



**Zero One Strategies**

**ANALYSIS**

PRESIDENT'S WORKING GROUP  
ON DIGITAL ASSET MARKETS

# Privacy and Digital Identity



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The President’s Working Group on Digital Asset Markets (PWG) was established by Executive Order 14178, [Strengthening American Leadership in Digital Financial Technology](#)<sup>1</sup>, and directed to submit a report to the President within 180 days recommending regulatory and legislative proposals to support responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy. The [PWG report](#)<sup>2</sup> on Strengthening American Leadership in Digital Financial Technology, released July 30, 2025, proposes recommendations related to market structure, banking, stablecoins and payments, countering illicit finance, and taxation.

The below analysis focuses on the PWG recommendations for digital asset guidance and legislation on advancing digital identities.

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### **Advancing Privacy through Digital Identity and Related Tools**

The PWG report recognizes the importance of privacy for digital asset users, especially as blockchain transactions are transparent. It advocates for:

- The use of digital identity tools and zero-knowledge proofs to preserve privacy while meeting compliance and security needs.
- Regulatory clarity to support use of privacy enhancing identity solutions and encourage innovation in digital ID.
- Balancing privacy protections with the necessity for customer verification, reporting, and investigative powers for regulated entities.

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<sup>1</sup> <https://www.whitehouse.gov/presidential-actions/2025/01/strengthening-american-leadership-in-digital-financial-technology/>

<sup>2</sup> <https://www.whitehouse.gov/crypto>



<b>PWG Regulatory Recommendations for Treasury Action</b>	
Coordination with National Institute of Standards and Technology (NIST)	Identify emerging approaches to implement customer identification in digital asset scenarios, including possible applications of the NIST Digital Identity Guidelines.
	Evaluate lessons learned in the National Cybersecurity Center of Excellence project “Accelerate Adoption of Digital Identities on Mobile Devices” and applications to customer identification programs in digital assets.
	Evaluate the digital asset ecosystem, including existing identity credentialing tools and technical aspects of digital asset services, to determine potential approaches for defining, mandating, and enforcing customer identification programs and evaluate the potential efficacy of such schemes in detecting and deterring fraudulent transactions.
GENIUS Request for Information (RFI)	In the GENIUS Act-related RFI on innovative tools to detect illicit activity, include digital identify verification.
Encourage Financial Institution Adoption	Issue guidance to financial institutions on how they can utilize digital identity solutions within existing customer identification programs, and issue future guidance balances security identity verifications with protection of personally identifiable information.