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CRYPTO WALLET MANAGEMENT AS AN INNOVATIVE DIRECTION OF THE T&CS MARKET DEVELOPMENT

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The current trend and innovative element in the development of the trust management and custody services market is the management of cryptocurrency wallets. It should be noted that this service is formed not only in relation to cryptocurrencies, but also to other values, however, it is the management of cryptoassets that is a fairly new service in custody management. In principle, custodian services focus on customers with formed crypto wallets who choose investment options and investing financial assets. Storage services are provided by custodian services (or banks) for managing clients' crypto wallets. Of course, there are drawbacks to keeping assets in the case of personal savings, and in the case of managing financial and technical companies. Negative trends are the ability to withdraw money from electronic wallets (as happened in 2016, when hackers withdrew more than 120 thousand bitcoins from the digital storages of the Bitfinex crypto exchange).

In developed countries, custody services are a separate market. At the same time, developing countries have not yet developed a legal package of regulatory acts and this market is outside the scope of government regulation. This allows for a wider set of tools, but also means a lower level of client protection. The advantages of a custodian service are that there is no need for a separate permission from regulators regarding the management of crypto wallets. The crypto wallet management service is

provided by both custodian banks and exchanges or brokerage services (Coinbase, Bitstamp, Bittrex, Kraken, Bitfinex, Binance, Poloniex) [1]. In this case, it is not clients who have access to such wallets, but custodians, which of course has its own level of risk (Xapo, Crypto.com, Freewallet).

This innovative form of trust management is formed as a result of changes in the rules for the functioning of the financial market as a whole, the emergence of cryptocurrency as a separate structural element. As a result, using a separate wallet for cryptocurrencies is justified, since the wallet is a digital storage (MyEtherWallet, Electrum, MyCrypto, Bitcoin.com, BTC.com, Jaxx, Coinomi, Atomic Wallet and others). Thus, we can note the emergence of a new institutional investor or market participant. In 2019, the investment company Pantera Capital determined that it was the custodian companies that were becoming the new players in the cryptocurrency market. As a result, even cryptocurrency exchanges are introducing custody services into their portfolio of instruments. It should be noted that in this type of activity, banks have the advantage of having a sufficiently high experience of the banks themselves, the presence of a sufficiently long history of servicing companies, etc.

Cryptocurrency exchanges Coinbase and Gemini offer their clients services for managing crypto wallets for institutional investors, but such services have been offered by financial and banking giants even earlier. So, in 2019, Fidelity Digital Asset Services LLC (FDAS) (DP Fidelity Investments, which manages more than \$ 2 trillion) offered services for the storage and management of crypto wallets, in particular bitcoins [1]. At the end of 2019, cryptocurrency exchange Coinbase acquired the custodian service Xapo (for \$ 55 million), which altogether allowed the exchange to manage more than \$ 7 billion. This represented more than a 6-fold increase in assets managed by Coinbase Custody, prior to the deal, amounting to only \$ 1.3 billion. The company serves over 90 clients, almost half of whom are not residents of the United States of America [1]. Banks of the most developed countries are actively increasing their presence in this market. Thus, the management of crypto wallets was launched by the Swiss bank Vontobel, the Japanese financial company Nomura, the British G4S, Bank of Canada VersaBank [1].

At the same time, it should be noted that such an innovative type of activity is poorly regulated, which is both an incentive for market development and a deterrent. Stimulation occurs due to a small number of restrictions, but this can also lead to the transition of the market or part of it to the shadow sector [1].

Market development is stimulated and accelerated by global players in the financial market. Thus, Standard Chartered, one of the world's largest banks, announces the possibility of opening trust custodian crypto accounts (in 2021). Such a cryptocurrency custodian (Zodia Custody) was created as a result of a partnership between SC Ventures and an asset manager of one of the global trust companies Northern Trust [2]. The custody will manage a wallet consisting of Bitcoin (BTC), Ethereum (ETH), XRP (XRP), Litecoin (LTC) and Bitcoin Cash (BCH), which in general, according to the company's estimates, account for about 80% of the total cryptocurrency market [3].

The British giant Standard Chartered is prioritizing the management of central bank digital currencies (CBDCs) and virtual assets, most of which are not sponsored or supported by central regulators.

The development of managed crypto wallets is a consequence of the development of the cryptocurrency market itself. In general, as a result of research, it was determined that 0.3% of the world currency is crypto money and, according to forecasts, the growth of the total mass of cryptocurrency in general and among bank deposits will be observed at an average annual level of more than 32% by 2024 [4]. However, now only 9% of the total investment is in crypto money.

In general, such trends are supported by other global banks as well. American banks are also joining this initiative, which became especially active after the permission of the United States Foreign Exchange Office (OCC) to store and manage client's virtual assets. However, it should be noted that the management of cryptocurrencies is still at the stage of formation of regulatory and regulatory support and causes a lot of disputes and misunderstandings in both legal and economic aspects [1].

In general, we can note that the management of crypto wallets is a new direction in the development of the T & CS market, has great prospects and requires the development of a regulatory framework on the scale of the market.

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