

October 12th - October 18th (Published October 19th)

PERSPECTIVES by Eric F. Risley

Payward, Kraken's parent, agreed this week to acquire Saldo Bank, a small Lithuanian bank with an EU banking license and the right to operate in Finland, Sweden, Germany and the Netherlands. Terms were not disclosed, and closing is expected in 2027.

Kraken and others commonly make collateralized loans. They fund these loans from internal capital or external institutional capital and earn the spread between the interest on the loan and their cost of capital. That lending spread is what matters, and institutional capital is expensive while internal capital is usually better used elsewhere. It is an okay business, not a great one.

If Payward were a bank, it could fund those loans with customer deposits, generally regarded as the least expensive capital available. Right now Payward can hold customer cash and crypto, but it cannot lend that cash or pay interest on it. With Saldo Bank it gains the license to attract deposits, pay interest to the people who provide them, and lend the money out to borrowers. The result is a wider lending spread and a better business.

Simplistically, the lending spread is something like 2% when funded with institutional capital and 7% when funded with consumer deposits. The deposit-funded lender earns three and a half times as much on every dollar lent. The trade-off is that bank regulatory overhead is expensive, cash must be kept available for depositor withdrawals, and roughly 8% to 10% of every loan must be backed by the bank's own equity.

Perhaps more important, a bank has historically been the strategic center of any financial services relationship. Whoever holds the primary account has the ability to sell everything around it: payments, cards, credit, trading and investing. Today every crypto firm works with a bank. Payward intends to become one.

Lastly, this move is quite different from what we have been witnessing in the United States. The OCC has granted or conditionally granted 21 national trust charters since the start of 2025, at least 13 to crypto firms including Coinbase, Ripple and Paxos. Those are custody, payments and stablecoin licenses. None allow deposits or loans. Payward applied for one in May and is on that track as well. The US has opened the custody layer of banking to crypto; the credit layer still requires buying a bank, and for now that means buying one in Europe.

RECENT CRYPTO M&A TRANSACTIONS (click here for full AP M&A Tracker)

Target	Acquirer	Transaction Summary	M&A Alert
 Farcaster	 The Network SCHOOL	Transaction Value: Undisclosed Rationale: To give Network School its own social protocol for network-state communities Sector: DApp: Consumer Target Description: Decentralized social protocol and flagship client with portable onchain identity	
 Saldo Bank	 PAYWARD	Transaction Value: Undisclosed Rationale: To add an EU banking licence for deposits, lending, and cards Sector: Payments Infrastructure Target Description: Lithuanian EU-licensed online bank offering deposits, lending, and SEPA payments	
 Bluvo	 mesh	Transaction Value: Undisclosed Rationale: To strengthen exchange connectivity and integration reliability Sector: Payments Infrastructure Target Description: API automating crypto transfers from centralized exchanges to wallets and DeFi apps	
 EFFORCE	 TROOPS	Transaction Value: Undisclosed Rationale: To add blockchain energy-savings infrastructure and a path into carbon-credit trading Sector: Investing & Trading Infrastructure Target Description: Blockchain platform tokenizing energy-efficiency project savings for crowdfunded investment	

OVERALL CRYPTO M&A ACTIVITY LEVELS

