Cryptocurrency systematic risk

Market risk:

* **The 2018 cryptocurrency crash**

<https://en.wikipedia.org/wiki/2018_cryptocurrency_crash>

The 2018 cryptocurrency crash (also known as the Bitcoin crash and the Great crypto crash) was the sell-off of most [cryptocurrencies](https://en.wikipedia.org/wiki/Cryptocurrency) from January 2018. After an unprecedented boom in 2017, the price of [bitcoin](https://en.wikipedia.org/wiki/Bitcoin) fell by about 65 percent during the month from 6 January to 6 February 2018. Subsequently, nearly all other cryptocurrencies also peaked from December 2017 through January 2018, and then followed bitcoin. By September 2018, cryptocurrencies collapsed 80% from their peak in January 2018, making the 2018 cryptocurrency crash worse than the [Dot-com bubble's](https://en.wikipedia.org/wiki/Dot-com_bubble) 78% collapse (albeit with a vastly smaller amount of money invested). By 26 November, bitcoin also fell by over 80% from its peak, having lost almost one-third of its value in the previous week.

The price of bitcoin in 2017 had grown to a maximum of about 2,700%, and in the same year, some cryptocurrencies had achieved far higher growth than bitcoin. Bitcoin set a record high of 19,891 US dollars on 17 December on the [Bitfinex](https://en.wikipedia.org/wiki/Bitfinex" \o "Bitfinex) exchange. Some economists, famous investors, and finance professionals warned that rapidly increasing cryptocurrency prices could create a burst of the "bubble." When [Chicago Board Options Exchange](https://en.wikipedia.org/wiki/Chicago_Board_Options_Exchange) (CBOE) and [Chicago Mercantile Exchange](https://en.wikipedia.org/wiki/Chicago_Mercantile_Exchange) (CME) started listing bitcoin futures in December, that allowed mainstream investors to [short](https://en.wikipedia.org/wiki/Short_(finance)) bitcoin on a large scale. The period immediately before the crash, bitcoin price reached its peak, and plunged about 46 percent, though it recovered quickly to 17,252 US dollars on 6 January 2018 on Bitfinex.

**图片包含 文字, 地图

描述已自动生成**

* **BITCOIN PRICE CHAOS AS CRYPTOCURRENCY LOSES A FIFTH OF ITS VALUE IN MYSTERIOUS RAPID CRASH**

<https://www.independent.co.uk/life-style/gadgets-and-tech/news/bitcoin-price-crash-today-cryptocurrency-value-latest-explained-a9122951.html>

[Bitcoin](https://www.independent.co.uk/topic/bitcoin) has been hit by a dramatic plunge, wiping a fifth off its value

The same very rapid drop has hit the entire [cryptocurrency](https://www.independent.co.uk/topic/cryptocurrency) market, with around 20 per cent being wiped off all of the biggest digital currencies.

The price of bitcoin and other cryptocurrencies now appears to have settled – but with all of that value lost, after a dramatic crash that took just minutes.

Bitcoin began to plunge on Tuesday evening UK time. Within the space of an hour, it had gone from around £7,500 to £6,800.

It has continued to trade down in the days since, though not quite so dramatically. The price is now at around £6,600, meaning bitcoin has lost 18 per cent over the last week and 20 per cent over the last month.

Other cryptocurrencies were hit by the same plunge. All of the biggest markets dropped around the same time and have stayed at those lower prices since, according to market Coinbase.

Bitcoin is still up over the year, however. It has gained more than 30 per cent since the same time in 2018.

Cyber Security:

* **$9 Million Lost Each Day In Cryptocurrency Scams**

<https://www.investopedia.com/news/beware-9m-are-lost-each-day-crypto-scams/>

In a recent [finding](https://news.bitcoin.com/9-million-day-lost-cryptocurrency-scams/) by Bitcoin.com News, $1.36 billion worth of cryptocurrencies have been stolen by fraudsters during the first two months of 2018.

The biggest recent heist occurred at cryptocurrency exchange Coincheck Inc in late January, where hackers [made off](https://www.bloomberg.com/tosv2.html?vid=&uuid=111aff10-403f-11e9-980a-d1f8446203ac&url=L25ld3MvYXJ0aWNsZXMvMjAxOC0wMy0wNy9iaXRjb2luLWRpdmVzLWFmdGVyLXNlYy1zYXlzLWNyeXB0by1wbGF0Zm9ybXMtbXVzdC1iZS1yZWdpc3RlcmVk) with almost $500 million in virtual tokens.

Around the same time, Bitconnect, a cryptocurrency-lending scheme, shut down its operations and vanished, leading to an exit scam with an estimated loss of around $250 million.

And in February, an Italian crypto exchange called BitGrail reported that it was hit with a hacking attempt that led to a loss of nearly $195 million worth of customers' virtual tokens.

* **The Largest Cryptocurrency Hacks So Far This Year**

<https://www.investopedia.com/news/largest-cryptocurrency-hacks-so-far-year/>

One of the most recent hacks in the [digital currency](https://www.investopedia.com/terms/d/digital-currency.asp) space, [the attack on South Korea's Bithumb exchange](https://www.investopedia.com/news/crypto-exchange-bithumb-hacked-loses-315m/), saw thieves nab $30 million in stolen digital tokens. This was one of the largest thefts of its kind this year, [but it is far from the only one](https://www.investopedia.com/news/beware-9m-are-lost-each-day-crypto-scams/).

### Bithumb: $30 Million

### Coinrail: $37.2 Million

### BitGrail: $195 Million

### Coincheck: $534 Million

In January, the Japanese exchange [Coincheck](https://www.investopedia.com/terms/c/coincheck.asp) suffered an attack which cost it 523 million [NEM](https://www.investopedia.com/tech/meet-nem-xem-harvested-cryptocurrency/) coins valued at about $534 million. Again, a hot wallet was the culprit in the theft. The Coincheck hack was larger even than the notorious [Mt. Gox](https://www.investopedia.com/terms/m/mt-gox.asp) hack; NEM Foundation president Lon Wong described it as "[the biggest theft in the history of the world.](https://www.investopedia.com/terms/c/coincheck.asp)" Nonetheless, Coincheck survived the hack and continues to operate, although it was bought in April by a traditional Japanese financial services company called Monex Group.

* **The biggest cryptocurrency scams and arrests of 2019 so far**

<https://www.businessinsider.com/the-biggest-cryptocurrency-scams-and-arrests-of-2019-so-far-2019-8>

* In 2019 alone, cybercriminals were able to siphon away $4.26 billion from cryptocurrency users and exchanges, according to a new report by [CipherTrace](https://ciphertrace.com/wp-content/uploads/2019/08/CipherTrace-Cryptocurrency-Anti-Money-Laundering-Report-2019-Q2-1.pdf).
* BITPoint, a cryptocurrency exchange in Japan, suffered one of the biggest scams this year, losing $28 million in July.
* Six people were arrested in the Netherlands and the UK over a $27 million "typosquatting" scam, which involved making a fake website to gain access to user Bitcoin wallets.
* Binance, one of the world's largest cryptocurrency exchanges, [had $40 million of bitcoin stolen in May](https://markets.businessinsider.com/currencies/news/btc-binance-suffers-40-million-hack-2019-5-1028182318).
* **A Crypto-Mystery: Is $136 Million Stuck or Missing?**

<https://www.wsj.com/articles/a-crypto-mystery-is-140-million-stuck-or-missing-11549449001>

A Canadian cryptocurrency exchange says about $136 million worth of customers’ holdings are stuck in an electronic vault because the company’s founder died without sharing the password.

Liquidity:

* **The Problem of Liquidity on Current Exchanges**

<https://medium.com/@enbofficial/liquidity-problems-one-of-the-biggest-in-current-cryptocurrency-exchanges-b5aeaa4446a6>

To make this fact more evident, a survey result derived from the opinion of traders’ states that [36% of them are upset with the problem of liquidity on prevailing exchanges](https://encrybit.io/insights/crypto-exchange-problems.html). An upcoming Cryptocurrency Exchange, Encrybit organized the survey.

Business and reputational risks:

* **Crypto Exchange And XRP Refuge Bitsane Vanishes, Scamming As Many As 246,000 Users**

<https://www.forbes.com/sites/hanktucker/2019/06/27/crypto-exchange-and-xrp-refuge-bitsane-vanishes-scamming-as-many-as-246000-users/#73a2a67c77fa>

Ireland-based cryptocurrency exchange Bitsane disappeared without a trace last week, likely taking hundreds of thousands of users’ assets with it.

Account holders told *Forbes*that attempts to withdraw bitcoin, XRP and other cryptocurrencies began failing in May, with Bitsane’s support team writing in emails that withdrawals were “temporarily disabled due to technical reasons.” By June 17, Bitsane’s website was offline and its Twitter and Facebook accounts were deleted. Emails to multiple Bitsane accounts are now returned as undeliverable.

Victims of the scam are comparing notes in a group chat with more than 100 members on the [messaging app Telegram](https://t.me/BITSANESCAMVICTIMS) and in a similar [Facebook group](https://www.facebook.com/groups/942138942788479/). Most users in the groups claim to have lost up to $5,000, but *Forbes*spoke with one person in the U.S. who says he had $150,000 worth of XRP and bitcoin stored in Bitsane.

Bitsane’s disappearance is the latest cautionary tale for a cryptocurrency industry trying to shed its reputation as an unsafe asset class. Several exchanges like GateHub and Binance have been breached by hackers this year, but an exchange completely ceasing to exist with no notice or explanation is far more unusual.