Capital Markets Standards: Risk Framework and Digital Money

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View the Capital Markets Standards Risk Framework Summary [here](#).

Context

Why do we need a standardized risk framework?: Early blockchain adoption by institutions was costly, slow, and fragmented, with each firm independently developing frameworks from scratch. This approach proved not only expensive but was also not scalable as each institution had to work out how to fit blockchain into their own risk management and mitigation frameworks. The strong recommendation from early adopters of blockchain is that a shared, comprehensive risk framework is essential for broad adoption of this new technology into financial institutions

Blockchain as an Evolution in Financial Services

Blockchain represents the next evolutionary step in IT infrastructure, building upon cloud computing and open-source technology. Similar to how cloud services shifted institutions away from in-house technology management towards external IT infrastructure, blockchain introduces communalization with decentralized governance.

Absence of Traditional SLAs and New Institutional Approaches

Public blockchain infrastructure fundamentally differs from traditional vendor-managed services, lacking formal Service Level Agreements. Institutions can no longer delegate infrastructure accountability exclusively to third-party vendors, as they traditionally have done. Instead, they are encouraged to actively engage in governance processes, adopt collaborative community-driven approaches, and establish proactive mechanisms to collectively manage and mitigate shared non-financial risks.