Don't Bank On It

Crypto and Web3 Firms' Experience of Accessing Banking Services

January 2025

STARTUP COALITION

UK Cryptoasset Business Council

GDF GLOBAL DIGITAL FINANCE

About the Startup Coalition

Startup Coalition, formerly the Coalition for a Digital Economy (Coadec), is an independent advocacy group that serves as the policy voice for Britain's technology-led startups and scaleups.

Startup Coalition was founded in 2010 by Mike Butcher, Editor-at-Large of technology news publisher TechCrunch, and Jeff Lynn, Chairman and Co-Founder of online investment platform Seedrs. Startup Coalition works across a broad range of policy areas that matter the most to startups and scaleups: access to talent, access to finance & regulation. We have over 3,500 startups on our mailing list.

Startup Coalition is also represented on the Department for Business and Trade's Smart Data Council and on the Government's Digital Economy Council.

About Global Digital Finance

GDF is the leading global members association advocating and accelerating the adoption of best practices for crypto and digital assets. GDF's mission is to promote and facilitate greater adoption of market standards for digital assets through the development of best practices and governance standards by convening industry, policymakers, and regulators.

The GDF mission is to make finance global and digital. Digital assets and decentralized financial market infrastructure have the potential to reshape financial services and markets to create truly global, accessible, and inclusive finance.

About the UK Cryptoasset Business Council

The UK Cryptoasset Business Council (UKCBC) champions the UK's crypto ecosystem to support users, investors, and businesses – fostering innovation, consumer protection and growth through effective policy.

We educate policy and decision-makers, promote collaboration and best practice among the leading industry players, and advocate for clear regulation. We are committed to trust, integrity and sustainability and work on behalf of the membership to positively influence the development of the UK's crypto and Web3 ecosystems.

Acknowledgements

Thank you to members of the Crypto and Web3 communities for taking the time to respond to our survey, and providing the evidence we need despite the sensitive nature of the subject matter.

Introduction

Firms in the Crypto and Web3 sectors are focused on big ideas and building the future. Whether transforming the way that payments work or introducing new concepts of ownership, the sector has the potential to transform the way our society and economy works. Decentralisation, and the positive impacts it could bring, are huge.

But the firms building this future are, in many ways, like any other business of any kind in the UK.

They need access to investment and access to the right people to hire. They need a fair chance in the regulatory world and they need open access to markets they can compete in. But even more fundamental than this is the basics they need to operate, and it doesn't get more basic than access to banking services. This issue transcends inconvenience; it is an existential threat.

As the data in this document shows though, this is something that crypto and Web3 firms are often denied.

Whilst we have seen the issue of access to banking services in the news in recent years, the big stories have predominantly concerned individuals' access, rather than firms'. Similarly, FCA investigations into this issue have focussed on the potential for political bias in the decisions that banks have made. But repeated anecdotal reports from the Crypto and Web3 communities that Startup Coalition, UKCBC and GDF represent indicate that the problem is much more widespread than both the news coverage and the FCA suggest.

The UK still has the potential to be a world leader in these sectors, and we welcome the timeline published by the FCA on further regulation of the sector. Since taking office the Government has made serious and encouraging legislative steps, whether in defining digital assets as property, or laying a Statutory Instrument on staking. But whilst progress is ongoing, firms building the UK's digital future need the fundamentals to work.

Quite simply, Labour's ambitions to ensure the UK's *"position as a global leader in cryptoassets"* cannot be realised unless the status quo changes.

That's why we launched a survey into firms' experiences - and it proves that this issue is as widespread as we expected.

The Data

We put a call out to, Crypto and Web3 firms, from pre-seed startups to publicly traded unicorn companies. Whilst the individual results are anonymous, all respondents were verified as being founders, or senior executives, of relevant firms. Respondents were asked about their experiences with major banks.

We used the 'CMA9' list, defined by the Competition and Markets Authority as the nine largest banks and building societies in Great Britain and Northern Ireland, based on the volume of personal and business current accounts:

The CMA9

- AIB Group UK (trading as First Trust Bank in Northern Ireland)
- Bank of Ireland (UK)
- Barclays Bank
- HSBC Group (including First Direct and M&S)
- Lloyds Banking Group (including Bank of Scotland and Halifax)
- Nationwide Building Society
- NatWest Group (including NatWest, Royal Bank of Scotland and Ulster Bank NI)
- Northern Bank Limited (trading as Danske Bank)
- Santander UK

It is worth noting that concerns were voiced to us by a number of firms that even engaging with a survey such as this ran the risk of jeopardising either their current banking arrangements or indeed their relationship with the FCA.

63% of respondents are not required to be FCA registered due to the nature of their business, whilst 36% were either registered with the FCA or in the process of registering. The most common sub-sectors respondents were involved in were crypto infrastructure, followed by B2B payments and retail payments. 60% of the firms that responded were pre-seed or seed.

Firms' Experience: The Headlines

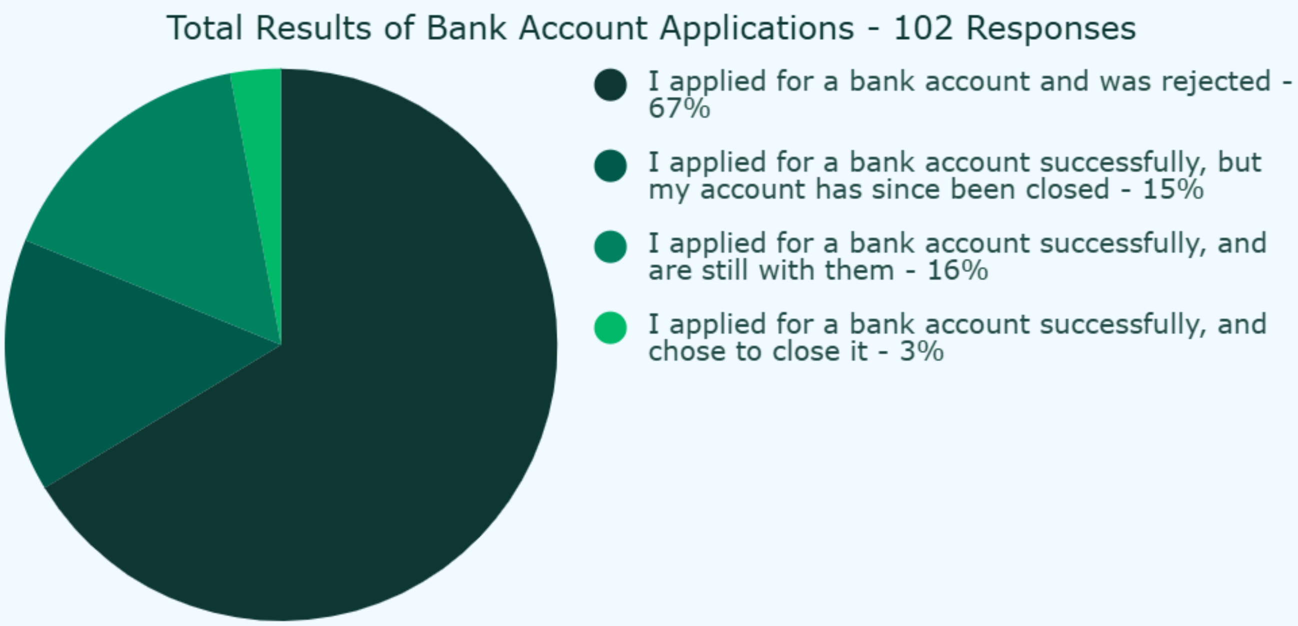
The average number of primary bank accounts that respondents had had was **2.43**.

50% of firms had either been rejected from opening a bank account or had an account closed by one of the banks they were asked about.

Only **14%** of respondents managed to successfully apply for a bank account with one of the banks in question without it being closed at a later date.

The vast majority of the time **crypto or blockchain** was quoted as the issue as to why a bank account application was rejected or an account closed.

Firms' Experience: The Full Data



Whilst we have released the results in aggregate, we asked about each of the individual banks. As well as directly asking about their experience firms were offered the opportunity to provide contextual information, which in many cases showed that involvement in crypto, Web3 or blockchain was a reason cited:

"[rejected because of our] Business profile (despite that we are an FCA Regulated firm)" **- firm rejected by HSBC**

"They said they don't do crypto. The following week they opened an account for [a centralised crypto exchange]." **- firm rejected by Barclays**

"Not allowed to give reason. Not allowed to email us. We were telephoned by Head of East of England SME (we were warm intro'd via Cambridge University (we're a spin out) to communicate that the application was rejected and it was going no further. Nothing written down." **- firm rejected by Lloyds**

"We closed [our account] as we were concerned of the account being closed on us and moved to Revolut" **- firm formerly with Natwest**

"[We were seen as] too risky because of Blockchain" **- firm rejected by Natwest**

Firms' Sentiment: The Headlines

Additionally, we asked a number of sentiment questions about the effect difficulties in accessing banking services from these banks have caused the firms, as well as how this affects their wider attitude towards the UK.

81% of respondents were concerned that their accounts could be closed without warning, and **84%** were concerned that restrictions could be placed on their accounts without warning

89% of respondents viewed difficulties accessing banking services as a significant barrier to their company succeeding in the UK.

76% of respondents agreed that difficulties accessing high street banks has meant they have used a bank they view as riskier.

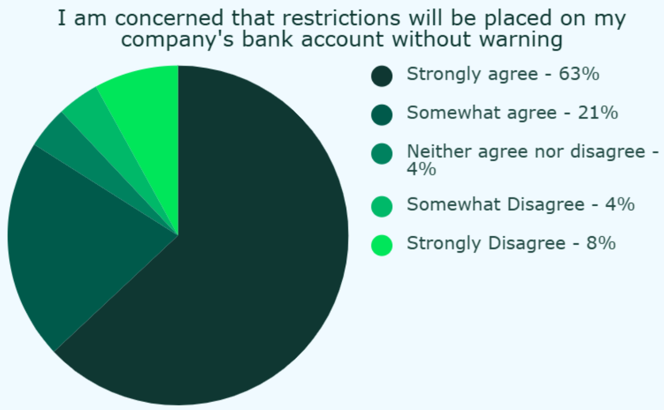
70% of of respondents agreed that difficulties accessing banking services make it more likely that they will leave the UK.

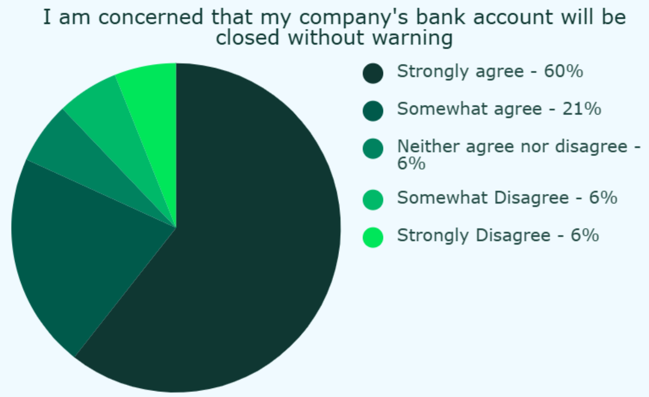
Due to the lack of this access, firms from across these ecosystems have encountered challenges in scaling and innovating - impeding their capacity to introduce new products and services while remaining competitive on a global scale. As a result, the industry's growth and development have been stifled, leading to missed opportunities for job creation and economic advancement in the UK.

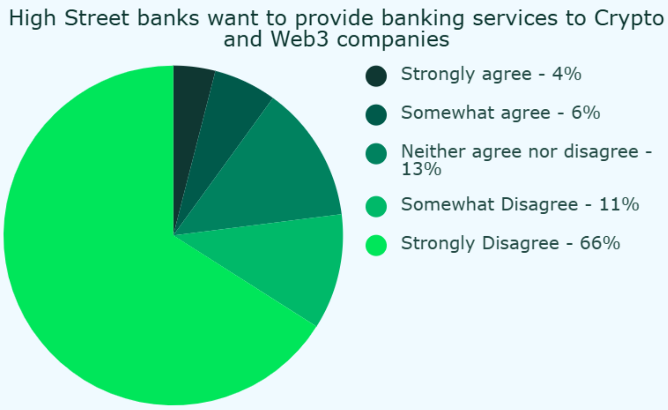
This obstacle has pushed many UK-based firms to consider expensive alternatives like setting up accounts in locations such as Estonia, Poland, and Bulgaria. Furthermore, in the absence of adequate banking services, these firms are being pushed to seek out riskier financing and banking options, potentially leading to a concentrated risk for the sector.

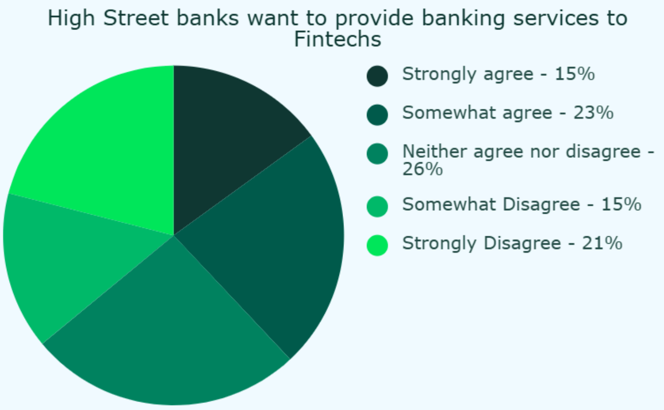
As is borne out in the results, in the longer term this issue could mean firms leaving the UK, or firms from elsewhere, who would be attracted by the UK’s many strengths in the Crypto and Web3 sector, to rule it out as a destination.

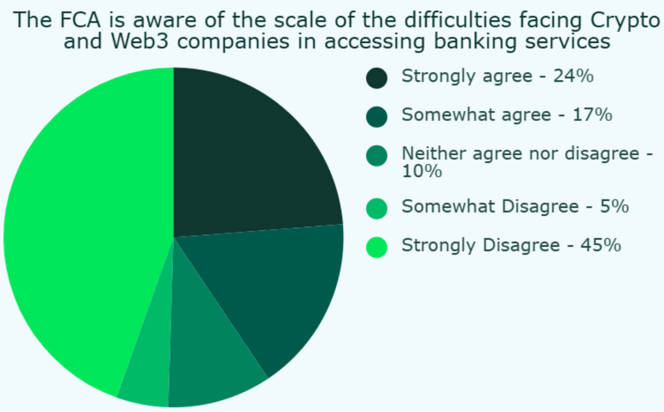
Firms’ Sentiment - The Full Data:

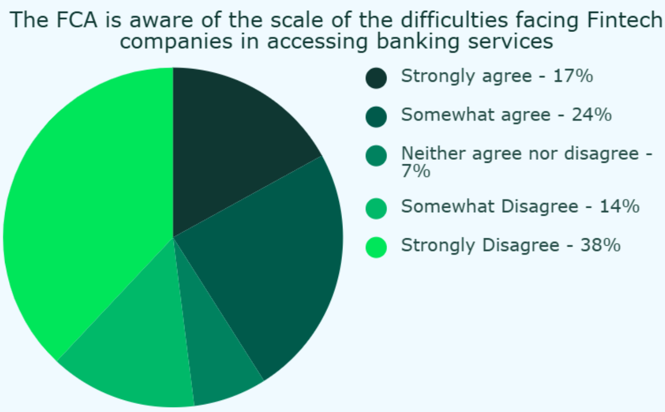












Case Studies

Greengage

Greengage is a pioneer that bridges traditional financial services with emerging innovations in cryptoassets and blockchain. It provides e-money accounts and loans to innovative SMEs – helping to drive growth and efficiency in lending outside of the traditional banking system.

The Problem

Despite not directly dealing with cryptoassets or processing client payments through its own accounts, Greengage has itself repeatedly faced account closures by high-street banks, often without any clear explanation. This challenge is compounded by the reluctance of neo and challenger banks to open accounts for firms like Greengage, who are only tangentially connected to the crypto industry, due to their blanket *"no crypto"* policies.

Greengage has consequently been forced to work with expensive 'Banking as a Service' providers. While initially accommodating, these providers have frequently adjusted their risk appetite, often negatively, due to changes in management or the risk preferences of their clearing banks.

The challenges don't stop at account access. Greengage also highlights a broader trend: a *"risk-off"* mentality across UK financial services. This approach has led to a significant decline in SME lending by UK banks over the past decade. For SMEs, this lack of access to growth capital stifles opportunities.

The Impact

Sean Kiernan, Founder and CEO of Greengage, describes the challenges as a significant barrier to growth, investment, and productivity. He shares:

> "Being a founder is already a stressful endeavour, and I have personally spent much time searching for suitable accounts, which has caused unnecessary friction for both our company and our clients."
>
> "I am constantly looking to engage with new providers to hedge against account closures so that we can provide service stability for ourselves and our clients."

Kiernan adds that the time and resources diverted to resolving these banking challenges have hindered Greengage’s ability to scale and expand its services. He stresses the need for policymakers and financial institutions to address this issue:

> “This obstacle has not only limited our ability to grow but has also held back the potential of the wider cryptoasset sector.”
>
> “A more supportive and consistent banking environment is essential for fostering innovation and enabling businesses to thrive in the UK.”

A Leading Crypto Payments Company

Background

The firm, who has chosen to remain anonymous out of concern for possible ‘repercussions’, is one of the leading crypto payments companies simplifying access to the global crypto economy. As the world’s largest crypto on and off-ramp provider, this firm operates across 180+ countries and has processed billions in transactions since its formation, through all traditional payment methods and many alternative payment methods, including PayPal. The firm works with hundreds of partners including Uniswap, Trust Wallet, Phantom, Mastercard, Gucci, and Adidas.

The Problem

Despite being registered with the Financial Conduct Authority as a cryptoasset business and having affiliates that are licensed or registered to provide cryptoasset services in the U.S., Ireland, Italy, and Canada, the firm has been unable to open bank accounts with any UK bank to date. The firm complies with every UK regulation applicable to it but it still cannot open a bank account in the UK.

The Impact

The inability to open a bank account has hindered the firm’s capacity to operate efficiently, grow its business, and provide services to its clients. This firm has been forced to rely on payment service providers, such as e-money institutions, for access to financial services, and these types of services are frequently more expensive than traditional bank accounts.

Further, the limited number of payment service providers willing to collaborate with cryptoasset firms places the firm at constant risk. Providers may demand unfavourable amendments to their terms to continue providing services to us or decide to cease working with crypto businesses altogether. This lack of stability creates substantial risk to the firm's operations.

Without access to traditional banking services, the firm also may not be able to comply with incoming regulatory requirements that will govern cryptoasset service providers.

Solutions

What We Don't Know:

Whilst this data provides a useful insight into the experience of Crypto and Web3 firms in the UK, we also know that both restrictive rules, and potentially banks' interpretations of them, mean it is difficult to understand the true scale of this issue. This is true for both businesses in this sector and more widely.

Whilst some respondents received information about why their accounts were closed, or their application was refused, there is no obligation for banks to give any reason as to why they take these actions. Furthermore, in the case of a bank closing an account under counter-terrorist procedures, a scenario which is surprisingly common due to the wide-ranging nature of regulation in this area, banks are not actually allowed to give any reason at all.

This means that all too often firms are left in the dark - wondering why they have been put in this position, and forced to 'reverse-engineer' what may have caused this.

Anecdotally, we have heard that something as simple as a change of wording in describing their business or activities on their website could have been the reason why a firm's bank account was closed, and indeed 72% of respondents told us that concerns about being refused banking services has changed the way that they describe themselves.

Losing access to banking services is a huge blow to any business. We therefore think that, in all cases where national security is not at risk, banks should give a reason for why they are refusing to do business with a firm.

Recommendation 1: The FCA should issue guidance instructing banks to move away from issuing generic statements to justify refusal of banking services

Mapping the Issue

Whilst the above recommendation would ensure that more firms would know why banks no longer wish to do business with them, it, in itself, would not provide any systematic way of understanding how widespread this issue is.

The FCA is obligated to protect bank customers, both individuals and businesses. Combined with its secondary objective to support "the international competitiveness and growth of the UK economy in the medium to long term," this responsibility should compel the FCA to address these issues and develop a clearer understanding of the operational challenges firms face, particularly when FCA-regulated businesses are disadvantaged. Without robust data on how many firms are being denied accounts or having their accounts closed, the FCA cannot effectively assess the scope or impact of the problem.

If the FCA does not understand the scale of this issue, it is unable to assess the behaviour of the banks against these two objectives. That's why we believe that this information should be provided by the banks. Where security concerns allow, we are also calling for this data to be made public, so both the banks, and the work of the FCA in regulating them, can be scrutinised:

> Recommendation 2: A new responsibility should be introduced for major banks to publish figures stating what proportion of business applications were refused, and an aggregate summary of the reasons why

Solving the Issue

More open information regarding the refusal of banking services allows for scrutiny of banks' behaviour, enables an assessment of the scale of the issue, and for the FCA to do its job effectively as a regulator. But whilst there is an argument that decision-making by the banks on arbitrary account closures could be a competitive point between them if these statistics were to be made public, it is unlikely that the previous two recommendations will in themselves solve the problem.

It is worth considering other states' approaches to this issue. The Hong Kong Monetary Authority has issued guidance stating that banks "should endeavour to support virtual asset service providers (VASPs) licensed and regulated by the Securities and Futures Commission (SFC) on their legitimate need for bank accounts in Hong Kong." Additionally, in France, the law governing cryptoasset regulation has a specific provision for the treatment of Virtual Asset Service Providers (VASPs) or crypto-related businesses to ensure that they cannot be discriminated against in terms of banking services. The law specifically states that they cannot be denied a bank account by virtue of being a designated VASP.

In the UK, FCA registration for firms dealing in cryptoassets means a long and thorough process regarding their suitability to offer products and services in the UK, including anti-money laundering (AML) and Counter-Terrorist Financing (CTF) requirements. Additionally, being on this register means continuing responsibilities for these firms, including in these areas. Whilst there is always likely to be some ambiguity in the way in which banks will fulfill their own AML and CTF obligations, this is often the driving force behind a Crypto or Web3 firm's account being closed or refused. There is a clear inconsistency here. **What is good enough for the FCA's own registration scheme should be good enough for the banks' adherence to obligations given to them by FCA rules.**

Recommendation 3: The FCA should publish guidance stating that FCA registration, and the safety checks that go with it, are a sufficient guarantee of a firm's compliance with anti-money laundering rules for banks to offer these firms banking services.

Summary of Recommendations:

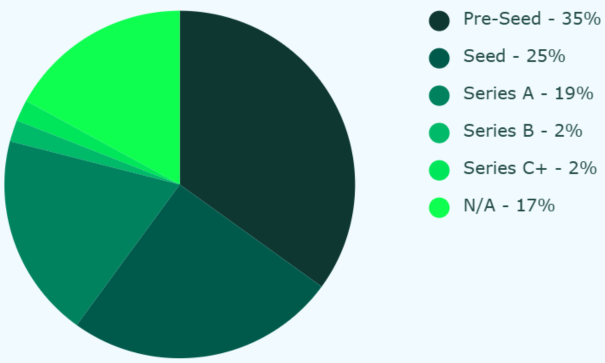
Recommendation 1: The FCA should issue guidance instructing banks to move away from issuing generic statements to justify refusal of banking services

Recommendation 2: A new responsibility should be introduced for major banks to publish figures stating what proportion of business applications were refused, and an aggregate summary of the reasons why

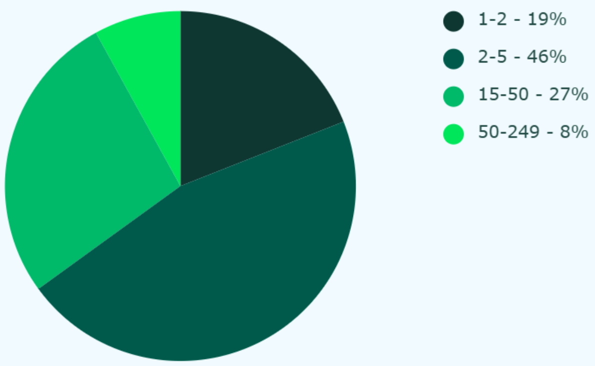
Recommendation 3: The FCA should publish guidance stating that FCA registration, and the safety checks that go with it, are a sufficient guarantee of a firm's compliance with anti-money laundering rules for banks to offer these firms banking services.

Appendix I: The Respondents

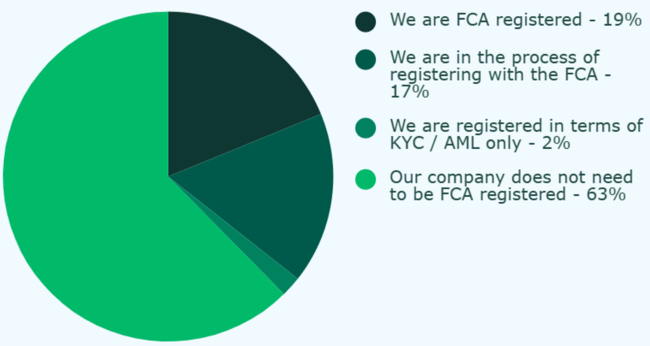
Stage:



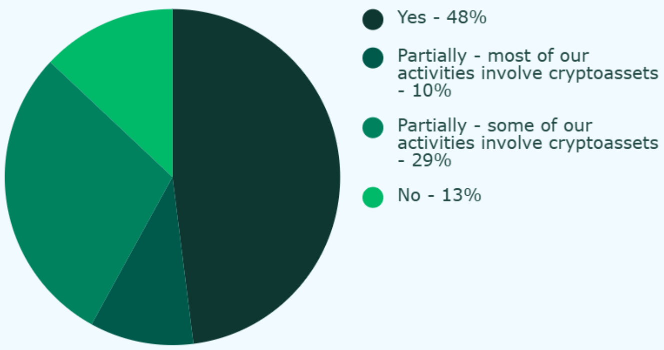
Number of Employees:



What is your company's status with the Financial Conduct Authority (FCA)?



Would you describe your company as a Crypto or Web3 company?



What categories best describe your company? Choose all that apply.