



HOW RESILIENT IS YOUR CRYPTO PAYMENTS PARTNER?





Introduction

MiCA (Markets in Crypto Assets Regulation) is the gold standard of regulation in Europe's digital assets market and is transforming how crypto exchanges operate, particularly in their approach to resilience.

Why MiCA is so important for CASPs (Crypto Asset Payment Providers)

MiCA creates uniform EU market rules for CASPs. According to ESMA (the European Securities and Markets Authority), this regulation aims to promote better financial and market stability, ensuring customers can make informed decisions when choosing a new crypto payments partner.

Those regulated under MiCA's mandates benefit from several key protections – all of which are designed to strengthen resilience.

These include:

- ⊗ Segregated funds
- ⊗ Equivalent governance to traditional financial institutions
- ⊗ Strict transparency requirements
- ⊗ Minimum capital and liquidity buffers

Resilience today carries a very different meaning than it did five or ten years ago.

James Sullivan, Chief Risk and Compliance Officer "CRCO" at BCB Group, eloquently defines resilience as:

"The ability of a digital asset institution to not only withstand and recover swiftly from operational shocks (like cyber-attacks, technology failures, or market crises) but also to adapt its governance, processes, and technology to continuously meet ever-evolving regulatory expectations and maintain customer trust."

However, not every CASP operates to the same standards, which creates significant discrepancies that ESMA and other authorities are keen to resolve. As the digital assets industry faces growing threats, MiCA-licensed firms represent the new benchmark for institutional-grade resilience.



James Sullivan

Chief Risk and Compliance Officer
BCB Group

This paper will evaluate the financial and operational resilience of Europe's leading CASPs, focusing on those licensed under MiCA.

Methodology

BCB's focus on MiCA stems from the fact that this robust framework introduces harmonised, enforceable standards that supports much broader institutional adoption of digital assets across the European market.

This report includes expert insights from BCB Group's Chief Risk and Compliance Officer, James Sullivan, as well as recent research from reputable industry news outlets, reports and regulatory databases.

It has analysed and evaluated ten key data areas to help people identify the most resilient CASPs:

1. Regulatory Licensing & Passporting

2. Institutional Client Base

3. Capital Reserves & Liquidity

4. Settlement Infrastructure

5. Transparency & Audits

6. Regulatory History & Compliance Track Record

7. Product Breadth & Stability

8. Executive Team & Governance

9. Strategic Partnerships

10. Media & Analyst Sentiment

These criteria were chosen because they meet MiCA's formal requirements for operational and financial resilience.

Comparative Analysis

The section examines how the market performs against each of the ten criteria and where BCB Group differentiates itself.

1. Regulatory Licensing & Passporting

Sullivan says one of the biggest red flags people should look out for when considering a new CASP is an unlicensed or unregulated status.

“Operating without a license in a major jurisdiction where they offer services represents a fundamental concern for their ability to meet institutional-grade standards for safeguarding client funds and data.”

In the UK, the FSMA and Regulated Activities Order requires firms to have FCA authorisation when performing regulated activities. Under the RAO, the FCA will also regulate staking, lending and borrowing activities as new ‘regulated activities’, including stablecoin issuance.

The UK has laid the foundations for a new cryptoasset regulatory regime, which is expected to be implemented in 2026.

Sullivan adds that Europe’s MiCA already mandates higher organisational standards for CASPs. This means they must adopt institutional-grade compliance, risk management and internal control frameworks, including permanent and effective compliance functions.

In July 2025, EMSA warned that CASPs should not mislead their customers about how their products are regulated. Some offer regulated and unregulated products on the same platforms, which makes it harder for investors to understand which ones include MiCA protection without clear warnings and disclosures.

BCB Group is preparing to adopt regulatory-first institutional principles and is constantly seeking additional regulatory approvals.

Its current licences include:

- Authorised Payment Institution (API) by the UK’s Financial Conduct Authority since 2018
- Registered Digital Assets Service Provider (DASP) by France’s Autorité des Marchés Financiers (AMF)
- Authorised E-Money Institution (EMI) by France’s prudential regulator, the Autorité de Contrôle Prudentiel et de Résolution (ACPR)
- Membership of the VQF, a Switzerland self-regulatory organisation which is recognised by the Swiss Financial Market Supervisory Authority (FINMA)



“By being regulated in multiple key jurisdictions, we’re held to multiple high standards. We typically apply the most stringent requirements across our entities as a global baseline.”

James Sullivan

2. An Institutional Client Base

Institutions now demand specialist services, such as institutional payments, secure settlement across currencies, custody, and seamless integration between fiat and crypto. However, Sullivan warns that they shouldn't attempt to expand their product offering unless they have the expertise to justify it.

Instead, he emphasised that firms should focus on offering “clear, specialised value propositions”, such as institutional payments.

“Providers who offer every product under the sun without deep expertise, or those who fail to bridge the operational and regulatory gap between traditional finance and the digital asset economy will be replaced”, he added.

The most successful CASPs will be fully regulated, resilient, and specialist institutions.

These are the ones pioneering the development of trusted, reliable infrastructure for the digital asset economy.

“The best providers make this technology boringly reliable for institutional adoption,” Sullivan added.

3. Capital reserves and liquidity

Both of these determine whether a CASP can continue to provide essential services during a crisis.

Yet, research published in the [Journal of International Financial Markets, Institutions and Money](#) found that across 11 major centralised exchanges, on-chain proof-of-assets - which enable CASPs to prove that the cryptocurrency they hold exceeds the collateral required - only covered just over two thirds (66.89%) of their total assets.

This meant about a third of assets were outside the formal proof-of-assets disclosure – an important benchmark for proving whether a company can meet its future liabilities.

- In the exchanges studied, ETH, BTC and stablecoins represented the vast majority (84.03%) of the assets.
- In some crypto exchanges, stablecoins represented more than a third of assets (39.31% of Binance and 43.15% at KuCoin).
- This can raise liquidity risks by increasing volatility and the impact of a single point of failure when the issuer experiences a crisis.



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“Firms that are undercapitalised, have opaque balance sheets, or have poorly tested operational resilience risk failing at the first major market or cyber event, risk destroying client trust instantly,” Sullivan warns.

Under MiCA:

- ⦿ There is a €350,000 base capital requirement for all issuers of Asset Referenced Tokens (ART).
- ⦿ Reserve assets must be separated from the issuer’s other funds.
- ⦿ These reserves must be regularly reported to the relevant authorities.

BCB Group meets these requirements and aims to exceed the base capital requirements.

It focuses on:



Enhancing its technical infrastructure



Continually strengthening its cybersecurity



Treating AML compliance as a service differentiator, not a ‘necessary evil’



Regularly reviewing its capital reserves and governance structures

4. Settlement infrastructure

Settlement risk refers to the risk that one or more parties won't meet its payment obligations. The FCA has identified losses or disorderly markets from settlement failures as a risk and key harm that is associated with cryptoasset trading platform activities. It expects these Crypto Asset Trading Platforms (CATPs) to 'have satisfactory arrangements' for timely, effective transfer of control over cryptoassets trades.

However, many crypto exchanges face significant structural challenges in regard to clearing and settlement, which differ from traditional finance. For example, the crypto market can be fragmented due to the different laws and regulations that apply across various jurisdictions.

Furthermore, fiat-focused back-office systems in custody and investment banking may lack the infrastructure to provide efficient clearing and settlement protocols for cryptoasset payments.

BCB Group's BLINC is a proprietary instant payments network that provides exchanges, traders, brokers, lenders and other clients with fast, fee-free, reliable payments.

"BLINC allows members to settle instantly, 24/7/365, while maintaining high security and KYC/AML standards, reducing reliance on less secure or less reliable external systems," says Sullivan.

BLINC helps clients achieve real-time fiat transactions to ensure assets can move efficiently across eight fiat currencies at any time.

5. Transparency & Audits

"A lack of transparent, regular, and reputable external audit could result in potential solvency issues or poor management of client funds being hidden from view," says Sullivan.

He also stresses the importance of clearly articulating how client funds - including fiat and crypto - are segregated from the CASP's operational capital. Providers that are unable or unwilling to do this could be "commingling with client money or use for their own risk-taking or other business activities", he added.

BCB Group has been performing independent annual safeguarding audits for two years, which are provided by one of the top ten accounting firms. While the FCA is only expected to mandate these rules in May 2026, BCB Group has been proactive to ensure its safeguarding practices are regularly scrutinised and consistently meet institutional requirements.

"The need for processes to meet segregation and safeguarding requirements now drives a significant portion of compliance work, directly impacting operational processes," Sullivan added.

6. Regulatory history & compliance track record

To stay resilient, firms must be ready to adapt to regulatory changes quickly.

“This should include building robust systems that demonstrate institutional-grade standards to regulators and clients, ensuring the long-term viability of the business,” Sullivan said.

Don't treat compliance as a tick box exercise

Regulators such as the FCA acknowledge that there is still an industry-wide perception that compliance and regulations are burdensome. However, BCB Group takes a different view: it sees new regulations as opportunities to innovate and improve its product offering, which underpins its 'resilience by design' approach.

“We take the established, robust risk frameworks and apply them proportionately. Compliance and risk are involved throughout the product design stage, allowing us to launch new, compliant products faster and more safely,” he added.



James Sullivan

Chief Risk and Compliance Officer
BCB Group

7. Product breadth & stability

“Resilience is the ability to maintain the delivery of critical services within acceptable tolerance levels during disruption” says Sullivan.

“Because BCB Group operates across multiple jurisdictions, this “inherently builds redundancy and non-correlation of risk”, Sullivan adds.

This enables the firm to achieve regulatory diversity, which depends on its cross-regional expertise, and geographical separation, which reduces its exposure to a region-specific crisis or its reliance on region-specific infrastructure.

If there is a systemic or regulatory failure in one region, this does not automatically lead to a domino effect in another region, which can help the group maintain relative stability compared to firms that don't have this blend of geographical and regulatory diversification.

“This allows us to provide critical payment and settlement services to clients globally while ensuring their fiat funds are held in ring-fenced, secure, and locally compliant environments, thus protecting the entire ecosystem from single-point-of-failure risks”, Sullivan added.

For Europe, MiCA specifically addresses operational resilience to improve the standards of technological and cyber risk management.

“The rules, driven by the Digital Operational Resilience Act, now require CASPs to have robust systems, including appropriate IT security protocols, business continuity plans, governance and controls over outsourcing. This elevates the standard for managing technology and cyber risks across the EU,” Sullivan added.

At a minimum, banking partners should have implemented advanced, adaptive cybersecurity that secures critical systems in line with institutional standards.

8. Executive teams & governance

EY recently reported a widening gender pay gap in financial services boardrooms, and women have traditionally been under-represented in this sector.

Women represent 50% of BCB Group’s employees and the company takes part in various industry initiatives to encourage more women to pursue careers in blockchain and fintech.



“BCB Group strictly adheres to and anticipates new regulatory expectations for cyber and operational resilience,” Sullivan added.

The group has also been implementing advanced, adaptive cybersecurity measures to ensure its critical systems are secured to the highest institutional standards. This includes a new Operational Resilience Framework that goes further than simple Business Continuity Planning and enables the company to maintain service delivery during severe but plausible events.

“A leadership team with little to no prior experience in regulated financial services could suggest a lack of governance, accountability, and the necessary experience to manage complex financial risks,” says Sullivan.

Prior finance experience is also crucial.

CASPs should have a leadership team with diverse skillsets and backgrounds in reputable institutions. Ideally, this should include a blend of technology, finance, law and regulatory experience, as expertise in these areas can help providers achieve institutional-grade resilience.



Governance

Sullivan, who has over 20 years of experience working across legal, risk and compliance, says his approach to risk management and compliance at BCB Group is fundamentally shaped by proportionality and a forward-looking design.

“These ultimately drive client confidence and long-term business success.” BCB Group uses the three lines of defence model (3LOD) and governance structures to apply them proportionately.

“These include non-negotiable elements like independent risk oversight and effective control implementation,” says Sullivan.

3LOD spreads operational risk management responsibilities across three functions: direct risk management by the individual, defining policies and risk tolerance, and independent audits.

9. Strategic partnerships

“The calibre of banking partners is important because a secure and trusted foundation requires business continuity, robust safeguarding of client funds, and access to a reliable global fiat payment network” says Sullivan.

“The entire payment chain is only as strong as its weakest link; an unreliable banking partner can lead to severe service disruption and regulatory risk”, Sullivan added.

10. Media & analyst sentiment

Crypto still has a trust problem, which is why a CASP’s public reputation has never been more important. [Deloitte research](#) suggests that ‘trust’ is the most valuable asset that can overturn a pessimistic view of crypto exchanges, and crypto assets generally.



Repeated failures dampen trust particularly when these are high-profile events that attract significant media coverage



Poor governance is responsible for most failures, including poor due diligence and inadequate cybersecurity

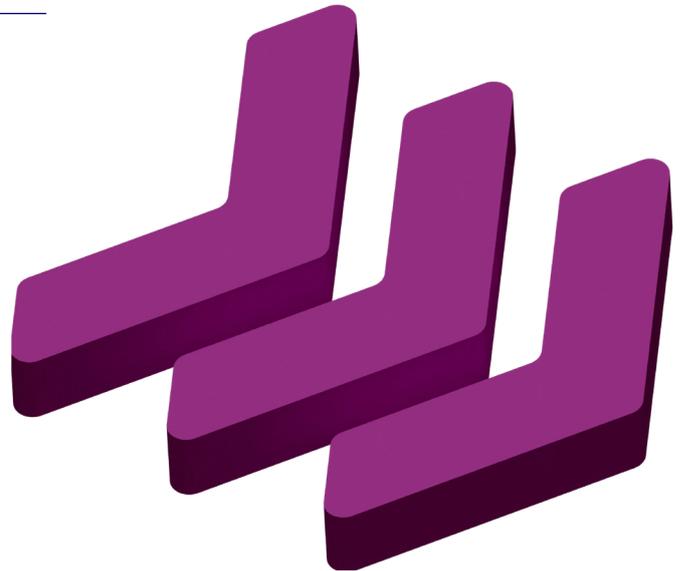
Thanks to its strong focus on innovation and customer experience, it has also won a host of prestigious industry awards, including The Digital Assets Awards by The Digital Banker in 2024.

BCB Group is regularly cited in reputable outlets such as FinTech Futures, Yahoo Finance and the Digital Journal, and the company is a regular attendee of high-profile industry events.

For example, in October 2025, BCB Group's CEO and co-founder Oliver Tonkin sat with industry experts including the FCA's Asset Management Policy Manager, Mhairi Jackson, and TeamBlockchain's CEO, Jonny Fry, to discuss how to make the UK a tokenisation hub.

Findings

Our analysis demonstrates that there are still significant challenges in Europe's crypto payments sector, particularly in regard to resilience, liquidity risk and transparency. Although MiCA seeks to raise the benchmark for operational and financial resilience, our research reveals that not all CASPs are adopting these changes at the same pace.



Here are some key takeaways from our analysis:

The industry has a long way to go before licensing and regulatory alignment is the norm

Some CASPs are still offering regulated and unregulated products on the same platform without appropriate risk warnings and disclosures, which makes it difficult for customers to make informed choices and could be misleading.

BCB Group is an Authorised Payment Institution (API) under the FCA, an ACPR-regulated EMI (Electronic Money Institution), an AMF-registered DASP (Digital Asset Service Provider) and a member of the self-regulating VQF in Switzerland.

It recognises that regulators are treating operational resilience as a core supervisory priority, which is why it is committed to building a platform and an operating model that embeds resilience, governance and institutional-grade infrastructure.

Most CASPs fail to deliver true institutional-grade infrastructure

Some continue to operate without the appropriate licensing, regulatory status or AML registration that institutions now demand.

BCB Group is licensed and regulated in the jurisdictions it operates from and provides AML and counter-terrorist financing training for its Board and all employees. Thanks to its BLINC network, which is the first of its kind in Europe, it delivers institutional-grade infrastructure with instant, free cross-border settlement.

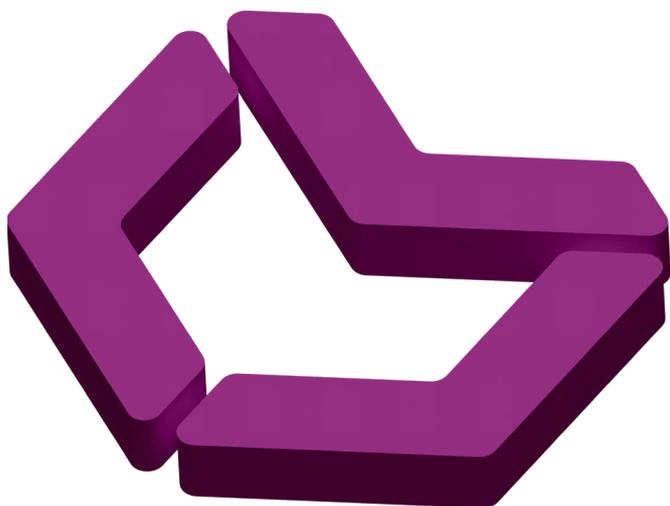
Poor transparency, high liquidity risk and inadequate settlement infrastructure are common

Our analysis showed that many CASPs do not have adequate governance, infrastructure and risk management processes that institutions expect.

BCB Group's customers benefit from segregated client accounts, a robust, multi-regional infrastructure, and strict liquidity buffers, to ensure its operations continue to run during a severe event.

Leadership and governance are variable

BCB Group has built a diverse leadership team comprising compliance specialists, bankers, lawyers and other experts from traditional finance and digital assets.



Operational resilience is improving but not as fast as it could be

Sullivan focuses on building resilience by design, which involves defining risk appetite early, having effective control frameworks and maintaining a sustainable, long-term plan for operational decision-making. While other CASPs have similar approaches, BCB Group is ambitious about exceeding regulatory expectations to bridge the gap between the crypto world and traditional finance.

Working with high-calibre partners can drive long-term success and stability

Over the years, BCB Group has established a number of partnerships with reputable partners, including the fully regulated bank, ClearBank, and Copper, a leader in digital asset, custody, prime services and collateral management. ClearBank enables BCB Group to provide Faster Payments and virtual accounts, while its partnership with Copper has helped it enhance its institutional operations further.

Media and analyst sentiment is mixed

BCB Group is regularly described as a bridge between the digital asset world and traditional finance. It has built a strong relationship with high-profile media outlets and is a recognised thought leader, attending numerous industry events around the world.

Conclusion

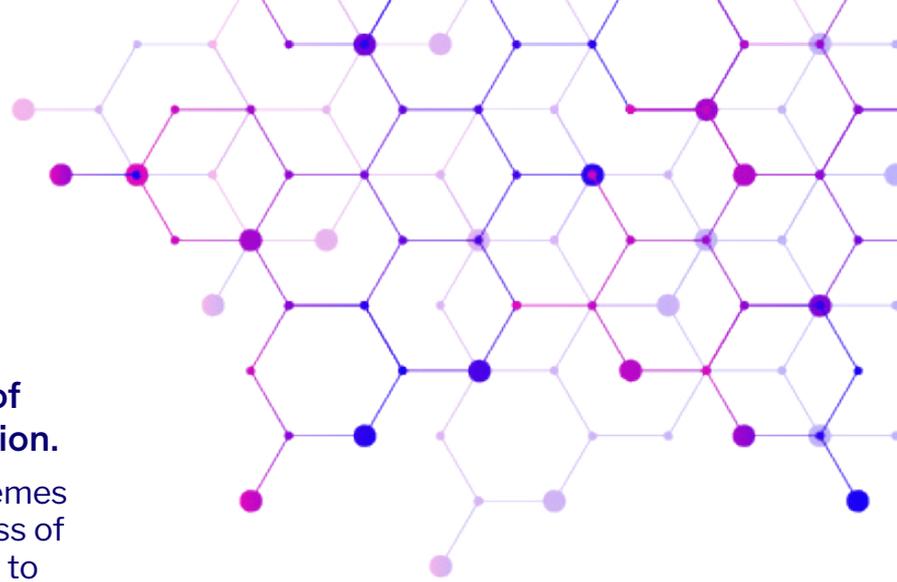
Institutional clients expect their CASPs to maintain high standards of compliance, resilience and integration.

Sullivan believes these are three key themes that will determine the long-term success of these providers. Those that easily adapt to compliance and embrace regulatory change will thrive, he believes.

Those that maintain strong balance sheets, clear corporate governance and the ability to withstand volatility and operational shocks such as cyber tech failure will also perform well.

That's why it's essential to choose CASPs that adopt a regulatory-first approach and embrace new rules and guidance as opportunities to innovate and improve, rather than compliance burdens.

The institutions that achieve this won't just survive the next shock or phase of regulation - **they will emerge more resilient.**



James Sullivan

Chief Risk and Compliance Officer
BCB Group

"But providers that treat compliance as a mere check-box exercise or a retroactive cost will struggle in an increasingly regulated world."



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If you would like any additional information speak to one of our BCB representatives or visit our website:

bcbgroup.com

