MiCA Crypto Alliance

Future of Banking & Digital Assets

How European Banks Are Preparing for MiCA, DORA & CSRD

March 2026

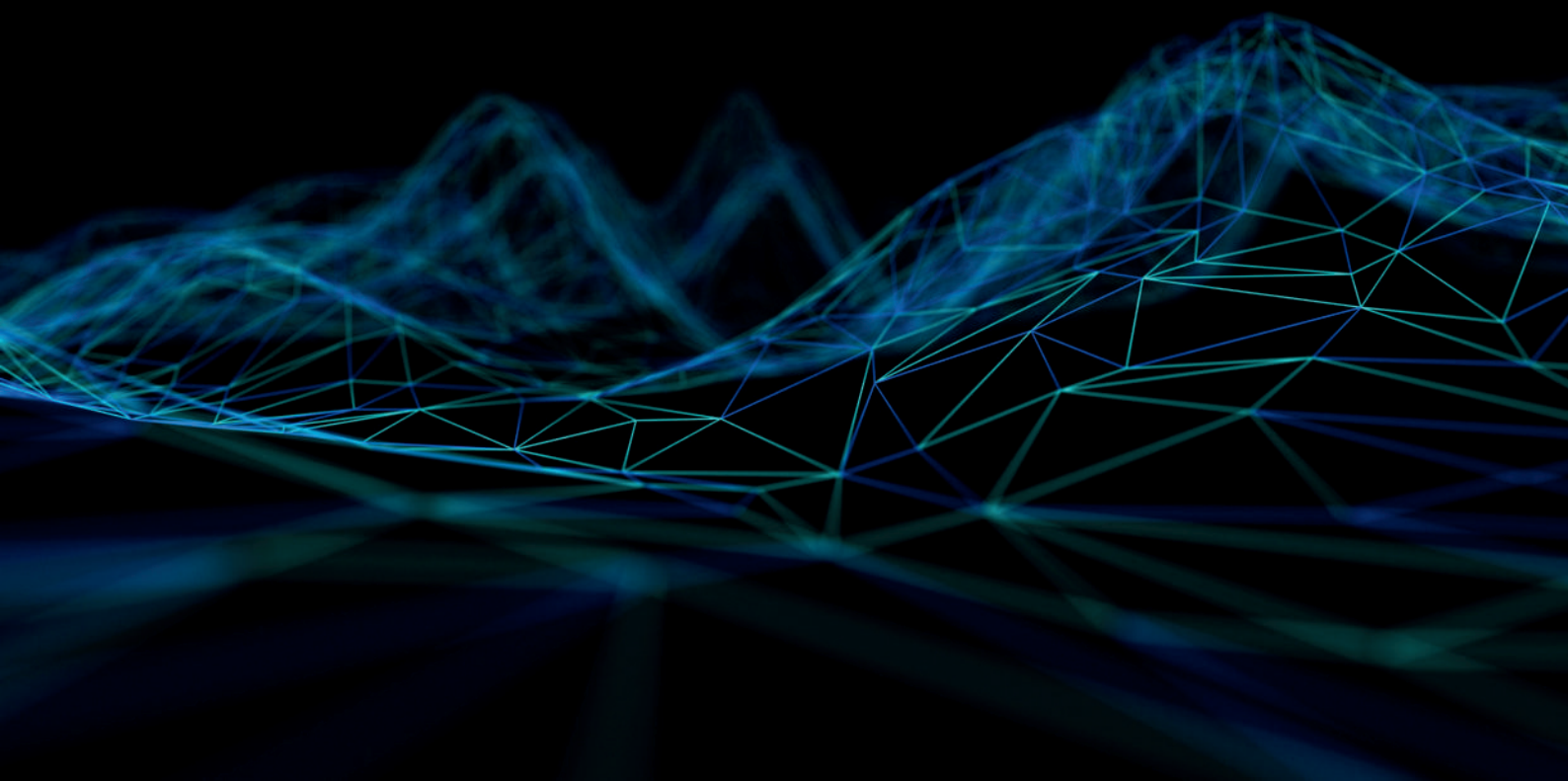

Table of Contents

Table of Contents

Note on Research Scope

This report reflects findings from 11 participating European financial institutions (12 survey responses) surveyed in late 2025 and early 2026, supplemented by interviews with five of these institutions. While this represents a focused sample rather than a comprehensive market census, the participant mix spans Tier 1 banks, regional banks, brokers, CASP providers, and specialized service providers across global, regional European, and domestic market scopes. The consistency of findings across diverse institution types,particularly regarding MiCA readiness levels, strategic priorities, and implementation challenges,suggests these insights reflect broader industry patterns rather than outlier experiences. However, readers should interpret quantitative findings as indicative of trends within a subset of active digital asset participants rather than as statistically representative of the entire European banking sector. The convergence between survey findings and contemporaneous market developments (such as the Qivalis consortium formation and ECB infrastructure initiatives) provides external validation of the trends identified in this research.

Executive Summary

This report presents findings from the Future of Banking & Digital Assets research initiative by the MiCA Crypto Alliance, combining survey data (quantitative and qualitative) from 11 European financial institutions (12 responses) with qualitative insights from in-depth follow-up interviews conducted with five participating banks. Findings were validated through discussions at a policy roundtable in March 2026 convening industry leaders and regulatory representatives. The research examines how European banks are navigating the integration of digital assets within the regulatory frameworks of MiCA (Markets in Crypto-Assets), DORA (Digital Operational Resilience Act), and CSRD (Corporate Sustainability Reporting Directive).

The survey reveals that 11 of 12 institutions (92%) are already offering digital asset products and services. This operational maturity reflects live customer offerings rather than pilot-phase experimentation. Interview participants confirmed that digital asset activities now represent material revenue contributions with dedicated P&L ownership, moving beyond experimental innovation lab projects. Only one institution reported being in the 'actively building capabilities' phase, suggesting that market entry barriers have been sufficiently lowered and that regulatory clarity has enabled widespread commercialization across diverse institution types from Tier 1 banks to specialized service providers.

On MiCA readiness, 8 institutions report full preparedness (5/5) with the remaining 4 at readiness level 4/5, and no institution rated below 4. However, qualitative interviews revealed substantive implementation challenges beneath this reported readiness, exposing a gap between policy

framework understanding and operational execution. Banks with existing VASP licenses reported smoother transitions to CASP requirements specifically because they had applied banking-grade governance structures from the start, creating full corporate frameworks with boards, supervisory boards, and Big 4 auditing that exceeded minimum requirements. This banking governance advantage positions traditional institutions favorably relative to tech-first companies struggling to adapt to institutional compliance frameworks.

Advanced CASP licensing status reflects proactive regulatory positioning: 6 institutions already hold licenses, 2 are in the application process, and 1 plans to apply within 12 months. The two institutions not seeking CASP authorization are service providers (compliance firms, investment managers) whose business models do not require direct CASP designation. This advanced licensing momentum aligns with the broader European market trend, as evidenced by the March 2026 Qivalis consortium announcement, 12 major banks (including CaixaBank, BNP Paribas, BBVA, ING, and UniCredit) launching a MiCAR-compliant euro stablecoin in the second half of 2026, with S&P Global projecting the euro stablecoin market to grow from €650 million at year-end 2025 to between €25 billion and €1.1 trillion by 2030.

Strategic focus areas show strong alignment stablecoins lead institutional priorities, cited by 75% of institutions (9 of 12), followed closely by tokenized securities at 67% (8 of 12) and payments/settlement solutions (55%). This alignment reflects broader European market trends. The European Central Bank's March 2026 unveiling of the Appia roadmap and Pontes settlement infrastructure signals institutional tokenization moving from 'strategic option to production capability,' while tokenized real-world assets reached $36 billion in value by late November 2025, with nearly three in five institutional investors planning to increase digital asset allocation in 2026.

Yet significant implementation challenges persist beneath this surface progress. Interview participants reported that current AML compliance tools create operational complexities, with some blockchain analysis systems sometimes flagging legitimate internal transfers as suspicious activity. Travel Rule compliance compounds these challenges: institutions prohibit customer transfers to self-hosted wallets because they 'cannot fully rely on customer self-declaration of wallet ownership,' yet the difficulty of analyzing external addresses makes the required verification processes operationally infeasible. This prohibition creates friction with crypto-native customers expecting self-custody rights while institutions navigate compliance obligations.

Sanctions exposure screening emerged as institutions' top compliance priority (83%), though industry discussions suggest this may reflect its relative familiarity to banks rather than its difficulty, with novel challenges around market abuse definitions and disclosure standards in decentralized markets not yet fully recognized.

Beyond MiCA compliance, DORA emerged as a critical implementation barrier. Crypto vendors often lack bank-grade documentation, service level agreements, and cybersecurity standards,

with a shortage of professionals who understand both cybersecurity and regulatory documentation creating an operational bottleneck. This vendor risk management challenge may constrain institutional adoption timelines as significantly as MiCA compliance itself.

A critical finding emerged from follow-up interviews regarding stablecoins: banks face a strategic paradox around participation as reserve banks for stablecoin issuers. Institutions want to hold the deposits and bonds backing stablecoin circulation, volumes could be substantial and the business aligns naturally with banking core competencies, but holding stablecoin reserves negatively impacts banks' liquidity coverage ratios. One institution explained: 'The more we participate as reserve banks for stablecoins, the worse our liquidity ratio becomes.' Without regulatory recalibration distinguishing retail payment stablecoins from corporate treasury uses, banks may limit participation in what could be a significant market or cede it to non-bank e-money institutions and offshore providers.

Institutions also identify combining Web3's immutable transaction database with AI pattern recognition as transformative for anti-money laundering, potentially combating the 3-5% of GDP in annual illicit flows. The vision positions banks as an identity layer maintaining regulatory oversight while leveraging blockchain's transparency, a model requiring banking system collaboration rather than purely decentralized approaches. Interview data revealed that high net worth individuals are transitioning from self-custody specifically for estate planning concerns, seeking regulated entities to ensure crypto assets transfer to heirs, creating a distinct custody use case beyond speculative holdings or trading activity.

Training and knowledge gaps present ongoing obstacles, with 58% of institutions citing token listing and due diligence processes as their top training priority, followed by DeFi risk frameworks and stablecoin legal structures (each 42%). Banks are addressing knowledge deficits by hiring personnel from crypto startups and exchanges, bridging the culture and expertise gap between traditional finance and crypto-native operations. However, external training resources remain particularly limited in non-English languages, prompting institutions to contract subject matter experts for cost-effective internal seminars rather than expensive per-person external programs. MiCA's 80-hour training requirement was flagged by one institution as excessive relative to actual operational needs.

On sustainability integration, source data availability for digital asset ESG reporting has improved dramatically with professionalized providers like Nodiens and the MiCA Crypto Alliance entering the market, resolving what was initially a significant obstacle. However, the critical challenge of translating asset-level carbon accounting data into entity-level CSRD portfolio impact reporting remains unsolved. This reflects a structural mismatch between CSRD's disclosure framework,designed for traditional operational models with physical locations, supply chains, and employee headcount,and decentralized protocols with distributed decision-making and no legal entity, creating attribution challenges for Scope 3 emissions and governance disclosures that

institutions have yet to resolve satisfactorily.

Strong interest in roundtable participation (92% expressed interest or conditional interest) and majority interest in MCA membership (73%) signals recognition that MiCA implementation requires industry-wide knowledge sharing and coordination rather than purely institution-specific solutions. The combination of high reported readiness, substantive implementation challenges, and strong collaboration demand suggests the European banking sector is at an inflection point,operationally active in digital assets but requiring collective problem-solving around regulatory gaps, technical infrastructure limitations, and best practice development to achieve the scale and efficiency that tokenization and programmable money promise.

Methodology

This research employed a two-phase mixed-methods approach: a mixed-methods survey (combining quantitative and qualitative questions) followed by in-depth interviews with selected participants. This design allowed for both breadth in understanding market-wide trends and depth in exploring implementation nuances not fully captured through structured survey instruments alone.

Phase 1: Mixed-Methods Survey

Conducted between February and March 2026, the survey targeted senior professionals at European financial institutions active in or preparing for digital asset markets. Respondents included compliance officers, legal counsel, digital asset innovation leads, and executive board members from banks, investment firms, and specialized service providers. The questionnaire comprised questions across six thematic areas: institutional profile, digital asset engagement, MiCA readiness, compliance and risk management, sustainability integration, and strategic outlook. The questionnaire combined quantitative measures (multiple-choice selections, Likert scales for preparedness assessment) with open-ended qualitative questions allowing respondents to describe challenges and opportunities in their own terms.

The survey received 12 responses from 11 European financial institutions, with one institution providing perspectives from two different functional roles within the organization. This participant mix represents diverse organizational types including Tier 1 banks (4), regional/cooperative banks (1), brokers (1), CASP providers (1), technology companies (1), investment managers (1), and banking-as-a-service providers (1). Geographic coverage spanned global (6 institutions), regional European (3), and domestic single-country operations (2). Survey respondents represented balanced functional perspectives across compliance (27%), digital assets/innovation (27%), executive/board level (27%), and legal (18%), ensuring coverage of both strategic and operational viewpoints.

Phase 2: Qualitative Interviews

Following survey completion, structured follow-up interviews were conducted with five participating institutions including two Tier 1 banks, two specialized banks and one compliance service provider. These 45-60 minute conversations explored implementation challenges, governance adaptations, AML tool limitations, stablecoin business models, and ESG integration approaches not fully captured in survey responses. Interview participants were selected to represent different stages of CASP licensing (already licensed, in application process) and different strategic approaches (independent infrastructure development versus consortium participation). The semi-structured format allowed interviewers to probe areas where survey responses revealed interesting patterns or apparent contradictions particularly around the gap between reported MiCA readiness and described implementation challenges.

Interview insights are incorporated thematically throughout this report without attribution to protect participant anonymity. Where direct quotes appear, they are presented without institutional identification. In some cases minor details have been generalized to prevent inadvertent identification through unique circumstances. This confidentiality commitment proved essential for eliciting candid responses about sensitive topics such as AML tool inadequacies, stablecoin liquidity ratio concerns, and ESG reporting challenges. All responses, both survey and interview, were treated confidentially with findings presented in aggregated form only. Individual institutions and respondents are not identified without explicit consent.

Preliminary findings from this research were presented and discussed at a policy roundtable held in March 2026 during EthCC Cannes. The closed-door session organized by the MiCA Crypto Alliance and Tezos, convened industry leaders, senior banking professionals, compliance experts, and regulatory representatives to validate survey insights and explore implementation challenges. Discussions at this roundtable informed the final analysis and provided additional context on industry-wide patterns, particularly regarding the readiness-implementation gap and operational complexity of sanctions screening workflows.

Institutional Landscape

Participant Overview

The 12 participating institutions represent a cross-section of the European financial services industry engaged with digital assets. This diversity provides insight into how different organizational types are approaching MiCA compliance and digital asset integration. Tier 1 banks constitute the largest group (36%), reflecting their strategic importance in shaping digital asset adoption across European banking. The presence of brokers, CASPs, technology companies, and specialized service providers demonstrates that digital asset engagement extends beyond traditional banking structures into specialized fintech and infrastructure plays.

Institution Type	Count
Tier 2 Bank	3
Tier 2 Bank	1
Regional / Cooperative Bank	1
Broker	1
CASP / Technology Company	1
Other/Not specified	2
Investment Manager	1
Compliance / Service Provider	1
Trading Platform	1

One Tier 1 bank provided two survey responses from different functional roles within the organization. While the research initiative primarily targeted European banks, the survey was open to participation from relevant financial services and technology providers operating in the digital asset ecosystem. The inclusion of brokers, CASP providers, investment managers, compliance service providers, and trading platforms reflects the interconnected nature of MiCA implementation, where banks rely on specialized service providers for custody infrastructure, compliance tools, white paper preparation, and listing services. Institution types are determined from institutional profiles where survey responses did not specify type.

Geographic Reach

The majority of surveyed institutions operate with global mandates (55%), while 27% focus on regional European markets and 18% serve single domestic markets. This international orientation underscores the cross-border nature of digital asset markets and the need for harmonized regulatory approaches. Global institutions bring cross-jurisdictional perspectives on regulatory arbitrage opportunities and challenges in achieving compliance across multiple regimes simultaneously. Regional European players offer insights into intra-EU coordination challenges and opportunities for regulatory harmonization under MiCA. Domestic-focused institutions highlight how national competent authority interpretations of MiCA create implementation variations despite the regulation's harmonization objectives.

Respondent Roles

Survey respondents represented balanced functional perspectives across compliance (27%), digital assets/innovation (27%), executive/board level (27%), and legal (18%). This distribution ensures coverage of both strategic and operational viewpoints on digital asset readiness. Compliance professionals provided granular detail on AML/CFT processes, sanctions screening methodologies, and regulatory reporting obligations. Digital asset and innovation leads contributed insights on technical architecture decisions, vendor selection criteria, and product roadmap priorities. Executive and board members offered strategic perspectives on business model evolution, risk appetite frameworks, and board-level governance concerns. Legal counsel illuminated contractual structures, licensing strategies, and interpretive challenges around MiCA's interaction with existing financial services directives.

Digital Asset Engagement & MiCA Readiness

Current Market Participation

A striking finding emerges: 11 of 12 institutions (92%) already offer digital asset products and services. This stands in sharp contrast to common perceptions that European banks remain hesitant about digital assets. The data indicates a mature, operational market where institutions have moved beyond pilot programs to live customer offerings. Only one institution reported being in the 'actively building capabilities' phase, suggesting that market entry barriers have been sufficiently lowered and regulatory clarity (particularly from MiCA) has enabled widespread commercialization. The types of products and services vary by institution, with interview participants noting that their digital asset operations now represent material revenue contributions rather than experimental innovation lab projects.. Multiple institutions noted that digital asset activities now represent material revenue contributions rather than experimental innovation lab projects, with dedicated P&L ownership and executive accountability for digital asset business lines.

MiCA Preparedness

Institutions demonstrate advanced MiCA readiness: 7 rate themselves as fully prepared (5/5), while 4 report readiness level 4/5. No institution rated below 4, indicating substantial progress in compliance preparation across the cohort. A virtuous relationship exists between digital asset engagement and MiCA readiness. Among the 8 institutions reporting full MiCA readiness (5/5), most are already offering products, while the 4 at readiness level 4/5 include both active participants and those building capabilities. This suggests that operational experience accelerates compliance maturity,institutions learn through doing rather than through theoretical preparation. However, interview data revealed that this high reported readiness reflects policy framework

understanding more than operational implementation completion. As one institution noted, 'we understand what MiCA requires, but translating that into operational reality across legacy systems presents daily challenges that the readiness score doesn't fully capture.'

Industry dialogues conducted during March 2026 at the EthCC MiCA Crypto Alliance Policy Roundtable confirmed this pattern, finding that 'banks see themselves as highly prepared and well staffed' but 'interviews revealed a gap between perceived readiness and actual operational preparedness,' suggesting the readiness-implementation gap is industry-wide rather than sample-specific.

CASP Licensing Status

The advanced licensing status reflects institutions' proactive regulatory positioning. 6 institutions already hold CASP licenses, representing 55% of the sample. 2 institutions (18%) have applications in process, while 1 (9%) plans to apply within 12 months. The 2 institutions (18%) not applying are service providers (compliance firms, investment managers) whose business models do not require direct CASP authorization, they operate as B2B service providers to licensed institutions rather than directly servicing end customers. Interview insights revealed that institutions with prior VASP licenses experienced notably smoother CASP transitions. One institution explained: 'We held a VASP license and from day one we implemented banking standards within our VASP structure. We created a private company with board of directors, supervisory board, and Big 4 external auditor, exceeding minimum VASP requirements. This governance foundation meant CASP compliance was evolutionary rather than revolutionary.' This banking governance advantage,treating digital asset entities with the same rigor as traditional banking units,proved decisive in readiness timelines and implementation quality.

CASP License Status	Institutions
Already have CASP license	6
Application in process	3
Plan to apply within 12 months	1
Not applying	2

Strategic Digital Asset Priorities

Relevant Digital Asset Areas

Institutions identified their priority digital asset areas, revealing clear market trends. Stablecoins lead institutional priorities at 75% (9 of 12 institutions), followed closely by tokenized securities at 67% (8 of 12). Custody services were cited by 58% of institutions (7 of 12), reflecting banks' positioning as trusted infrastructure providers. Payments and settlement solutions follow at 25% (3 institutions), indicating selective interest in operational efficiency gains from blockchain-based rails. DeFi integration remains more selective at 17% (2 institutions), likely reflecting regulatory uncertainty and operational complexity around decentralized protocols.

Digital Asset Area	Institutions
Tokenized securities / bonds	9
Stablecoins	8
Custody services	7
Payments / settlement solutions	3
DeFi integrations	2

Stablecoins: From Experimentation to Infrastructure

European banks are no longer experimenting with stablecoins, they are building production infrastructure. The Qivalis consortium of 12 major European banks (including CaixaBank, BNP Paribas, BBVA, ING, and UniCredit) announced in March 2026 plans to launch a MiCAR-compliant euro stablecoin in the second half of 2026 under Dutch Central Bank supervision. S&P Global Ratings projects the euro-pegged stablecoin market to grow from €650 million at year-end 2025 to between €25 billion and €1.1 trillion by 2030,equivalent to 0.1% to 4.2% of eurozone banks' overnight deposits. This growth trajectory reflects recognition that stablecoins have achieved product-market fit and that regulatory clarity is 'the single biggest unlock for trust, adoption, and operational use at scale.'

MiCA's reserve requirements (at least 40% in bank deposits, remainder in high-rated short-term eurozone government bonds) provide the regulatory certainty institutions needed to commit capital and resources. This structure creates what one industry analysis termed 'bank deposit + sovereign bond' combinations that are 'far more stable than stablecoins relying solely on

commercial paper or other risky assets.' The survey's finding that 75% of institutions prioritize stablecoins aligns with this market momentum. Interview data revealed that one Tier 1 bank shifted from independent e-money token development to joining an industry consortium specifically due to the lack of clear EU regulation on deposit tokens, which are excluded from MiCA but lack a positive regulatory framework. Banks position stablecoins not as competition to deposits but as necessary infrastructure for tokenized securities settlement, as one institution described it, the 'previous stage before widespread tokenized financial instruments' can achieve scale.

Tokenized Securities & Custody: Building the Rails

The European Central Bank's March 2026 unveiling of the Appia roadmap and Pontes settlement infrastructure signals institutional tokenization moving from 'strategic option to production capability.' Pontes, scheduled to launch in Q3 2026, will extend TARGET Services payment infrastructure to distributed ledger platforms, enabling settlement in central bank money for blockchain-based transactions. The Eurosystem will accept DLT-based assets as eligible collateral for credit operations starting March 2026, providing crucial legitimacy for tokenized securities. The EU's DLT Pilot Regime faces a 2026 review with expectations it will convert to a permanent framework, removing the experimental label that has limited institutional commitment.

Tokenized real-world assets reached $36 billion in value by late November 2025, and nearly three in five institutional investors plan to increase their digital asset allocation in 2026. The convergence of regulatory clarity (MiCA, SEC guidance allowing DTCC tokenization pilots) and infrastructure readiness creates conditions for exponential growth. Banks identify custody as the key prerequisite for scalable offerings, encompassing not just asset holding but governance processes, corporate actions, and regulatory requirements. The 58% of surveyed institutions prioritizing custody reflects this infrastructural imperative.

Interview insights revealed that high net worth individuals are transitioning from self-custody specifically for estate planning concerns,seeking regulated entities to ensure crypto assets transfer to heirs upon death. One institution explained: 'Clients came to a point where they said, we want to do it with you because we know everything is already set up so that in case something happens, our children will get the crypto assets.' This creates a distinct custody use case beyond speculative holdings, targeting wealth preservation and generational wealth transfer where regulatory protection provides value that self-custody cannot deliver. The institution noted operating a hybrid model where wealth managers are direct clients, with the bank providing custody infrastructure for the wealth managers' end clients,a B2B2C structure that scales custody services while maintaining relationship ownership at the wealth management layer.

Compliance & Risk Management

Key Implementation Challenges

Institutions identified several recurring challenges in aligning existing banking licenses with CASP requirements. Analysis of open-ended survey responses and interview transcripts reveals five dominant themes that institutions face in operational implementation.

1. Legacy Technology Constraints

Banks with decades-old core systems face substantial technical debt when integrating real-time, 24/7 crypto operations. API architectures, settlement finality requirements, and wallet infrastructure often require ground-up rebuilds rather than incremental upgrades. One institution noted that 'legacy technology may not be ready to support CASP requirements,' highlighting the gap between systems designed for batch-processing traditional finance and the always-on, instant-settlement expectations of digital assets. This challenge is not unique to individual institutions; traditional banking systems, while battle-tested and deeply integrated into complex scenarios, create technical debt when adding functionality like real-time payments, efforts that can take months or years. The gap between banks' decades-old core systems and crypto's 24/7, instant-finality expectations requires ground-up infrastructure rebuilds rather than incremental patches.

2. AML Tools & Blockchain Analysis Limitations

Institutions report that current blockchain analysis tools misinterpret legitimate internal transfers between a bank's own addresses as suspicious activity. This creates downstream complications: when banks transfer crypto to external addresses, the receiving entity may flag the transaction as unusual based on the analysis tool's mischaracterization of prior legitimate internal movements. One institution noted that 'even when we are balancing crypto between our own addresses for operational purposes, analysis tools may understand that we are doing something strange in the network.' This fundamental limitation of current AML technology creates a compliance catch-22, banks must use blockchain analysis tools to meet regulatory obligations, but those same tools can inadvertently create false-positive flags that complicate legitimate business operations.

3. Travel Rule Compliance & Self-Hosted Wallet Prohibitions

Travel Rule compliance compounds AML challenges significantly. Banks prohibit customer transfers to self-hosted wallets because they 'cannot fully rely on a customer's self-declaration that a wallet belongs to them', additional verification processes are required under Travel Rule regulations, but the difficulty of analyzing and obtaining information from external addresses makes such verification operationally infeasible. This prohibition creates friction with crypto-native

customers expecting self-custody rights while institutions navigate compliance obligations. The challenge reflects a broader tension: crypto-native users value self-custody as a fundamental right, but regulatory frameworks designed for intermediated finance presume the ability to verify counterparty identity and beneficial ownership, assumptions that break down when assets move to addresses controlled by private keys without institutional oversight.

Beyond transaction monitoring, enhanced due diligence (EDD) requirements present significant operational challenges. Banks must trigger EDD processes for crypto-related fiat transfers above certain thresholds, with risk frameworks treating "almost everyone who's done anything on chain" as high-risk by default. The source of wealth investigation process requires compliance officers to collect transaction histories from all exchanges and blockchain addresses a client has used, an iterative process where each data set reveals additional addresses requiring investigation. A compliance service provider explained this creates multiple rounds of back-and-forth with clients just to collect data before analysis even begins.

Some banks have responded to these compliance burdens by implementing closed loop systems that prohibit external deposits or withdrawals, limiting services to internal transactions only. This keeps compliance requirements "soft" but severely constrains product functionality, representing a strategic trade-off between full-featured offerings and manageable compliance overhead.

4. Regulatory Fragmentation Across NCAs

Multiple institutions flagged inconsistent interpretations across national competent authorities, creating compliance uncertainty for cross-border operations. One institution noted that 'regulators have different views on how to implement crypto/digital assets framework,' creating challenges for institutions operating across multiple EU jurisdictions despite MiCA's harmonization objectives. The interaction between MiCA, existing financial services directives (MiFID II, PSD2), and national banking laws generates overlapping obligations that institutions must navigate jurisdiction by jurisdiction. This fragmentation undermines one of MiCA's core goals, creating a unified European digital asset market,and forces institutions to implement compliance programs that accommodate the most conservative interpretation across their operating footprint rather than optimizing for efficiency.

5. Vendor Ecosystem Immaturity

Crypto infrastructure providers often lack the service level agreements, uptime guarantees, and operational resilience expected in traditional banking. One institution described 'providers with start-up-style SLAs, training, knowledge, tools that are not as reliable as traditional ones but with the same AML and reporting obligations.' This creates vendor risk management challenges as banks must meet banking-grade reliability standards while depending on startup-maturity vendors. The vendor ecosystem's relative immaturity forces banks into a difficult position: they

cannot build all digital asset infrastructure in-house due to the specialized technical expertise required, but outsourcing to immature vendors creates operational and regulatory risk that traditional banking risk frameworks struggle to accommodate.

Beyond MiCA compliance, DORA emerged as a critical implementation barrier. While already in force, DORA requirements expose maturity gaps in the crypto vendor ecosystem. Interview participants and industry roundtable discussions noted that many crypto service providers lack bank-grade documentation, SLAs, governance procedures, and cybersecurity standards. However, participants also acknowledged that traditional financial vendors would struggle under equivalent DORA scrutiny. The core bottleneck is a shortage of professionals who understand both cybersecurity and regulatory documentation requirements. This suggests that vendor risk management, rather than MiCA compliance itself, may become the primary constraint on institutional adoption timelines

Board Liability Concerns

MiCA introduces personal liability for board members and senior management regarding the accuracy of crypto-asset white papers. Institution responses reveal measured concern: 1 institution (8%) expressed being very concerned, 2 institutions (17%) somewhat concerned, 7 institutions (58%) neutral, and 1 institution (9%) not concerned. The majority maintaining neutral positions suggests confidence in existing governance frameworks or reliance on external service providers. However, 27% expressing some level of concern indicates this remains a governance consideration for certain institutions particularly those directly issuing tokens rather than providing infrastructure services.

Token Listing & Due Diligence Criteria

Institutions apply multiple risk indicators when evaluating crypto-assets for listing or continued offering. The most commonly cited factors reveal both MiCA compliance requirements and broader operational concerns.

Risk Indicator	Usage
Sanctions exposure screening (Art. 71(1)(a))	10 institutions
Liquidity of the asset (Art. 76(1)(f))	8 institutions
Issuer track record & reputation (Art. 71(2))	8 institutions
Market abuse likelihood (Art. 71(6))	6 institutions
Decentralization level	6 institutions
Litigation history	6 institutions
Environmental/sustainability risks	5 institutions

Sanctions exposure screening emerges as the single most critical factor, cited by 83% of institutions (10 of 12). This reflects both MiCA's explicit requirements and broader anti-money laundering obligations. The 83% adoption of sanctions screening reflects both MiCA's explicit Article 71(1)(a) requirements and broader market reality. Regulatory clarity is 'the single biggest unlock for trust, adoption, and operational use at scale' in 2026 stablecoin markets, with MiCA's reserve composition and redemption rights requirements addressing the transparency gaps that previously deterred institutional participation. Liquidity and issuer reputation tie for second priority (64%), indicating balanced attention to market functioning and counterparty risk. Interview data revealed that institutions view liquidity assessment through a dual lens: ensuring clients can exit positions and verifying sufficient order book depth for actual tradability. Interview participants emphasized the importance of sufficient liquidity, noting that thin order books raise concerns, even for otherwise compliant assets, as they create operational risk around position unwinding.

Discussions at the EthCC March 2026 MiCA Crypto Alliance Policy Roundtable suggest that sanctions screening's emergence as the top compliance priority may reflect its relative familiarity to banks rather than its difficulty. Participants noted that sanctions are 'relatively mature' due to established blockchain analytics providers and rich on-chain data availability. The truly novel challenges, defining market abuse in decentralized markets, establishing disclosure standards when social media serves as primary communication channel, and adapting insider trading frameworks to crypto-native structures, may not yet be fully recognized by institutions still focused on familiar compliance categories. Nevertheless, sanctions implementation presents significant practical complexity: institutions must determine which analytics providers to use, how many transaction 'hops' to investigate, how to interpret conflicting risk scores, and where to set risk thresholds, with regulatory suggestions to use multiple providers increasing rather than reducing operational uncertainty.

Industry efforts have focused on developing token taxonomy and classification frameworks, recognizing that standardized categorization systems are essential for consistent regulatory treatment, due diligence processes, and market development. This taxonomy work directly addresses the token listing and due diligence training gap identified by 58% of survey participants as their top priority. The Mica Crypto Alliance's approach combines regulatory compliance requirements under MiCA with market-driven classification needs, creating practical frameworks that institutions can implement operationally rather than purely theoretical categorizations.

A particular focus has been the development of a comprehensive Liquid Staking Token (LST) taxonomy. Liquid staking represents a significant DeFi innovation where token holders can stake assets to earn rewards while maintaining liquidity through derivative tokens representing their staked positions. However, the regulatory treatment of LSTs under MiCA remains ambiguous,they potentially fall under multiple token categories depending on their specific mechanics, creating compliance uncertainty for issuers and institutions considering custody or trading services. The MCA's LST taxonomy project aims to establish clear classification criteria based on technical architecture, economic rights, governance mechanisms, and risk profiles, enabling institutions to assess regulatory obligations and due diligence requirements systematically.

This taxonomy work directly supports the token listing and due diligence processes flagged by survey participants as requiring training and standardization. When institutions evaluate whether to list, custody, or provide services for a digital asset, they currently face inconsistent classification approaches across the industry. One institution may categorize an asset as an e-money token subject to specific reserve requirements, while another treats the same asset as a utility token with different obligations. The MCA taxonomy provides a shared language and decision framework, reducing this fragmentation. For the 83% of institutions using sanctions screening and the 58% assessing liquidity and issuer reputation, standardized taxonomy enables consistent application of due diligence criteria across assets with similar characteristics.

To support consistent due diligence practices, industry resources including standardized evaluation frameworks and third-party white paper reviews are emerging to help institutions assess token compliance efficiently. These tools enable faster onboarding while maintaining regulatory standards, addressing the operational tension between thoroughness and speed that institutions identified as a key challenge.

Beyond regulatory compliance, the taxonomy work supports market efficiency. Clearer categorization reduces legal uncertainty that currently constrains institutional participation particularly for novel token types like LSTs, governance tokens, or hybrid structures combining multiple characteristics. The taxonomy also facilitates cross-border operations by providing a common framework that national competent authorities can reference when making supervisory decisions, addressing the regulatory fragmentation challenge identified in implementation obstacles. The Alliance's approach involves industry consultation, legal analysis, and technical

specification to ensure the taxonomy reflects both regulatory requirements and operational realities, with working paper publication and industry feedback cycles built into the methodology. Resources such as the MiCA white paper tracker (https://www.micacryptoalliance.com/white-paper-tracker) provide ongoing visibility into regulatory compliance developments.

Strategic Outlook: Opportunities & Risks

Biggest Opportunities (Next 3 Years)

Institution responses on strategic opportunities reveal strong alignment around several transformative themes rooted in both market positioning and technological capability.

Tokenization of Traditional Assets

Multiple institutions identify tokenization of deposits, bonds, and financial instruments as the primary value proposition. Representative observations include 'tokenization of deposits and cross-border payments,' 'tokenization of financial instruments and payments using stablecoins,' and 'balance sheet tokenization and liquidity.' Tokenization enables programmable money, instant settlement, and 24/7 market access while maintaining regulatory compliance. This represents a fundamental reimagining of how financial instruments exist and transfer, moving from paper-based or database-record systems to blockchain-native representations that unlock composability, fractional ownership, and automated compliance checking.

Infrastructure & Custody Services

Banks recognize comparative advantages in trust, regulatory compliance, and operational resilience. One institution articulated the opportunity as 'to become trusted custodians and infrastructure providers for tokenized assets and stablecoins, leveraging regulatory credibility and risk management expertise.' Positioning as infrastructure providers (custody, settlement, compliance-as-a-service) allows monetization without requiring deep crypto-native capabilities. This positioning accepts that banks may not win at crypto-native trading or DeFi protocol development but can dominate the regulated infrastructure layer that enables institutional participation.

Embedded Digital Asset Functionality

One institution described the vision as 'embedding digital assets into core banking infrastructure, where they become revenue-generating plumbing rather than standalone products.' This perspective envisions digital assets as utility layer rather than product category,instant settlement rails, programmable treasury management, and automated compliance embedded invisibly in existing banking workflows. This embedded approach contrasts with standalone crypto offerings

and instead positions digital assets as infrastructure improvements that enhance traditional banking services rather than compete with them.

Web3 + AI for Anti-Money Laundering

Institutions identify combining Web3's immutable transaction database with AI pattern recognition as transformative for anti-money laundering, potentially combating the 3-5% of GDP in annual illicit flows. The vision positions banks as an identity layer maintaining regulatory oversight while leveraging blockchain's transparency,a model requiring banking system collaboration rather than purely decentralized approaches. One institution explained: 'Using Web3 to register all financial transactions forever, coupled with AI looking for patterns or outliers in real-time, would allow banks and regulators to better combat money laundering.' The institution suggested pooling customer information into a single database accessible to all banks would reduce costs and prevent customers from opening multiple accounts to evade detection. While acknowledging Web3 should remain pseudonymous, banks could act as the identity layer 'where the final name of the asset owner is registered,' allowing transaction history to remain public while enabling law enforcement access when needed.

Biggest Risks (Next 3 Years)

Operational & Technical Integration Risks

Multiple institutions flagged risks around building isolated crypto stacks that don't integrate cleanly with governance, liquidity, and regulatory frameworks. One institution noted the challenge of 'ensuring that banks can connect to this market without compromising security, compliance, or operational integrity.' DORA's operational resilience requirements heighten scrutiny of third-party dependencies and system availability. Banks recognize the risk of creating parallel technology infrastructures that fragment liquidity, duplicate compliance processes, and create governance blind spots where responsibility becomes ambiguous during incidents.

Strategic Positioning Risks: The Cost of Inaction

Multiple institutions flag strategic inaction as the primary threat, banks that fail to build digital asset capabilities risk disintermediation as stablecoins, tokenized deposits, and DeFi protocols capture payment flows and deposit alternatives. Representative observations include 'look the other way,' 'not being there,' and 'disintermediation with stablecoins.' One institution stated plainly that 'the greatest risk for the banking sector is not adopting Web3 technology, which is much higher than the risk associated with the technology itself.' This framing inverts the typical risk narrative: rather than digital assets threatening banking, the absence of digital asset capabilities threatens banks' ability to remain relevant in an increasingly tokenized financial system.

Stablecoin Liquidity Ratio Paradox

Follow-up interviews revealed a regulatory challenge not captured in the survey: banks face a strategic paradox around participation as reserve banks for stablecoin issuers. Institutions want to hold the deposits and bonds backing stablecoin circulation, volumes could be substantial and the business aligns naturally with banking core competencies, but holding stablecoin reserves negatively impacts banks' liquidity coverage ratios. One institution explained: 'The more we participate as reserve banks for stablecoins, the worse our liquidity ratio becomes.' This creates perverse incentives: banks may limit participation in what could be a significant market specifically to avoid regulatory metrics degradation. The institution noted that 'the industry is looking for new regulations that would allow for a more nuanced analysis of stablecoin use cases', distinguishing retail payment stablecoins (which should perhaps impact Liquidity Coverage Ratio-LCR similarly to retail deposits) from corporate treasury stablecoins or speculative holdings. This finding has not yet surfaced in public policy discussions but represents a critical obstacle to European banks' full participation in stablecoin infrastructure. Without regulatory recalibration, banks may cede this market to non-bank e-money institutions or offshore providers.

Training Needs & Collaboration Demand

Priority Training Topics

Institutions expressed strong interest in tailored training sessions on digital asset compliance topics. The most frequently requested areas reveal both technical knowledge gaps and demand for standardized industry frameworks.

Training Topic	Interest
Token listing and due diligence processes	7 institutions
DeFi and liquidity risks	6 institutions
Legal frameworks for stablecoins and tokenized assets	5 institutions
Sanctions and circumvention risks	5 institutions
Risk management and custody best practices	5 institutions

Token listing and due diligence processes emerge as the clear priority, cited by 58% of institutions (7 of 12). This aligns with the earlier finding that 83% use sanctions screening and 58% evaluate liquidity and issuer reputation. Banks seek standardized methodologies for crypto-native risk assessment. The MiCA Crypto Alliance's token taxonomy work directly addresses this gap by providing decision frameworks that enable consistent evaluation across institutions. Stablecoin legal frameworks represent the second priority (50%, 6 of 12), followed by DeFi mechanics (42%, 5 of 12), reflecting both areas' importance to institutional strategy and relative novelty for traditional banking compliance teams.

Collaborative industry initiatives are developing shared frameworks and knowledge-sharing platforms that enable institutions to pool expertise on token evaluation methodologies, reducing individual training burdens while building collective competence. These platforms facilitate peer learning and best practice exchange that individual institutions would struggle to develop independently.

Knowledge Building Strategies

One institution explained that it addressed knowledge deficits by hiring personnel from crypto startups and exchanges, bridging the culture and expertise gap between traditional finance and crypto-native operations. Interview data revealed that institutions successfully built internal expertise over three to four years through this talent acquisition strategy. One institution noted: 'We hired personnel from startups and exchanges,' creating a merge of traditional banking discipline with crypto-native technical expertise. However, external training resources remain particularly limited in non-English languages. One institution explained: 'We had difficulties finding seminars and webinars in languages different to English,' prompting the solution of contracting subject matter experts for cost-effective internal seminars rather than expensive per-person external programs. This approach proved more economical when training 50-100 staff members. MiCA's 80-hour training requirement was flagged by one institution as excessive relative to actual operational needs.

Roundtable & Membership Interest

Institutions expressed near-unanimous interest in industry collaboration platforms: 92% expressed interest or conditional interest ('maybe/need more information') in roundtable participation, and 73% expressed interest or conditional interest in MCA membership inquiries. This strong interest signals recognition that MiCA implementation requires industry-wide knowledge sharing and coordination rather than purely institution-specific solutions. The convergence of challenges around token taxonomy, vendor ecosystem immaturity, and NCA interpretation variations demonstrates that banks cannot solve these problems in isolation, collective action through industry associations like MCA creates network effects where shared frameworks and standardized approaches benefit all participants.

Sustainability & ESG Integration

Current Integration Status

ESG integration into digital asset activities remains an area of active development: 7 institutions (58%) report already integrating digital assets into ESG/CSRD reporting, while 5 institutions (42%) have not yet integrated or are unsure. Notably, no institutions reported active plans for near-term integration, suggesting either satisfaction with current approaches or recognition that CSRD deadlines allow longer implementation horizons.

Key ESG Challenges

Institution responses on ESG framework application reveal several structural obstacles that persist despite progress in data availability. Source data availability for digital asset ESG reporting has improved dramatically with professionalized providers – including the MiCA Crypto Alliance – entering the market, resolving what was initially a significant obstacle. One institution confirmed: 'Initially it was quite challenging because there were almost no providers, but now there are several providers of very good reputation,' noting that 'for us it is not an issue anymore' regarding obtaining asset-level carbon accounting data. Data availability has become 'much easier and more professionalized.'

The underlying challenge is more fundamental than data availability alone. Carbon accounting gaps arise because blockchains use shared, globally distributed infrastructure where attribution to specific users or transactions becomes inherently ambiguous. Data trustworthiness remains problematic because ESG-relevant information, such as validator energy sources or mining operation power mix, is often self-reported or estimated rather than independently auditable. While blockchain transactions are traceable when accounts can be matched to entities, the decentralized governance of blockchain networks means no single entity is accountable for ESG disclosures. Furthermore, even where entities can be identified, the lack of standardized methodologies across organizations makes consistent assessment challenging. Constantly evolving consensus mechanisms (from proof-of-work to proof-of-stake variants) add additional complexity. Even where MiCA requires issuer reporting obligations, institutions recognize these remain estimates rather than verified measurements, creating uncertainty around whether CSRD's audit and assurance requirements can be satisfied for blockchain-native assets.

Moreover, the critical gap in the market is another: The challenge of translating asset-level carbon accounting data into entity-level CSRD portfolio impact reporting remains unsolved. One institution stated plainly: 'For the second one, we don't have a solution yet,' referring to entity-level CSRD integration. Theoretical approaches to carbon accounting for crypto-asset portfolios have indeed been formulated – and in fact rely on asset-level accounting as a preliminary building

block to allocate from – but they have not yet made it to the market in the form of a commoditized offering. Furthermore, they inherit the deficiencies in Scope 1 and Scope 3 accounting identified before. This reflects a structural mismatch between CSRD's disclosure framework, designed for traditional operational models with physical locations, supply chains, and employee headcount, and decentralized protocols with distributed decision-making and no legal entity. This creates attribution challenges for emissions and governance disclosures that institutions have yet to resolve satisfactorily. The challenge is 'clarifying the impact of a portfolio or activity,' which remains 'an area that requires continued effort.'

Industry working groups have engaged with the intersection of digital assets and sustainability reporting, recognizing that ESG integration represents both a compliance obligation and an opportunity to establish best practices before fragmented approaches calcify into incompatible standards. Through collaborative industry efforts, participants have identified that while asset-level carbon accounting has improved dramatically with providers professionalizing the space, the translation from asset-level data to entity-level CSRD reporting remains unsolved. This challenge reflects the structural mismatch between CSRD's requirements (which presume traditional operational models) and decentralized protocols. Current industry efforts focus on developing frameworks that bridge this gap, enabling institutions to meet CSRD obligations while accounting for the unique characteristics of blockchain-based assets where traditional Scope 3 attribution methodologies break down. Furthermore, as those very same traditional Scope 3 methodologies are also known to display significant limitations due to methodological inconsistencies across supply chain entities, which result in inaggregable into a reliable global metric, blockchain-based approaches – intrinsically tailored for cross-entity data sharing – may be relied upon to enhance legacy ESG accounting approaches as well.

Conclusion & Key Takeaways

This survey and interview research reveals a European banking sector already deeply engaged with digital assets and substantially prepared for MiCA implementation, yet facing substantive operational challenges that high readiness scores only partially capture. Four key takeaways emerge from this comprehensive analysis.

First, this is an active market, not theoretical exploration. With 92% of institutions already offering digital asset products, the market has moved decisively beyond pilot programs. This operational maturity suggests regulatory clarity from MiCA has successfully enabled commercialization across diverse institution types. The convergence between survey findings and contemporaneous market developments, particularly the Qivalis 12-bank euro stablecoin consortium, ECB's Appia/Pontes infrastructure rollout, and S&P Global's projection of €25 billion to €1.1 trillion euro stablecoin market by 2030, validates that surveyed institutions reflect broader European banking momentum rather than outlier enthusiasm.

Second, strong regulatory readiness coexists with implementation challenges that require urgent industry attention. No institution rated MiCA preparedness below 4/5, with 64% reporting full

readiness. However, qualitative interviews revealed substantive challenges: current blockchain analysis tools misinterpret legitimate internal bank transfers as suspicious; Travel Rule compliance makes self-hosted wallet support operationally infeasible; banks face a liquidity ratio paradox where holding stablecoin reserves (good for business) worsens regulatory metrics; and vendor ecosystem immaturity forces banks to depend on startup-grade service levels while maintaining banking-grade compliance obligations. MiCA readiness reflects policy framework understanding more than operational implementation completion. The gap between reported readiness and described challenges signals that European banking stands at an inflection point,operationally active but requiring collective problem-solving to achieve scale.

Third, strategic consensus centers on tokenization, infrastructure, and industry standardization. Institutions converge on tokenization (deposits, bonds, financial instruments) and infrastructure provision (custody, settlement) as primary value propositions. The vision of digital assets as embedded banking utility,'revenue-generating plumbing rather than standalone products',represents strategic maturity beyond crypto-as-asset-class thinking. The MiCA Crypto Alliance's token taxonomy work directly addresses this need by providing the standardized classification frameworks that enable consistent regulatory treatment, due diligence processes, and market development. With 58% of institutions identifying token listing and due diligence as their top training priority, MCA's LST taxonomy and broader categorization efforts fill a critical market infrastructure gap.

Fourth, collaboration demand signals that MiCA implementation succeeds through coordination rather than competitive positioning. Token listing due diligence processes (58% interest), stablecoin legal structures (50%), and DeFi risk frameworks (42%) represent shared challenges requiring industry-wide solutions. Near-unanimous interest in roundtable participation (92%) and strong interest in MCA membership (83%) demonstrate recognition that regulatory fragmentation across NCAs, vendor ecosystem immaturity, and novel token classification ambiguities cannot be solved by individual institutions operating in isolation. The Alliance's role as knowledge broker and standards developer between banks and the crypto industry becomes essential infrastructure for market maturation.

Looking forward, four focus areas emerge as critical for 2026-2027 implementation success. Operational implementation support must move beyond regulatory interpretation to practical guidance on legacy system integration, vendor risk management, and compliance process re-engineering,particularly around AML tool limitations and Travel Rule complexities revealed in interviews. Standardized due diligence methodologies represent immediate opportunity: the 58% demand for token listing training indicates readiness for industry-standard frameworks on sanctions screening, liquidity assessment, and issuer evaluation that reduce current institutional fragmentation. Finally, ESG framework development remains urgent as CSRD timelines approach: while asset-level data availability has improved dramatically, bridging to entity-level portfolio impact reporting requires coordinated industry effort to develop blockchain-appropriate

disclosure standards that satisfy regulatory requirements without imposing impossible attribution burdens on decentralized protocols. Beyond these immediate priorities, Basel Committee capital treatment of digital assets may impose additional longer-term constraints. The distinction between Group 1 (preferred) and Group 2 (restricted) assets, with Group 2 facing punitive capital charges, means that even MiCA-compliant tokenized assets with full legal equivalence may face exposure limits. This capital framework may constrain bank participation regardless of MiCA compliance status, particularly for small and mid-sized institutions

The Future of Banking & Digital Assets initiative aims to facilitate this collaboration through ongoing research, roundtable discussions, and knowledge-sharing platforms. Industry associations increasingly provide practical support mechanisms including standardized evaluation frameworks for token listings, collaborative training resources, white paper quality assessments, and ESG disclosure templates that reduce compliance costs while maintaining regulatory integrity. These shared resources enable smaller institutions to access expertise that would be cost-prohibitive to develop internally, while larger institutions benefit from standardization that reduces counterparty risk and facilitates cross-border operations. The convergence of operational maturity, regulatory frameworks, and infrastructure readiness creates unprecedented opportunity,but realizing tokenization and programmable money's full potential requires the European banking sector to move from parallel institutional efforts to coordinated industry action on shared challenges.

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