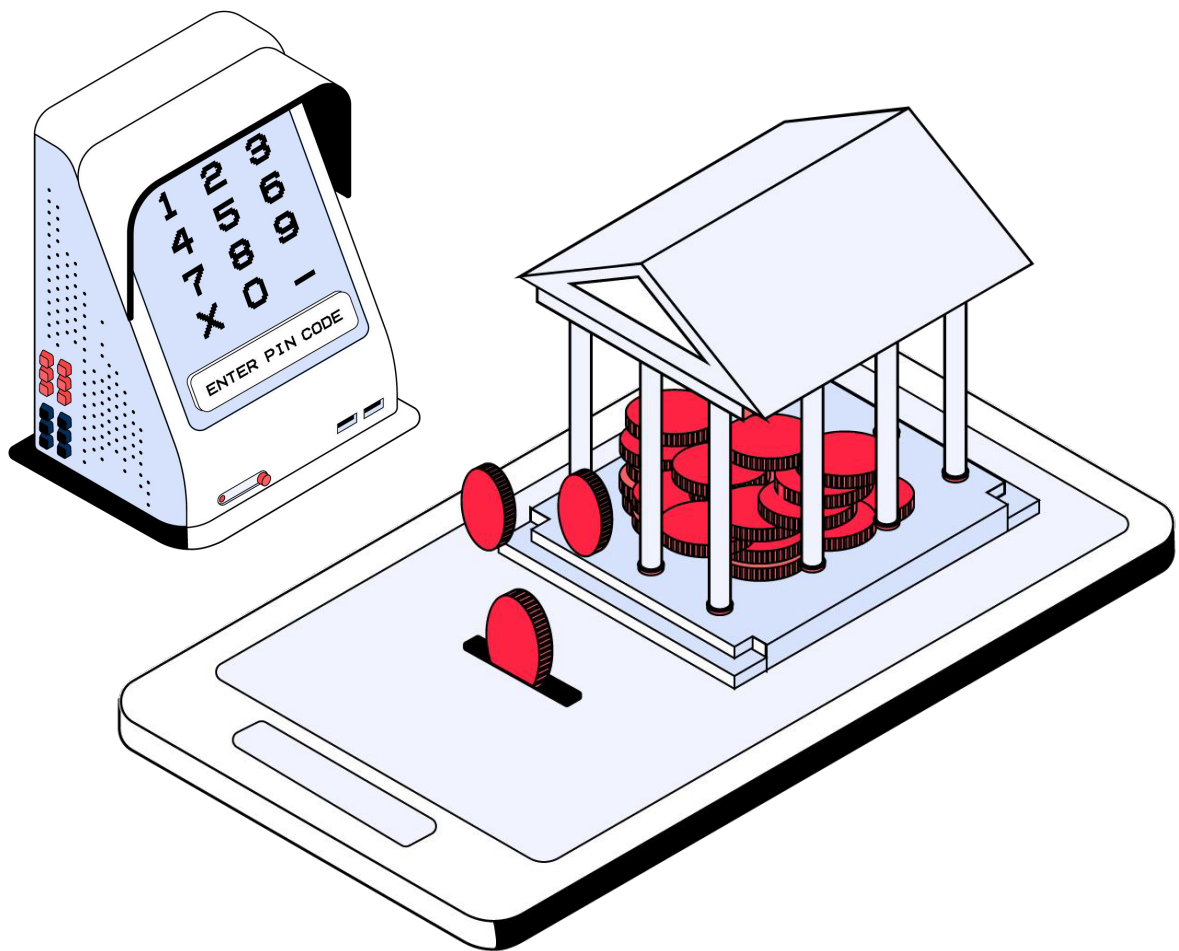


# How Neobank Innovation Can Drive Growth With Digital Asset Services

**AlphaPoint**

# Contents

Introduction	03
Why Now is the time for Neobanks to Embrace Digital Assets	04
The Business Case for Digital Asset Services in Neobanks	05 - 06
Digital Asset Services Neobanks can offer	06 - 07 - 08
Factors to Consider for Neobanks Adopting Digital Asset Services	09 - 10
Steps for Neobanks to Take for Adopting Digital Asset Services	11 - 12 - 13
Marketing and Positioning Digital Asset Services	13 - 14 - 15
Offer Advanced Digital Asset Services with AlphaPoint	16



---

**The future of banking is digital, and neobanks are leading the charge toward financial inclusivity and innovation.**

---

You can't talk about fintech and banking without mentioning the new kid on the block: neobanks. These digital-only banks deliver services through websites or mobile apps, eliminating the need for physical branches. At a time when 71% of customers prefer online and app-based banking over traditional options like visiting bank branches or ATMs, neobanks have become a vital alternative to their conventional counterparts. They cater to digital-first consumers, enhance financial inclusion by making banking more accessible, and provide financial services to the unbanked population.

As traditional banks adapt and integrate digital banking services to stay competitive, neobanks must find ways to differentiate themselves without incurring excessive operational costs. This is where digital asset services come into play.

However, implementing these services means navigating complex regulations, addressing security concerns, managing cryptocurrency volatility, and ensuring scalability to meet increasing customer demand. While these hurdles may seem daunting, the potential rewards are significant — adopting digital assets can help attract and retain customers in an increasingly competitive market.

### **Neobanks vs. Traditional Banks: How Digital Assets Enhance Banking Advantages**

Feature	Neobanks with Digital Assets	Traditional Banks
<b>Accessibility</b>	Seamless integration of digital assets through mobile apps; 24/7 trading and transfers	Limited or no support for digital asset services; reliant on branch-based models
<b>Inclusion</b>	Enables access to digital assets for unbanked/underbanked populations, promoting financial inclusion	Typically caters to established customers with less focus on underserved demographics
<b>Customer Onboarding</b>	Instant digital wallet setup alongside fiat accounts; supports crypto transactions	Lengthy onboarding with limited or no crypto functionality
<b>Cost Efficiency</b>	Lower operational costs with crypto services reducing reliance on intermediaries	Higher costs due to legacy systems and reliance on third-party crypto providers
<b>Adaptability</b>	Rapid adoption of blockchain, stablecoins, and DeFi; flexibility to launch crypto services quickly	Slower innovation due to regulatory conservatism and legacy infrastructure

In this ebook, we'll explore the value of incorporating digital asset services into neobanks. You'll discover the types of services neobanks can offer, strategies for successful adoption, and how to effectively market and position these offerings to meet evolving customer expectations and maintain a competitive advantage in the changing financial sector.

# Why Now Is the Time for Neobanks to Embrace Digital Assets

Neobanks and digital assets have been around for quite some time — [neobanks emerged in the early 2010s](#), while [Bitcoin marked the start of digital assets in 2009](#). So why is now the best time to bring these technologies together?

Simply put, market conditions have never been as conducive as they are now. Regulatory frameworks are maturing globally, consumer interest is growing, traditional financial institutions are embracing crypto, and the performance of digital assets is stronger than ever. Let's take a deeper look at why this is an ideal time.

## Market Evolution

The crypto market has undergone significant transformation over the past decade. Regulatory clarity and mainstream adoption, such as the [approval of Bitcoin exchange-traded funds \(ETFs\)](#) by the Securities and Exchange Commission (SEC) on January 10, 2024, and [Ethereum ETFs on May 23, 2024](#), have increased confidence among institutional and retail investors. This shift has created a growing demand for digital asset services.

On the regulatory front, global frameworks like Europe's [Markets in Crypto-Assets \(MiCA\)](#), Singapore's [Payment Services Act](#), and the United Arab Emirates' (UAE) [Virtual Assets Regulatory Authority \(VARA\)](#) are establishing clearer guidelines.

These frameworks foster institutional trust by reducing regulatory ambiguity, creating safer investment environments, and encouraging broader participation in the crypto ecosystem. Advancements like these bring much-needed stability and instill confidence in institutions considering entry into the digital asset space.

## Market Activity

The cryptocurrency market has reached unprecedented heights. [Bitcoin hit a historic \\$100K milestone](#) at the end of 2024 — a new all-time high — while [altcoins achieved a record-breaking market cap of \\$1.89 trillion](#).

These achievements reflect the increasing global adoption of cryptocurrencies and underscore the opportunity for neobanks to innovate and capture a share of this expanding market.

## Custody Landscape

Major financial institutions like BNY Mellon, State Street, and Fidelity have abandoned their skeptical stance on digital assets, entering the custody space with confidence. Their involvement confirms the potential of digital assets and reflects the growing maturity and trust in the market. This institutional backing has set a new standard for security, transparency, and reliability that makes it easier for neobanks to align with trusted custody solutions.

For neobanks, this wave of institutional confidence isn't just a signal — it's an invitation. By leveraging this momentum, neobanks can integrate these assets into their offerings, tap into rising consumer demand, and collaborate with established players to deliver secure, scalable, and compliant services. In doing so, they position themselves as innovators ready to meet the needs of an evolving financial landscape.

---

**Bitcoin hit a historic \$100K milestone at the end of 2024 — a new all-time high.**

---

# The Business Case for Digital Asset Services in Neobanks

We get it — while the current buzz suggests this is the perfect time to embrace digital asset services, you might still be wondering: Is it really worthwhile? The answer is a resounding yes!

Adding digital asset services to your offerings can unlock new revenue streams, boost customer acquisition and retention, and give you the competitive edge you need to stand out. Here's why jumping into the [digital asset space is a smart move for neobanks](#).

## New Revenue Streams Through Digital Asset Offerings

Every business is looking to boost its bottom line. Digital assets can help by opening up fresh income opportunities.

You can earn trading fees from customers buying, selling, or transferring assets on your platform, interest from digital asset lending, and transaction fees from wallets and custody services. These new revenue streams can help diversify your income beyond traditional banking services, setting you up for long-term growth.

## Enhancing Customer Experience with Crypto-Enabled Banking Features

Integrating crypto-enabled features can elevate the customer experience, offering innovative and flexible financial solutions that resonate with tech-savvy customers.

These tools give users a central platform to seamlessly manage both digital assets and fiat currencies. Instant settlements add to the convenience, especially for crypto investors looking for fast and efficient transactions.

## Increased Customer Acquisition and Retention

The demand for digital assets is growing rapidly. With [55% of institutions](#) planning to increase their digital asset allocations in the next two to three years and [43% of investors](#) likely to invest in crypto in the coming year, offering these services could give your neobank the edge it needs to attract new customers.

By integrating digital asset services, neobanks can attract a broader customer base, including those looking to explore new investment opportunities in the rapidly growing crypto market.

It's not just about acquisition — it's about keeping your customers engaged. Millennials and Gen Zs, who are [increasingly turning to crypto over stocks to build wealth](#), are more likely to stay loyal to providers that support this growing asset class.

---

**55% of institutions plan to increase digital asset allocations in the next two to three years.**

---

## Improved Security and Transparency with Blockchain Technology

Blockchain technology is the backbone of digital assets, and its inherent transparency and tamper-proof features can help position your bank as a secure and trustworthy solution.

With an auditable trail for every transaction and built-in safeguards like smart contracts, blockchain eliminates the need for intermediaries and minimizes fraud risks. This level of security can strengthen your reputation, encouraging more customers to invest in digital assets — and opening up new revenue streams for your business.

## Competitive Advantages in the Fintech Market

The fintech market is more competitive than ever. Traditional banking systems are stepping up their digital services, meaning neobanks aren't just competing with each other — they also have to contend with well-established financial institutions. Simply offering the same services won't cut it.

That's where digital assets services can make a difference. By incorporating crypto service solutions, neobanks can distinguish themselves as progressive industry leaders. This boosts their chances of attracting and retaining customers in the competitive financial system.

# Digital Asset Services Neobanks Can Offer

One of the best things about the digital asset space is its versatility — there's something for everyone. From wallets to NFTs, neobanks have a range of options to appeal to today's tech-savvy customers, including:

## Cryptocurrency Wallets and Storage Solutions

Think of cryptocurrency wallets and storage solutions as digital vaults that keep users' assets safe. Offering these services can give customers a single platform to manage both their crypto and fiat holdings, making their financial lives more convenient.

Depending on your customers' needs and preferences, you could provide:

- **Custodial wallets:** These wallets are managed by a third party, which is ideal for customers who are less familiar with the technical aspects of managing private keys.
- **Non-custodial wallets:** These wallets are fully controlled by users, which is suitable for those who are conversant with wallet management and want complete control over their private keys.

Whatever option you choose, security is key. Partner with established custody providers for advanced security features like multi-signature wallets, cold storage, and encryption. Regular security audits are a must to maintain trust and identify potential vulnerabilities.

## Trading and Exchanging

With crypto becoming mainstream, you can't go wrong with trading and exchange services. Your customers gain a reliable platform to buy, sell, and transfer digital assets, while you earn transaction fees and commissions on trades to increase your revenue.

Instead of building a crypto trading infrastructure from scratch, consider partnering with crypto-as-a-service (CaaS) providers like AlphaPoint to streamline implementation and scale efficiently.

## DeFi and Yield-Generating Services

Decentralized finance (DeFi) services allow customers to earn passive income by staking their crypto holdings and earning interest on deposits. These services can attract users looking to diversify their portfolios and maximize their returns.

For neobanks, DeFi and yield-generating services create opportunities to generate revenue through interest spreads and service fees. As with trading and exchanging, partner with established providers when executing these services for a seamless process.

## Collaborating with Blockchain Innovators and Crypto Partnerships

Partnering with blockchain innovators or crypto companies gives neobanks access to cutting-edge technology and industry expertise. These collaborations can speed up your time to market and strengthen your positioning as a forward-thinking brand.

Partnerships also open doors to new customer segments, particularly crypto-focused and tech-minded audiences, creating a dual advantage.

## Stablecoin Payment Integration

Stablecoins like USDC, USDT, and DAI play an integral role in the digital asset market because they help solve one of crypto's biggest challenges: price volatility. By integrating stablecoin payment solutions, neobanks can offer customers fast, low-cost transactions with reliable price stability.

Businesses and individuals often use stablecoins for cross-border transactions and remittances due to their low fees and near-instant settlement. Integrating stablecoins positions your neobank as a strategic player in the international commerce sector.

## Tokenized Rewards Programs

Why stick with old-school loyalty points when you can offer tokenized rewards? These digital tokens can be traded, redeemed, or even staked for passive income, giving customers more flexibility and value.

Tokenized programs stand out as an innovative way to attract and retain customers looking for modern, personalized incentives.

---

**Stablecoins solve crypto's biggest challenge: price volatility, enabling fast, low-cost transactions.**

---

## Crypto Loans and Lending Platforms

Crypto-backed loans are transforming the way investors and neobanks think about credit. For neobanks, offering these loans is a win-win: customers gain easier access to credit, and you create a new revenue stream through loan interest.

Instead of relying on collateral like real estate or stocks, these loans are secured by digital assets. Customers can use their crypto holdings as collateral to access fiat currency or additional cryptocurrencies, all without needing to sell their assets.

This service is especially appealing to those who want liquidity but prefer to hold their crypto investments. It also opens doors for users interested in lending their crypto to earn passive income.

## NFT-Related Services and Marketplace Access

Non-fungible tokens (NFTs) have become a global phenomenon over the past few years, revolutionizing industries from art and entertainment to gaming and beyond. With individual transactions worth millions – the most expensive NFT sold for \$91.8 million in 2021 – this space offers massive opportunities for innovation.

Neobanks can provide platforms for buying, selling, and managing NFTs, attracting customers in creative industries. They can also participate more directly by investing in high-value pieces and allowing fractional ownership, making NFTs more accessible to everyday users.



# Factors to Consider for Neobanks Adopting Digital Asset Services

Successfully adopting digital asset services requires neobanks to evaluate several critical factors, including:

---

Digital asset services require adherence to standards like **AML and KYC** to ensure compliance and trust.

---

## Regulatory Compliance

The digital asset space has come a long way over the years, from virtually no oversight to comprehensive regulatory frameworks designed to prevent market manipulation and protect investors.

To remain compliant and avoid legal challenges, neobanks must adhere to standards like Anti-Money Laundering (AML) and Know Your Customer (KYC) requirements. They must also align with jurisdiction-specific regulations, like MiCA, for smooth operations.

Collaborating with legal professionals familiar with crypto regulations in your region can help you navigate these complexities effectively.

## Customer Demand and Market Trends

You can only attract customers if you offer services they need or want. Conduct market research to understand your target audience's interests in digital assets and determine which offerings to prioritize.

Monitoring market trends is equally important for aligning your services with evolving consumer expectations and industry dynamics. Keeping up with reputable crypto news and publications can provide valuable insights into this rapidly changing market.

## Infrastructure and Technology Requirements

Neobanks require robust technologies to support digital asset services. Depending on the services, this might include storage solutions, blockchain integration, payment solutions, a yield platform, or crypto exchange tools.

To deploy quickly and cost-effectively, consider partnering with established infrastructure providers rather than building solutions from the ground up. Choose a provider that offers strong security, scalable systems, proven reliability, and customization options to align the technology with your brand and meet customer needs.

This approach ensures effective asset protection, alignment with growing user demands, and seamless integration with your brand identity for a consistent experience.

## User Experience

The user experience (UX) directly impacts customer retention. A poor UX can drive customers away, while an intuitive and enjoyable one fosters loyalty and encourages greater engagement.

### To improve UX:

- Create an intuitive design that simplifies asset management.
- Offer multi-language support for international users.
- Ensure your platform is mobile-friendly so customers can manage their assets on the go.

A smooth user experience reduces friction, encourages more financial transactions, and helps you stand out from the competition.

## Educational Resources

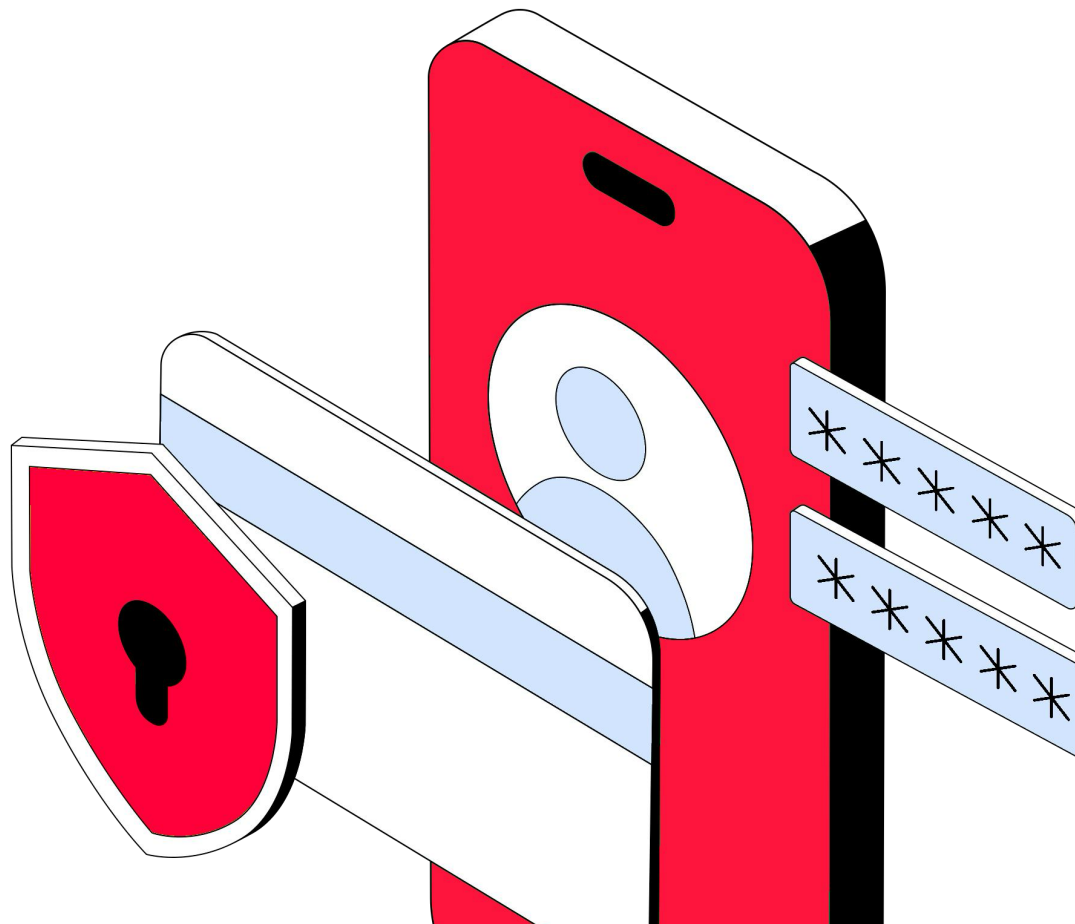
Despite growing interest, many people remain unfamiliar with or skeptical about digital assets. Providing educational resources is essential for clearing up misconceptions about crypto (and other assets) and building customer confidence.

Effective resources include blogs, interactive tutorials, FAQs, and webinars. Offering 24/7 support through channels like phone, email, or live chat is equally important for addressing customers' questions and concerns promptly.

## Partnerships and Ecosystem Alignment

Forming strategic partnerships and aligning with the broader fintech ecosystem can enhance your capabilities and market competitiveness. Collaborating with other businesses allows neobanks to leverage expertise and technology without starting from scratch.

Potential partners include blockchain companies, crypto exchanges, custody providers, payment processors, and compliance advisors. These collaborations can help simplify the adoption process and expand market reach.



# Steps for Neobanks to Take for Adopting Digital Asset Services

With proper guidance, adopting digital asset services can be a straightforward process. This step-by-step guide will help you get started.

## 1. Assess Market Demand and Business Goals

Start by aligning your services with customer needs and broader business objectives. Without this step, you risk offering services that fail to resonate or support your strategic goals.

Stay updated on digital asset trends, conduct market research through focus groups or customer surveys, and analyze competitors to identify customer preferences and opportunities for diversification. Then, prioritize services that align with your objectives, such as revenue growth or customer retention.

## 2. Understand Regulatory and Compliance Requirements

Regulatory frameworks for digital assets, like KYC and AML, are designed to protect consumers and ensure market integrity. Understanding these regulations is critical to avoid legal challenges, foster confidence, and ensure smooth operations.

So we highly recommend collaborating with technology providers that offer compliance support, as well as engaging with legal experts who specialize in digital asset law within your jurisdiction.

## 3. Define the Scope of Digital Asset Services

It's easy to get swept up in the excitement of adopting digital asset services. However, taking on too much at once can lead to wasted resources and delays in implementation.

Instead, concentrate on assessing customer needs, market competition, and technical capabilities to determine which offerings — such as wallets, trading, or payments — make the most sense. Prioritize services that align with both demand and your operational capabilities to ensure a successful launch.

## 4. Choose the Right Technology Partners

Crypto-as-a-service solutions offer a quick and efficient way to deploy digital asset offerings. However, it's essential to carefully assess potential partners to ensure they meet your needs and align with your goals. Key factors to consider include:

- **Custodial vs. non-custodial solutions:** Consider your audience's preferences, technical skills, and familiarity with digital assets. For maximum flexibility, choose a partner that offers both options.
- **Blockchain expertise:** Choose a partner with extensive knowledge of blockchain technology and a proven track record of enabling operational efficiency.
- **Security:** Focus on providers with stringent security protocols, such as encryption and cold storage, to safeguard user assets and build trust.
- **Scalability:** Ensure the tech provider's infrastructure can grow alongside your business, enabling you to meet increasing customer needs without compromising performance.

---

Launching with a pilot program allows you to test features, gather feedback, and resolve challenges before scaling.

---

## 5. Develop a Robust Security Framework

Digital assets are prone to cyberattacks and fraud, making security a non-negotiable priority. Implement measures like encryption, cold storage, and multi-factor authentication (MFA) to protect assets and foster trust. Regular penetration testing can also help identify vulnerabilities and promote system reliability.

## 6. Integrate Digital Asset Services into Existing Platforms

Integrating digital asset services with your existing mobile and online platforms creates a unified experience for users. This can attract customers seeking convenient ways to manage both fiat and digital assets in one place.

To add these services to your platform, you'll need APIs from your chosen tech providers. Focus on creating a user-friendly interface to promote high-quality banking experiences.

## 7. Train Teams and Educate Stakeholders

Your team and stakeholders are among your most valuable assets. Ensuring everyone is aligned promotes smooth operations and increases the likelihood of success.

Provide thorough training on digital asset concepts, compliance requirements, and operational processes to help your team adapt quickly to new services. Additionally, run customer education initiatives to explain new offerings, address concerns, and enhance credibility with your audience.

## 8. Launch with a Pilot Program

A pilot program is essential for testing features, gathering customer feedback, and resolving technical or user experience challenges before a full-scale rollout.

Choose a user group that reflects your target audience's demographics to gain valuable insights. Ideally, this group should include a mix of experienced crypto users and beginners to ensure the services meet the needs of a diverse customer base.

## 9. Market the New Services Effectively

A well-planned marketing strategy can drive awareness and adoption of your digital asset services. Use multi-media campaigns to inform potential customers about your offerings.

Focus on educational content that highlights the benefits of digital assets while showcasing your platform's unique features, security measures, and compliance. This approach generates trust and drives adoption.

## 10. Monitor Performance and Iterate

Regularly monitoring performance is key to the long-term success of your digital asset services. Track key performance indicators (KPIs) like transaction volumes, adoption rates, and customer satisfaction.

These metrics will reveal what's working and where improvements are needed, enabling you to refine and optimize your services over time. For instance, if adoption rates are lower than expected, you might need to refine your user interface or enhance customer education efforts to better address user needs and concerns.

## 11. Scale and Expand Offerings

Once your initial services are successful, look for opportunities to grow. Introduce new features like crypto-backed loans or NFT marketplaces and consider expanding into new markets or customer segments.

As with the initial adoption, base your scaling and expansion efforts on market demand, user feedback, and your overall business goals. For example, if there's a high demand for crypto-backed loans, prioritize this feature before moving on to others.

# Marketing and Positioning Digital Asset Services

Creating great services isn't enough to drive user adoption — you also need to market and position them effectively by:

## Educating Customers on the Benefits of Digital Assets

While skepticism around digital assets has decreased over the years, many people remain cautious. Educate customers about the tangible benefits of digital assets by showcasing testimonials, case studies, and market research.

It's also important to address customer concerns about issues like volatility and security to provide a balanced perspective. Highlight your bank's security measures and risk mitigation strategies to reassure users and instill confidence.

## Building Trust Around Security and Compliance

Customers want to manage their digital assets without constant security concerns. Make your bank's robust security measures and commitment to regulatory compliance a focal point of your marketing efforts.

Emphasize features like KYC/AML compliance, encryption protocols, and MFA, along with any other safeguards you've implemented to protect user assets. Giving your customers peace of mind and showing them that they can trust your platform drives adoption.

## Highlighting Unique Features and Differentiators

You don't want your services to feel interchangeable with competitors'. To truly stand out, emphasize what makes your digital asset services unique — like offering exclusive tokens, innovative investment options, or personalized asset management solutions.

At the same time, draw attention to your platform's distinct strengths. For instance, demonstrate how user-friendly your design is or point out your security certifications to reassure potential customers. Tools like short demo videos or visible compliance badges can go a long way in reinforcing your value proposition.

## Leveraging Thought Leadership to Gain Market Credibility

Thought leadership content can establish your neobank as a trusted authority in the digital asset space, helping you build credibility. Publish research reports and white papers, host webinars that encourage knowledge sharing, and collaborate with industry experts to explore challenges and innovative solutions.

By positioning yourself as a forward-thinking leader, you'll attract customers and industry partners who can help enhance your offerings.

## Aligning with the Right Strategic Partners

Strategic partnerships play a vital role in the financial ecosystem. Just as large banks often team up with smaller fintech firms to speed up their go-to-market efforts, neobanks can adopt similar strategies to drive growth and innovation. These partnerships create opportunities for mutual success, benefiting all parties involved.

For instance, partnering with CaaS providers can help you launch digital services more quickly while generating new revenue streams for both you and your partner. Working with trusted tech providers not only adds credibility to your services but also gives you a solid, reliable foundation to build on as your neobank grows.



# Regulatory Compliance Checklist

## 1. Licensing

- Secure required licenses (e.g., MiCA, VARA) for your jurisdictions.

## 2. Data Security

- Encrypt sensitive data and enforce multi-factor authentication (MFA).

## 3. Stablecoin/Token Compliance

- Use regulated issuers and exchanges for digital assets.

## 4. Ongoing Monitoring

- Continuously review accounts and compliance frameworks.

## 5. Legal Guidance

- Partner with crypto-asset legal experts for tailored advice.

## 6. KYC/AML

- Verify customer identities (e.g., IDs, passports).
- Monitor and report suspicious transactions.

# Offer Advanced Digital-Asset Services with AlphaPoint

As customer preferences and the financial landscape evolve to include digital assets, neobanks have a unique opportunity to expand their offerings and establish themselves as innovators in fintech. By adopting digital asset services, neobanks unlock new revenue opportunities and gain a competitive edge in the rapidly growing fintech space.

The timing couldn't be better. Digital asset adoption is accelerating, comprehensive regulatory frameworks are emerging worldwide, and large financial institutions are signaling their confidence in the space by becoming major players. Don't let this opportunity pass you by.

AlphaPoint can help you adopt digital asset services quickly and cost-effectively. We offer turnkey solutions designed to simplify your entry into the crypto space, including exchange software, crypto wallet solutions, payment tools, and a yield platform.

With over 11 years of experience in the digital asset industry, we understand the challenges neobanks face when it comes to regulatory complexity, security concerns, and high upfront costs. Our solutions are built to address these obstacles, allowing you to focus on serving your customers while we handle the technical and operational details.

In addition, our solutions are fully customizable, brandable, and scalable, ensuring they align with your unique business needs and customer expectations. Think of scalability as your safety net for growth. Whether you're stepping into new markets or welcoming more customers, AlphaPoint's infrastructure is built to evolve alongside your business, allowing you to meet increasing demand while staying ahead of competitors.

Here's what you get with AlphaPoint:

- **A partner with a proven track record:** We've successfully helped fintechs like Bitazza and NDAX become market leaders through top-tier liquidity and digital asset trading solutions.
- **Extensive customization capabilities:** Our robust solutions are fully customizable to reflect your brand identity and ensure compliance with regional regulations.
- **Reliable technology:** We provide a secure, battle-tested platform that consistently delivers value, and we handle all the operation and technical aspects so you can focus on the customer experience.
- **Scalable infrastructure:** Whether you're expanding into new markets or broadening your offerings, AlphaPoint's technology evolves to support your business now and well into the future.
- **Transparent pricing:** Our straightforward pricing structure simplifies decision-making and helps you adopt digital asset services with confidence.

---

**AlphaPoint's turnkey solution helps neobanks go live in 1-6 months with pre-configured integrations, built-in security, and liquidity tools-streamlining and accelerating revenue capture.**

---

Disclaimer and other important information regarding the content (including any products and services) described herein: The content provided herein is for informational purposes only. No content provided herein shall be deemed as an offer of services or products from AlphaPoint Corporation or any of its affiliates or as an offer to purchase or sell or as the solicitation of an offer to purchase or sell securities, futures, options, or any other investment product. AlphaPoint disclaims all liabilities regarding the content herein and any use thereof that could be made by any person. Pricing, fees, and premium charges are subject to change and may apply.