

# Record \$3.8 billion stolen in crypto hacks last year, report says

Jennifer Korn : 4-4 minutes : 2/1/2023

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02:20 - Source: [CNN](#)

New York CNN —

A record \$3.8 billion worth of cryptocurrency was stolen from various services last year, with much of those thefts driven by North Korean-linked hackers, according to a [report](#) Wednesday from blockchain analytics firm Chainalysis.

The increase in crypto heists, from \$3.3 billion in 2021, came as the overall market for cryptocurrencies suffered significant declines. The value of Bitcoin, for example, fell by more than 60% last year.

North Korea was a key driver for the surge in thefts, according to the report. Hackers linked to the country stole an estimated \$1.7 billion worth of cryptocurrency through various hacks in 2022, up from \$429 million in the prior year, Chainalysis said.

Some of the biggest crypto hacks of the year have since been attributed to North Korea. The FBI has blamed hackers linked to the North Korean government for more than \$600 million hack of video game [Axie Infinity's Ronin network](#) in March and a [\\$100 million Harmony](#), a cryptocurrency firm, in June.

"North Korea's total exports in 2020 totalled \$142 million worth of goods, so it isn't a stretch to say that cryptocurrency hacking is a sizable chunk of the nation's economy," Chainalysis noted in the report.

US officials worry Pyongyang will use money stolen from crypto hacks to fund its illicit nuclear and ballistic weapons program. [North Korean hackers](#) have stolen the equivalent of billions of dollars in recent years by raiding cryptocurrency exchanges, according to the United Nations.

In addition to hacking cryptocurrency firms, suspected North Koreans have posed as other nationalities to apply for work at such firms and send money back to Pyongyang, US agencies have publicly warned.

In general, decentralized finance (DeFi) protocols were the main target of hackers, accounting for more than 80% of all cryptocurrency stolen for the year, according to the report. These protocols are used to replace traditional financial institutions with software that allows users to transact directly with each other via the blockchain, the digital ledger that underpins cryptocurrencies.

Of the attacks on DeFi systems, 64% targeted cross-chain bridge protocols, which allow users to exchange assets between different blockchains. Bridge services typically hold large reserves of various coins, making them targets for hackers. (The thefts on Axie Infinity and Harmony were both bridge hacks.)

While crypto hacks continued to rise last year, there is some cause for hope. Law enforcement and national security agencies are expanding their abilities to combat digital criminals, such as the FBI's [recovery of \\$30 million](#) worth of cryptocurrency stolen in the Axie Infinity hack.

Those efforts, combined with other agencies cracking down on money laundering techniques, "means that these hacks will get harder and less fruitful with each passing year," according to Chainalysis.

Additional reporting from CNN's Sean Lyngaas.