Crypto Myths

**Myth #1**
Cryptocurrency is predominately used for illicit activity.

There is nothing inherently illicit about blockchain or cryptocurrencies, just as there is nothing inherently illicit about fiat currency despite the fact that fiat currencies are sometimes used for illicit purposes. All monetary assets and technologies — including cash, the internet, social media, and cell phones — can be used for good or bad purposes. In fact, between 2019 and 2020, illicit use of all cryptocurrency shrank from 2.1% to 0.34% of all cryptocurrency transaction volume.

**Myth #2**
Cryptocurrencies are untraceable and are not secure.

Some cryptocurrencies are harder to trace depending on their design, but none are completely untraceable. Some cryptocurrencies, including XRP, support standard compliance features like AML (Anti-Money Laundering) and KYC (Know Your Customer), identity verification that help governments, financial institutions, and others ensure the currency is being used lawfully and legitimately.

**Myth #3**
Cryptocurrency isn’t regulated.

The UK, Singapore, Japan, and Switzerland, among many other countries, have recognized the benefits of cryptocurrencies and taken the initiative to create clear regulatory guidance for their appropriate use in those jurisdictions. The US has yet to establish a single clear regulatory framework around cryptocurrency.
Myth #4
Cryptocurrencies are very energy intensive and therefore unsustainable.

Energy usage is dependent on the underlying validation mechanisms of the blockchain. While proof of work blockchains are energy intensive, proof of stake and proof of consensus mechanisms are much less so. That is why a cryptocurrency that uses proof of consensus, like XRP, is sustainable. In fact, an XRP transaction is even less energy intensive than credit card transactions or cash, and the XRP Ledger is the first major, global carbon-neutral blockchain.

Myth #5
Cryptocurrencies are only used for speculative purposes.

While some cryptocurrencies were created to act as a store of value (similar to gold) many are being used for a variety of real-world purposes outside of investment. This ranges from facilitating various kinds of payments like micropayments, peer-to-peer payments, cross-border payments, or corporate treasury payments, to other use cases including lending, yield generation, and the buying and selling of non-fungible tokens (NFT). Because cryptocurrencies can support basic financial services even for people who are unbanked or underbanked, they can be a powerful force for financial inclusion and equity.

Myth #5
Cryptocurrencies are a scam.

It is true that scams exist in the world of cryptocurrency, just as they exist for any other type of financial investment. The potential for scams is less related to the asset and more to the individuals involved — the fraudulent deceiver and the uninformed victim. Regardless, cryptocurrency is still used in the vast majority of cases for legitimate purposes and regulatory enforcement has continued to develop in order to protect users and consumers of cryptocurrency.