



April 27th, 2023

Company: 

Investors:  

Subsector: Investing & Trading Infrastructure

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Transaction Overview

On April 27, 2023, Zodia Custody raised \$36 million in equity capital led by new investor SBI Holdings with participation from follow-on investor Standard Chartered Ventures and other unnamed smaller investors.

Company Description

Zodia Custody offers custody services to institutions for digital assets such as Bitcoin, Ethereum, ChainLink, Bitcoin Cash, USD, Uniswap token, and Ripple. The firm leverages infrastructure used by Northern Trust and Standard Chartered, and is registered with FCA in the UK, consistent with its compliance-centric positioning. In addition, Zodia Custody expanded to Japan via a partnership with SBI Digital Holdings in February of this year; this partnership is focused on being a custodian for the Japanese institutional market. Other clients of Zodia include Invesco and their Bitcoin Exchange Traded Product, BTIC.

Zodia stated that the funding will be used to boost geographic expansion and increase the firm's token coverage, as well as to improve its interchange and off-exchange settlement services.

Zodia was founded in 2020 by a joint venture between Northern Trust and Standard Chartered's innovation hub, Standard Chartered Ventures. The firm is headed by CEO Julian Sawyer, who leads the company's ~50 employees.

Funding

The company has now raised a total of \$44M over two funding rounds, with their previous Seed funding of ~\$8M taking place in August 2021 at a \$75M post-money valuation. This round's valuation was not disclosed.

Competition

Zodia Custody competes with other crypto custody companies largely focused on institutions, neobanks, and fintechs. Some examples include Fireblocks, Hex Trust, PolySign, Copper, and BitGo.

Architect Partners' Perspective

Zodia Custody's primary differentiator is their support and backing from high-quality, traditional financial institutions. The company was formed in 2020 as a joint venture between Standard Chartered (who reportedly had a 90% stake at that time, and remains the largest investor) and Northern Trust, two highly reputable institutions. The addition of Tokyo-based SBI Holdings, another high-quality financial services provider, shows the value of "trusted" providers - TradFi players are more comfortable with crypto infrastructure services when provided by players they know and trust. Zodia Custody is focused almost exclusively on serving traditional financial institutions that have been historically underrepresented in the crypto space, mostly due to internal sensitivities towards the crypto sector after recent market events.

The involvement of SBI Holdings in the latest funding round is notable, as the large Japanese conglomerate (which spun out from Softbank in 2006) has been a major player in the crypto space for several years. SBI Holdings operates a number of cryptocurrency-related businesses, including a mining business, an overseas remittance business, and a crypto exchange. SBI is generally known for its bullish stance on the crypto sector.

The lack of crypto-centric venture capital funds in the round is indicative of the overall market tone. As we discussed in our recent [Q1 2023 Crypto Market Report](#), financings have slowed measurably versus a year ago, and the big crypto venture funds that topped the tables last year are much quieter. In that regard, it is probably a healthy sign that financial services strategic investors are active.

Another healthy sign is that most of the top 30 banks are now making moves to provide services for holding crypto for their large customers, an indication that digital assets are (slowly) becoming another mainstream asset class.

Sources

[PitchBook](#), [Company Website](#)