

# Debunking Myths: CoinShares Report Sheds Light on Crypto Crime Statistics

Contrary to popular belief, CoinShares' "Quantifying Crypto Crime: Expectations vs Data" report (published on 30 August 2023) suggests that the use of cryptocurrencies for illegal activities is not as widespread as media often portrays. According to the report, blockchain analytics firm Chainalysis estimated that only \$20 billion was involved in crypto-related crimes in 2022. CoinShares notes that such firms frequently collaborate with law enforcement agencies like the FBI and London Metropolitan Police to trace illicit crypto transactions.

The report emphasizes that public blockchains, which form the foundation of most cryptocurrencies, are inherently transparent. This transparency records every transaction on a public ledger, accessible to anyone, thereby making it a challenging environment for criminal activities. CoinShares points out that this level of transparency has aided law enforcement agencies, citing the FBI's largest-ever asset seizure of \$3.6 billion, which was traced through blockchain analytics.

CoinShares also references statements by Former Acting CIA Director Michael Morell, who has argued that cryptocurrencies like Bitcoin are not more susceptible to illicit activities than traditional currencies. Morell believes that the transparent nature of blockchain technology serves as an effective surveillance tool for law enforcement, according to the report.

In terms of scale, CoinShares' report indicates that the

amount of cryptocurrency used for illegal activities is minuscule compared to the overall market. Citing Chainalysis data, the report states that only 0.55% of Bitcoin's daily turnover in 2022 was linked to criminal activities. In contrast, CoinShares mentions that traditional fiat currencies are more commonly used for illegal financial activities, with Europol estimating that 30% of all €500 notes have been used in money laundering.

The report also discusses the ransomware industry, which is often cited as a significant misuse of crypto. CoinShares reveals that only \$450 million was paid in crypto ransoms in 2022, a fraction of the \$6 trillion in global cybercrime proceeds for 2021. The report highlights that companies like Elliptic have even demonstrated the ability to reverse crypto mixing services, successfully tracking assets to North Korea.

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