

Bitcoin & Stablecoins An Introduction for Bank & Asset-Manager Leadership

A short, board-level orientation to two different technologies arriving at your institution at the same time — and why they deserve separate answers.

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Educational content. Not investment or legal advice.

Why this is on your agenda now.

Three things happened at once: clients started asking, regulators started writing, and the two subjects got permanently confused with each other.

Your clients are already exposed.

A meaningful share of your depositors, advisory clients, and corporate treasury relationships already hold Bitcoin or a stablecoin somewhere — usually at an exchange or a fintech, funded by an ACH pull or a wire from the account you hold. The activity is on your rails whether or not it is on your roadmap. Silence is not a neutral position; it routes the relationship, the deposit, and eventually the AUM somewhere else.

The regulatory picture moved from silence to structure.

Stablecoins now have a federal framework in the GENIUS Act, which puts reserve quality, redemption, and issuer supervision on the record. Bitcoin custody, capital treatment, and balance-sheet questions remain charter- and examiner-specific across the OCC, Federal Reserve, FDIC, and SEC. Different maturity, different posture — which is exactly why one policy cannot cover both.

They are not the same thing.

The single most expensive mistake a board can make here is treating “Bitcoin,” “crypto,” and “stablecoins” as one category. They have different issuers, different risk, different regulators, and different relevance to a regulated financial institution. This guide keeps them apart on purpose.

BITCOIN — STRATEGIC TRACK

A monetary asset

Fixed supply, no issuer. The questions are long-horizon: treasury policy, qualified custody, client-facing product, governance. No deadline — but no shortcut either.

Horizon: 3–10 years · Owner: Board & ALCO

STABLECOINS — OPERATIONAL TRACK

A payment rail

Tokenized dollars used for settlement. The questions are near-term and operational: reserve quality, redemption, partner diligence, compliance.

Horizon: 6–24 months · Owner: Payments & Compliance

Bitcoin, explained for a board.

What it actually is, why the supply matters, and the questions to answer before a single basis point moves.

In plain language

Bitcoin is a public settlement network with a monetary asset attached to it. No company issues it, no board governs it, and no one can create more than the protocol allows — supply is capped at 21 million units on a published schedule. That fixed supply, not the software, is why institutions evaluate it as a reserve asset rather than a technology purchase.

Why “Bitcoin” is not “crypto”

“Crypto” is a market category of thousands of tokens, most with an issuer, a founding team, and a securities question attached. Bitcoin has none of those. A policy written for “crypto” will be either too permissive for the category or too restrictive for Bitcoin. Write them separately.

Where banks and asset managers actually engage

- **Client education.** Neutral, non-promotional material, so clients stop learning about this from a group chat. The lowest-risk, highest-trust first move.
- **Custody architecture.** Qualified custodians, sub-custody, and multi-party key schemes carry genuinely different risk. Know the tradeoffs before you need them.
- **Product & distribution.** ETP access, separately managed accounts, and advisory model portfolios — where demand is already routed today.
- **Treasury consideration.** A governed, sized, disclosed allocation. It comes last.

Six questions to answer before allocating anything

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| 01 What does our charter, our capital framework, and our examiner actually permit today? | 02 What is the purpose of the position — and how would we know it failed? |
| 03 Who holds the keys, and what happens operationally if that party fails? | 04 How is it sized so volatility never threatens capital adequacy or liquidity? |
| 05 What do we disclose to clients and shareholders, and in what language? | 06 Who on the board owns this decision after the vote? |

Stablecoins, explained for a board.

Tokenized dollars are a payments question, not an investment question — and they are the nearer of the two conversations.

In plain language

A stablecoin is a dollar liability issued by a company, recorded on a public network, and redeemable one-for-one against reserves that company holds. The token is the wrapper; the credit risk is the issuer. If your team can read a money market fund prospectus, it can evaluate a stablecoin.

What actually determines whether one is safe

- **Reserve composition.** Short-dated Treasuries and cash at regulated banks is one risk profile. Commercial paper, loans, or another token is a very different one.
- **Redemption mechanics.** Who can redeem at par, on what timeline, and what happens during a stress event.
- **Attestation quality.** Monthly attestation by a real audit firm, versus a self-published dashboard.
- **Issuer regime.** Who supervises the issuer, and what happens to holders in insolvency.

The GENIUS Act, in one paragraph

Federal legislation now defines what a permitted payment stablecoin issuer is, requires full reserve backing in high-quality liquid assets, and mandates disclosure, redemption, and supervision. The effect: a defensible line now exists between issuers you can consider and issuers you cannot.

Where a bank or broker-dealer can realistically move first

- **Quantify existing exposure.** Clients are already funding stablecoin on-ramps from accounts you hold.
- **Assess the rail, not the token.** Cross-border payments, corporate payables, 24/7 settlement, and collateral mobility are the real use cases — measured against ACH, RTP, FedNow, and wires.
- **Tokenized deposits.** For many institutions the first defensible product is a deposit token on permissioned infrastructure, not a third-party coin.
- **Vendor and partner diligence.** Most institutions will touch this through a core provider, a fintech, or a correspondent — your risk lives in that contract.
- **Write the policy before the pilot.** Board-approved guardrails first; pilot second.

The Three Cs of adoption.

Technology is the easy part. These are the three things that decide whether an institution gets this right — all of them cultural, none of them technical.

01 Culture

Traditional finance was built to intermediate trust, capital, and risk under supervision. That is the same instinct that makes this conversation legitimate — not a departure from your franchise but a continuation of it. The board's job is to give staff permission to learn out loud without it being read as an endorsement or a product launch.

02 Creativity

The winning move is rarely the obvious one. It is usually a smaller, more specific service a competitor will not bother to build: education for clients who are already exposed, a cheaper corridor for a specific corporate segment, clarity for a treasury client that needs to accept or make a digital-dollar payment. Start where you already have trust.

03 Connection

No institution should figure this out alone, and none has to. Industry consortia, shared vendors, correspondent relationships, and peer institutions let a mid-sized bank or asset manager access diligence and expertise it could never staff internally. Use the network you already sit inside.

What boards actually ask.

The six questions that come up in nearly every bank and asset-manager conversation.

Can a bank hold Bitcoin on its balance sheet?

There is no blanket federal prohibition, but the practical answer depends on your charter, your primary regulator, your capital treatment, your examination posture, and your own risk framework. This is a scoping question, not a yes/no question — and it is usually resolved in one conversation.

Isn't the volatility disqualifying?

It depends entirely on the strategy. Client education carries no market exposure at all. Custody and distribution are fee businesses. A sized, governed treasury position carries a defined and disclosed exposure. Framing the question correctly comes before answering it.

Do we need to run our own node?

For most institutions today, no. But understanding what a node does — and what depends on one — is part of a durable custody position rather than a technical curiosity.

How do we educate clients without endorsing anything?

This is a solved problem with well-worn language: neutral explanation, explicit non-endorsement, suitability and disclosure discipline, and defined escalation paths. Education is not advice.

Are stablecoins a threat to our deposits?

They are already a channel out of them. Understanding where client funds go, and why, is the first step to keeping the relationship — and the balance — even when the transaction leaves.

Where does this start without a big commitment?

A board briefing and a written position. Most institutions we work with need clarity and internal alignment long before they need a product, a partner, or a policy change.

NEXT STEPS

Two ways forward.

Most institutions need clarity before they need a decision. Pick the path that matches where your board actually is today.

PATH A · EDUCATIONAL

Keep learning, at no cost.

Read the Bitcoin and stablecoin primers, the FAQs, and the service overview at Bitcoin for TradFi. Written to be read in ten minutes and taken into a board or investment-committee meeting the same afternoon.

PATH B · BESPOKE

Engage The Bitcoin Pivot Consulting Group.

Board briefings, written position papers, stablecoin readiness assessments, and custody and treasury policy work — scoped to your institution. Scoping conversations are free.

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