

Record year for illegal cryptocurrency payments: study

January 6 2022



Total cryptocurrency payments rocketed 567 percent to \$15.8 trillion in 2021, according to Chainalysis.

Cryptocurrency-based crime hit a record high in 2021 as overall legal payments also reached an all-time peak, data group Chainalysis revealed

on Thursday.

Criminal transactions, involving bitcoin and its peers, totalled \$14 billion, up 79 percent from 2020, according to the group's analysis.

Total cryptocurrency payments meanwhile rocketed 567 percent to \$15.8 trillion year-on-year, Chainalysis said, as the sector won some strong support from traditional finance.

"Given that roaring adoption, it's no surprise that more cybercriminals are using cryptocurrency," the group concluded.

"In fact, with the growth of legitimate cryptocurrency usage far outpacing the growth of criminal usage, [illicit activity](#)'s share of cryptocurrency transaction volume has never been lower."

Illicit transactions amounted to 0.15 percent of the total.

Despite the lower percentage, "criminal abuse of cryptocurrency creates huge impediments for continued adoption, heightens the likelihood of restrictions being imposed by governments, and worst of all victimizes innocent people around the world", the report stressed.

Growth in scams was 82 percent last year, according to Chainalysis.

"Rug pulls" played a sizeable part, it noted. This is when investments, notably in newer cryptocurrencies, suddenly disappear.

This was the case last year with "Squid coin", inspired by Netflix hit "Squid Game".

The creators of Squid coin disappeared from [social media](#) and so did investors' profits, mirroring other cryptocurrency scams.

"One promising development in the fight against cryptocurrency-related crime is the growing ability of law enforcement to seize illicitly obtained cryptocurrency," Chainalysis said.

At the same time, illicit addresses currently hold at least \$10 billion worth of [cryptocurrency](#), according to Chainalysis.

"Much of this value comes not from the initial amount derived from [criminal activity](#), but from subsequent price increases of the crypto assets held."

Cryptocurrencies are highly volatile, however, and the value of sector-leader bitcoin has fallen sharply in recent days.

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Citation: Record year for illegal cryptocurrency payments: study (2022, January 6) retrieved 3 May 2024 from <https://techxplore.com/news/2022-01-year-illegal-cryptocurrency-payments.html>

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