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The crypto market meets regulation: A case study on MiCA and the future of CASP

- How Swedish Crypto-Asset Service Providers Navigate the New Regulatory Landscape to Sustain Competitive Advantage

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Table of content

Abbreviations

CASP Crypto-Asset Services provider

EBA European Banking Authority

EC European Commission

ESA European Supervisory Authorities

ESFS The European system of financial supervision

ESMA European Securities and Markets Authority

EU European Union

IBV Institutional-Based View

MiCAR Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937

RBV Resource-Based View

Glossary

Crypto-assets, terminology and definitions

Blockchain technology plays a fundamental role in the crypto trading industry, acting as a main element in recording and verifying transactions. However, blockchain´s applicability extends beyond cryptocurrencies to various other sectors. Prominent applications include digital identity, voting systems, supply chain management, and smart contracts, reflecting blockchain´s versatility in addressing diverse industry needs.[1]

The term "blockchain" arises from its structure: each "block" contains a collection of transactions, and these blocks are linked sequentially, forming a "chain". This decentralized ledger is maintained by a network of computers, or nodes, that communicate with each other to validate and record transactions through a consensus mechanism, ensuring the integrity and transparency of the data. It enables a decentralized and transparent collection of every transaction made under the network of the cryptocurrency, and also secures all transactions from being deleted or removed.[2] One of blockchain´s key features is its ability to operate without intermediaries such as banks. Insted, a *peer-to-peer* (P2P) network of computers collectively verifies and records transactions with a consensus mechanism. The blockchain technology also enables users to transfer funds in the form of cryptocurrencies directly to one another without the need for a central authority or intermediary, thereby reducing transaction costs and times.

A crypto-asset is a digital form of value or entitlement that can be electronically transferred and stored. These assets include a broad spectrum of digital items, such as cryptocurrencies, utility tokens (which grant access to a particular service or product), and security tokens (which signify ownership in an asset or firm). In the context of cryptocurrencies like bitcoin, Ethereum, and others, blockchain functions as a decentralized digital ledger.[3]

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[1] Binance Academy, 'What Is Blockchain and How Does It Work?´ (*Binance Academy,* 15 May 2023*)* <https://academy.binance.com/en/articles/what-is-blockchain-and-how-does-it-work> accessed 5 May 2024.

[2] European Insurance and Occupational Pensions Authority, *Discussion Paper on Blockchain and Smart Contracts in Insurance* (Publications Office of the European Union, 2021) <https://data.europa.eu/doi/10.2854/136043> accessed 15 May 2024.

[3] European Insurance and Occupational Pensions Authority, 'Blockchain and Crypto Assets' <https://www.eiopa.europa.eu/browse/digitalisation-and-financial-innovation/blockchain-and-crypto-assets_en> accessed 1 August 2024.

Issuers of Crypto are those entities that create new crypto-assets or tokens or alternatively issue new ones.[4]

Offerors are entities that operate as intermediaries between the issuer and the buyer of crypto in the market and the facilitation of the distribution of the crypto-asset itself.[5]

*Crypto-Asset Service Providers (*CASPs) is an entity registered in the EU that operates as financial service providers involved in the trading of crypto-asset between the issuer and the buyer of crypto on the market. These actors distribute issuers crypto currencies or e money tokens and charge transaction fees on all trades made on the platform.[6]

Distributed Ledger Technology (DLT) is a broad term encompassing any technology that allows the decentralized storage and sharing of data across multiple locations or nodes. Defining the scope, DLT is an umbrella term that includes all forms of distributed ledgers, whereas blockchain is a specific type of DLT with a defined structure. DLT does not necessarily use blocks to store data. Instead, it can be used in various applications and structures, and be implemented in different ways. Blockchain is a specific type of DLT, which specifically uses a chain of blocks, ensuring sequential and chronological order of transactions. For the purposes of the MiCA regulation, DLT means a technology that enables the operation and use of distributed ledgers.[7] Furthermore, distributed ledger in the same context means an information repository that keeps records of transactions and that is shared across, and synchronized between, a set of DLT network nodes using a consensus mechanism.

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[4] European Insurance and Occupational Pensions Authority, *Discussion Paper on Blockchain and Smart Contracts in Insurance* (Publications Office of the European Union 2021) <https://data.europa.eu/doi/10.2854/136043> accessed 15 May 2024

[5] ibid

[6] ibid

[7] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Text with EEA relevance) [2023] OJ L 150/40. <https://eur-lex.europa.eu/eli/reg/2023/1114/oj> accessed 24 May 2024.

1. Introduction

1.1. Background

The rapid growth and increase of cryptocurrencies and blockchain technology has revolutionized the financial landscape. However, this evolution has not been without its challenges. The decentralized and often anonymous nature of these digital assets, combined with the absence of complex compliance and regulatory frameworks, has created significant concerns.[8] Cryptocurrencies that have emerged over a short period are highly anonymous and difficult to trace, lacking robust identification mechanisms. This anonymity, in parallel with weak and underdeveloped international frameworks, has resulted in not fully developed standardized international frameworks and regulations, which has worried legislators about various risks.

In 2018, the European Commission (EC) acknowledged the lack of regulations for blockchain technology and the cryptocurrency market after conducting several studies and investigations.[9] The Financial Stability Board also emphasized these risks and raised concerns about the anonymity associated with cryptocurrencies. Due to that, the three European Supervisory Authorities (ESAs) - the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Securities and Markets Authority (ESMA) - all members of The European system of financial supervision (ESFS), play a crucial role in supervising and providing regulatory guidance for individual sectors.[10] These authorities will oversee the implementation of new regulations. In 2019, reports from the ESAs highlighted that crypto-transactions fell outside the traditional financial rules of the EU, leaving risks related to investor protection, market abuse, and money laundering.[11]

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[8] European Securities and Markets Authority, *Crypto-Assets and Their Risks for Financial Stability* (Publications Office of the European Union 2022) <https://www.esma.europa.eu/sites/default/files/library/esma50-165-2251_crypto_assets_and_financial_stability.pdf> accessed 18 April 2024

[9] Financial Stability Board, 'Decentralised Financial Technologies: Report on Financial Stability, Regulatory and Governance Implications' (6 June 2019) <https://www.fsb.org/wp-content/uploads/P060619.pdf> accessed 20 May 2024

[10] Directorate-General for Financial Stability, Financial Services and Capital Markets Union, 'European system of financial supervision' (*European Commission*) <https://finance.ec.europa.eu/regulation-and-supervision/european-system-financial-supervision_en> accessed 20 May 2024

[11] European Banking Authority, 'Report with Advice for the European Commission on Crypto-Assets' (9 January 2019) <https://www.eba.europa.eu/sites/default/files/documents/10180/2545547/67493daa-85a8-4429-aa91-e9a5ed880684/EBA%20Report%20on%20crypto%20assets.pdf> accessed 20 May 2024

The concerns raised by European Supervisory Authorities and the Financial Stability Board underscore the urgent need for a comprehensive regulatory framework to mitigate the risks associated with cryptocurrencies. On 24 September 2020, the EC adopted a digital finance package, which has become the starting point towards modernizing the European Union's (EU) financial sector.[12] This package includes a digital finance strategy and legislative proposals on crypto-assets and digital resilience.[13] The package mainly aims to create a competitive financial environment which offers consumers access to innovative financial productions. Moreover, it will also ensure consumer protection and maintain financial stability.[14]

As part of the package, Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849 (Markets in Crypto-Assets (MiCA) Regulation) was adopted by the EU on May 31 2023[15], which aims to create a clear and harmonized regulatory framework for crypto-assets. The primary target of the MiCA regulation is asset-reference tokens, e-money, and trading platforms where cryptocurrencies are traded, known as Crypto Asset Service Providers (CASPs), which are currently outside the financial service legislation.

This brand new regulatory framework is indeed a significant step towards regulating the previous unregulated cryptomarket within the EU. It addresses several key objectives aiming to safeguard investors, promote and strengthen market stability, and foster innovation and market development. This regulation, which will come into full force at the end of 2024, includes provisions for licensing, capital requirements, and consumer protection, fostering a safe and innovative crypto market. By the end of 2024, companies operating in the crypto-asset space must have applied for and been granted a MiCA license to continue their operations.

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[12] European Commission, 'Digital Finance Package: Commission Sets out New, Ambitious Approach to Encourage Responsible Innovation to Benefit Consumers and Businesses' (24 September 2020) <https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1684> accessed 25 April 2024.

[13] European Commission, 'A Digital Finance Strategy for Europe' (2020) <https://finance.ec.europa.eu/document/download/8e1c7d22-6808-46ac-84d8-ba65f1661818_en?filename=200924-digital-finance-factsheet_en.pdf> accessed 27 April 2024

[14] 'Directorate-General for Financial Stability, Financial Services and Capital Markets Union, 'Digital Finance Package (*European Commission,* 24 September 2020) <https://finance.ec.europa.eu/publications/digital-finance-package_en> accessed 27 May 2024.

[15] Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849 [2023] OJ L150/1 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1113> accessed 20 May 2024

Under MiCA, issuers and providers of crypto services must apply for a license, e.g., a *MiCA;* or *CASP license,* to become authorized to conduct business within the EU. Both market players in crypto issuance and providers of crypto services are required to implement new services and opportunities for consumers, including crypto-asset white papers, monitoring for insider trading, Anti-Money Laundering - (AML) and Know Your Customer (KYC) controls, introducing rights for consumers to repurchase cryptocurrencies and adhering to marketing requirements. MiCA places heavy emphasis on ensuring the protection of consumers' wallets. Providers will be liable if they lose consumers crypto-assets or liquid funds, ensuring greater accountability and safeguarding consumer interests.[16] MiCA will create a new market for the crypto industry once the regulations enter into force. The market will develop and the existing companies operating in the new regulated market will achieve a new legitimacy than what was previously characterized. This will need companies to adjust to a new market,it will require capital investments and more resources if businesses will be granted the license and be available to compete effectively.[17]

1.2. Problem statement

The crypto-asset market has largely operated in an unregulated environment within the European Union, which has raised concerns about risks such as financial crime, market manipulation, and lack of consumer protection. As mentioned, in 2018, the European Commission drew attention to the lack of regulations for blockchain technology and the cryptocurrency market.[18] In 2019, the ESA emphasized that crypto transactions fell outside the EU's traditional financial rules, which posed risks for investor protection, market abuse and money laundering. The Financial Stability Board also expressed concern about the anonymity associated with cryptocurrencies.[19] The MiCA regulation aims to address these issues by introducing a comprehensive regulatory framework for crypto-assets issuers and

[16] Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849 [2023] OJ L150/1 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1113> accessed 20 May 2024.

[17] Marek Bočánek, 'First Draft of Crypto-Asset Regulation (MiCA) with the European Union and Potential Implementation' (2021) *Financial Law Review* 22 (22 (2)): 37–53 <https://doi.org/10.4467/22996834FLR.21.011.13979> accessed 19 May 2024 .

[18] Financial Stability Board, 'Decentralised Financial Technologies: Report on Financial Stability, Regulatory and Governance Implications' (6 June 2019) <https://www.fsb.org/wp-content/uploads/P060619.pdf> accessed 20 May 2024

[19] Directorate-General for Financial Stability, Financial Services and Capital Markets Union, 'European system of financial supervision' (*European Commission*) <https://finance.ec.europa.eu/regulation-and-supervision/european-system-financial-supervision_en> accessed 20 May 2024

CASPs to align with. The obligations that CASPs will need to align with concerns requirements of white papers, right of withdrawal, capital requirements, handling complaints, managing conflicts of interest and overseeing outsourcing which aims to create accountability and safety for consumers and crypto companies in the market.[20] However, the implementation of the regulation may pose significant challenges for crypto-companies. These requirements may also require resource allocation, increased investments and internal process changes within CASP businesses.

1.3. Research objectives

The primary aim of this research is to explore how CASPs can effectively prepare for compliance with the MiCA regulation and allocate resources to sustain their competitive advantage. Based on that, this research seeks to conduct a thorough analysis of the regulation to identify specific compliance obligations imposed on CASPs. By understanding these requirements, this study will examine their implications on the operational and strategic aspects of CASPs, providing a detailed overview of the regulatory landscape they must navigate. The research also intends to analyze how resource allocation within CASP operations affects their ability to achieve sustainable competitive advantages in a future regulated market. This will be investigated through a single case study approach with one of the most influential CASP businesses in Sweden, Goobit, and further secondary scientific data with the aim of creating breadth and ensuring the study's validity and reliability. By addressing these key areas, the research aims to provide a comprehensive understanding of the regulatory challenges for CASP companies and how the legal changes will affect their business structures, strategic decisions and resource allocations.

1.4. Research question

Based on the thesis purpose the following research question have been conducted

- How will Crypto-Asset Service Providers (CASPs) prepare for compliance and resource allocation to sustain competitive advantage by complying with the obligations under the MiCA?

[20] Publications Office of the European Union, 'Summaries of EU Legislation: European Crypto-Assets Regulation (MiCA)' (*Council of the European Union*, 3 February 2023) <https://eur-lex.europa.eu/EN/legal-content/summary/european-crypto-assets-regulation-mica.html> accessed 25 May 2024

2. Previous studies

2.1. MiCA regulation

MiCA's purpose and structure creates clarity in the crypto-asset industry for investors and business. The framework will directly affect all member states in the EU. Article 2.2 of the MiCA regulation underlines the fact that the regulation only covers those crypto-assets that are currently unregulated under an international law and that are outside the scope of existing financial services. Financial instruments that are currently covered by, for example, MiFID II/MiFIR will therefore escape the MiCA regulation.[21]

The authors claim that the MiCA regulation will create a legal standard for the crypto sector that will create fair competition in the European market. The MiCA will increase the safety of both investors and crypto companies in the European market since it was previously unregulated. The emergence of the MiCA regulation was the absence of non-existent consumer protection, lack of international legislation, therefore, MiCA aims to fulfill a purpose just as other legislation has done in similar industries, as for example the regulation of stock exchanges.[22] The authors also claim that when this regulatory framework comes into force and CASPs meet all the requirements for the obligations that the law requires to be able to operate in the market with an issued MiCA license, this may open up new opportunities for CASPs. Such opportunities could be that banks can be more open to collaborations with CASPs through reliable and legitimate MiCA licenses based on international EU legislation and monitoring by local authorities.[23]

The authors also claim that MiCA will create a new market for the crypto industry once the regulations enter into force. The market and the companies will achieve a new legitimacy than what was previously characterized. This will need companies to adjust to a new market, it will require capital investments and more resources if businesses will be granted the license and be available to compete effectively.[24]

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[21] Tina van der Linden, Tina Shirazi 'Markets in crypto-assets regulation: Does it provide legal certainty and increase adoption of crypto-assets?' (2023), Financial Innovation 9(22): 22-30. <https://doi.org/10.1186/s40854-022-00432-8> accessed 19 May 2024.
[22] ibid
[23] Marek Bočánek, 'First Draft of Crypto-Asset Regulation (MiCA) with the European Union and Potential Implementation' (2021) *Financial Law Review* 22 (22 (2)): 37–53 <https://doi.org/10.4467/22996834FLR.21.011.13979> accessed 19 May 2024 .
[24] ibid

3. Methodology and materials

3.1. Research design and methodological approach

As the primary aim of this research is to explore how CASPs effectively can prepare for compliance with the MiCA regulation and sustain their competitive advantage, the methodological approach will focus on obtaining depth and richness in understanding, ensuring reliability and trustworthiness through various methods and data sources. Moreover, this study adopts a multifaceted approach, combining legal-sociological analysis with doctrinal and legal dogmatic methods, to examine how Swedish CASPs perceive and respond to the MiCA regulation.

The socio-legal approach emphasizes understanding how laws and legal systems affect society, individuals, and various groups within society, such as businesses. This approach extends beyond the textual analysis of legal provisions to understand how laws are interpreted, applied, and experienced in the real world.[25] By formulating a social-legal question, it is possible to investigate how things are in reality. This becomes relevant for questions where it is not sufficient to apply legal sources and the hierarchy of rules to answer the question.[26] It is particularly relevant for businesses, helping them understand both the legal requirements and the practical implications and operational challenges of complying with the MiCA regulation. This approach is well-suited for studying dynamic and evolving regulatory environments like the crypto-asset market. It allows for an adaptive analysis that can explore the ongoing changes in regulation and market practices.

Doctrinal research will focus on the interpretation and application of the MiCA regulation as a primary source of law. By examining the text of the proposed regulation, the study assesses its legal structure, coherence, consistency with existing EU financial regulations, and its potential to fulfill regulatory objectives such as market integrity, consumer protection, and financial stability. The research will also explore current law using the legal-dogmatic method, which is applicable for describing, interpreting and establishing current law.[27] Furthermore, the examination will be based on traditional sources of law.[28] The problem to be

[25] Lisa Webley, 'The why and how of conducting a socio-legal empirical research project' in *Routledge Handbook of Socio-Legal Theory and Methods* (1st edn, Routledge 2020) 59.
[26] Frantzeska Papadopoulou and Björn Skarp, *Juridikens Nycklar: Introduktion till Rättsliga Sammanhang, Metoder Och Verktyg* (2nd edn, Norstedts juridik 2021) 157.
[27] Claes Sandgren, *Rättsvetenskap För Uppsatsförfattare: Ämne, Material, Metod Och Argumentation* (4th edn, Norstedts Juridik 2018) 38.
[28] Jan Hellner, *Metodproblem i Rättsvetenskapen: Studier i Förmögenhetsrätt* (Jure 2001) 39.

investigated by the legal dogmatic method often contains some form of analysis where objectivity is sought, which must be based on the legal sources, de lege lata. This may be, for example, how different sources of law or areas relate to each other. A comprehensive review of diverse literature sources will be conducted to provide a thorough understanding of the legal framework and its border impact within a business perspective. Examples of relevant sources might be academic journals, books, articles on regulatory compliance and financial technology, reports from authorities, and case studies from other jurisdictions.

3.2. Data collection

This thesis employs both primary and secondary data collection methods to comprehensively analyze how CASPs can effectively prepare to comply with MiCA regulation while allocating resources to maintain their competitive advantage. The material used in this study has been selected through purposive sampling. According to Bryman, purposive sampling involves strategic selection by the researcher, choosing material based on its relevance to the study's purpose and research questions.[29] This method, one of the most common in qualitative research, allows the researcher to selectively include and exclude materials while maintaining the study's independence.[30] These choices aim to deepen understanding and enable conclusions based on the selected phenomenon.[31] In this study, the phenomenon is how companies adapt to the new MiCA regulations and the complications that may arise.

To complement the literature review and provide practical insights into how MiCA affects CASPs, the study includes a semi-structured interview with a key stakeholder and subject expert within CASP operations at Goobit & BTCX. The interview will focus on Goobit's perspective on MiCA regulation, the legal challenges they anticipate, and their strategies for resource allocation to maintain a competitive edge while ensuring compliance. Therefore, this research will primarily rely on findings from the comprehensive interview with their COO as a primary data source. The interview consists of 14 open-ended questions (see Appendix A) designed to explore how MiCA regulatory requirements impact resource allocation and strategic decisions within these companies.

Semi-structured interviews allow for a flexible data collection method, where the interviewer can follow a set of predetermined questions while exploring new topics that arise during the

[29] Alan Bryman, *Samhällsvetenskapliga metoder* (2nd edn, Malmö: Liber 2011) 394.
[30] ibid
[31] ibid

conversation. This flexibility enables capturing more detailed and nuanced insights. While the structured part ensures coverage of all key topics, the more unstructured part allows for the introduction of relevant questions, enhancing the richness and relevance of the collected data. The questions will address key areas such as capital requirements, complaint management, handling of conflicts of interest, supervision of outsourcing activities, and ensuring business continuity.

To further enrich our case study, we chose to include an additional source. The material is presented in the form of a podcast where the Swedish law firm Delphi, with the assistance of experts, discusses the regulatory changes that will affect companies' resources and investments. Based on their expertise, they discuss the adjustments to resources and increases in investments that companies should make to obtain a license and maintain competitiveness in the market. Other additional sources include a public youtube interview published by another Swedish CASP business (Quickbit) where a business expert in compliance discusses MiCA's impact on CASP businesses in Sweden. Other sources will include annual reports of Swedish CASP businesses collected on their respective websites discussing MiCA's effect on their businesses.

3.3. Data analysis

The collected data will be analyzed using different methods and techniques tailored to the type of data. This flexible approach is necessary due to the variation within the collected data, including qualitative primary data from interviews and quantitative secondary data from sources such as annual reports. Consequently, there is no one-size-fits all method for data analysis.

An thematic analysis will be conducted on the interviews. The process involves transcribing the interviews and categorizing the transcripts by speakers. These transcripts will then be coded to identify themes and patterns.[32] The identified themes will serve as the foundation for the thematic analysis, which will explore commonalities and similarities between interview responses and secondary data sources. These secondary data sources include annual reports, a Youtube interview with other relevant CASP businesses operating in Sweden, and a podcast recorded by a Swedish law firm specializing in the subject. Literature analysis will also be included in this analysis.

[32] Kathy Charmaz, *Constructing Grounded Theory* (2nd edn, SAGE Publications Ltd 2014) 115-135.

The quantitative secondary data will be analyzed using technological software. An inductive method will be employed by reading, highlighting, and extracting numerical data, statistics, and information to identify emerging themes and indicators related to businesses´ attitudes and the internal and external implications of the CASP requirements under the MiCA regulation.[33] Literature studies and scientific theories will also be analyzed by a deductive method.[34] By combining these two approaches - qualitative interviews and quantitative data analysis - the research adopts an abductive method. This integrated analysis allows for a comprehensive understanding of correlations, providing clarity to the research question.[35]

3.4. Delimitations

The proposed MiCA regulation is a comprehensive framework that will encompass a significant portion of the crypto industry once implemented. Traditional crypto issuers, such as Bitcoin and Ethereum, will be subject to a substantial part of the directive. However, this study has opted to investigate entities known as Crypto-Asset Service Providers (CASPs) due to the absence of national crypto issuers in the Swedish market. It does not cover all types of businesses or activities in the crypto sector that are not classified as CASPs. Instead, the Swedish market primarily consists of crypto asset service providers. The research is confined to the Swedish market.

While MiCA is an EU-wide regulation, the analysis will not extend to CASPs operating in other EU member states. This geographic limitation allows for a more detailed and relevant investigation for stakeholder within Sweden, especially since the research otherways should be too broad and shallow. Consequently, the research is also limited to businesses operating as CASPs, and does not cover other types of businesses or activities in the crypto sector that are not classified as CASPs. Moreover, it focuses on the articles within the MiCA regulations that directly impact businesses that operate as a CASPs. It does not provide a comprehensive review of the entire framework but focuses on key provisions related to licensing requirements, compliance obligations and prudential requirements.

[33] Göran Ahrne and Peter Svensson, *Handbok i kvalitativa metoder* (3rd edn, Liber 2022) 93-112.
[34] ibid
[35] ibid

3.5. Limitations

The study focuses on a single CASP, which restricts the ability to generalize findings of other CASP operating in Sweden. The study is restricted to only one interview which may result in bias as the perspective is limited to only one business and its answers, which could result in a restricted insight from other organizations and stakeholders, such as competitors, regulatory organizations and so fourth, which could provide a wider range of perspectives and findings. The study could also result in a narrow and incomplete information, the interviewee may not have complete knowledge of all aspects of the topic which could result in gaps and lacking information of the answers given. The single case study conducted in only interviewing one CASP, which could lead to missed insights and not fully captured practises, challenges and innovation in the whole industry.

Although the study contains supplementary information and answers from other sources regarding the topic it could be a lack of triangulation. Without multiple data sources or perspectives from other businesses it is challenging to conduct a conclusion with the lack of opportunity of finding similarities and verifying information. The single interview could also result in that the interviewee may provide responses on the questions the business believe are beneficial for the organization. The single case study is also conducted within a limited timeframe, which may affect the results and the evolution of the answers during different periods. These limitations are important while interpreting the result of this single case study and emphasize the importance of considering the constraints for drawing the conclusion of the study.

3.6. Reliability & Validity

During the course of the work, the validity and reliability have been discussed continuously with the aim of achieving a credible and relevant study. Validity concerns the degree to which the content follows the purpose of the study and whether the analysis tools are relevant in relation to the chosen area of investigation.[36] With the aim of achieving high validity, the purpose and research questions are continuously corrected during the course of the work, in order to achieve a grounded and credible analysis.

[36] Alan Bryman, *Samhällsvetenskapliga metoder* (2nd edn, Malmö: Liber 2011) 274.

During the work process, various text analyzes have been realized to study whether the analysis tools and theories are valid in relation to the empirical material.[37]

Measuring the reliability of the study means assessing how reliable the content is and whether the purpose and research questions can be answered, which enables further research in the subject. In an abductive study, data is coded and sorted with the aim of studying and finding themes and patterns. The study's method is based to some extent on interpretation, which affects the reliability of the content. The work uses a goal-directed selection strategy, where the selection is carefully selected to achieve a high degree of relevance to the study's content. With the aim of guaranteeing reliability, the selection is described in detail, this to facilitate possible further research in the subject.

[37] Peter Esaiasson, Mikael Gilljam, Henrik Oscarsson and Lena Wängnerud, *Metodpraktikan: Konsten att studera samhälle, individ och marknad* (4th edn, Norstedts Juridik AB 2012). 222-223.

4. Legal framework

Within the context of the financial market, regulatory frameworks constitute a comprehensive set of laws, regulations and guidelines. These frameworks are instituted and established by governmental and regulatory authorities with the aim of striking a balance between fostering innovation and safeguarding the interest of investors, while upholding the integrity of financial transactions and investor protection.[38]

The legal framework governing the financial markets today, particularly in the context of the European Union (EU), is significantly shaped by the Markets in Financial Instruments Directive II (MiFID II) and the Market in Financial Instruments Regulation (MiFIR). This directive and regulation is crucial for firms engaged in investment services or activities involving financial instruments, ensuring they comply with stringent regulatory standards. In the realm of cryptocurrencies, MiFID II becomes particularly relevant when coins or tokens qualify as financial instruments. The processes surrounding their creation, distribution, or trading often entail activities falling under MiFIDs purview. [39]

According to Article 4(1)(15) of MiFID II, "financial instruments" encompass a wide array of assets, including:

- ➢ Transferable securities (e.g., shares, bonds).
- ➢ Money-market instruments (e.g., treasury bills, certificates of deposit).
- ➢ Units in collective investment undertakings.
- ➢ Options, futures, swaps, forward agreements, and any other derivative contracts.
- ➢ Financial contracts for differences (CFDs).

[38] Directorate-General for Financial Stability, Financial Services and Capital Markets Union, 'Investment services and regulated markets (*European Commission*) <https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/financial-markets/securities-markets/investment-services-and-regulated-markets_en> accessed 7 July 2024

[39] European Securities and Markets Authority, 'Statement: ESMA alerts firms involved in Initial Coin Offerings (ICOs) to the need to meet relevant regulatory requirements' (13 november 2017) <https://www.esma.europa.eu/sites/default/files/library/esma50-157-828_ico_statement_firms.pdf> accessed 10 april 2024.

This wide-ranging definition can include certain cryptocurrencies and tokens, depending on their characteristics and use cases. When cryptocurrencies function as financial instruments, the entities dealing with them - such as exchanges, brokers, and assets managers - must adhere to the MiFID II regulation.[40]

As financial technologies and crypto-assets evolve, a legal gray area has emerged, wherein different countries adopt varying approaches to regulation. This chapter provides an overview of the current legal frameworks governing CASPs, and examines the emergence of new regulatory frameworks beginning with an introduction to the EU digital finance package.

4.1. Digital finance package

The EU Digital Finance Package is a comprehensive initiative launched by the EU to foster a more integrated and innovative digital financial ecosystem across Europe. It aims to ensure that the EU remains competitive in the rapidly evolving digital finance landscape while protecting consumers and maintaining financial stability. The digital finance strategy outlines the EU´s vision for a digitally transformed financial sector. The primary goals include ensuring that EU consumers and businesses benefit from digital financial services, reducing fragmentation in the digital single market, enhancing the EU´s global competitiveness in digital finance and encouraging the adoption of cutting edge-technologies like blockchain and artificial intelligence (AI). To support the strategy, the EU has introduced several key legislative proposals such as the Markets in Crypto-Assets (MiCA) regulation.

The package aims to create a favorable environment for FinTech startups and established financial institutions to innovate. By fostering a competitive digital financial ecosystem, the EU hopes to drive economic growth and enhance the global standing of its financial sector.[41] The package also addresses potential risks to financial stability arising from digital transformation. By setting standards for operational resilience and cybersecurity, the EU aims to create a more resilient financial system capable of withstanding digital threats. Reducing fragmentation is another key objective.

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[40] 'Markets in Financial Instruments Directive (MiFID II): Frequently Asked Questions' *(European Commission*, 15 April 2014) <https://ec.europa.eu/commission/presscorner/detail/en/MEMO_14_305> accessed 15 April 2024

[41] Directorate-General for Financial Stability, Financial Services and Capital Markets Union, 'Digital finance package' (*European Commission,* 24 September 2020) <https://finance.ec.europa.eu/publications/digital-finance-package_en> accessed 27 May 2024

The package promotes the free movement of digital financial services across member states, creating a more integrated and efficient market.[42]

4.1.1. New EU rules regulating markets in crypto-assets

The European Union has provided directives to ensure the safety and address the challenges associated with crypto-currencies. The development of internet transactions and cryptocurrencies has made the EU launch the *Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849* (the Transfer of Funds Regulation or TFR). The Regulation on the Traceability of Transfers of Funds (TFR), which will enter into force as of December 2024, ensures the traceability of crypto-assets and transactions, aligning with the standards set by the *Financial Action Task Force* (FATF).[43] The TFR regulation will have a direct impact on crypto-asset transactions and the activities of CASPs. When the regulation enters into force in December 2024, the originator of a transaction must report specific information related to the transfer. This measure ensures that all transactions involving crypto-assets can be traced, which promotes transparency and security in the market.[44]

Article 3 (definitions) of TFR outlines the necessary information that must accompany transfers of funds and certain crypto-assets. Certain information must accompany every crypto-asset transaction to ensure traceability and transparency. First, details about the originator of the transaction must be provided. This includes identifying information about both the person or entity initiating the transfer (originator), and the beneficiary of the transaction, which ensures that the transaction can be traced back to its source.

The required information about the origins includes detailed data such as the blockchain address from which the transaction originates (origin distributed ledger address) and in situations where applicable, originator legal entity identifier (LEI). Information about the

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[42] Directorate-General for Communication, 'Questions and Answers: Digital Finance Strategy, legislative proposals on crypto-assets and digital operational resilience, Retail Payments Strategy' (*European Commission*, 24 September 2020) <https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_1685> accessed 25 May 2024

[43] Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849. EUR-Lex. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1113> accessed 20 May 2024

[44] Publications Office of the European Union, 'Information Accompanying Transfers of Funds and Certain Crypto Assets' (*Council of the European Union,* 24 April 2024) <https://eur-lex.europa.eu/EN/legal-content/summary/information-accompanying-transfers-of-funds-and-certain-crypto-assets.html> accessed 3 May 2024is

originator Additionally, comprehensive details about the transaction itself must be reported. All this information is then supposed to be reported in accordance with FATF standards.

4.2. The Markets in Crypto-Assets Regulation (MiCA)

On 24 of September 2020, the European Commission presented a proposal for a regulation on crypto-asset markets in response to the potential risk of trading in crypto-assets.[45] The proposed regulation resulted in the Regulation (EU) 2023/1114 on market in crypto-assets ("MiCA), which was published on 9 of June 2023 in The Official Journal of the European Union.[46] The implementation timeline for MiCA is a step-by-step process, with the first provisions expected to enter into force within the EU in mid-2024. The rules on asset-referenced tokens and e-money tokens, as outlined in Title III respective IV, will apply from 30 June 2024. Rest of the rules in the legislation apply from 30 December 2024. [47]

MiCA is considered to be among the first international regulations to establish licensing and authorization requirements for crypto-based businesses. Most of the crypto-assets operating on the market today are not covered by any of the current EU legislations regarding financial instruments, except from the anti-money laundering (AML) and counter-terrorist financing (CTF) framework. The new regulatory framework consists of a comprehensive set of rules covering crypto-assets, which clarifies the application of the existing legal framework for EU financial markets, but also sets out a new one for those crypto-assets that are currently not covered by any regulation. MiCA aims for issuers and managers of crypto assets to be done in a sustainable way from a legal point of view, and intends to create a homogeneous regulation in the European Union (EU).

The regulations will work to strengthen legal parts of the Crypto industry, where issuers will have to publish detailed "white papers" that will contain information about the issuance of the crypto asset that is issued. The MiCA regulations also contain commissions to counter market manipulation and prevent insider trading in the market. The full version of the regulation with

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[45] European Commission, 'Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Markets in Crypto-assets, and amending Directive (EU) 2019/1937' COM (2020) 593 final <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020PC0593> accessed 22 May 2024

[46] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Text with EEA relevance) [2023] OJ L 150/40. <https://eur-lex.europa.eu/eli/reg/2023/1114/oj> accessed 24 May 2024.

[47] Publications Office of the European Union, 'Summaries of EU Legislation: European Crypto-Assets Regulation (MiCA)' (Council of the European Union, 3 February 2023) <https://eur-lex.europa.eu/EN/legal-content/summary/european-crypto-assets-regulation-mica.html> accessed 25 May 2024

the remaining parts of the MiCA regulations will be implemented at the end of 2024 within the EU. Through MiCA, the landscape and market for crypto licenses, issuers and various types of transactions will receive stricter rules, licenses for issuance and trading, and create a safer market where consumer protection is improved.

Regulatory objectives and scope

The MiCA regulation lays down uniform requirements for the offer to the public and admission to trading on a trading platform of crypto-assets other than asset-references tokens and e-money tokens, of asset-referenced tokens and of e-money tokens, as well as requirements for crypto-asset service providers.[48]

Offers of crypto-asset and content and form of the white paper

One of the key requirements and biggest differences with this new regulation are the fourth article. Article 4 of the MiCA regulation sets out the requirements that issuers must meet for the disclosure to the public of a crypto asset. MiCA requires that the issuer may not issue an asset-linked token or an e-money token on the market unless the issuer complies with a set of requirements. Moreover, to issue an asset-linked token or an e-money token, the issuer must fulfill several conditions. First, the issuer must be a legal entity. They need to prepare a detailed crypto-asset white paper for the specific crypto-asset, as specified in Article 6. The white paper must contain the following information.

First, it should offer insights into the offeror or the individual seeking admission to trading. If the issuer differs from the offeror, their details must be included as well. Furthermore, if the white paper is drawn up by the operator of the trading platform, relevant information about them must also be provided. The document should provide a comprehensive overview of the crypto-asset project, including details about the public offer of the crypto-asset or its admission to trading. Moreover, it must offer specific information about the asset itself and clarify the associated rights and obligations. An explanation of the underlying technology utilized for the crypto-asset is required, alongside a thorough exploration of potential risks.[49]

The white paper should also address the principal adverse impacts on the climate and other environment-related factors stemming from the consensus mechanism employed in issuing

[48] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Text with EEA relevance) [2023] OJ L 150/40. <https://eur-lex.europa.eu/eli/reg/2023/1114/oj> accessed 24 May 2024.
[49] ibid

crypto-asset. It must then be notified to the relevant authorities in accordance with Article 8, and subsequently published as per the guidelines in Article 9. Furthermore, the issuers of crypto-assets must meet the requirements set out in Article 4 to be able to sell their tokens or e-money tokens on the market. Additionally, if the issuer creates any marketing communications for the crypto-asset, these must be drafted in line with the standards set out in Article 7 and published according to the procedures in Article 9.

Finally, the issuer must also comply with the requirements for offerors detailed in Article 14. These steps ensure that the process of issuing crypto-assets is transparent and that potential investors have access to all the necessary information to make informed decisions.

Right of withdrawal

According to Article 13 of the MiCA regulation, non-professional holders who purchase crypto assets from either the issuer or a provider of crypto asset services are entitled to the right of withdrawal. Holders have a 14-day deadline to cancel their purchase from the day on which the buyer agrees and completes the purchase of their crypto asset. They can request a repurchase from the issuer of their crypto asset without incurring any fees or costs connected to the cancellation purchase. The issuer must refund the repurchase no later than 14 days after the day on which the buyer of the crypto-asset notifies the seller of the decision to withdraw from their purchase.[50]

The seller of the crypto-asset must reimburse the buyer using the same means of payment that the buyer used in the original transaction. However, this does not apply if the buyer expressly agrees to a different period together with the seller and that no fees and costs are added as a result of such a specific refund. The seller must also report in their white paper information about the right of withdrawal that is available to the buyer before the purchase if the crypto-asset interacts up to trading before the buyer trades the asset.[51]

[50] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Text with EEA relevance) [2023] OJ L 150/40. <https://eur-lex.europa.eu/eli/reg/2023/1114/oj> accessed 24 May 2024.
[51] ibid

4.2.1. Obligations for all crypto-asset service providers

"Obligation to act honestly, fairly and professionally in the best interests of clients"

MiCA imposes obligations not only on direct issuers of crypto-assets, but also on various types of financial service providers involved in the trading of crypto-assets. A significant portion of the MiCA regulations focuses on the obligations of CASPs who have their own set of responsibilities within this regulatory framework.

According to Article 66 of MiCA, "*Obligation to act honestly, fairly and professionally in the best interests of clients",* CASPs have the following obligations. The article presents Crypto-asset service providers obligations to ensure fair and transparent practices. CAPSs must act in the interests of their clients and provide clear and truthful information, and warn about the risks associated with crypto-assets transactions. They are required to share white papers associated with any crypto-asset they provide, and disclose pricing policies publicly. Additionally, they must provide information on the environmental impacts of crypto-assets.[52]

"Prudential requirements"

According to Article 67 of MiCA the CAPSs must align with Prudential Requirements to receive MiCA-license that contain 5 areas of obligations. CASPs have obligations regarding capital requirements. They must maintain prudential safeguards, which are determined by the higher of two factors of either the permanent minimum capital requirements specified in Annex IV which could vary depending on the type of crypto-asset the service provides in the market.

The other factor contains obligations to fixed overheads of one quarter from the earlier year. If a CAPSs haven't been operative in a full calendar year they should base a calculation on projected fixed overheads for the first 12 months of the business being active. If the business is using the second option in the first paragraph they should conduct an exclusion of bonuses in the relevant year of calculations, employees, directors and partners own shares of the profits of the calculated year and one-time expenses from non-recurring operations.

Prudential safeguards can take the form of own funds or an insurance policy covering the territories where services are provided. The insurance policy must meet certain criteria and

[52] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Text with EEA relevance) [2023] OJ L 150/40. <https://eur-lex.europa.eu/eli/reg/2023/1114/oj> accessed 24 May 2024.

cover various risks, including loss of documents, breaches of legal obligations, and business disruptions and be published on the CAPSs website.[53]

"Governance arrangements"

According to Article 68 of MiCA the CAPSs must align with Governance arrangements to receive MiCA-license. These obligations contain internal governance structures conducting clear responsibilities and accountabilities of the business. The management of the CASP shall not have been convicted of any type of money laundering activities nor terrorist financing. This also includes shareholders and members with direct or indirect holdings in CASP. The regulation assesses that CASPs shall adopt internal structural processes that ensure the business compliance with the MiCA regulation to identify potential risks associated with their operations.

Additionally, CASPs must appoint a compliance officer or chief responsible for ensuring compliance with regulatory requirements and maintaining adequate records. Furthermore, CASPs are required to establish procedures for the prevention of different conflicts of interest of the business to ensure transparency in their daily operations by disclosing relevant information to clients and customers as well as regulatory authorities.[54]

"Safekeeping of clients crypto-assets and funds"

According to Article 70 of MiCA, CAPSs must ensure protection of customers' crypto assets and funds. This article's purpose is to ensure customers' crypto assets and funds are separated from CAPS's own account. CAPS holding customers' crypto assets must implement tools to protect customers' ownership, ensuring customers own assets. CAPS cannot entitle customers' capital to its own account and must hold assets in custody, in a separate bank account.

"Complaints-handling procedures"

CAPS must implement transparent complaint handling procedures for clients free of charge where the CAPS must provide the clients of a template for filing. To align with this CAPS obligation the CAPS must also notify the clients about the process and investigate the

[53] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Text with EEA relevance) [2023] OJ L 150/40. <https://eur-lex.europa.eu/eli/reg/2023/1114/oj> accessed 24 May 2024.

[54] ibid

complaints in a fair time and communicate to the clients during the process. CASPs also need to ensure that documentation and records of complaints received are stored.[55]

"Identification, prevention, management and disclosure of conflicts of interest"

CASPs must implement procedures to identify and prevent conflicts of interest related to the business. The CASP need to disclose conflict of interest and the alleviation process on their website and assess the conflict of interest to address potential deficiencies once a year at minimum. The identification of conflicts includes at least two clients with mutual interest of conflict, the business itself, the shareholders, persons with direct or indirect connection to the business or shareholders, management of the CASP, employees and clients.[56]

[55] Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Text with EEA relevance) [2023] OJ L 150/40. <https://eur-lex.europa.eu/eli/reg/2023/1114/oj> accessed 24 May 2024.

[56] ibid

5. Theoretical framework

In this chapter, we introduce a comprehensive theoretical framework designed to contextualize and underpin our study. This framework draws upon the Resource-Based View (RBV), which has been extensively applied across financial and technological sectors, offering critical insights into how firms strategically leverage their resources to achieve and sustain competitive advantage. Within these dynamic environments, characterized by rapid technological advancements and stringent regulatory challenges, the strategic management of resources becomes paramount. Furthermore, we extend the RBV by incorporating the concepts of an Institution-based view (IBV).

5.1. Resource-based view (RBV)

The resource-based view (RBV) is a theoretical framework that focuses on the inside of a firm, and analyzes how internal resources and capabilities can help businesses develop and sustain a competitive advantage. This theory emphasizes that unique, valuable, and difficult-to-imitate resources are essential for achieving and maintaining a competitive edge.[57] Firms have different resources that vary in value, rarity, and inimitability, which according to the RBV allows them to implement unique strategies related to their specific strengths and weaknesses. Resources refer to the tangible and intangible assets controlled by the firm, and capabilities to the firm's ability to use these effictively.

Initially developed by scholars such as Barney, Penrose and Wernerfelt, RBV posits that firms possess heterogeneous resources that must be combined with capabilities to create core competences, which heterogenity enables them to formulate a successful strategy that leads to a competitive advantage. Key proponents of RBV argue that firms should focus on their internal strengths rather than external market conditions to gain a competitive advantage. Barney defines firm resources as “all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc., controlled by a firm”.[58] Moreover, capabilities are often processes or routines that the firm develops over time. Penrose's *The Theory of the growth of the firm* laid the groundwork by emphasizing the internal resources of firms as the

[57] Klaus Meyer and Mike Peng, *International Business* (4th edn, Cengage 2023) 90.
[58]Barney, J, ‘Firm Resources and Sustained Competitive Advantage’ (1991) *Journal of Management* 17 (1): 99–120 <https://doi.org/10.1177/014920639101700108> accessed 12 May 2024

basis for growth and development.[59] Moreover, Wernerfelt´s paper *A resource-based view of the firm* formalized the concept by arguing that resources are critical for strategic management.[60] Further developments in the RBV has led to the concept of dynamic capabilities, which focus on a firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments.

5.2. Institutional-based view (IBV)

Despite its limitations and criticism, RBV continues to evolve, integrating concepts like dynamic capabilities to better address the complexities of modern business environments. One criticism of RBV is the lack of clarity and consensus on what constitutes a resource, leading to challenges in empirical measurement and validation. Another criticism is that the RBV is inherently static and doesn't account for the dynamic nature of competitive environments. The causal link between resources and capabilities can also be ambiguous, making it difficult to establish clear cause-and-effect relationships.

A complement to RBV might be the Institutional-Based View (IBV), a strategic management perspective that emphasizes the importance of institutional environments - both formal and informal - in shaping organizational behavior and performance. This view complements other strategic management theories, by focusing on the broader institutional context within which firms operate. IBV examines how institutions - defined as the rules, norms, and regulations - affect organization strategies and outcomes. Institutions can be formal, such as laws and regulations, or informal, such as cultural norms and societal expectations. IBV posits that these institutional factors play a crucial role in determining firm behavior and performance by providing stability, reducing uncertainty, and offering guidelines. Institutions significantly influence organizational behavior and performance and businesses have a dynamic interaction with institutions in the way they construct strategic choices. They shape the strategic choices available to firms and determine the legitimacy of different business practices.

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[59] Edith Penrose, *The Theory of the Growth of the Firm* (3rd edn, Oxford University Press 1995) 65-85 <https://doi.org/10.1093/0198289774.001.0001>

[60] Birger Wernerfelt, 'A Resource-Based View of the Firm' (1984) *Strategic Management Journal* 5(2): 171 <http://www.jstor.org/stable/2486175> accessed 20 May 2024

Changes in the institution environment, like regulatory reforms, can create both opportunities and challenges for firms. Informal institutions encompass norms, cultures, and ethical standards that influence organizational behavior. In contrast to the formal rules, the informal are unwritten and more likely to be expectations that arise from professional networks, industry practices, societal values and cultural norms. Informal institutions shape the reputation and normative pressures on organizations, influencing how they are perceived by stakeholders. [61]

5.3. Implications for firms in financial markets

RBV has been extensively applied in financial and technological contexts, offering valuable insights into how firms in these dynamic environments leverage their resources to achieve and sustain competitive advantage. In these sectors, rapid technological advancements and regulatory challenges create both opportunities and challenges, making the strategic management of resources critical. The concept of dynamic capabilities extends the RBV by emphasizing the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. This perspective is particularly relevant for CASPs, which operate in the fast-evolving landscape of blockchain technology and financial regulation. It is argued that firms must develop capabilities to adapt to technological changes and market shifts.[62] For CASPs, this entails continually enhancing their technological infrastructure, regulatory compliance mechanism, and strategic alliances to maintain competitiveness.

The effective management of financial resources is another critical aspect of sustaining competitive advantage. This involves not only securing sufficient capital but also strategically allocating it to areas that drive growth and compliance. Mahoney and Pandian underscore the importance of financial resources in strategic management, particularly in ensuring that firms can invest in necessary capabilities and absorb the costs associated with regulatory compliance.[63] For CASPs, this includes allocating funds to develop compliance frameworks, train staff, and invest in technology that ensures adherence to the MiCA regulation.

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[61] Mike W. Peng, 'Towards an institution-based view of business strategy' (2002) 19(2,3) Asia Pacific Journal of Management 251 <https://doi.org/10.1023/a:1016291702714> accessed 20 May 2024

[62]David J. Teece, Gary Pisano and Amy Shuen, "Dynamic capabilities and strategic management" (1997) Strategic Management Journal, 18(7) 509-533 <https://www.jstor.org/stable/3088148> accessed 16 May 2024

[63] Joseph T. Mahoney, J. Rajendran Pandian "The Resource-Based view within the conversation of Strategic Management" (1992) Strategic Management Journal 13(5), 363-380 <https://doi.org/10.1002/smj.4250130505> accessed 16 May 2024

In highly regulated industries, the ability to comply with regulatory requirements can itself be a source of competitive advantage. Firms that can efficiently align their resources and capabilities with regulatory demands can avoid legal penalties, build trust with stakeholders, and capitalize on new market opportunities created by regulation. The evolving nature of the resource-based view (RBV) and its applicability to contemporary strategic challenges, including regulatory compliance, is emphasized.[64] For CASPs, this means developing capabilities that not only meet current regulatory standards but also anticipate future regulatory trends.

Overall, integrating RBV and IBV provides a robust framework for understanding how CASPs can effectively manage their resources to thrive in a rapidly changing and highly regulated industry. This approach underscores the necessity for strategic foresight, prudent resource allocation, and compliance agility, all of which are essential for sustaining competitive advantage in the dynamic landscape of blockchain technology and financial regulation.

[64] Jay B. Barney, David J. Ketchen, Jr., Mike Wright "The future of Resource-Based Theory: Revitalization or Decline?" (2011) Journal of Management 37(5): 1299-1315 <https://doi.org/10.1177/0149206310391805> accessed 16 May 2024

6. Findings

The theoretical part above includes an introduction to the crypto-asset market and its legal environment, which sets the basis for describing and explaining the researched findings presented in this section.

6.1. Goobit Group

Goobit Group operates within the financial sector, focusing on the cryptocurrency services. They are known for their pioneering force in the Bitcoin exchange industry, particularly through its renowned platform, BTCX which was launched in 2012. The company specializes in the exchange of fiat currencies to Bitcoin, with a cumulative exchange volume exceeding 2.0 billion SEK. Moreover, Goobit Group operates through several key brands and services but also wholly-owned subsidiaries, each focusing on different aspects of the business. The flagship service of Goobit Group is BTCX, offering both express and standard exchange options (*BTCX Express and Standard Bitcoin Exchange*) to cater different customer needs. They also provide another specialized service (AML Desk and compliance service) for crypto assets, designed to help businesses navigate the complex regulatory landscape, ensuring adherence to legal requirements and best practices.

Goobit AB targets private individuals, corporate customers, and financial institutions, providing a wide-range of Bitcoin-related services. Goobit Blocktech on the other hand focuses on technological advancements and blockchain solutions, contributing to the group´s innovation and service development. Last but not least, Goobit Exchange AB manages the operation aspects of the BTCX platform, ensuring efficient and secure exchange services.

6.1.1. Interview with Goobit Group

Goobit acknowledges that the requirements for obtaining a MiCA license will impact resources, skills, capital, relationships, and compliance efforts. While the company claims to have many of the necessary elements in place, it recognizes that the expectations under MiCA are not entirely aligned with their current practices. According to Goobit, a significant part of the work required within the company is the formal aspect of compliance. This includes developing new frameworks, documents, routines, and documentation that adhere to the obligations for Crypto-Asset Service Providers (CASPs) under the MiCA Regulation.[65]

[65] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024)

Goobit claims that a substantial part of their change efforts will necessitate an increase in legal professionals with expert knowledge in the field in order to align with the obligation and strategic use of internal resources to achieve compliance and maintain competitive advantage.[66]

"There will be a number of obligations that will require a lot of legal hours"

The company will also need to add large resources to the legal team within the company as well as people who will be hired to work with and do documentation internally. There will be one or more people who will act as the role with direct reporting to FI.[67]

Goobit acknowledges that this change of process and the preparations for MiCA compliance will incur significant costs for the business. This has already been reflected in the company's budget for the current year, where the compliance budget has increased substantially from previous years.[68] As a result, Goobit will need to redistribute resources from other segments of the company to cover the costs required for obtaining a MiCA license. Goobit claims that many of these costs are one-time costs in order to align with the obligations, even though Goobit claims this could create value for Goobit in the long term. The business acknowledges their weakness of experts in regulatory compliance of the MiCA regulation. Therefore, the human resources of the company in terms of expert knowledge in the field in order to align with the obligation will need to expand to sustain the competitive advantage in the market.[69] The company also acknowledges the use of new strategic decisions and implementation of developed frameworks, documents, routined and documentation that adhere to the obligation. Internal resources, and elements that Goobit will need to adjust to the new MiCA regulation in order are acknowledged and prioritized in the strategic decision making in sustaining competitive advantages and protecting the intangible resources of the business such as brand reputation and consumer loyalty. This expertise is crucial for understanding the regulation and its implications for the company.

Goobit has already begun and plans to continue hiring more compliance personnel, both internally and externally, to manage compliance and ensure ongoing alignment with the regulations.[70] Goobit is actively working to implement the concrete operational obligations

[66] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024)
[67] ibid
[68] ibid
[69] ibid
[70] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024)

for CASPs in the EU in a timely manner. Regarding capital requirements introduced by MiCA, the company claims to already comply with these requirements. As an actor in this industry, Goobit believes that it must maintain higher capital levels than the obligations mandate, and the company asserts that it is already in line with MiCA's capital requirements.[71] Goobit acknowledges that the requirements for handling complaints, managing conflicts of interest, and overseeing outsourcing need further attention to comply with the regulations. Specific efforts are underway to implement templates and make several changes to the existing formalities for complaint handling.

> *"It will be reviewed much more and that is because there will be very, very clear demands on it."*[72]

Goobit claims that achieving the MiCA license in time could create value for the organization. The business could receive new clients from other companies that aren't as well prepared which correlates to the theory's claims. If the business doesn't achieve this license in time this could instead harm the company's brand reputation and cause significant loss of revenue.[73] Goobit also claims that its strategic processes and decisions to achieve sustainable and competitive advantages include specializing in bitcoin. This approach offers certain advantages and organizational simplicity and cost-effectiveness. Goobit believes that the introduction of the MiCA regulation can lead to several positive aspects for both the company and the industry.

Historically, banks have been reluctant to cooperate with companies involved in crypto, which has impacted the industry's credibility. Goobit believes that the MiCA directive can strengthen the reliability of the crypto industry and open up new market opportunities for the company.[74] According to Goobit, can the legislation create an entry barrier for new players, and companies that are already established and have greater capital and preparation will have advantages in complying with the obligations and rules that are introduced. Goobit believes that there may be a consolidation and that larger companies get more benefits than they already had before this regulation.[75]

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[71] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024)
[72] ibid
[73] ibid
[74] ibid
[75] ibid

Additionally, Goobit claims that many smaller players may find it challenging to comply with these requirements, potentially leading to their disappearance from the market. The company believes this could create competitive advantages and market opportunities for them. Finally, Goobit asserts that the introduction of this directive increases the opportunities for the industry to operate under fair EU regulations and for actors to operate under the same conditions across Europe.[76]

6.2. Quickbit

As a complement to our single case study and interview with Goobit, we also aim to analyze how the legal framework affects other CASPs. By examining CASPs like Quickbit, we aim to illustrate how regulatory frameworks are applied in practice and the challenges and opportunities faced by CASPs in the evolving digital asset landscape.

6.2.1. Youtube interview with Quickbit

Quickbit was founded in 2016 and is based in Sweden, while it operates across various European Markets. They offer a range of services including cryptocurrency wallets, exchange services, and payment solutions for businesses and consumers. Their platform enables users to buy and sell various cryptocurrencies, store them securely, and use them for transactions with merchants that accept crypto payments. [77]

In order to meet the requirements for a Crypto Asset Service Provider in the upcoming Markets in Crypto-Assets (MiCA) regulation, Quickbit states that the company must undergo several changes in its structure and resource allocation in order to achieve the MiCA license. Quickbit claims that it will lead to work before the application that is needed to get governing documents and processes working in place to be awarded a CASP license to operate on the European market. In order for the business's compliance to comply with CASP obligations, the company must involve all people in the business to ensure that we get the processes we need.[78] Quickbit argues that new processes must be implemented to deal with the requirements underlying CASPs under the MiCA regulation to deal with obligations of outsourcing, conflicts of interest, investor protection, governance arrangements and customer complaints, in order to be able to operate in the European market.

[76] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024)
[77] Quickbit, 'About us' <https://www.quickbit.com/int/en-us/about/> accessed 20 July 2024
[78] Vänerfors Elvira, Head of Legal & Compliance, Quickbit 'CLOSE UP: Crypto regulations, Anti-money laundering & Financial crime' (26 April 2024) <https://www.youtube.com/watch?v=EQgl8o6TMw4> accessed 20 May 2024

Quickbit claims that there are processes for some of these obligations, but that the company must do a thorough investigation to see if those processes are sufficient based on the new legislation.[79]

Several implementations will be required to ensure regulatory compliance, states Quickbit (2024) in an interview,

> *"Which means we need to have more policies and instructions and routine descriptions and so on how we work to be compliant with this legislation"*
>
> *"We will need processes to handle conflicts of interest, processes to handle Investor protection and also additional processes for governance arrangements, we will also need to have a more far-reaching process to handle complaints that come in from customers."*[80]

Quickbits claims regarding the new processes that must be implemented to deal with the requirements underlying CASPs under the MiCA regulation to deal with obligations of outsourcing, conflicts of interest, investor protection, governance arrangements and customer complaints.[81] The company will also need to expand information to customers related to the risks that exist with trading crypto assets. There will be a need for more experts with competences in the company for more areas than it does cover today in the company's resources, which means areas of expertise such as competent and relevant lawyers in the area Quickbit claims.

It will be necessary to hire more experts and expand the competence within the team to cover the new supervisory areas needed to achieve the requirements for CASPs according to the MiCA regulation which will lead to increased costs for the upcoming period according to Quickbit.[82]

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[79] Vänerfors Elvira, Head of Legal & Compliance, Quickbit 'CLOSE UP: Crypto regulations, Anti-money laundering & Financial crime' (26 April 2024) <https://www.youtube.com/watch?v=EQgl8o6TMw4> accessed 20 May 2024
[80] ibid
[81] ibid
[82] ibid

6.3. Annual reports 2023 from Swedish CASP operators

Based on information from the Swedish based crypto asset service provider companies there are several plans and implementations to allocate and construct new resources to comply with the upcoming MiCA regulation.[83] According to Safello, the business has investigated how this directive will affect their operations and which obligations the company will have to comply with in order to be awarded a MiCA license. According to their annual report, the company argues that:

> *"We invest in this continuously by allocating resources to the ongoing implementation of the Markets in Crypto Assets (MiCA) regulation that will regulate the European crypto market going forward."* [84]

The company claims that the introduction of these regulations will lead to more changes in the company's structure, costs and its required resources:

> *"If regulatory changes occur within the Company's area of activity, these may entail increased costs for the Company to ensure compliance with the rules, and should the Company fail to comply with applicable rules, there is a risk that competent authorities will impose sanctions or withdraw necessary permits, which depending on the severity would adversely affect the Company's margins."*[85]

According to the interview that was conducted with Goobit, the MiCA regulations will place new demands on the company[86], which will lead to several changes so that the company can achieve compliance with the MiCA regulation and be operational on the European market in the future, states the company in its annual report from 2023.[87]

> *"We see transparency, compliance, and customer security as crucial elements in our business model."*

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[83] Safello Group AB, 'Årsredovisning 2023' (5 April 2024) <https://safello.com/investors/reports/2023_annual-report_en.pdf> accessed 19 May 2024
[84] ibid
[85] ibid
[86] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024)
[87] Goobit Group AB, 'Goobit Group Publishes Annual Report 2022 /2023' (2 October 2023) <https://storage.mfn.se/cd44dad2-1265-4b6f-bee0-78b1aa604920/goobit-group-publishes-annual-report-2022-2023.pdf> accessed 19 May 2024

"With upcoming EU regulations like MiCA, we anticipate a significant increase in compliance needs across industries, and we are ready to support European businesses in meeting these requirements.“

"The Company has started the work to obtain a MiCA license and is collaborating with renowned legal professionals to navigate the upcoming application process."[88]

Quickbit describes in its annual report from 2023 that the company works and continuously monitors the development of the MiCA regulation in what will affect the company and the crypto market.

"Quickbit continuously monitors developments in the field and is involved in dialogues about what is happening in the field on a regulatory level. Quickbit foresees that it will require a lot of time and resources to implement upcoming legislation in the company's organization, in order to achieve regulatory compliance..”[89]

The company also claims an awareness that it may involve changes within the company in the near future.

"The rules of the so-called The MiCA regulation, which targets cryptocurrency services, plans to become applicable in 2024 and early 2025, which means new regulatory requirements will be imposed on Quickbit.[90]

With these regulations, the company also claims how this may affect the company's change of work of resources, costs and structure within the company.

"The regulatory changes that take place within Quickbit's area of operation may mean increased costs for Quickbit to ensure regulatory compliance."[91]

[88]Goobit Group AB, ‘Goobit Group AB (publ) årsredovisning 2022:2023’ (October 2023) <https://cdn.prod.website-files.com/5e3aac713830449afb7dbc0e/651ae20f4a68f381b33bfea2_goobit-group-ab-publ-arsredovisning-2022-2023.pdf> accessed 19 May 2024
[89]Quickbit AB, ‘Krypto; enkelt, snabbt och användbart, Årsredovisning 2022/2023’(2023) <https://investor.quickbit.com/wp-content/uploads/Quickbit-AR-2223_se_231123.pdf> accessed 19 May 2024
[90] ibid
[91] ibid

6.4. Delphi Law Firm

One firm of lawyers, Delphi, discusses the impact of the new MiCA regulation in a podcast episode.[92] The law firm claims that the purpose of the regulations is to promote credibility and competition for member countries, increase protection for non-professional holders (i.e., consumers and investors), and ensure a high level of integrity and robustness against financial crimes such as money laundering and terrorist financing. ESMA and FI will construct a structure that companies will have to adhere to.[93] Delphi asserts that if a business is not a large player with experience in similar processes, it will need help from an advisor. There are many demands on the business, and a substantial amount of documentation must be submitted. This documentation must be structured and prepared in a way that is comprehensible to FI and organized in the manner FI typically expects, including the operational plan, business plan, and general documents to create an early understanding.[94]

Transparency requirements are central to the regulation and consist of two main parts. First, information must be provided to the token holder. This includes accounting for the number of tokens in circulation and their value, as well as information about events likely to have a significant impact on the tokens' value. Second, complaint handling procedures must be established, detailing how complaints will be managed within the company, who will be responsible, and what the process entails. The handling must be clear, predictable, fast, and consistent, ensuring strong consumer protection.[95]

Failure to follow the rules can result in sanctions. According to MiCA, penalties can be up to one percent of the global turnover of a group. There are different levels of sanctions depending on which article has been violated, with the highest for legal entities being 15% of global annual turnover. Delphi considers that from both a legislative and market perspective, the need for regulation has been significant. It will create greater security for consumers and establish conditions for companies in the market.[96]

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[92] 'Delphipodden - MiCA-förordningen - ny reglering av krypto-branschen' (*Advokatfirman Delphi,* 15 April 2024) <https://www.delphi.se/sv/tech-blog/delphipodden-mica-forordningen-ny-reglering-av-krypto-branschen/> accessed 28 July 2024

[93] Delphipodden 'S03E07: MiCA-förordningen - ny reglering av krypto-branschen´ (15 April 2024) <https://soundcloud.com/user-248176305/s03e07-mica-forordningen?utm_source=clipboard&utm_medium=text&utm_campaign=social_sharing> accessed 28 July 2024

[94] ibid

[95] ibid

[96] ibid

7. Results and Analysis

7.1. Correlations to RBV

In this section, we will explore how the findings from the data analysis correlate with the principle of the Resource-Based View (RBV). By analyzing the correlation to the RBV, this section aims to provide a deeper understanding of various CASP businesses' strategic positioning and the role of its resources in navigating regulatory requirements and maintaining competitive advantage.

7.1.1. Goobit correlations to the Resource Based View

Goobit acknowledges the impact of resources, skills, capital, relationships, and compliance efforts related to the work required within the company to receive the license. Mostly developing new frameworks, documents, routines, and documentation that adhere to the obligations for CASP. This statement correlates with the RBV theory of a firm's ability to integrate, build, and reconfigure internal and external competencies when environments develop. According to RBV, companies can implement unique strategies related to their specific strengths and weaknesses to the firm's ability to use these effictively. RBV claims that Intangible Resources have to be inherited in the business resource and strategic decision in order to assess and protect brand reputation, intellectual property, company culture, and customer loyalty in order to sustain competitive advantages.[97]

The theory correlates with Goobits acknowledgement in the securing efforts necessary resources such as the internal and external increase of legal professions with expert knowledge to achieve compliance and maintain competitive advantages. Goobit claims that in time the license could create value for the organization and if the business doesn't achieve the license could harm the revenue. In correlation to the RBV which emphasizes that valuable, rare, inimitable, and non-substitutable resources can enable improved efficiency and decrease in costs in the long term for businesses, although this could lead to increased short term cost and one time costs.[98]

According to the RBV the Tangible Resources of the business play a crucial role in sustaining competitive advantage, as described earlier these resources include financial assets in the

[97] Birger Wernerfelt, "A Resource-Based View of the Firm" (1984) *Strategic Management Journal* 5(2): 171 <http://www.jstor.org/stable/2486175> accessed 20 May 2024

[98] Barney, J, "Firm Resources and Sustained Competitive Advantage" (1991) *Journal of Management* 17 (1): 99–120 <https://doi.org/10.1177/014920639101700108> accessed 12 May 2024.

company.[99] Goobit has acknowledged that these capital requirements of MiCA are soft, the business believes that maintaining higher capital requirements could create value for the organization.

The RBV claims that businesses need to actively work in adjusting resources in the organization of up to date requirements. The theory claims that possessing valuable resources can reduce firms' cost and improve the businesses efficiency and position in the market in comparison to their competitive rivals.[100] Goobit claims the business could receive new clients from other companies that miss out the license, which correlates to the theory's with the importance of reconfiguring resources and strategies to market development.[101] To be able to create correct complaint documents and all the documentation to which it is connected. As well as having employees who can continuously work and follow up on these negotiations once the regulations have entered into force. This will cost the company a lot of money, which is a preparation that the company is getting ready for in its resource and strategy allocation.

The company is preparing for increased costs related to compliance and documentation. Goobit's strategy focuses on specializing in bitcoin, which they believe offers advantages in simplicity and cost-effectiveness which correlates with RBV the implementation of unique strategies to strengthen the business to its competitors. The company sees potential benefits from MiCA regulation, including increased industry credibility and new market opportunities. Goobit's specialization in bitcoin is viewed as a core competency, potentially leading to competitive advantages.

7.1.2. Quickbit correlations to the Resource Based View

Quickbit claims that the company must implement a new structure and resource allocation in order to achieve the MiCA license. These claims align with their competitor Goobits claims.[102] The RBV theory address firm's ability to reconfigure internal and external in changing environments[103] In correlation with RBV, Quickbit will have to strengthen the

[99] Jay Barney, "Firm Resources and Sustained Competitive Advantage" (1991) *Journal of Management* 17 (1): 99–120 <https://doi.org/10.1177/014920639101700108> accessed 12 May 2024.
[100] Birger Wernerfelt, "A Resource-Based View of the Firm" (1984) *Strategic Management Journal* 5(2): 171 <http://www.jstor.org/stable/2486175> accessed 20 May 2024
[101] Edith Penrose, *The Theory of the Growth of the Firm* (3rd edn, Oxford University Press 1995) 65-85 <https://doi.org/10.1093/0198289774.001.0001>
[102] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024)
[103] Birger Wernerfelt, "A Resource-Based View of the Firm" (1984) *Strategic Management Journal* 5(2): 171 <http://www.jstor.org/stable/2486175> accessed 20 May 2024

weaknesses to the firm's ability to compete effictively.[104] Quickbits states the importance of implementing outsourcing, conflicts of interest, investor protection, governance arrangements and customer complaints correlate with the claims made by Goobit.[105]

7.1.3. Annual reports from 2023 correlations to the Resource Based View

Based on the study's qualitative and quantitative data, there are several correlations between the Resource-Based View (RBV) and the preparations that Swedish CASP companies are making for MiCA regulations to sell their services in the European market after 2024. The companies are developing intangible resources, as RBV suggests. The study highlights correlations between RBV and Swedish CASP companies' preparations, such as Goobit's efforts to enhance knowledge, skills, and abilities through increased recruitment and investment in experts. These efforts are focused on establishing the routines and processes required for a MiCA license.

The importance of capital margins and accurate cost calculations is emphasized to avoid financial strain due to the comprehensive regulations. This aligns with RBV's emphasis on resource allocation and adaptation strategies for sustaining competitive advantages. RBV suggests that firms should proactively develop their ability to integrate, build, and reconfigure competencies to address changing environments. The study finds a connection between MiCA compliance and the ability of companies to sustain competitive advantages, as firms aim to outpace rivals struggling with the new regulatory landscape.

RBV also notes that initial preparations can be costly but may ultimately reduce long-term costs and provide competitive advantages. This is echoed by Goobit, Quickbit, and Safello, who acknowledge the tough costs and extensive strategic changes required. However, these companies view the investments as necessary for future efficiency and competitive advantages in the market.

[104] Vänerfors Elvira, Head of Legal & Compliance, Quickbit 'CLOSE UP: Crypto regulations, Anti-money laundering & Financial crime' (26 April 2024) <https://www.youtube.com/watch?v=EQgl8o6TMw4> accessed 20 May 2024
[105] ibid

7.1.4. Correlation Between Business Literature and Goobit's Responses

MiCA's will provide a more stable and predictable environment for both investors and CASPs, ultimately leading to fair competition and increased safety in the market.[106] In correlation with Goobit, it acknowledges that MiCA will necessitate extensive changes in their compliance framework, including new documentation, routines, and formal processes.[107] This aligns with Shirazi & van der Linden's assertion that MiCA's obligations such as white papers, handling complaints, and managing conflicts of interest will require resource allocation and investments for businesses.[108] Goobit's strategic preparations and resource allocation to meet these requirements directly support this claim[109]

Shirazi & van der Linden claims that an uneven playing field favoring larger entities, and overly strict requirements which might lead to challenges for businesses.[110] In correlation with Goobit who expresses concerns about the extensive resources needed to comply with MiCA, including hiring additional legal professionals and allocating significant financial resources to meet the new requirements. This reflects Shirazi & van der Linden's point about the strictness of the requirements and the potential burden on smaller players. Goobit's recognition of the competitive advantage that larger, well-prepared companies will gain under MiCA also resonates with Goobits claims of being well prepared in terms of resource allocation and investments in order to achieve competitive advantages once the market is operating under this framework.[111]

Bočánek argues that the implementation of the new regulatory framework and the fulfillment of its requirements by CASPs will create new opportunities for these entities. Specifically, banks may become more open to collaborating with CASPs that possess legitimate MiCA licenses, which are based on EU legislation and monitored by local authorities. Additionally, MiCA is expected to establish a new, more legitimate market for the crypto industry, necessitating companies to adapt, invest capital, and allocate more resources to compete effectively.[112]

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[106] Tina van der Linden, Tina Shirazi. "Markets in crypto-assets regulation: Does it provide legal certainty and increase adoption of crypto-assets?" (2023), Financial Innovation, 9(22): 22-30. https://doi.org/10.1186/s40854-022-00432-8 accessed 19 May 2024.
[107] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024).
[108] ibid
[109] ibid
[110] ibid
[111] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024).
[112] Marek Bočánek, 'First Draft of Crypto-Asset Regulation (MiCA) with the European Union and Potential Implementation' (2021) *Financial Law Review* 22 (22 (2)): 37–53 <https://doi.org/10.4467/22996834FLR.21.011.13979> accessed 19 May 2024 .

This correlates with Goobit who claims that MiCA will enhance the credibility of the crypto industry and open up new market opportunities by fostering better relationships with financial institutions. The company's strategic focus on specialization in bitcoin, which has historically provided them with competitive advantages. Goobit's preparation to meet MiCA's requirements aligns with the author's assertion of new resource investments.[113]

7.1.5. Delphi correlations to RBV

Delphi asserts that if a business is not a large player with experience in similar processes, it will need help from an advisor. This aligns with Goobit who claims the knowledge of the business current weakness of experts in regulatory compliance of the MiCA regulation.[114] Therefore, the human resources of the company in terms of expert knowledge in the field in order to align with the obligation will need to expand to sustain the competitive advantage in the market.[115] Delphi highlights the importance of companies constructing an effective resource strategy and investments. Delphi claims that there are many demands on the business, and a substantial amount of documentation must be submitted in order to be granted the license. This will cost Transparency requirements are central to the regulation and to the businesses. Delphi emphasizes the importance of resource allocation in order to be successful, which correlates to RBV's view on resource allocation and adaptation strategies to ensure sustaining competitive advantages.[116]

7.2. Findings related to the IBV

According to the IBV Institutions significantly influence organizational behavior and performance and businesses have a dynamic interaction with institutions in the way they construct strategic choices.[117] This correlates with the given findings from the thesis from different sources: Goobit claims at repeated times the importance of resource allocation and investments in compliance to obtain the MiCA license, including as previously mentioned developing new frameworks, routines and documentation needed. For example recognizes the need to expand its legal team and develop new frameworks to meet compliance obligations

[113] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024)
[114] ibid
[115] Delphipodden 'S03E07: MiCA-förordningen - ny reglering av krypto-branschen´ (15 April 2024) <https://soundcloud.com/user-248176305/s03e07-mica-forordningen?utm_source=clipboard&utm_medium=text&utm_campaign=social_sharing> accessed 28 July 2024
[116] ibid
[117] Mike W. Peng, 'Towards an institution-based view of business strategy' (2002) *Asia Pacific Journal of Management* 19(2,3): 251 <https://doi.org/10.1023/a:1016291702714> accessed 20 May 2024.

The importance of integrating and reconfiguring internal and external competencies in changing environments, including intangible resources and investments in legal expertise. Goobit's acknowledgment of adapting to regulatory changes underscores the dynamic nature of competitive environments.[118] In line with the IBV which suggests it is influenced by the institutional context.[119] Quickbit claims similar conclusions in significant shifts in the institutional environment, requiring the companies to adapt their strategies to comply with new legal and regulatory requirements. Quickbit mentions the necessity of implementing new processes and hiring experts to handle the requirements under MiCA.[120] This aligns with IBV's emphasis on the role of formal institutions, such as laws and regulations, in shaping organizational strategies and outcomes and as described by IBV, where firms must adjust their internal resources and capabilities to align with external institutional demands.[121]

The IBV provides a useful framework for understanding how Goobit Group and other Swedish CASP businesses such as Quickbit, are navigating the challenges and opportunities presented by the MiCA regulation. By considering both formal and informal institutional factors, these companies can better align their strategies with the evolving regulatory landscape, thereby enhancing their competitive positions in the crypto-assets market.[122]

Delphi argues that businesses lacking substantial experience in similar processes will require the assistance of an advisor. The company underscores the necessity for firms to develop a robust resource strategy and make strategic investments. Delphi points out that businesses face numerous demands, including the submission of extensive documentation to secure a license, which incurs costs. Transparency requirements are pivotal to both the regulation and the businesses themselves, Delphi emphasizes the critical role of resource allocation for success.[123] Aligning with the IBV, that indicates that it is shaped by the institutional context.[124]

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[118] Interview with Vesterlund Erik, COO, Goobit Group (Stockholm, 17 May 2024)
[119] Mike W. Peng, "Towards an institution-based view of business strategy" (2002) *Asia Pacific Journal of Management* 19(2,3): 251 <https://doi.org/10.1023/a:1016291702714> accessed 20 May 2024.
[120] Vänerfors Elvira, Head of Legal & Compliance, Quickbit 'CLOSE UP: Crypto regulations, Anti-money laundering & Financial crime' (26 April 2024) <https://www.youtube.com/watch?v=EQgl8o6TMw4> accessed 20 May 2024
[121] ibid
[122] Mike W. Peng, "Towards an institution-based view of business strategy" (2002) *Asia Pacific Journal of Management* 19(2,3): 251 <https://doi.org/10.1023/a:1016291702714> accessed 20 May 2024.
[123] Delphipodden 'S03E07: MiCA-förordningen - ny reglering av krypto-branschen´ (15 April 2024) <https://soundcloud.com/user-248176305/s03e07-mica-forordningen?utm_source=clipboard&utm_medium=text&utm_campaign=social_sharing> accessed 28 July 2024
[124] ibid

8. Conclusion

In order to clarify and state the study's conclusions based on the presented research questions, the study will present the core elements.

- ➢ How will Crypto-Asset Service Providers (CASPs) prepare for compliance and resource allocation to sustain competitive advantage by complying with the obligations under the MiCA?

The theoretical section provides a comprehensive overview of the crypto-asset market and its regulatory environment, laying the foundation for understanding the impact of the Markets in Crypto-Assets (MiCA) regulation on Crypto-Asset Service Providers (CASPs). MiCA exemplifies the critical role of law in structuring business operations, facilitating predictability, and setting standards for acceptable behavior. MiCA's influence on CASPs includes requirements for transparency, consumer protection, and market integrity, aiming to foster trust and mitigate risks. The harmonized regulatory framework simplifies compliance across the EU, reducing legal uncertainties for businesses and investors. The regulation mandates detailed disclosures from crypto-asset issuers, which ensures informed investment decisions and protects against fraud.

Goobit Group and other Swedish CASPs, like Quickbit and Safello, recognize that MiCA compliance necessitates significant changes in their operations. These include developing new frameworks, enhancing legal expertise, and ensuring robust capital and compliance measures. Goobit emphasizes the need for extensive documentation, increased legal personnel, and strategic adjustments to meet MiCA's stringent requirements. Quickbit similarly highlights the importance of new processes and expanded expertise to comply with the regulation. The Resource-Based View (RBV) aligns with these findings, suggesting that firms must continually reconfigure resources to adapt to regulatory changes and sustain competitive advantages. The preparations for MiCA, although initially costly, are viewed as necessary investments for long-term efficiency and market position.

MiCA is expected to create a more stable and predictable environment, fostering fair competition and enhancing market credibility. Goobit and its peers anticipate that compliance will not only protect consumers but also open new market opportunities and strengthen relationships with financial institutions. This proactive approach to regulatory changes is

essential for maintaining competitive advantages and ensuring sustainable growth in the evolving crypto-asset market.

In summary, the role of law in shaping business is multifaceted, encompassing facilitative, expressive, pragmatic, and instrumental functions. Complying with these regulations, CASPs can build trust, ensure transparency, and achieve sustainable growth in the evolving crypto-asset market. Regulations like MiCA illustrate how legal frameworks can enhance consumer protection, promote market integrity, and foster a stable and predictable environment for businesses.

Goobit in line with both Quickbit demonstrates the dynamic interaction between businesses and institutions, as they adapt their strategic choices to comply with new regulatory frameworks. This aligns with the Institution-Based View (IBV) that emphasizes the significant influence of institutions on organizational strategies and outcomes. Goobit highlights the importance of resource allocation and investments in compliance, such as expanding legal teams and developing new frameworks to meet MiCA requirements. This underscores the need for businesses to integrate and reconfigure internal and external competencies, including intangible resources like legal expertise, in response to changing environments. Quickbit's also acknowledge the necessity to implement new processes and hire experts to comply with MiCA requirements reflects the IBV's emphasis on the role of formal institutions, such as laws and regulations, in shaping organizational strategies. Both companies illustrate how firms must adjust their internal resources and capabilities to align with external institutional demands. Delphi points out that businesses with less experience in similar regulatory processes may require advisors and need to develop robust resource strategies. This involves making strategic investments and managing costs associated with compliance, such as extensive documentation and transparency requirements. This aligns with the IBV's perspective that institutions shape firm behavior and performance. The IBV provides a framework for understanding how companies like Goobit and Quickbit navigate challenges and opportunities presented by regulatory changes. By considering both formal and informal institutional factors, these companies can better align their strategies with the evolving regulatory landscape, enhancing their competitive positions in the crypto-assets market.

8.1 Further investigation

There are several suggestions for further research in this topic. This study has only studied Swedish CASP companies, which has led to weak connections to how it generally looks throughout the EU. The study has also investigated the effect of this regulation on the market, CASPs and investors before the regulation has entered into force, which makes the study's results and conclusion difficult to draw conclusions from because society does not yet know how this regulation will shape up in practice.

The study also conducted only one interview which could make the results misleading, conducting a study with broader claims from more CAPS businesses could increase the validity of the study.

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Appendix A. Interview guide

CASPs interview questions

1) How do you, as a company, plan to implement the requirements to obtain a CASP license?
    a) How do you think the requirements for Crypto Asset Service Providers will affect you?
    b) As a company, have you changed anything to adapt to this regulation?
    c) Will you as a firm need to increase your resources to achieve CASP licensing?
    d) How will you be affected by the new capital requirements?
    e) Will you need to review how you deal with complaints, conflicts of interest, outsourcing supervision and business continuity? And if so, what do you need to do to manage these situations?

2) What impact do you think the CASP license will have on your market position and competitiveness in the crypto market?
    a) What strategic processes and decisions will be taken, and how will the allocation of resources change in the company to achieve sustainable competitive advantage?
    b) Will the requirements of a CASP create barriers to your ability to compete effectively?
    c) What internal processes and resources will you need to allocate to ensure proper legal compliance?

3) Do you see any opportunities or risks for your business as a result of CASP? Could the increased requirements create new opportunities or challenges for your business? How do you prepare in order to achieve competitive advantages?
4) Which of the new regulatory requirements under MiCA will affect you?
5) After the implementation of MiCA, how will you as a company ensure that the cryptocurrencies bought and sold with you comply with the MiCA regulations?
6) What do you find most interesting about the implementation of this directive?