


**VAULTAVO**

Crypto Security and Custody for Financial Institutions

The storage, security and management of digital assets, such as cryptocurrencies and tokenized securities

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1



- 1 Introduction
- 2 About Us
- 3 From chaos...
- 4 System prevails
- 5 Regulators develop guardrails
- 6 The landscape
- 7 Where to begin – the onramp
- 8 Vaultavo as partner



2

## Introduction to Vaultavo

A founding team with deep banking experience



**Philip Meyer**  
CEO  
30-years in Fintech payments cards



**Gideon Malherbe**  
CHIEF STRATEGIST  
25-year plus Corporate strategy



**Keith Kourie**  
CTO BLOCKCHAIN & CRYPTO  
Previously Group CIO, Ceevo Blockchain



**Peter Harris**  
CHIEF COMPLIANCE AND RISK OFFICER  
Senior risk management roles at Morgan Stanley and other global institutions



**James Fick**  
CHIEF COMMERCIAL OFFICER  
BD Director Paymentology & Ceevo Card Issuing Director



**Ernest Lau**  
CTO PAYMENTS  
Previously Group CIO, Ceevo Payments

3

3



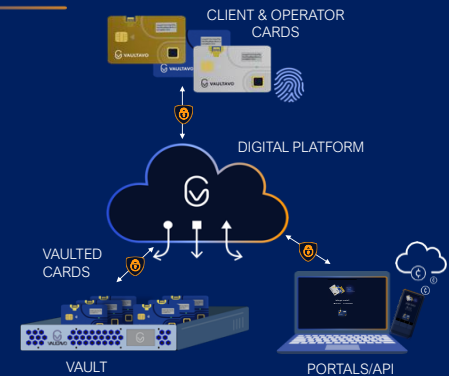
## Vaultavo's Solution to Private Key Custody

- Vaultavo is an infrastructure technology provider that offers a unique, professional distributed digital asset custody solution

- It segregates private keys by combining:

- Bank-grade biometric Smart cards
- Proprietary hardware Vault
- Digital platform and Portals

Giving full control and access to asset owners



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4



## Introduction

*"Not your keys, not your coins" is an important concept for retail investors*

*However, when you're storing millions or even billions of dollars for institutional investors, you want to make sure it's done professionally*

Because blockchain transactions cannot be reversed, custody of digital assets is critical as stolen assets are difficult to recover

Custody providers offer security and reliability to ensure that assets are protected

Traditional Assets are held under custody  
The assets are under your management

With Digital Assets the Keys are held in custody  
The assets are on the blockchain – it is the access that is secured

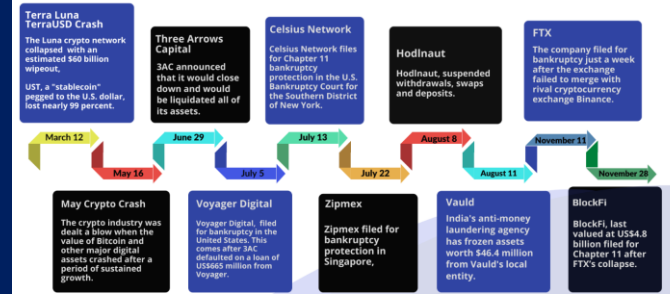
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## From Chaos ...

### TEN CRYPTO FAILURES OF 2022

FINTECH  
SINGAPORE  
fintechnews.sg



6

6

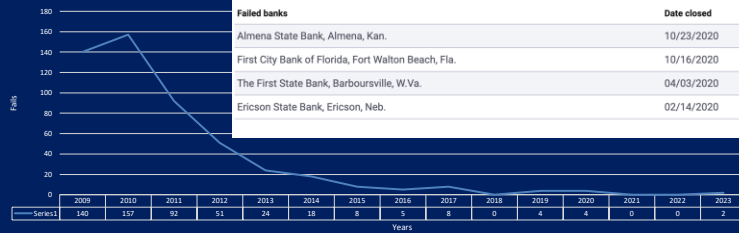
## US Bank Failures 2023

### 2023 list of failed banks

Failed banks	Date closed
Signature Bank, New York	03/12/2023
Silicon Valley Bank, Santa Clara, Calif.	03/10/2023

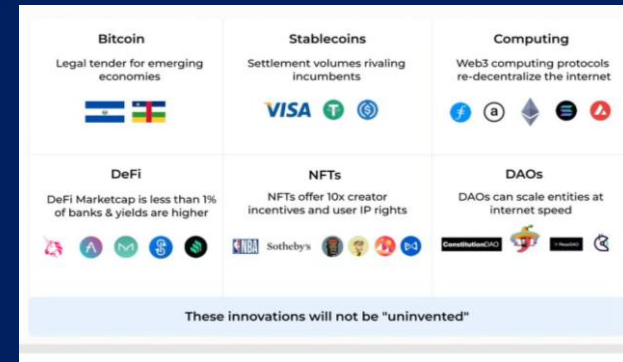
### 2020 list of failed banks

Failed banks	Date closed
Almena State Bank, Almena, Kan.	10/23/2020
First City Bank of Florida, Fort Walton Beach, Fla.	10/16/2020
The First State Bank, Barboursville, W.Va.	04/03/2020
Ericson State Bank, Ericson, Neb.	02/14/2020



7

## Digital Asset System Prevails



8

## Coinbase Trading Volumes in Billions of Dollars

Trading volume (\$B)	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Retail	11	18	32	120	145	93	177	74	46
Institutional	17	27	57	215	317	234	371	235	171
Total	28	45	89	335	462	327	547	309	217

cointelegraph.com

source: Coinbase

Cointelegraph 2022.

9

## Top Corporates Entering NFT Space



**salesforce**

Our launch partners can help you with Web3 from strategy to implementation.

accenture, Deloitte Digital, AI STUDIO, media@junk, TIME, VAYNER3

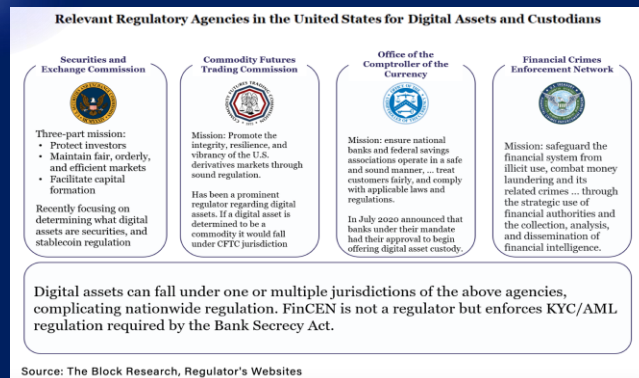
**NFTICALLY**

**HSBC**

HSBC Goes Beyond Banking – First-Ever Investment in NFT & Metaverse Signals New Possibilities for FinTech Industry

10

## Regulators Are Increasingly Providing Guardrails



The Block Research 2022

11



11

## Institutional Involvement in Digital Assets

Three broad categories:

- Providing better execution, custody, prime brokerage and back-office services (US Bank – Nydig)
- Improving and expanding the inclusion of crypto/digital assets in retail and institutional portfolios (Blackrock-Coinbase)
- Expanding crypto acceptance, payments, and remittances (Visa – Crypto.com)

These trends mark a shift away from pure speculation towards greater institutional adoption of crypto and digital assets

Rosenblatt Securities Oct 2022

12



12

## The Bank Services/Revenue Business Model

### TradFin

1. Checking Accounts
2. Savings Accounts
3. Money Market Accounts
4. Certificates of Deposit
5. Mortgages
6. Home Equity Loans
7. Auto Loans
8. Personal Loans
9. Credit Cards
10. Debit Cards
11. ATM Cards
12. Cashier's Checks
13. Money Orders
14. Traveler's Checks
15. Wire Transfers
16. Foreign Currency Exchange
17. Safe Deposit Boxes

### NewFin

1. **Checking Accounts**
2. **Savings Accounts**
3. Money Market Accounts
4. **Certificates of Deposit**
5. **Mortgages**
6. Home Equity Loans
7. **Auto Loans**
8. **Personal Loans**
9. Credit Cards
10. **Debit Cards**
11. ATM Cards
12. Cashier's Checks
13. Money Orders
14. Traveler's Checks
15. **Wire Transfers**
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17. Safe Deposit Boxes



13

13

## The Two Challenges Facing Banks

1  
Challenger Banks  
offering competitive  
products



2  
Neo Banks and  
DeFi offering  
new integrated  
services

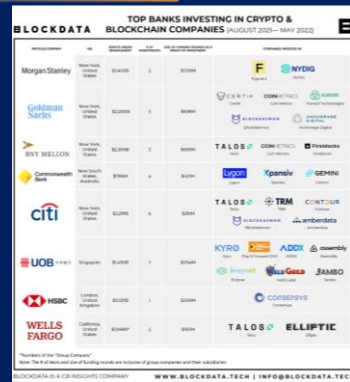


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14

## The Entry of Retail Banks Investing in Custody Services

- Provide services that allow clients to have access to the cryptocurrency market, as well as store and spend their assets safely
- Custody is critical for enterprises that want to use crypto and DeFi
- The competition to attract institutional investors to make bitcoin investments is gaining traction
- Many retail banks are entering the market. For instance, U.S. Bank announced that fund managers can now use its bitcoin custody service



15

## Banks Collaborate with Service Providers to Accelerate Offerings

Partnerships and initiatives involving crypto, blockchain, and decentralized finance demonstrate a range of real-world use cases beyond pure speculation. These include:

- **Blackrock** partnering with Coinbase to provide new access points for institutional crypto adoption
- **BNY Mellon** enabling crypto custody
- Block-owned **TBD** partnering with Circle to enable cross-border, dollar-linked stablecoin saving and remittance
- **Google** partnering with Coinbase to accept crypto payments for cloud services
- **Nasdaq** entering the crypto custody market, and the launch of a new institutional crypto exchange
- **Fidelity Investments** makes Crypto available in retirement accounts
- **Strike** and **Shopify** partner to enable payments using the Lightning Network

These partnerships show the increasing involvement of institutions in the crypto and digital asset space

Rosenblatt Securities Oct 2022

16

## Banks Expand Offerings to Include Fiat/Crypto

- UBS, PayPal, Klarna and Shop app (Shopify) connect email accounts to provide unified interface for managing purchases and tracking shipments
- Facilitate direct in-app shopping, borrowing, investing .....
- Budgeting and other PFM capabilities built around ChatGPT to become financially smarter
- Totally individualized – did the purchase or investment bring me happiness/ wealth etc.
- The Bill Pay service – including recurring charges with cancellation of unwanted services or low usage services. (Combine Prism and Rocket Money)
- Home management service built around mortgage payments and other household expenses
- Yield optimization service relentlessly focused on finding the best yield at all times based on customer's cash flow
- Payroll service combining a regular checking account (paying bills and buying stuff) and a god mode that goes directly to payroll account and allocates money to passive savings, investment accounts and tax-advantaged retirement and health accounts

17





17

## Stepping up Tokenization of Securities

Financial services providers apply tokenization as a means of resolving **the inefficiencies** inherent in traditional securities settlement and create **new opportunities**.

For example, banks are currently utilizing tokenized versions of financial instruments across several institutional DeFi use cases, often via public blockchains:

- **Société Générale** issued OFH tokens based  on AAA-rated French home loans that can be used as collateral to borrow against
- **JP Morgan, DBS Bank, and SBI Digital Asset Holdings** traded tokenized currencies and sovereign bonds in early November 2022 via Polygon
- Other similar entities have pilots to tokenize wealth management products and other securities

Issuers are resolving the financial and legal hurdles to tokenizing other **less liquid real world**  assets like real estate, although the market for these is still underdeveloped

18



18

## Consensus for 2023

### We expect to see:

- More investments and digital assets moving under management
- More partnerships between tech companies and custodians
- More acquisitions and partnerships between financial institutions and custodians
- Heavy competition for market share
- Improvements in service and terms, such as higher insurance coverage on funds in custody.
- Most, if not all large banks to publicly announce their stance on digital asset custody

It won't become a matter of which companies will provide custody solutions, but who will be the winners

Deloitte 2022

19

19

## Regional Banks are Squeezed in the Middle



20

20

## Where to Begin: Vaultavo's Pathway to Offering Digital Services

1

Offer existing clients the ability to more securely hold their digital assets

"We are concerned about the security of your digital asset holdings; we offer you a biometric bank card that's easy to use and super secure..."

### *Piggy Bank*

- Some revenue
- Brand expansion
- Retain clients
- Gain new clients

2

Offer Crypto Exchange services fiat/tokens

"We now offer you the ability to exchange your fiat money with crypto:

- Full Custody
- Exchange
- Debit card
- Loans..."

### *Basic Digital Asset Services*

- New revenue streams
- Retain clients
- Gain new clients

3

Offer Full Digital Asset services

Tokens and Tokenization of various assets like property, securities, etc.

- Wealth management products
- Tokenization of less liquid securities

### *Full Digital Asset Service Bank*

- Revenue increase
- Expand client value
- Gain new clients

21



## Why Partner With Vaultavo?

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Final rule.

SUMMARY: The Board is issuing a policy statement interpreting section 9(13) of the Federal Reserve Act and setting out a rebuttable presumption that it will exercise its discretion under that provision to limit state member banks to engaging as principal in only those activities that are permissible for national banks...

The Board has not identified any authority permitting national banks to hold most crypto-assets, including bitcoin and ether, as principal in any amount, and there is no federal statute or rule expressly permitting state banks to hold crypto-assets as principal. Therefore, the Board would presumptively prohibit state member banks from engaging in such activity under section 9(13) of the Act.18 .

HOWEVER,

Nothing in the policy statement would prohibit a state member bank from providing safekeeping services for crypto-assets in a custodial capacity if such activities are conducted in a safe and sound manner and in compliance with consumer, anti-money-laundering, and anti-terrorist-financing laws.

This document is scheduled to be published in the Federal Register on 02/07/2023 and available online at [federalregister.gov/d/2023-02192](https://www.federalregister.gov/d/2023-02192), and on [govinfo.gov](https://www.govinfo.gov)

22



## The Vaultavo Solution

### A Custody Centric Solution:

- Smartcard and fingerprint combo ensures state of the art security
- Microservices Infrastructure (SaaS cloud)
- Zero external trust and dependency (multi-sign)
- Intuitive and easy to use and manage
- Multiple interfaces and devices
- Insurable

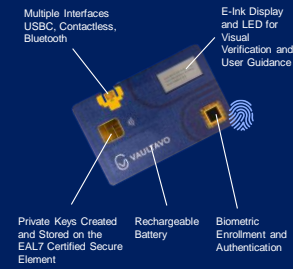


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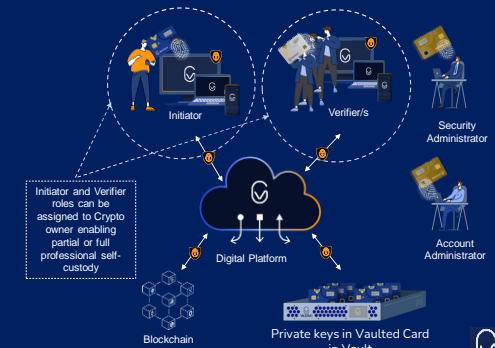
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## Digital Asset Custody Solution

### Vaultavo Cards

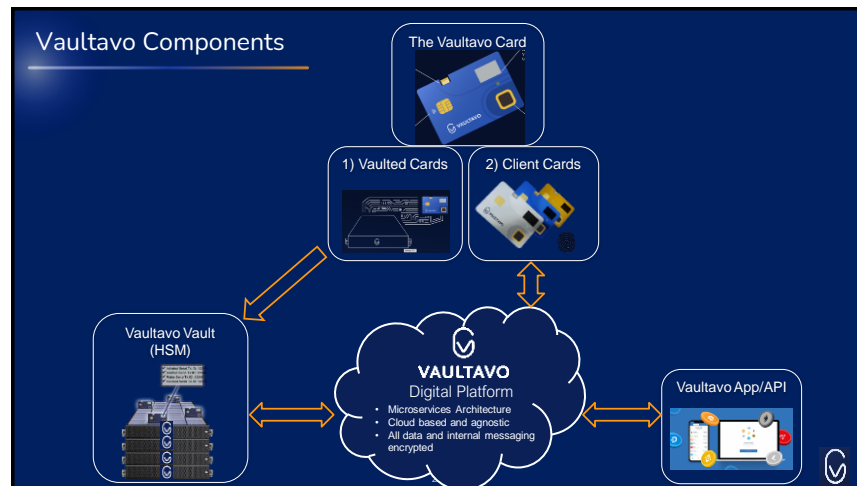


### System Architecture

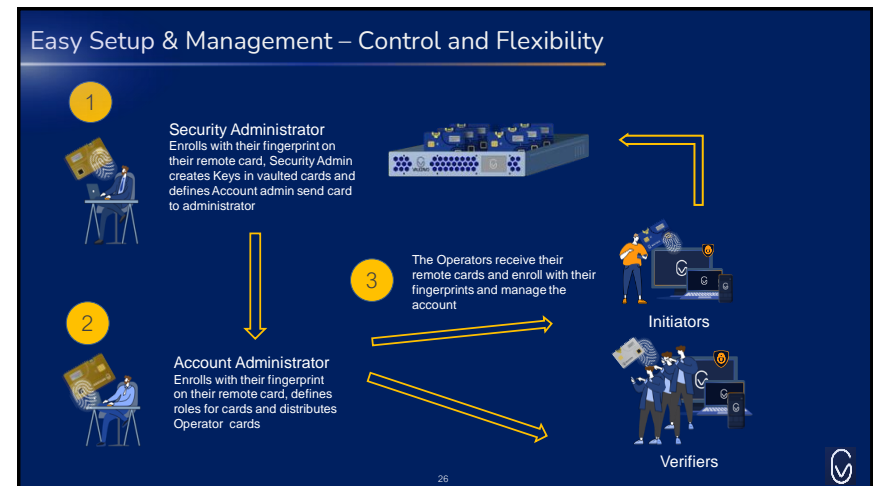


24

24



25



26

## Suggested Roadmap



Bank Installs Vault

Bank Subscribes Clients for Self-Custody



Clients' Self-Custody their Digital Assets

THEN...

Consider degree of further bank participation driven by client demand:

- Full custody
- Back-office services
- Account management fiat/crypto
- Wealth management/ brokerage services



27

## The Benefits

- Near risk-free service offering
- Turnkey solution to a complex problem
- Near zero back-office support requirements
- Easy management of access and management of roles
- Collaborative marketing support
- Revenue generating services
- Fast scalable adoption management protocols
- Super innovative technology vendor for continuous growth of novel solutions
- Fiat ready credit/debit card



28

