

Binance Partners with BBVA to Protect Crypto Funds in Spain

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Binance, one of the world's largest cryptocurrency exchanges, has announced a new partnership with Spain's BBVA bank to enhance the security of customer funds and avoid a repeat of failures like the collapse of FTX.

The collaboration will allow Binance customers to hold their crypto-linked collateral with BBVA, rather than keeping assets directly on the exchange. This arrangement is designed to

add an extra layer of protection by storing assets with a trusted, regulated financial institution.

For years, Binance operated primarily outside traditional finance. However, growing concerns about transparency and safety in the crypto industry have prompted a shift towards more secure custody solutions. According to sources familiar with the matter, BBVA will act as a third-party custodian, safeguarding customer assets held as U.S. Treasuries.

These assets will serve as margin for trading on Binance but will remain under BBVA's custody, not on Binance's platform. This separation reduces risks related to asset commingling – a key problem that contributed to FTX's collapse in 2022, which saw billions of customer funds frozen and inaccessible. Unlike FTX, which held funds internally and allowed misuse by affiliated firms, Binance's new model seeks to prevent such conflicts.

BBVA, Spain's third-largest bank, has experience in digital finance and crypto services, particularly through its Swiss division that offers crypto custody and trading for institutional clients. The extension of these services to Binance users highlights BBVA's growing role in the digital asset space and Binance's efforts to collaborate with reputable, regulated banks.

Previously, Binance used a lesser-known entity called Ceffu for custody services, which raised regulatory concerns in the US due to its opaque status. By partnering with BBVA and other established banks such as Switzerland's Sygnum and FlowBank, Binance aims to provide a more transparent and regulated environment for its users.

This move is expected to attract cautious and institutional investors who prefer the security of traditional banking oversight. It also aligns Binance with increasing global regulatory demands for stricter control over customer funds held by crypto platforms.

The partnership reflects a broader trend across the crypto industry towards independent custody. After the FTX incident, both retail and institutional clients have called for safer, segregated fund management to avoid operational risks linked to exchanges.

Binance's strategy signals a willingness to adapt and meet these expectations, potentially influencing other exchanges to seek similar partnerships. This shift could reduce legal risks and restore confidence in the market.

As the crypto sector matures, hybrid models combining decentralised innovation with traditional financial safeguards may become standard. Whether this approach fully prevents future collapses remains uncertain, but Binance's steps underscore the importance of trust, transparency, and third-party custody in safeguarding digital asset