

Banks need to steel themselves for the next battle over crypto rules

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The debate over the "macro" questions about crypto in the U.S. has been largely settled. We're now entering a "micro" phase, where specific rules and regulations will be written to chart the industry's future, writes John Wu, of Ava Labs.

Lam Yik/Bloomberg

U.S. crypto regulation is currently in its ["macro era."](#) Policymakers are focusing on [existential questions](#): Should retail investors be allowed exposure to crypto assets through regulated products? Which federal regulators should oversee stablecoins? What role can banks legally and prudently play in digital assets? These are the high-level guardrails that determine how crypto can integrate into the U.S. financial system — and some great progress has been made since the beginning of the year. Congress passed the GENIUS Act, which establishes a federal regime for payment stablecoins. The approval of spot bitcoin ETFs brought crypto into brokerage accounts at mainstream institutions. The OCC and

FDIC have begun to clarify how banks can [custody digital assets](#) and act as settlement nodes. The SEC is pushing to define when tokens constitute securities.

This macro phase is foundational. Without these decisions, institutions cannot make informed strategic investments. Macro policymaking, however, is only the first phase. What comes next — and what banks must now start preparing for — is the "micro phase" of crypto regulation.

In this next stage, broad rules will give way to specific, technical, operational requirements. This is where competitive advantage will be won or lost by individual institutions.

The shift to detailed rulemaking will touch every corner of the banking system. Take stablecoins. Congress may have decided they deserve federal oversight — but what will reserves be required to look like?

A bank that already operates under strict liquidity and capital standards will have a very different lobbying position than a fintech that has built its model on leaner balance-sheet requirements.

Custody rules will be equally pivotal. If capital charges for digital asset custody mirror those for traditional securities safekeeping, banks with scaled custody operations will gain an edge. But if crypto custody is treated as uniquely risky — imposing severe capital haircuts — incumbent custodians could sit on the sidelines while digital-native custodians race ahead.

Tax treatment for staking rewards will also change the equation. This will determine whether banks can offer staking through brokerage channels or whether these products remain confined to crypto-first companies.

These are not abstract hypothetical scenarios. They will define whether it is Bank A or Fintech B that connects counterparties such as corporate treasurers to tokenized deposits, stablecoin payments and digital asset investment products.

During the macro phase, the crypto industry has largely spoken with one voice. Coalitions like the Blockchain Association and Crypto Council for Innovation pushed for high-level clarity that would allow innovation to continue domestically. As we enter the micro phase, however, interests will diverge sharply.

An exchange such as Coinbase, for example, will not always want the same rules as Fidelity. Circle's preferred stablecoin reserve structure may conflict with what banks want. Firms like PayPal, Visa and JPMorgan have fundamentally different payments economics and infrastructure — and will advocate in D.C. accordingly.

Put simply: The single banner of "crypto innovation" will fracture into well-funded, highly technical battles over rule text, capital formulas and licensing categories.

Banks should not underestimate how decisive these details will be. If lobbying in the macro phase determined whether crypto can exist in U.S. finance, lobbying in the micro phase will determine who profits from it.

Banks today face a simple choice: Influence these rules, or adapt to rules written by others.

There is real opportunity. Tokenized money market funds, real-time on-chain settlement, and programmable payments could reduce operational costs and unlock new revenue streams. Banks are well-positioned to become trusted players in the digital asset space — if the rules enable them to compete.

If banks take a passive role, however, they risk a repeat of what we saw with real-time payments and fintech wallets: a technology wave that reshapes customer expectations while regulators create pathways that primarily benefit faster-moving nonbanks.

The next two years are the window. This is when technical advisory committees will be staffed, when regulators will issue requests for comment and when definitions will be locked in for a generation.

Crypto isn't a niche asset class anymore. It is the technical foundation on which the next phase of financial infrastructure will be built. American financial institutions have too much at stake to treat digital assets as simply experimental.

As 2025 heads to a close, the macro decisions are largely behind us. Crypto will be part of the U.S. financial system. The question now is whether American banks will be central to that system.

We are entering the micro phase of regulation. It's time for banks to engage — not react. Those who put their fingerprints on the rulebook will control the future of finance.