

Cryptocurrency: A Christian Perspective

By Thomas Ross



I believe people have liberty in Christ to own bitcoin or other cryptocurrencies if they wish to do so. If you bought bitcoin or other crypto before its price exploded, and you made a lot of money, I am happy for you. However, I am staying away from it. These are my reasons, as a Christian, to stay away from cryptocurrency. (This article is my opinion, protected by the first amendment, not official financial advice. I am not a financial advisor.)

1.) Cryptocurrency does not actively do good. What we receive from God, including our financial resources, is a stewardship that we need to use for His glory (1 Corinthians 4:1-2; 1 Peter 4:10; Luke 12:42). If one invests in the Christian mutual funds associated with the Eventide family of funds,¹ he is investing in many companies that are not only attractive investments but also actively are doing good things. He is helping to fund cures for cancer, building semiconductors, supporting cybersecurity, and funding many other useful and beneficial things. At best, if one buys and holds bitcoin or other crypto, what he has purchased just sits there. It does not do anyone any good. It does not discover a cure for any disease. It does not provide food like a farming company or make houses like a building manufacturer. It does not produce anything useful. It is not inherently wrong to own an asset that just sits there and does nothing (like gold, for example, which tends to underperform stocks in the long term for the very reason that gold, like crypto, does not produce anything),² but if I have the option to invest in

¹ “God-Honoring and Bible-Based Christian Mutual Funds,” Thomas Ross, elec. acc. <https://faithsaves.net/christian-mutual-funds/>

² “Investing in Precious Metals such as Gold and Silver: A Biblical View,” Thomas Ross, elec. acc. <https://faithsaves.net/precious-metals/>

something that positively does good or something that does not do any good, my Christian ethics will lean toward investing in the assets that help make the world a better place.

The only clear effect on the world I can see from cryptocurrency is that it uses a huge amount of electricity and creates a lot of pollution when it is “mined.” “Mining” bitcoin uses much more much electricity than does the whole country of New Zealand.³ Then, once it pollutes the earth through the electricity used in its “mining,” the bitcoin doesn’t do anything to make the world a better place.

2.) Cryptocurrency is very frequently used to actively do evil. There is substantial evidence that a high percentage of cryptocurrency is used by evil people to do evil things, whether funding drug cartels, supporting human trafficking and pornography, supporting terrorist organizations, engaging in money laundering, assisting rogue regimes to evade sanctions, and the like. Estimates for illicit, criminal, or other and evil activity range as high as 50%.⁴ People associated with the crypto industry claim that the percentage is much lower,⁵ and there is no reason to doubt that the percentages vary over time. However, the claims of cryptocurrency industry advocates do not appear to me to be as credible as are the studies supporting high percentages of sinful activity. I do not want to be associated with all the evil funded and facilitated by crypto.

It is true, of course, that US dollars and other traditional currencies are used to do evil things as well, but not at nearly as high a percentage. Furthermore, cryptocurrency is uniquely designed to avoid legal regulations and facilitate illegal activity.

Again, I think you have liberty to own bitcoin or other crypto if you feel like it, and I’m not saying you are a criminal if you do. I am giving you my reasons for not owning it.

3.) Cryptocurrency lends itself toward speculation, not rational investment. An examination of the financial statements of a company in a mutual fund, and other thought-through factors, provide a rational explanation for why a particular company’s stock goes up or down. When bitcoin goes up a gazillion percent in a very short period of time, and then crashes over 80% shortly afterwards, it is hard to give a rational explanation for its extremely radical swings in price. Yes, it is supply and demand, but why? I can explain why a stock moves up if it has just had its treatment for colon cancer successfully pass clinical trials, or if its new tractor performs

³ “Why does Bitcoin need more energy than whole countries?” Timothy Rooks, elec. acc. <https://www.dw.com/en/why-does-bitcoin-need-more-energy-than-whole-countries/a-56573390>

⁴ “Sex, Drugs, and Bitcoin: How Much Illegal Activity Is Financed through Cryptocurrencies?” Sean Foley, Jonathan R Karlsen, Tālis J Putniņš. *The Review of Financial Studies*, Volume 32, Issue 5, May 2019, elec. acc. <https://academic.oup.com/rfs/article-abstract/32/5/1798/5427781?redirectedFrom=fulltext>.

⁵ “The False Narrative Of Bitcoin’s Role In Illicit Activity,” Hailey Lennon, elec. acc. <https://www.forbes.com/sites/haileylennon/2021/01/19/the-false-narrative-of-bitcoins-role-in-illicit-activity/>

better with lower maintenance costs than the competition. I can't explain why bitcoin should be priced at \$20, \$200, \$2,000, \$20,000, \$200,000, or \$0 a coin. I can't give you a reason why in thirty years bitcoin is likely to continue to appreciate in value, rather than becoming totally worthless, replaced by another one of the many, many cryptocurrencies out there, or whether crypto itself will be gone entirely. I can give you reasons why my Eventide mutual funds are likely to continue to appreciate in value, despite shorter-term volatility, over the next several decades. Unless Christ comes back first, in thirty years people will still get sick and need better treatments. Companies will still be doing things to make the world a better place. The best reason I can think of for bitcoin not going to \$0 is that people will still want to engage in illegal activity thirty years from now, and bitcoin makes it easier to do that, so it will still have some value. However, there are other cryptocurrencies that are even more anonymous than bitcoin and so could be even better for criminals.

Perhaps you can think of lots of great reasons why bitcoin will continue to go up in value for the next several decades. Perhaps you have fantastic reasons for why bitcoin has way, way more volatility than stocks, bonds, gold, or practically anything else that people invest in, and can give rational explanations for everything, while you think that my inability to understand shows that I just need to look into it more because I just "don't get it" or perhaps just have an IQ that is too low. That's fine—good for you. Go buy crypto. I won't.

One thing is for sure, though—if you buy bitcoin simply to speculate, hoping you will get a good "roll of the dice" and buy in right before it goes up a bazillion percent rather than right before it executes another one of its many crashes—for it is far, far more volatile than the stock market, and in just about a decade has repeatedly crashed over 80%, and has even crashed 99%⁶--please consider the principles in these verses:

Prov. 13:11 Wealth *gotten* by vanity shall be diminished: but he that gathereth by labour shall increase.

Prov. 28:20 A faithful man shall abound with blessings: but he that maketh haste to be rich shall not be innocent.

Prov. 28:22 He that hasteth to be rich *hath* an evil eye, and considereth not that poverty shall come upon him.

⁶ "7 of the Biggest Bitcoin Crashes in History," Andrew Lisa. Elec. acc. <https://finance.yahoo.com/news/7-biggest-bitcoin-crashes-history-180038282.html>.

4.) **Your cryptocurrency can easily vanish.** If you lose your password, your crypto is gone—you can never get it back. About 20% of all bitcoin has been lost in this way.⁷ Recognizing my own liability to human error, the fact that my hard drive can get corrupted and my computer can die, I don't like that percentage.

Furthermore, if your crypto account or wallet gets hacked, you can't get your crypto back, and a lot of bitcoin is hacked and stolen.⁸ The 99% drop in bitcoin prices in 2011 was because hackers stole a lot of it (and those who owned the rest saw its value crash to \$0.01 per coin). Perhaps you have a lot of trust in Coinbase or whoever you have your crypto with. You think that they do a good job with website security. Hopefully so, but when the US government can be hacked, the credit bureaus can be hacked, extremely classified military servers can be hacked, huge numbers of companies have been and continue to be hacked, are you sure that your crypto won't end up being taken by a hacker? If someone hacks the website of Schwab or Fidelity, my mutual funds don't disappear. I change my password, probably have to spend some time doing paperwork or calling customer service reps on the phone, and then we keep on going. Even if my identity gets stolen it isn't that easy to take my mutual funds. If your crypto storage account gets hacked, though, you are done; it's all over.

I know someone who works in San Francisco at a location where Coinbase, the large cryptocurrency firm, claims it has its address. There are no employees from Coinbase there (ever)—just like cryptocurrency itself, Coinbase's actual address is very hard to discover. Just about every day this San Franciscan says that people come, saying that they need to talk to someone from Coinbase, because they can't get into their account and Coinbase does not respond, or huge amounts of money have vanished and they can't get help, etc. Some say they have flown from across the country and become irate when they find out that the address listed on the Internet for Coinbase in San Francisco is not a real address. It is not surprising that Coinbase has an "F" rating with the Better Business Bureau.⁹ Someone could say that it was always these people's fault that they lost all their money, while Coinbase is pure as snow. Maybe so. But it sounds to me like a really bad situation. I stay away from companies with an "F" BBB rating.

The Bible says all riches are "uncertain" and we need to trust in God, not in money (1 Timothy 6:17). However, with cryptocurrency the "uncertain" is written in all caps in flashing neon lights, surrounded by warning signs illuminated by floodlights, while sirens blare

⁷ "Tens of billions worth of Bitcoin have been locked by people who forgot their key," Nicholas Albrecht, elec. acc. <https://www.nytimes.com/2021/01/12/technology/bitcoin-passwords-wallets-fortunes.html>

⁸ ""Bitcoin fraud, theft, and security statistics," Aimee O'Driscoll, elec. acc. <https://www.comparitech.com/crypto/bitcoin-statistics-security/>

⁹ <https://www.bbb.org/us/ca/san-francisco/profile/financial-services/coinbase-inc-1116-454104>.

“UNCERTAIN, UNCERTAIN.” If I was engaged in money laundering for a drug cartel, I could see why I might need to take the risk of my crypto vanishing. Since I’m not doing anything like that, I see no reason to undergo the risk.

5.) **Arguments for cryptocurrency are unpersuasive**, in my opinion. I don’t think bitcoin is going to replace government-issued currency. I understand that the “full faith and credit” of the US government backing the dollar is not perfect security, but the government can raise taxes and force people to pay by imprisoning them and confiscating their property. The government can do various things to make people continue to use dollars. In US territory you must accept dollars as payment; you aren’t allowed to (for example) sell groceries but only take gold or silver or euros as payment. The “full faith and credit” of the US government is certainly a lot more security than no faith and no credit and no backing from anyone with crypto. Governments can get into whatever value there is to digital currencies and co-opt them. Congress can pass a law banning bitcoin. They aren’t going to pass a law banning the dollar as a medium of exchange (and, of course, hiding dollars in your pillow isn’t a very good investment; the dollars should be used to actually invest in something). A return to the gold standard is more likely (although quite unlikely) than bitcoin replacing government-issued currency.

Bitcoin advocates argue that there are only a limited number of bitcoins that can be “mined.” Assuming this cannot change (which is not certain), that’s fine; however, there are also only a limited number of people who have letters with my autograph, only a limited number of 1994 baseball cards, only a limited amount of tin to make tin foil, and only a limited number of many other things. There is only a limited amount of many other digital currencies, and people can make a new digital currency and say that there is only a limited amount of it whenever they like.

It is not true that any other asset can just as easily go to \$0 as crypto. Let’s say one of the many companies in my Eventide mutual fund makes bad decisions and goes bankrupt. It still has buildings, vehicles, land, etc. that can be sold on an auction. It could turn out to be a very poor investment, but becoming totally worthless is not as easy as it is with crypto, even leaving out the very substantial diversification present in my Eventide funds.

Reputable financial advisors who say to steer clear of cryptocurrency are legion.¹⁰ Reputable financial advisors who even offer it as a suggestion (not a recommendation) are much

¹⁰ E. g., “Here’s Why I Still Won’t Buy Bitcoin, and You Shouldn’t, Either,” Sean Williams. Elec. acc. <https://www.msn.com/en-us/money/markets/heres-why-i-still-wont-buy-bitcoin-and-you-shouldnt-either/ar-AAS9wnd>.

less common,¹¹ and those who even throw it out as a possibility say to only put a tiny percentage of one's assets into crypto, and only if one is wealthy, and warn that one could lose 100% of the investment.

In summary, for the reasons above (and others), I am staying away from cryptocurrency.

- 1.) Cryptocurrency does not actively do good.*
- 2.) Cryptocurrency is very frequently used to actively do evil.*
- 3.) Cryptocurrency lends itself toward speculation, not rational investment.*
- 4.) Your cryptocurrency can easily vanish.*
- 5.) Arguments for cryptocurrency are unpersuasive.*

If you buy crypto, and you end up coming out ahead instead of losing everything, I am happy for you. As for me, I'm staying away from it.

Faithsaves.net

¹¹ "The Case for Cryptocurrency As an Investable Asset Class in a Diversified Portfolio," Lisa Shalett. Elec. acc. https://advisor.morganstanley.com/scott.altemose/documents/field/s/sc/scott-a--altemose/Case%20for%20Cryptocurrency_MAR%2017%202021.pdf