

Press Coverage | April 13, 2023

## Bank Collapses Leave Billions in Crypto Deposits Homeless with Few Spots to Land

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James W. Stevens

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James Stevens, co-leader of Troutman Pepper's Financial Services Industry Group, was quoted in the April 13, 2023 *S&P Global Market Intelligence* article, "[Bank Collapses Leave Billions in Crypto Deposits Homeless with Few Spots to Land](#)."

"The regulatory view has gone from dim to dark," Troutman Pepper financial services lawyer James Stevens said in an interview.

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"I do believe that there was not an appetite in the market generally to acquire those deposits because of the scrutiny that, that industry has received from a regulatory standpoint recently," Troutman Pepper's Stevens said in an interview.

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"It will just be the existing legacy banks that are serving that industry," Stevens said. "We just don't see a lot of banks trying to get into that industry that aren't already in it."

The fallout of Silvergate and Signature will provide an opportunity for banks already serving the crypto industry — but without outsized concentration in that industry — to win business, Stevens said. But those banks will be hesitant to expose themselves to any further crypto deposit concentration and will likely be selective about who they work with.

"I think that those banks will continue to try to serve those customers, but they're going to be very picky about which customers they onboard," Stevens said.

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In addition to more well-established firms having an easier time securing new banking partnerships, crypto companies seeking operating accounts to do things such as pay their payroll and rent will find it easier to find a new bank, as opposed to deposits associated with customer funds from exchanges providing custody of crypto assets, Stevens said.

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