to challengers or crypto exchanges. Crypto trading also gives retail banks a chance to diversify their revenue mixes with trading fees: An FIS executive told CNBC that partnering banks will decide how much to charge and keep most of the proceeds.

Reasons US Adults Use Cryptocurrency, Nov 2020
% of respondents



Source: Gemini, "2021 State of U.S. Crypto Report," April 21, 2021
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