



A Stifel Company

Q&A:

KBW's Paul McCaffery on the Future of Digital Assets



Paul McCaffery

Managing Director
Alternative Capital | Financial Technology

Q: How is the current geopolitical and economic climate impacting digital assets and the fintech industry?

A: Fintech has rebounded strongly, evidenced by successful IPOs, active M&A, and robust secondary offerings. Digital assets are experiencing an even more dramatic resurgence. After years of regulatory pressure, the environment has shifted under the new administration, unlocking access to capital and public markets. This shift has boosted confidence in the industry. Major deals like Ripple's billion-dollar acquisition of Hidden Road and eToro's IPO signal that digital assets aren't just recovering – they're thriving.

Q: What signs of progress are you seeing in the digital assets space, and how are they shaping the outlook for the rest of the year?

A: We are seeing real momentum. Just last month, the Senate passed the GENIUS Act – a stablecoin bill still awaiting House approval – a clear sign of forward momentum. The Circle IPO was another major milestone, validating the space and signaling growing institutional interest.

Q: What gives KBW a unique perspective and competitive edge in the digital assets space?

A: I've been at KBW for more than 20 years. As banks expanded into fintech – especially payment – we've evolved with them. That led to the formation of our Alternative Capital Group. We're not 'crypto tourists'. We have been deeply engaged for years at the intersection of fintech, TradFi, and digital assets.

What sets us apart is not just our experience, but also our global reach and cross-team collaboration. Through our parent company, Stifel, we have international distribution, positioning us for success on a global scale. Our recent acquisition of Bryan, Garnier & Co. further strengthens our European platform. Across the firm, we're working to launch innovative digital asset products. And with partners like restructuring specialist Miller Buckfire, we're well-positioned to support clients through complex challenges across the ecosystem.

Q: Do you see a lasting shift in how traditional and digital asset-native firms are engaging with each other?

A: Firms that weathered the challenges of 2022 are now focused on seizing the current window of opportunity to become long-term winners. We see real-time convergence as TradFi and fintech players re-engage with digital assets in more strategic and deliberate ways.

At the same time, digital asset-native players are moving toward more traditional offerings. In recent weeks, Kraken, Coinbase, and Gemini have all announced plans to offer tokenized stocks. Kraken also acquired a non-crypto futures platform. These kinds of crossovers are accelerating. The two worlds are actively coalescing, and that momentum is likely to continue.

Q: How are you seeing AI impact the convergence between traditional finance and digital assets?

A: AI adoption in digital assets is still early, particularly in trading infrastructure and payments. But interest is growing – especially around micropayments, where AI could help power entirely new business models. Platforms like Telegram, X, Substack, YouTube, Roblox, and others are seen as potential leaders in combining AI and crypto to support microtransaction-based revenue models. That's where many see the intersection heading.



A Stifel Company

Q&A:

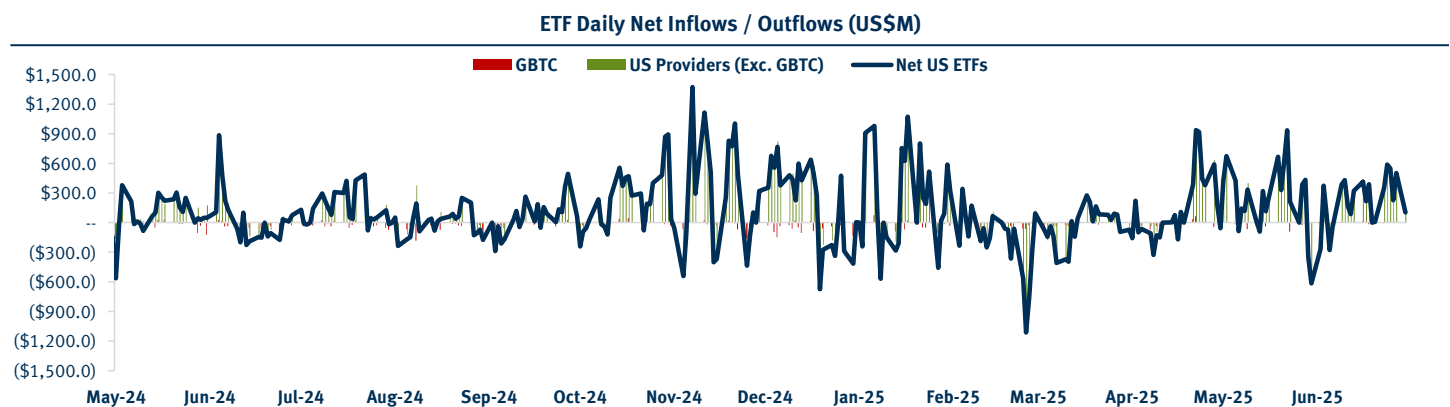
KBW's Paul McCaffery on the Future of Digital Assets

Q: Do you expect the recent surge in M&A activity to continue? What kind of catalysts are needed to maintain that momentum?

A: Yes, and while many firms are still waiting for full regulatory clarity – especially around stablecoin and market structure – there's already strong momentum. A backlog of IPOs is moving ahead, and those successful listings are fueling acquisition plans. Pre-IPO companies are exploring strategic partnerships to strengthen their market position. After a tough few years, management teams are more open to collaboration, fueling a healthy pace of deal-making.

Q: How would you describe the current state of institutional versus retail adoption in the space?

A: Institutional adoption is accelerating. Finance leaders like Larry Fink and Paul Tudor Jones have helped legitimize Bitcoin, particularly as a hedge in today's uncertain macro environment. Bitcoin's long-term performance and concerns about the dollar's role have attracted interest from sovereign wealth funds and corporate treasuries. Bitcoin ETFs are seeing inflows, even amid volatility. Interestingly, institutions are now driving more momentum than retail investors.



Source: Farside Investors. As of June 30, 2025.

Want to learn more about KBW? Visit us at www.kbw.com/capabilities/investment-banking

Keefe, Bruyette & Woods | Member FINRA, SIPC & NYSE | www.kbw.com | A subsidiary of Stifel Financial Corp.

The information and statistical data contained herein have been obtained from sources that KBW believes are reliable, but KBW makes no representation or warranty as to the accuracy or completeness of any such information or data and expressly disclaims any and all liability relating to or resulting from your use of these materials. The information and data contained herein are current only as of the date(s) indicated, and KBW has no intention, obligation, or duty to update these materials after such date(s). These materials do not constitute an offer to sell or the solicitation of an offer to buy any securities, and KBW is not soliciting any action based on this material. KBW may be a market-maker in certain of these securities, and KBW may have provided investment banking services to certain of the companies listed herein. KBW and/or its respective officers, directors, employees, and affiliates may at any time hold a long or short position in any of these securities and may from time-to-time purchase or sell such securities. This material was prepared by KBW Investment Banking and is not the product of the KBW Research Department. It is not a research report, and should not be construed as such. This material may not be distributed without KBW's prior written consent.