

Combating cryptocurrency crime

Background

The market of cryptocurrencies is one of the most volatile and unpredictable markets there is. The ups and downs of these digital currencies sometimes seem sporadic and random. One simple explanation for this is the fact that most cryptocurrencies lack an obvious underlying asset from which to derive an intrinsic value from. This means that cryptocurrencies are seen as very speculative investments which is shown by the massive volatility of the market, a feature exacerbated by the huge influx of new cryptocurrencies adding to an already great amount of currencies in circulation. Many investors and analysts have tried to price cryptocurrencies fairly and to draw up investment strategies which predict the market movements. The heavy correlation between the individual currencies and the somewhat lacking correlation between cryptocurrencies and the equity market, have made the cryptocurrency market extraordinarily difficult to comprehend.

There has been much debate among investors on benefits cryptocurrencies can have for portfolios and how their prices move in the market. It is not difficult to see that cryptocurrencies are very volatile, yet that does not prevent investors from pouring tons of money in crypto-investments that either generate huge returns or catastrophic losses. Since no regulation and overall decentralization is one of the axioms of the cryptocurrency market, it is difficult to come up with a compromise on the matter. One of the biggest players in the crypto universe are not the independent retail investors, but the crypto exchange companies and trading platforms (like *Coinbase*, *Binance* and *FTX*) themselves. The huge FTX financial scandal of 2022 has shed a light on the shady financial operations of the crypto market and on the fact that these illegal activities (fraud, tax evasion, violating the financial markets' integrity in general) are not exclusive to small cells and individual investors. After the scandal, millions of crypto investors withdrew from their accounts and left the realm of crypto.

The value of the cryptocurrencies depends on peoples' trust.

It has been called upon this committee to find a viable solution.

Very useful links

https://www.youtube.com/watch?v=20BEJouWBgY&t=707s&ab_channel=ColdFusion

<https://n26.com/en-eu/blog/pros-and-cons-of-cryptocurrency>

<https://bernardmarr.com/the-5-big-problems-with-blockchain-everyone-should-be-aware-of/>
<https://www.ft.com/content/a9661f21-dbeb-44c2-9796-2b31f5825645>

Questions to consider

What's the benefit of cryptocurrencies and do the benefits overcome the flaws?

What is the future of crypto?

What is your countries' current position on the cryptocurrency market and has your country implemented any regulations?

Resources

<https://www.theguardian.com/technology/2022/dec/13/sam-bankman-fried-ftx-charged-sec-crpto-exchange>

<https://www.diva-portal.org/smash/get/diva2:1673044/FULLTEXT01.pdf>

<https://www.ft.com/content/a9661f21-dbeb-44c2-9796-2b31f5825645>