

\$14 Billion in Crypto Stolen in 2021

Scammers around the world raked in a record \$14 billion in crypto in 2021, largely thanks to the rise of DeFi (Decentralized Finance) platforms.

CNBC, citing new data from blockchain analytics firm Chainalysis, says that losses from crypto-related crimes have increased 79 percent from a year earlier, due to a spike in theft and fraud. Among them, cryptocurrency fraud is the biggest crime, followed by theft. Most happen through illegal access to the systems of crypto businesses.



According to Chainalysis, DeFi is an important part of the incident, as well as a warning to those involved in this emerging segment of the crypto industry. 'DeFi is one of the most exciting areas of the broader crypto ecosystem, offering enormous opportunities for crypto entrepreneurs and users alike.

But DeFi is unlikely to reach its full potential, as the decentralization that makes it so active is also a factor that allows fraud and theft to spread,' Chainalysis wrote in its annual Crypto Crime report. .

DeFi's free space

DeFi is a rapidly growing area of the cryptocurrency market that aims to remove middlemen, such as banks, from traditional financial transactions. With DeFi, banks and lawyers are replaced with a piece of programmable code known as a smart contract. This contract is written on a public blockchain, like Ethereum or Solana. It executes when certain conditions are met, negating the need for an intermediary.

According to statistics from Chainalysis, DeFi transaction volume increases by 912% in 2021. Impressive returns from decentralized tokens like Shiba Inu also fuel the 'foraging fever' among DeFi tokens. However, there are a lot of red flags when it comes to trading in this nascent crypto ecosystem. According to Chainalysis lead researcher Kim Grauer, one problem with DeFi is that many of the new protocols being released have code

vulnerabilities that hackers can exploit. 21% of all hacks in the last year took advantage of this.

Ms. Grauer told CNBC that while there are third-party companies that do code checks and publicly specify which protocols are secure, many users still choose to work with risky platforms that skip this step. , because they think they can get a bigger profit.

Crypto theft last year increased by 516% compared to 2020, amounting to \$3.2 billion in crypto value. Of this total, 72% of the stolen funds were derived from DeFi protocols. Scam losses increased by 82% to 7.8 billion in crypto value. More than \$2.8 billion of this total came from a relatively new but very popular type of scheme called a 'rug pull', in which developers build what appear to be projects. legit cryptocurrencies, eventually taking investors' money and disappearing.

Crime statistics don't tell the whole story

Crypto-related crime may be at an all-time high, but researchers note that the growth of legitimate crypto use outstrips the growth of illicit use France.

Transactions involving illicit addresses represent an all-time low, representing just 0.15% of the \$15.8 trillion in total crypto trading volume in 2021. Chainalysis identified the funds. illegal activities based on their connection to confirmed illegal activity.

The researchers partly credit the ability to curb crypto-related crime to regulatory burgeoning legislation, as well as the legacy transparency of blockchain technologies. Unlike cash and other traditional forms of value transfer, every cryptocurrency transaction is recorded in a public ledger, with the right tools.

'Authorities have been very successful in leveraging the transparency of blockchains to investigate and prevent illegal activity,' Ms. Grauer said.

You finished reading the article "**\$14 Billion in Crypto Stolen in 2021**" edited by the [TipsMake](#) team. We hope this article has provided you with many useful tech tips and tricks. You can search for similar articles on tips and guides. Thank you for reading and for following us regularly.