



Banking Compliance

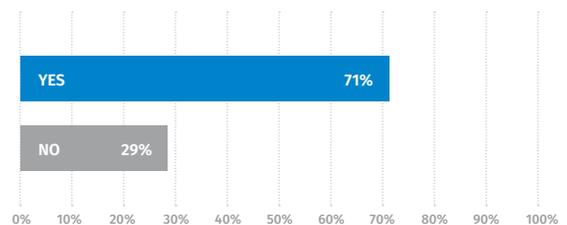
Bitcoin Risk Assessment – NYDIG Clients

Over 59.1 million Americans already own some form of cryptocurrency, and its popularity continues to grow.* So much so that consumers are willing to go where the digital assets are.

A 2021 Bitcoin & Banking survey by NYDIG asked Bitcoin holders if they would switch their primary banks to a bank that offered Bitcoin-related products as well as traditional bank products. An overwhelming 71 percent said “yes.” With the increasing demand anticipated over the next few years, how should you prepare?

Federal regulators are sending a clear message that a financial institution must identify and control for inherent risks related to its facilitation or participation in crypto activities, including Bitcoin. Financial institutions considering the potential rewards associated with crypto activities should also prepare for stricter regulatory scrutiny based on recent guidance. Thoroughly identifying, understanding, and documenting the risks and the necessary risk-mitigating controls will be an essential first step.

As a Bitcoin holder, would you switch your primary bank to a bank that offered Bitcoin-related products as well as regular bank products?



Source: Survey: Bitcoin + Banking in January 2021

In light of messaging and guidance from federal regulators, it is recommended that a financial institution conduct a related risk assessment. Such a risk assessment provides a clearly documented inventory and living record of controls mapped to associated risk factors that regulators will expect supervised institutions to identify and actively manage. The related controls should be individually identified and rated based on specific characteristics, providing and documenting an assessment of the overall effectiveness of the financial institution’s control environment for mitigating associated risks.

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Wolters Kluwer is a NYDIG Preferred Consultant for risk assessments conducted by financial institutions related to the NYDIG platform.

Recent federal regulatory guidance provides that financial institutions should understand and control cryptocurrency risks. Financial institutions participating with NYDIG and its platform will benefit from a risk assessment as described here because it will provide documentation of identified risks and associated controls.



Benefits of Bitcoin Risk Assessment – NYDIG Clients

- Our Risk Assessment considers institution-specific factors in identifying potential inherent risks and gaps to enable financial institutions to develop appropriate policies and risk controls around this new service offering.
- As part of the risk assessment, we assess how the findings fit within a range of relevant controls.
- Wolters Kluwer is a recognized expert in regulatory compliance for financial institutions. With the further adoption of cryptocurrency, we will continue to invest in our compliance solutions to remain the “go-to” for regulatory compliance around virtual currencies.
- As additional regulatory guidance is expected in 2022 and beyond, we can help financial institutions respond appropriately.

Contact Us

Our **Bitcoin Risk Assessment – NYDIG Clients** solution lets you offer virtual currency to keep pace with industry demand, enabling you to retain your clients and their deposits. We can also provide additional compliance support with our tailored disclosures, [Bitcoin Disclosure Program – NYDIG Accounts](#).

* Source: [Cryptocurrency Adoption Survey](#) by Finder in April 2021

About Wolters Kluwer Governance, Risk & Compliance

Governance, Risk & Compliance (GRC) is a division of Wolters Kluwer, which provides legal and banking professionals with solutions to ensure compliance with ever-changing regulatory and legal obligations, manage risk, increase efficiency, and produce better business outcomes. GRC offers a portfolio of technology-enabled expert services and solutions focused on legal entity compliance, legal operations management, banking product compliance, and banking regulatory compliance.

Wolters Kluwer (AEX: WKL) is a global leader in information services and solutions for professionals in the health, tax and accounting, risk and compliance, finance and legal sectors. Wolters Kluwer reported 2020 annual revenues of €4.6 billion. The company, headquartered in Alphen aan den Rijn, the Netherlands, serves customers in over 180 countries, maintains operations in over 40 countries and employs 19,000 people worldwide.

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Bitcoin Risk Assessment - NYDIG Clients Product Sheet