Disclaimer & Acknowledgements

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In addition, special thanks to the ACAMS global membership community of over 81,000 members spread across 175 countries, and its 70 chapters for being part of this landmark initiative. Appreciation also goes out to the organisations that assisted in disseminating this survey, namely Global Digital Finance, the FinTech FinCrime Exchange and Coin Center.

RUSI

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ACAMS

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Introduction

The RUSI-ACAMS Cryptocurrency Risk & Compliance Survey provides unprecedented insight into how governments, the cryptocurrency industry, traditional financial institutions, and others view the use of cryptocurrency, including its inherent risks and the robustness of compliance controls within the cryptocurrency sector.

As with any survey, it should be recognised that there are certain limitations. Individuals may choose to opt in or opt out of participation and those who participated will reflect that. However, the survey was conducted in collaboration with YouGov, a respected independent research agency who followed the Market Research Society’s code of conduct. As such, the findings can be taken to offer an illustrative view of industry attitudes to cryptocurrency risk and compliance, and the results provide a very rare insight into both the challenges and opportunities in this emerging financial crime risk. The purpose of conducting this survey is to help shape and inform the policy dialogue on cryptocurrency.

Please note, the term “cryptocurrency”, as used in this survey, specifically refers to payment tokens (such as Bitcoin) as opposed to stablecoins (such as Libra) or central bank digital currencies, unless otherwise specified. Further definitions of terms used in the survey can be found in the annex.

ACAMS

ACAMS is the largest international membership organisation dedicated to enhancing the knowledge, skills and expertise of AML/CTF, sanctions and other financial crime prevention professionals through training, best practices and professional development. ACAMS is present in over 175 countries and regularly works with global think-tanks and other like-minded organisations in the quest to end financial crime.

RUSI

RUSI is an independent defence and security think tank based in the United Kingdom. RUSI’s Centre for Financial Crime and Security Studies has conducted work in an effort to combat a plethora of cryptocurrency-based financial crime risks, mainly terrorist financing, money laundering, and proliferation financing. To read more about RUSI’s work visit www.rusi.org/CFCS.

YouGov

RUSI and ACAMS partnered with YouGov to deliver this survey.

About the Authors

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The cryptocurrency industry remains materially divided from other sectors over the perception of risk. Governments and financial institutions view cryptocurrency as a significant source of risk.

All respondents accept that cryptocurrencies are vulnerable to criminals. Still, the sharpest distinction between the cryptocurrency industry and the other surveyed sectors is on the significance of the inherent risks and the effectiveness of the cryptocurrency industry’s internal controls. Cryptocurrency industry respondents optimistically view their AML/CTF preparedness and the comprehensiveness of their internal controls.

Cryptocurrency industry respondents also appear significantly more confident than other sectors about the business use and inherent vulnerabilities of cryptocurrency. The potential downside to this is that the cryptocurrency industry may materially underestimate the types of threats posed. On the other hand, other sectors may be overestimating how exposed cryptocurrencies are to different criminal activities.

Respondents all expressed concern regarding the use of cryptocurrency by various illicit actors, ranging from terrorist groups to sanctioned actors and human traffickers. While cryptocurrency use by criminals only accounts for around 1% of all transactions, it remains an attractive venue for those avoiding the traditional financial system. It is interesting to see that perceptions of risk remain so high.

All respondents are expecting more guidance and best practices from both governmental bodies and non-governmental organisations. TThis is largely in line with the current and future efforts of international organisations, most importantly the Financial Action Task Force (FATF). There appears to be a consistent approach between the FATF and national regulators on the implementation of cryptocurrency regulation, with the expectation that the industry should look to both their national regulator and the international standard setter for guidance.

Respondents also indicate that despite current skepticism over the role of cryptocurrency in promoting financial inclusion, there might be more space for it in the future. Respondents predict both an increased role for cryptocurrency in day-to-day payments in the future as well as a decrease in cryptocurrency use for illicit activities, especially as compared to how it is viewed now.

3. For example, see FinCEN Director Kenneth A. Blanco’s remarks on the FATF’s Travel Rule from May 2020: https://www.fincen.gov/news/speeches/prepared-remarks-fincen-director-kenneth-blanco-delivered-consensus-blockchain
METHODOLOGY
Methodology

The survey was distributed to ACAMS members, members of RUSI’s Centre for Financial Crime and Security Studies’ mailing list, as well as to individual government and cryptocurrency stakeholders for distribution. This report is based on 566 individual responses received between 3rd June 2020 and 22nd July 2020, with survey respondents indicating they are located in North America (32%), South America (8%), Europe (23%), Asia (22%), Africa (7%), Middle East (5%), and Oceania (3%). There was very little difference in how respondents from different regions responded to the survey, and as a result this report generally avoids regional breakdowns.

Where the largest difference in answers was observed is among different sectors and occupations. The survey asked respondents to identify the type of institution they work in. The largest group of survey respondents (49%) work in financial institutions (FIs), while other respondents work in government (24%) or the cryptocurrency industry (10%). The remaining survey respondents (18%) work in other private sector roles, including law, insurance companies, and non-banking FinTechs or RegTechs. 4 Over two-fifths (42%) of all respondents bar government indicated they would consider their organisation a FinTech.

When asked to identify their position within their organisation, private sector respondents chose the following categories: mid- to junior-level (38%), senior management (34%), legal/regulatory/risk management (14%), executive leadership (6%), and other roles (8%) which included trade finance. Government respondents were mostly composed of those working for financial regulatory authorities or financial intelligence units (61%), followed by law enforcement (18%), international organisations (7%), policy (5%), justice (3%), and other areas (6%). 5 Respondents’ answers did not vary greatly depending on their position in the private sector or which part of government they work for and therefore this report does not analyse responses by position.

Almost all respondents (97%) are familiar with at least one type of cryptocurrency, with Bitcoin being the most recognised (96%). The least recognised cryptocurrency was Zcash (24%).

4. Given the purpose of this survey is to understand various industries’ attitudes towards cryptocurrency, responses from four sectors (listed above) have been analysed. Please note that while some sectors, such as the cryptocurrency industry, have lower participation numbers, this is likely due to the smaller size of the industry and their relatively recent engagement with compliance issues.

5. For more detail on government positions, please see the following full survey options for government respondents: financial regulator; supervisor and/or financial intelligence units (FIUs); law enforcement (police); international organisation; policy (ministries of finance, foreign affairs); justice (including prosecution); and other (including export controls, customs, and border agencies).
Virtually all respondents are familiar with Bitcoin, and two-thirds have heard of Ethereum.

Which of the following cryptocurrencies, if any, are you familiar with?

- Bitcoin: 96%
- Ethereum: 66%
- Litecoin: 44%
- XRP/Ripple: 44%
- Monero: 32%
- Tether: 30%
- Dash: 27%
- ZCash: 24%

None of the above: 3%

Base: All respondents
CRYPTOCURRENCIES AS AN ALTERNATIVE TO FIAT CURRENCIES
Cryptocurrencies as an Alternative to Fiat Currencies

The survey asked respondents a series of questions about the usefulness of cryptocurrencies for various purposes, and as an alternative to fiat currencies. Respondents generally agreed (69%) that the value of cryptocurrencies is currently too volatile to be an effective alternative to fiat currencies.

Responses from the cryptocurrency industry overwhelmingly indicate that cryptocurrency should be considered legal tender (76%), while just under half (44%) of FI respondents agree that cryptocurrency should be legal tender, with governments even more cautious (37%).

When asked about financial inclusion, a large majority (89%) of respondents from the cryptocurrency industry agree that cryptocurrency can be an effective tool to secure financial inclusion. Of those agreeing, over half (59%) strongly agree with this statement.

Other sectors are less convinced about the effectiveness of cryptocurrency in driving financial inclusion efforts. Around half (42% of FIs, 47% of governments, and 52% of other private sector) of the other respondents agree with the ability of cryptocurrency to address financial exclusion.
Respondents generally agree that the value of cryptocurrencies is currently too volatile to serve as an effective alternative to fiat currencies

The value of cryptocurrencies is too volatile to be an effective alternative to fiat currencies

Less than half of respondents agree cryptocurrencies should be considered legal tender, although this jumps to three-quarters among those working in the cryptocurrency industry

Cryptocurrencies should be considered legal tender

Chart excludes ‘Don’t Know’ responses
Base: All respondents
Half of respondents agree that cryptocurrencies can be an effective tool to secure financial inclusion

Cryptocurrencies can be an effective tool to secure financial inclusion

- Total: 26% Agree, 22% Strongly Agree, 50% Neither Agree nor Disagree, 5% Net: Disagree
- Financial institutions: 28% Agree, 28% Strongly Agree, 42% Neither Agree nor Disagree, 2% Net: Disagree
- Cryptocurrency industry: 89% Agree, 4% Strongly Agree, 7% Neither Agree nor Disagree, 0% Net: Disagree
- Government: 28% Agree, 18% Strongly Agree, 47% Neither Agree nor Disagree, 7% Net: Disagree
- Other private sector: 27% Agree, 20% Strongly Agree, 52% Neither Agree nor Disagree, 1% Net: Disagree

Base: All respondents
GLOBAL USE OF CRYPTOCURRENCY
Global Use of Cryptocurrency

Respondents were asked to rank the possible uses of cryptocurrency according to what they believed to be the main uses. Three-fifths (58%) of all participants believe that cryptocurrency is mainly used for investment and speculation, with illicit purposes ranking overall at number two. When respondents are split into their respective occupations, every sector ranks investment and speculation first. However, opinions diverge when considering each sector’s second ranking.

Respondents from FIs and government both rank illicit purposes second, followed by occasional payments and day-to-day payments. Respondents from the cryptocurrency industry, however, rank occasional payments second, with illicit purposes ranked last in terms of what cryptocurrencies are mainly used for.
Three-fifths of respondents believe that cryptocurrency is mainly used for investment and speculation

Cryptocurrency is mainly used for...

- **Investment and speculation**: 58% (Ranked as #1), 28% (Ranked as #2), 8% (Ranked as #3), 5% (Ranked as #4)
- **Illicit purposes**: 29% (Ranked as #1), 33% (Ranked as #2), 20% (Ranked as #3), 19% (Ranked as #4)
- **Occasional payments**: 7% (Ranked as #1), 31% (Ranked as #2), 55% (Ranked as #3), 7% (Ranked as #4)
- **Day-to-day payments**: 6% (Ranked as #1), 8% (Ranked as #2), 17% (Ranked as #3), 69% (Ranked as #4)

Base: All respondents
All respondents think cryptocurrency is mainly used for investment, but those not in the cryptocurrency industry are more likely to believe cryptocurrency is mainly used for illicit purposes.

Cryptocurrency is mainly used for...

**Financial institutions**
- **Investment and speculation**: 50% (Ranked as #1), 34% (Ranked as #2), 9% (Ranked as #3), 7% (Ranked as #4)
- **Illicit purposes**: 35% (Ranked as #1), 33% (Ranked as #2), 18% (Ranked as #3), 14% (Ranked as #4)
- **Day-to-day payments**: 8% (Ranked as #1), 8% (Ranked as #2), 14% (Ranked as #3), 70% (Ranked as #4)
- **Occasional payments**: 7% (Ranked as #1), 25% (Ranked as #2), 59% (Ranked as #3), 8% (Ranked as #4)

**Cryptocurrency industry**
- **Investment and speculation**: 81% (Ranked as #1), 13% (Ranked as #2), 4% (Ranked as #3), 2% (Ranked as #4)
- **Occasional payments**: 9% (Ranked as #1), 67% (Ranked as #2), 22% (Ranked as #3), 2% (Ranked as #4)
- **Day-to-day payments**: 7% (Ranked as #1), 13% (Ranked as #2), 43% (Ranked as #3), 37% (Ranked as #4)
- **Illicit purposes**: 7% (Ranked as #1), 31% (Ranked as #2), 59% (Ranked as #3), 2% (Ranked as #4)

**Government**
- **Investment and speculation**: 62% (Ranked as #1), 26% (Ranked as #2), 9% (Ranked as #3), 3% (Ranked as #4)
- **Illicit purposes**: 26% (Ranked as #1), 38% (Ranked as #2), 20% (Ranked as #3), 16% (Ranked as #4)
- **Occasional payments**: 7% (Ranked as #1), 29% (Ranked as #2), 57% (Ranked as #3), 8% (Ranked as #4)
- **Day-to-day payments**: 5% (Ranked as #1), 8% (Ranked as #2), 14% (Ranked as #3), 74% (Ranked as #4)

**Other private sector**
- **Investment and speculation**: 62% (Ranked as #1), 23% (Ranked as #2), 9% (Ranked as #3), 6% (Ranked as #4)
- **Illicit purposes**: 30% (Ranked as #1), 39% (Ranked as #2), 19% (Ranked as #3), 12% (Ranked as #4)
- **Occasional payments**: 4% (Ranked as #1), 32% (Ranked as #2), 58% (Ranked as #3), 6% (Ranked as #4)
- **Day-to-day payments**: 4% (Ranked as #1), 6% (Ranked as #2), 14% (Ranked as #3), 76% (Ranked as #4)
RISK OR OPPORTUNITY
Risk or Opportunity

When asked if they consider the use of cryptocurrency as a risk or opportunity, the cryptocurrency industry continues to view cryptocurrency more favourably compared to other sectors.

While over three quarters (80%) of cryptocurrency industry respondents say cryptocurrency is an opportunity, only a fifth of respondents from other sectors (19% of FIs, 23% of governments, and 20% of private sector) view cryptocurrency use as an opportunity. More significantly, these sectors overwhelmingly view cryptocurrency as a risk (63% of FIs, 56% of governments, and 59% of other private sector).

Respondents are generally more concerned with criminal activity than consumer protection when thinking about cryptocurrency risk, with only the cryptocurrency industry indicating a significant amount of concern for consumer protection (46%).
Respondents working in the cryptocurrency industry are the only audience to see cryptocurrency as more of an opportunity than a risk

When thinking about the global use of cryptocurrency, do you think of it mainly as a RISK or as an OPPORTUNITY?*

<table>
<thead>
<tr>
<th>Total</th>
<th>Net: Risk (0-40)</th>
<th>Neutral (41-60)</th>
<th>Net: Opportunity (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55%</td>
<td>14%</td>
<td>26%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial institutions</th>
<th>Net: Risk (0-40)</th>
<th>Neutral (41-60)</th>
<th>Net: Opportunity (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63%</td>
<td>14%</td>
<td>19%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cryptocurrency industry</th>
<th>Net: Risk (0-40)</th>
<th>Neutral (41-60)</th>
<th>Net: Opportunity (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9%</td>
<td>11%</td>
<td>80%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government</th>
<th>Net: Risk (0-40)</th>
<th>Neutral (41-60)</th>
<th>Net: Opportunity (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>56%</td>
<td>15%</td>
<td>23%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other private sector</th>
<th>Net: Risk (0-40)</th>
<th>Neutral (41-60)</th>
<th>Net: Opportunity (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>59%</td>
<td>17%</td>
<td>20%</td>
</tr>
</tbody>
</table>

*Respondents selected where they fell on a scale of 0-100, RISK being at 0 and OPPORTUNITY being at 100
Chart excludes ‘Don’t Know’ responses
Base: All respondents
Respondents are generally more concerned with criminal activity than consumer protection when thinking about cryptocurrency risk, although cryptocurrency industry disagrees.

When thinking about cryptocurrency risk, are you mainly worried about CRIMINAL ACTIVITY or CONSUMER PROTECTION?*

<table>
<thead>
<tr>
<th></th>
<th>Criminal Activity (0-40)</th>
<th>Neutral (41-60)</th>
<th>Consumer Protection (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>61%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>70%</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>Cryptocurrency industry</td>
<td>19%</td>
<td>33%</td>
<td>46%</td>
</tr>
<tr>
<td>Government</td>
<td>59%</td>
<td>25%</td>
<td>14%</td>
</tr>
<tr>
<td>Other private sector</td>
<td>64%</td>
<td>20%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Respondents selected where they fell on a scale of 0-100, CRIMINAL ACTIVITY being at 0 and CONSUMER PROTECTION being at 100. Chart excludes ‘Don’t Know’ responses. Base: All respondents.
TYPES OF CRIMINAL RISKS
Types of Criminal Risks

There is fundamentally more alignment in responses from different sectors when asked how concerned they are about the risk of cryptocurrency being used for specific criminal activities.

When asked if they are worried about specific criminal activities that cryptocurrency can be used for, most respondents indicate they are concerned about cryptocurrency and money-laundering (84%) and use of cryptocurrency on the dark web (84%), followed by the procurement of illicit goods (83%), use of cryptocurrency by sanctioned actors (82%), use of cryptocurrency by terrorist organisations (79%), use of cryptocurrency to fund human trafficking (76%), and cryptocurrency use in fraudulent initial coin offering scams (75%). Across all of these different criminal activities, the cryptocurrency industry is, however, still less worried about each of these risks compared to respondents from other sectors, appearing most concerned about sanctions evasion (59%).

Respondents do not feel strongly that they would be more or less concerned about the previous risks if asked about stablecoins instead of payment tokens.

Respondents also indicated particular concern with online fraud (74%) and ransomware (73%) when asked about types of cybercrime involving cryptocurrency.
Respondents are mainly concerned with the use of cryptocurrency for money laundering, although this varies by audience

When thinking about criminal activity and cryptocurrency risk, how concerned, if at all, are you about each of the following?

<table>
<thead>
<tr>
<th>Types of Criminal Risks</th>
<th>Financial institutions</th>
<th>Cryptocurrency Industry</th>
<th>Government</th>
<th>Other Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of cryptocurrency for money laundering purposes</td>
<td>84%</td>
<td>88%</td>
<td>57%</td>
<td>89%</td>
</tr>
<tr>
<td>Use of cryptocurrency on the dark web</td>
<td>84%</td>
<td>87%</td>
<td>50%</td>
<td>89%</td>
</tr>
<tr>
<td>Use of cryptocurrency for procurement of illicit goods and services outside the formal financial system</td>
<td>83%</td>
<td>87%</td>
<td>48%</td>
<td>84%</td>
</tr>
<tr>
<td>Use of cryptocurrency by sanctioned actors to circumvent the formal financial system and evade international sanctions</td>
<td>82%</td>
<td>86%</td>
<td>59%</td>
<td>80%</td>
</tr>
<tr>
<td>Use of cryptocurrency by terrorist organisations to solicit donations</td>
<td>79%</td>
<td>82%</td>
<td>48%</td>
<td>83%</td>
</tr>
<tr>
<td>Use of cryptocurrency to fund human trafficking and modern slavery</td>
<td>76%</td>
<td>80%</td>
<td>44%</td>
<td>74%</td>
</tr>
<tr>
<td>Use of cryptocurrency in fraudulent initial coin offering scams</td>
<td>75%</td>
<td>78%</td>
<td>57%</td>
<td>77%</td>
</tr>
</tbody>
</table>
Only one-third of respondents believe that if the aforementioned risks were addressing stablecoins rather than payment tokens, they would be less risky

If the previous table on cryptocurrency financial crime risks was addressing stablecoin rather than cryptocurrency as a payment token, would you view the categories as LESS RISKY or MORE RISKY, generally?*

<table>
<thead>
<tr>
<th>Total</th>
<th>Less Risky (0-40)</th>
<th>Neutral (41-60)</th>
<th>More Risky (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32%</td>
<td>29%</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial institutions</th>
<th>Less Risky (0-40)</th>
<th>Neutral (41-60)</th>
<th>More Risky (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28%</td>
<td>27%</td>
<td>28%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cryptocurrency industry</th>
<th>Less Risky (0-40)</th>
<th>Neutral (41-60)</th>
<th>More Risky (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35%</td>
<td>41%</td>
<td>11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government</th>
<th>Less Risky (0-40)</th>
<th>Neutral (41-60)</th>
<th>More Risky (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>36%</td>
<td>27%</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other private sector</th>
<th>Less Risky (0-40)</th>
<th>Neutral (41-60)</th>
<th>More Risky (61-100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>39%</td>
<td>31%</td>
<td>16%</td>
</tr>
</tbody>
</table>

*Respondents selected where they fell on a scale of 0-100, LESS RISKY being at 0 and MORE RISKY being at 100. Chart excludes “Don’t Know” responses. Base: All respondents.
CRYPTOCURRENCY COMPLIANCE
Cryptocurrency Compliance

Overall, the cryptocurrency industry is much more confident in cryptocurrency service providers’ tools and preparedness than other sectors are.

Half of respondents (51%) believe cryptocurrency exchanges are unprepared to deal with the aforementioned cybercrime activities, although respondents from the cryptocurrency industry are significantly more confident in their own preparedness.

The majority of cryptocurrency industry respondents (83%) agree that cryptocurrency transactions offer more transparency than traditional financial transactions, while FIs and governments are much more skeptical, with only one-fifth of each sector (20%) agreeing. The cryptocurrency industry also agrees (85%) that cryptocurrency is compatible with sanctions screening and transaction monitoring, while all other industries were more likely to disagree with that statement.

Almost three-quarters (72%) of cryptocurrency industry respondents believe that cryptocurrency service providers have a firm grasp on AML/CTF compliance. This is compared to FIs and governments, where under one-fifth of respondents in each sector agree to the same.

However, other actors are found to be lacking by all respondents. Less than one fifth of respondents think the media (16%), politicians (11%), or the public who do not own cryptocurrency (5%) understand cryptocurrency financial crime risks well.
### Around three-quarters of respondents are concerned with online fraud and ransomware, while the cryptocurrency industry is generally less concerned about all risks

When thinking about types of cybercrime involving cryptocurrency, how concerned, if at all, are you about each of the following?

![Chart showing the concerns of respondents regarding types of cybercrime involving cryptocurrency.](chart)

*Chart excludes ‘Don’t Know’ responses. Base: All respondents.*
Half of all respondents believe cryptocurrency exchanges are unprepared to deal with the aforementioned cybercrime activities. Those in the cryptocurrency industry are a lot more confident in their own preparedness.

How prepared do you feel cryptocurrency exchanges are in dealing with and protecting against the above cybercrime activities?*

- Net: Unprepared (0 - 40)
- Neutral (41-60)
- Net: Prepared (61-100)

*Respondents selected where they fell on a scale of 0-100, UNPREPARED being at 0 and PREPARED being at 100.

Chart excludes ‘Don’t Know’ responses.

Base: All respondents.
Over half of respondents do not believe cryptocurrency transactions offer more transparency than traditional transactions, although four-fifths of those in the cryptocurrency industry think they do.

Cryptocurrency transactions offer more transparency than traditional financial transactions

Base: All respondents
All audiences except those in the cryptocurrency industry largely disagree that cryptocurrency transactions are compatible with sanctions screening and transaction monitoring.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Agree</th>
<th>Neither Agree nor Disagree</th>
<th>Disagree</th>
<th>Total</th>
<th>Net: Agree</th>
<th>Net: Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>28%</td>
<td></td>
<td>49%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td></td>
<td></td>
<td></td>
<td>16%</td>
<td></td>
<td>60%</td>
</tr>
<tr>
<td>Cryptocurrency industry</td>
<td>18%</td>
<td></td>
<td></td>
<td>15%</td>
<td></td>
<td>85%</td>
</tr>
<tr>
<td>Government</td>
<td>24%</td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
<td>45%</td>
</tr>
<tr>
<td>Other private sector</td>
<td>29%</td>
<td></td>
<td></td>
<td>19%</td>
<td></td>
<td>47%</td>
</tr>
</tbody>
</table>

Chart excludes 'Don’t Know' responses. Base: All respondents.
Around half of respondents from financial institutions, government, and other private sector disagree that cryptocurrency providers have a firm grasp on AML/CTF compliance.

Cryptocurrency service providers have a firm grasp on AML/CTF compliance

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Financial institutions</th>
<th>Cryptocurrency industry</th>
<th>Government</th>
<th>Other private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net: Agree</td>
<td>50%</td>
<td>56%</td>
<td>72%</td>
<td>50%</td>
<td>51%</td>
</tr>
<tr>
<td>Neither Agree nor Disagree</td>
<td>23%</td>
<td>21%</td>
<td>9%</td>
<td>30%</td>
<td>28%</td>
</tr>
<tr>
<td>Net: Disagree</td>
<td>20%</td>
<td>15%</td>
<td>19%</td>
<td>13%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Chart excludes 'Don’t Know' responses.
Base: All respondents.
Respondents generally believe that the cryptocurrency industry best understands cryptocurrency financial crime risk, and politicians and the non-cryptocurrency-owning public understand the risks the least.

How well do you feel cryptocurrency financial crime risks are understood by each of the following actors in your jurisdiction?

<table>
<thead>
<tr>
<th>Actor</th>
<th>% of respondents who think each option is doing net well</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cryptocurrency industry</td>
<td>58%</td>
</tr>
<tr>
<td>Law Enforcement</td>
<td>44%</td>
</tr>
<tr>
<td>Financial Regulators</td>
<td>43%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>43%</td>
</tr>
<tr>
<td>The Public Who Own Cryptocurrency</td>
<td>38%</td>
</tr>
<tr>
<td>The Media</td>
<td>16%</td>
</tr>
<tr>
<td>Politicians</td>
<td>11%</td>
</tr>
<tr>
<td>The Public Who Do Not Own Cryptocurrency</td>
<td>5%</td>
</tr>
</tbody>
</table>

GUIDANCE & BEST PRACTICE
Guidance & Best Practice

A significant number of all respondents, look for guidance from other governments to guide best practice. More than half (56%) of all respondents, across all groups, look to other governments or individual jurisdictions, to provide guidance.

Even more of all respondents (78%) indicate that they seek guidance from non-governmental organisations (and FATF, trade bodies, or blockchain associations) to guide best practice.

Half (52%) of all respondents believe risks related to cryptocurrency are best countered at an international level by organisations such as FATF. While FI and government respondents believe the responsibility lies primarily with international organisations, followed by national governments and then individual exchanges, respondents from the cryptocurrency industry are split on where the responsibility lies, indicating that international organisations (41%) and individual exchanges (41%) both hold responsibility.

When looking at specific regulation, over half of all respondents (59%) agreed that FATF’s Recommendation 16 (“The Travel Rule”) will be an effective way to mitigate AML/CTF cryptocurrency risk. Over half of those in the cryptocurrency industry, however, disagreed (54%) with this statement.
Over half of respondents look for guidance from other government to guide best practice. Three-fifths of government respondents look for best practice guidance from other government.

I look for guidance from other Government to guide best practice.

- **Total**: 56% Agree, 24% Neither Agree nor Disagree, 16% Disagree

- **Financial institutions**: 54% Agree, 24% Neither Agree nor Disagree, 18% Disagree

- **Cryptocurrency industry**: 63% Agree, 22% Neither Agree nor Disagree, 13% Disagree

- **Government**: 62% Agree, 21% Neither Agree nor Disagree, 11% Disagree

- **Other Private Sector**: 58% Agree, 24%Neither Agree nor Disagree, 14% Disagree
Over three-quarters of all respondents seek best practice guidance from non-governmental organisations.

I look for guidance from non-Governmental organisations (e.g. FATF, trade bodies, blockchain associations) to guide best practice.
Half of respondents think risks to cryptocurrency are best countered at international level by organisations such as the FATF

When thinking about the best way forward to counter cryptocurrency AML/financial crime risk, who is mainly responsible for improved regulation and compliance?

Any risks related to cryptocurrency are best countered at an international level by international organisations like FATF

- Ranked as #1: 52%
- Ranked as #2: 23%
- Ranked as #3: 25%

Any risks related to cryptocurrency are best countered at a national level by individual Government

- Ranked as #1: 26%
- Ranked as #2: 58%
- Ranked as #3: 16%

Any risks related to cryptocurrency are best countered at a company level by individual exchanges

- Ranked as #1: 22%
- Ranked as #2: 19%
- Ranked as #3: 58%

Base: All respondents
Half of all respondents think that cryptocurrency AML/financial crime risk is best countered at the international level, by organisations such as FATF. Those working in the cryptocurrency industry are twice as likely as other respondents to think risks are best countered at company level by individual exchanges.

When thinking about the best way forward to counter cryptocurrency AML/financial crime risk, who is mainly responsible for improved regulation and compliance?

<table>
<thead>
<tr>
<th>Financial institutions</th>
<th>Any risks related to cryptocurrency are best countered at an international level by international organisations like FATF</th>
<th>Any risks related to cryptocurrency are best countered at a national level by individual Government</th>
<th>Any risks related to cryptocurrency are best countered at a company level by individual exchanges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>56%</td>
<td>24%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>63%</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>24%</td>
<td>13%</td>
<td>63%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cryptocurrency industry</th>
<th>Any risks related to cryptocurrency are best countered at an international level by international organisations like FATF</th>
<th>Any risks related to cryptocurrency are best countered at a company level by individual exchanges</th>
<th>Any risks related to cryptocurrency are best countered at a national level by individual Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41%</td>
<td>30%</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>22%</td>
<td>30%</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>37%</td>
<td>33%</td>
<td>33%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government</th>
<th>Any risks related to cryptocurrency are best countered at an international level by international organisations like FATF</th>
<th>Any risks related to cryptocurrency are best countered at a national level by individual Government</th>
<th>Any risks related to cryptocurrency are best countered at a company level by individual exchanges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45%</td>
<td>54%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>25%</td>
<td>11%</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>30%</td>
<td>11%</td>
<td>59%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other private sector</th>
<th>Any risks related to cryptocurrency are best countered at an international level by international organisations like FATF</th>
<th>Any risks related to cryptocurrency are best countered at a national level by individual Government</th>
<th>Any risks related to cryptocurrency are best countered at a company level by individual exchanges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>54%</td>
<td>52%</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>29%</td>
<td>23%</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>23%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Base: All respondents
Respondents are generally more likely to agree than disagree that the Travel Rule will be an effective way to mitigate cryptocurrency AML/CTF risk. Over half of those in the cryptocurrency industry, however, disagree.

The Travel Rule, once fully implemented, will be an effective way to mitigate AML/CTF cryptocurrency risk.

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Financial institutions</th>
<th>Cryptocurrency industry</th>
<th>Government</th>
<th>Other private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net: Agree</td>
<td>59%</td>
<td>68%</td>
<td>16%</td>
<td>63%</td>
<td>51%</td>
</tr>
<tr>
<td>Neither Agree nor Disagree</td>
<td>22%</td>
<td>21%</td>
<td>54%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Net: Disagree</td>
<td>16%</td>
<td>7%</td>
<td>8%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Chart excludes 'Don't Know' responses.
Base: All respondents familiar with Travel Rule (352); Financial institutions (169), Cryptocurrency industry (58), Government (72), Other private sector (61).
REGIONAL PERCEPTIONS BY BANKS
Regional Perceptions by Banks

Due to the large number of responses received from individuals working in financial institutions, it was possible to able to break down answers for this group based on their geographic location.6 For the following questions, there are distinct differences in how respondents in financial institutions in different regions of the world responded.

Respondents working in North American (43%) and European (48%) FIs are more confident than respondents in Asian FIs (38%) in financial institutions’ understanding of cryptocurrency risks.7

However, respondents working in Asian FIs appear to be the most friendly overall towards cryptocurrency. When asked if cryptocurrency is easier to use than fiat currency, a large percentage (43%) of respondents working in Asian FIs agree, while less than one-fifth of respondents working in North American (9%) and European (15%) FIs agree.

Respondents working in Asian FIs are also more optimistic about future cryptocurrency ease of use and its role in financial inclusion. Almost half (46%) of respondents working in Asian FIs indicate that they think cryptocurrency will be easier to use than fiat currency in five years, and over half (53%) say that cryptocurrency will be an effective tool for financial inclusion in the future.

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6. Geographic location refers to the continent in which the financial institutions is based/headquartered, not the respondent’s personal location.

7. Other regions did not have large enough sample sizes of FI respondents to create statistically significant data.
Overall, those working in financial institutions are likely to think their industry understands cryptocurrency risks poorly

How well or poorly do you feel the previous cryptocurrency financial crime risks are understood by Financial institutions in your jurisdiction?

Respondents in Europe are most likely to disagree that cryptocurrency is easier to use than fiat currency, while respondents in Asia are more confident in cryptocurrency’s ease of use

Cryptocurrency is easier to use than fiat currency
Respondents in Asia are more likely to agree that cryptocurrency will be easier to use than fiat currency in five years, while respondents in Europe and North America disagree.

In five years, cryptocurrency will be easier to use than fiat currency

Financial institutions respondents in Asia are more likely to agree than disagree that cryptocurrencies will be an effective tool to secure financial inclusion in five years, while respondents in North America and Europe are split.

In five years, cryptocurrencies will be an effective tool for financial inclusion.
THE FUTURE OF CRYPTOCURRENCY
Future of Cryptocurrency

The survey asked respondents for their views on what the cryptocurrency landscape will look like in five years’ time.

Overall, respondents are more likely to agree than disagree that in five years, cryptocurrency will be an effective tool for financial inclusion. The cryptocurrency industry overwhelmingly agrees (81%) with this statement, echoing their views on the current role of cryptocurrency in financial inclusion currently.

Respondents still believe that the main use of cryptocurrency in five years will be investment and speculation, but day-to-day payments ranks second, with illicit purposes moved to third. The cryptocurrency industry specifically said that day-to-day payments will become the main use of cryptocurrency.
All respondents are more likely to agree than disagree that in five years, cryptocurrencies will be an effective tool for financial inclusion.

In five years, cryptocurrencies will be an effective tool for financial inclusion

<table>
<thead>
<tr>
<th>Total</th>
<th>46%</th>
<th>23%</th>
<th>24%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial institutions</td>
<td>40%</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>Cryptocurrency industry</td>
<td>81%</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>Government</td>
<td>43%</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>Other private sector</td>
<td>49%</td>
<td>21%</td>
<td>24%</td>
</tr>
</tbody>
</table>

N.b. Chart excludes ‘Don’t Know’ responses
Base: All respondents
In five years, respondents still believe the main use for cryptocurrency will be investments, although three-tenths believe it will mainly be used for day-to-day payments.

In the future, cryptocurrency will be mainly used for...

- **Investment and speculation**: 37% (Ranked as #1), 34% (Ranked as #2), 19% (Ranked as #3), 10% (Ranked as #4)
- **Day-to-day payments**: 29% (Ranked as #1), 13% (Ranked as #2), 16% (Ranked as #3), 42% (Ranked as #4)
- **Illicit purposes**: 22% (Ranked as #1), 24% (Ranked as #2), 25% (Ranked as #3), 30% (Ranked as #4)
- **Occasional payments**: 12% (Ranked as #1), 30% (Ranked as #2), 40% (Ranked as #3), 18% (Ranked as #4)

*Base: All respondents*
All audiences except those in the cryptocurrency industry believe that cryptocurrency will be primarily used for investment and speculation in the future. However, there is an increase in the proportion of respondents thinking cryptocurrencies will be used in day-to-day payments.

In the future, cryptocurrency will be mainly used for...

### Financial institutions
- **Investment and speculation**: 37%
- **Day-to-day payments**: 36%
- **Illicit purposes**: 14%
- **Occasional payments**: 13%

### Cryptocurrency industry
- **Day-to-day payments**: 46%
- **Investment and speculation**: 19%
- **Illicit purposes**: 22%
- **Occasional payments**: 7%

### Government
- **Investment and speculation**: 38%
- **Day-to-day payments**: 35%
- **Illicit purposes**: 20%
- **Occasional payments**: 8%

### Other private sector
- **Investment and speculation**: 35%
- **Day-to-day payments**: 27%
- **Illicit purposes**: 22%
- **Occasional payments**: 16%

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*Base: All respondents*
ANNEX: DEFINITIONS
Annex: Definitions

The following is the list of terms as provided to survey respondents in hover text.

**Blockchain analytics/tracing:** The process of analysing and tracking cryptocurrency transactions through the blockchain, in order to discover useful information about the actors involved in the transactions. Private sector companies accomplish this at large scale, offering their services to other actors, including law enforcement and cryptocurrency exchanges.

**Cryptocurrency exchange:** A service provider that allows cryptocurrencies to be converted to fiat currencies and/or other cryptocurrencies.

**Cryptocurrency mixer:** A service that “mixes” cryptocurrencies of numerous users together prior to sending to the recipient, allowing for increased anonymity in the transaction. Also known as a tumbler.

**Custodial wallet:** A cryptocurrency service in which a user’s private keys are stored by a third party.

**Fiat currency:** Legal tender whose value is backed by the issuing government (such as the GBP or USD).

**FinTech:** A financial services provider with incorporated technology.

**Initial Coin Offering (ICO):** Similar to an IPO (initial public offering), this is a fundraising tool used by the cryptocurrency industry in which tokens are purchased (either with cryptocurrency or fiat currency) by investors. The value of these tokens increases as popularity of use increases.

**Neobank:** A type of financial institution that operates exclusively online and does not have traditional physical branch networks.

**RegTech:** A company providing technological services to assist financial institutions with compliance under regulatory obligations.

**Stablecoins:** A cryptocurrency whose value is either fixed to a specific fiat currency (e.g. the US dollar) or backed by other assets (e.g. a basket of currencies) in order to provide increased security and thus decrease price volatility. The most well-known example of this is Facebook’s proposed stablecoin, Libra.