

Wealth

After Scandal and Death, Two Alpine Banks Aim for Crypto Gold

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- ▶ Falcon, Frick target bitcoin brokers and own private clients
- ▶ ‘Crypto Valley is almost unbanked,’ says Falcon’s desk head



An advertising hoarding for Falcon Private Bank. *Source: Branders/Gian Marco Castelberg*

Walk into Falcon Private Bank on the Pelikantrasse in central Zurich and you're immediately struck by the giant photo of a woman crouched in the sprinter's starting position, painted head-to-toe in gold.

The image -- a throwback to the Bond movie *Goldfinger* half a century ago -- casts the Abu Dhabi-backed firm as the agile adviser you need to get off to a flying start to riches. It's also part of a plan to overhaul a brand tarnished by the bank's

involvement in the 1MDB multibillion-dollar embezzlement scandal and help advertise its push into a product that most Swiss banks are still too nervous to touch: crypto finance.

“In areas that are new, the big banks cannot move as quickly as the smaller banks,” Stefan Bollhalder, Falcon’s chief investment officer, said in an interview in Zurich. Larger rivals may also think “it’s not worth the risk, so they leave it to the smaller ones.”

Read more: [How Malaysia’s 1MDB Scandal Shook the Financial World: QuickTake](#)

Falcon Bank and Liechtenstein’s [Bank Frick](#) -- which are offering crypto services separately -- are among a very limited number of the 150-plus private banks in Switzerland and the neighboring duchy that have begun offering clients a direct way to invest in the volatile asset class. While [Credit Suisse Group AG](#) and [UBS Group AG](#) have shied away from crypto, Falcon and Frick are tapping pent-up demand for banking services from Crypto Valley, as the Swiss city of Zug has dubbed itself.

“Crypto Valley is almost unbanked,” Michael Helbling, head of Falcon’s crypto desk, said in the roundtable interview. “We have seen tremendous interest.”

Troubled Times

Falcon is starting to move past troubled times. Its [Singapore unit](#) was closed by regulators for failing to adequately flag \$1.27 billion in suspicious deposits linked to Malaysia’s 1MDB scandal. A branch manager in Singapore was [jailed](#) and a Swiss investigation [continues](#). Mindful of this, Falcon says it did its homework before entering the crypto market. So far, it is offering investment strategy and brokerage services.

“The bank has learned its lessons,” says Gianmarco Timpanaro, Falcon’s marketing head, “and there was a

really clear prerequisite to have all the compliance and legal sign-offs before we would enter this kind of business.”

That meant sharing its business plan with Swiss bank regulator Finma. Falcon also employs a firm of money-laundering software experts to vet new clients by scrutinizing their blockchain for red flags. Falcon says it has -- and will continue to -- turn away some potential crypto investors.

Blockchain Startups

A 90-minute drive from Falcon in downtown Zurich, authorities in Liechtenstein are working on a law to promote blockchain startups. The 160-square-kilometer country approved its first crypto fund before Switzerland -- and Liechtenstein's crown prince and regent appears to endorse crypto business and other entrepreneurial business models, Bank Frick CEO Edi Woegerer said in an interview at the bank's headquarters in Balzers.



Edi Woegerer Source:
Bank Frick

Tucked into a valley between Switzerland and Austria, the bank is also seeking to move on from a troubled past: Four years ago the bank's former CEO Juergen Frick was shot dead by an angry investor who had tried to extort him, according to the bank. The suspect fled the scene. His body was discovered months later, dead from a gunshot wound.

Woegerer took over after Frick's shock death. Determined to turn the page, he's happier talking about the bank's future -- and the advantages it gets from marketing digital currency services. "We get exposure we couldn't buy," Woegerer says.

The bank looked at cryptocurrencies more than four years ago, but struggled with the technology until they flew in a 19-year old expert in California for 6 months to help. Today it focuses on serving intermediaries such as brokers or

crypto exchanges. Wealthy clients can open an account but aren't the bank's focus, Woegerer said.

Client Scrutiny

Frick also says its wary of the risks posed by the anonymous nature of cryptocurrencies and is in regular contact with Liechtenstein's regulator, the FMA, which is supportive of the crypto business. Answering their -- and correspondent bank queries -- is more of a challenge than keeping the bank's reputation intact, he says.

While the blockchain, a digital log underpinning every cryptocurrency transaction, guarantees an audit trail for each coin, the ability of bitcoin owners to stay behind the scenes has attracted cyber criminals to Crypto Valley. Last year, Finma warned the public about digital coin scams, shut down one operator and opened investigations into others. Falcon's Bollhalder says he welcomes the crack down on rogue actors and eliminate regulatory gray areas.

"If we want to be a crypto-nation, we need to have clear guidelines," he says.

Daniel Thelesklaf, director of Liechtenstein's Financial Intelligence Unit which combats money-laundering, says banks that have already received a rap on the knuckles are especially keen to not make the same mistake twice.

"Banks that have been sanctioned for non-compliance, often have a higher compliance level compared to others, after implementing the measures to remedy the issue," he says.