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Acting Comptroller Hsu Brings Crypto-Skepticism to Blockchain Summit



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This week, Acting Comptroller of the Currency Michael Hsu gave remarks to the DC Blockchain Summit titled “[Crypto: A Call to Reset and Recalibrate.](#)”

By speaking at the Blockchain Summit, Mr. Hsu may have gone into the so-called belly of the beast to give his self-proclaimed crypto-skeptic message. Notwithstanding his skepticism, Mr. Hsu noted that he does see cryptocurrency’s potential, but will continue along the OCC’s “careful and cautious approach to crypto in order to ensure that the national banking system is safe, sound, and fair.”

Mr. Hsu noted that the recent collapse of the TerraUSD stablecoin and the selloff seen in other crypto assets showed risks in the asset class, and he said it also showed that much of the growth in the crypto space is “indicative of the crypto economy’s dependency on hype.”

Mr. Hsu shared three “high-level observations from the perspective of a bank regulator.”

First, he said that recent events “have revealed deep vulnerabilities in the crypto system.” He noted three in particular:

- Cryptocurrency markets are highly fragmented and cryptocurrency exchanges are prone to hacks
- Contagion risks for cryptocurrency markets are just as real as other financial markets

- Custody and ownership rights are under-developed for the size, scope, and ambitions of the industry

Second, he pointed out that the OCC's "careful and cautious" approach has shown value in the recent market volatility, as "there has been no contagion from cryptocurrencies to traditional banking and finance."

Third, he observed that "hype is not harmless," and elaborated by saying that the hype of crypto and digital assets and the associated vulnerabilities "make the crypto space very dangerous for investors of modest means."

Mr. Hsu summarized his remarks by noting that the recent market volatility involving stablecoins (and cryptocurrencies more broadly) provides an opportunity "to reset and to recalibrate the problems the industry is trying to solve."
