

Myths vs Reality

Common blockchain myths

New technologies often disrupt the marketplace. Disruption breeds misunderstanding, and blockchain technology is no exception. To help sort myth from reality, CRA's forensic services experts have provided some insights into a few of the common misperceptions.



“Blockchain and Bitcoin are the same thing.”

Bitcoin is a well-known application of blockchain technology, but only one of many potential use cases. Blockchain is a distributed ledger allowing for transactions to be processed anywhere and committed to an immutable record. Cryptocurrencies use public blockchains to verify their transactions and prevent tampering. Companies use private or limited access blockchains to reduce transaction costs and increase transaction security. The practical applications are endless.



“Cryptocurrency transactions are anonymous.”

The transaction ledgers for most cryptocurrencies are publicly available. The illusion of anonymity is provided by the lack of traditional identifiers in these transactions. The sender and/or receiver of a cryptocurrency may be identified.



“Cryptocurrencies are only used by malefactors.”

Today, a wide variety of businesses are accepting and transacting in cryptocurrencies. However, cryptocurrencies also represent a new tool in the toolkit for malefactors. Accordingly, a company's enterprise risk management (ERM) and corporate governance programs may need to be updated if a company starts transacting in cryptocurrencies. In addition, the scope of internal investigations may need to be expanded to address the risk that traditional misconduct have been facilitated through the use of cryptocurrencies.



“Blockchain is an ungoverned landscape.”

Although blockchain technology is new, the items or transactions recorded may run afoul of existing legal or regulatory obligations. For example, if a company were to join an industry consortium that leverages a private blockchain, it is important to consider the potential for unintentional antitrust exposure, given the mutual transparency that such a blockchain may afford into each other's business activities.



“Blockchain transactions are always more secure.”

Blockchain transactions are intended to be more secure, but may bring new risks to be managed and mitigated. For example, while the record of an underlying bitcoin transaction may be more transparent and secure, if custody and control of the private keys to a wallet are lost or compromised, then ownership of the underlying bitcoin may be lost instantly and forever.

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