

Digital Assets: Cryptocurrency



NAME _____

DATE _____

BELLWORK

Question:

In your opinion, what makes learning about
cryptocurrency important?

Answer:

A large, empty rectangular box with a light gray background, intended for the student to write their answer to the question.

NEW LEARNING

INSTRUCTIONS

Instructions: Read the following sections in the article provided to you.

- Protecting Consumers, Investors, and Businesses
- Promoting Access to Safe, Affordable Financial Services
- Fostering Financial Stability

As you read, highlight or underline anything that interests you or that you have questions about. You can also take notes below.

Notes

READING

September 16, 2022

FACT SHEET: White House Releases First-Ever Comprehensive Framework for Responsible Development of Digital Assets¹

Protecting Consumers, Investors, and Businesses

Digital assets pose meaningful risks for consumers, investors, and businesses. Prices of these assets can be highly volatile: the current global market capitalization of cryptocurrencies is approximately one-third of its November 2021 peak. Still sellers commonly mislead consumers about digital assets' features and expected returns, and non-compliance with applicable laws and regulations remains widespread. One study found that almost a quarter of digital coin offerings had disclosure or transparency problems—like plagiarized documents or false promises of guaranteed returns. Outright fraud, scams, and theft in digital asset markets are on the rise: according to FBI statistics, reported monetary losses from digital asset scams were nearly 600 percent higher in 2021 than the year before.

Since taking office, the Biden-Harris Administration and independent regulators have worked to protect consumers and ensure fair play in digital assets markets by issuing guidance, increasing enforcement resources, and aggressively pursuing fraudulent actors.

As outlined in the reports released today, the Administration plans to take the following additional steps:

- The reports encourage regulators like the Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC), consistent with their mandates, to aggressively pursue investigations and enforcement actions against unlawful practices in the digital assets space.
- The reports encourage Consumer Financial Protection Bureau (CFPB) and Federal Trade Commission (FTC), as appropriate, to redouble their efforts to monitor consumer complaints and to enforce against unfair, deceptive, or abusive practices.
- The reports encourage agencies to issue guidance and rules to address current and emergent risks in the digital asset ecosystem. Regulatory and law enforcement agencies are also urged to collaborate to address acute digital assets risks facing consumers, investors, and businesses. In addition, agencies are encouraged to share data on consumer complaints regarding digital assets—ensuring each agency's activities are maximally effective.
- The Financial Literacy Education Commission (FLEC) will lead public-awareness efforts to help consumers understand the risks involved with digital assets, identify common fraudulent practices, and learn how to report misconduct.

Promoting Access to Safe, Affordable Financial Services

Today, traditional finance leaves too many behind. Roughly 7 million Americans have no bank account. Another 24 million rely on costly nonbank services, like check cashing and money orders, for everyday needs. And for those who do use banks, paying with traditional financial infrastructure can be costly and slow—particularly for cross-border payments.

¹ <https://www.whitehouse.gov/briefing-room/statements-releases/2022/09/16/fact-sheet-white-house-releases-first-ever-comprehensive-framework-for-responsible-development-of-digital-assets/>

The digital economy should work for all Americans. That means developing financial services that are secure, reliable, affordable, and accessible to all. To make payments more efficient, the Federal Reserve has planned the 2023 launch of FedNow—an instantaneous, 24/7 interbank clearing system that will further advance nationwide infrastructure for instant payments alongside The Clearinghouse’s Real Time Payments system. Some digital assets could help facilitate faster payments and make financial services more accessible, but more work is needed to ensure they truly benefit underserved consumers and do not lead to predatory financial practices.

To promote safe and affordable financial services for all, the Administration plans to take the following steps:

- Agencies will encourage the adoption of instant payment systems, like FedNow, by supporting the development and use of innovative technologies by payment providers to increase access to instant payments and using instant payment systems for their own transactions where appropriate – for example, in the context of distribution of disaster, emergency or other government-to-consumer payments.
- The President will also consider agency recommendations to create a federal framework to regulate nonbank payment providers.
- Agencies will prioritize efforts to improve the efficiency of cross-border payments by working to align global payments practices, regulations, and supervision protocols, while exploring new multilateral platforms that integrate instant payment systems.
- The National Science Foundation (NSF) will back research in technical and socio-technical disciplines and behavioral economics to ensure that digital asset ecosystems are designed to be usable, inclusive, equitable, and accessible by all.

Fostering Financial Stability

Digital assets and the mainstream financial system are becoming increasingly intertwined, creating channels for turmoil to have spillover effects. Stablecoins, in particular, could create disruptive runs if not paired with appropriate regulation. The potential for instability was illustrated in May 2022 by the crash of the so-called stablecoin TerraUSD and the subsequent wave of insolvencies that erased nearly \$600 billion in wealth. In October, the Financial Stability Oversight Council (FSOC) will publish a report discussing digital assets’ financial-stability risks, identifying related regulatory gaps, and making additional recommendations to foster financial stability.

The Biden-Harris Administration has long recognized the need for regulation to address digital assets’ stability risks. For example, in 2021, the President’s Working Group on Financial Markets recommended steps for Congress and regulators to make stablecoins safer.

Building on this work, the Administration plans to take the additional following steps:

- The Treasury will work with financial institutions to bolster their capacity to identify and mitigate cyber vulnerabilities by sharing information and promoting a wide range of data sets and analytical tools.
- The Treasury will work with other agencies to identify, track, and analyze emerging strategic risks that relate to digital asset markets. It will also collaborate on identifying such risks with U.S. allies, including through international organizations like the Organization for Economic Co-operation and Development (OECD) and the Financial Stability Board (FSB).

QUESTION	ANSWER
What are the biggest risks that people using cryptocurrency face?	
What do you think is the biggest benefit of cryptocurrency?	
What is the government doing to promote safe and affordable financial services for all?	
How do you think cryptocurrency might impact the financial system?	
What is one thing you learned from this lesson that you didn't know previously?	

EXIT TICKET

Question:

What is your opinion on government regulation of cryptocurrency?

Answer:

