
We Must Regulate Crypto As It Exists Today

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Introduction

On October 31, 2008, Satoshi Nakamoto [released](#) the [white paper](#) introducing the world to Bitcoin. The problem for crypto enthusiasts is that Bitcoin today bears no resemblance to Bitcoin as Nakamoto envisioned it 17 years ago. Other cryptocurrencies bear even less resemblance.

Nakamoto wanted to create a way for “[payments](#) to be sent directly from one party to another without going through a financial institution.” Although it is possible for Bitcoin to be used in this manner, this is not how Bitcoin is primarily used today. Instead, Bitcoin is primarily used as a speculative investment. Other cryptocurrencies are almost exclusively used as a speculative investment. Perhaps most revealing, financial institutions pervade the crypto ecosystem. Crypto, in today’s world, is not a revolutionary form of payment that has transformed the traditional financial system but just another volatile asset that is part of the traditional financial system.

This means we must regulate crypto as it exists today. If Satoshi Nakamoto wrote a paper describing crypto as assets whose value depends on what some people are willing to sell them for and some people are willing to buy them for, we would not regulate them as commodities. But in fact all crypto is today is a way to buy assets in the hope that other people will value the assets more. It is not a form of payment. Crypto is an investment and must be regulated as an investment.

Crypto is not used for payments

Companies like Coinbase have been saying for years that crypto is the [future of money](#). Yet almost nobody uses crypto as a method of payment. A recent Fed survey found that only [2%](#) of adults used crypto to buy something or make a payment in 2024—the same percentage as in 2021.

The main reason why crypto does not function as money is [volatility](#). Cryptocurrencies [lack intrinsic value](#) and have no reserves or price stabilization mechanisms. This means that the price of Bitcoin and other cryptocurrencies [fluctuates wildly](#), which limits their usefulness as a means of transaction. People are not going to use crypto as money if one day they can buy a bottle of fine wine with a crypto coin and [the next day](#) they can only buy a single beer with that same coin.

Even so-called stablecoins, which are supposed to be backed by collateral and maintain a 1:1 peg to the dollar, do not maintain a consistent value. USDe, the third-largest stablecoin, recently fell

to [65 cents against the dollar](#) during a recent market downturn. The fact that stablecoin issuers make [\\$300 trillion mistakes](#) (not a typo) also suggests stablecoins are not the future of money.

If crypto is not a substitute for money, this presents a fundamental problem for the crypto industry. As Adam Rogers, a senior correspondent at Business Insider [said](#) recently,

The United States already has a very good, stable currency and a solid banking system. . . . Beyond money laundering, crypto doesn't do anything better than dollars and banks.

So why does anybody need crypto?

In other words, if crypto is not good for making payments—its supposed purpose dating back to the Bitcoin white paper—what is it good for? Or, put more simply, what is it for?

Crypto is used for speculation

The answer appears to be that crypto is used purely for speculation. Bitcoin itself has become [a speculative asset](#), despite the fact that it has no intrinsic value and is not backed by anything, because Bitcoin investors seem to rely on the theory that “all you need to profit from an investment is to find someone willing to buy the asset at an even higher price.” The reason Bitcoin persists today has [nothing to do with payments](#) and everything to do with its embrace by mainstream finance as [a supercharged alternative](#) to other financial assets that investors put into their portfolios.

It is even harder to make the case that other cryptocurrencies are for anything more than speculation. Indeed, even some financial professionals find it unlikely that crypto will become like currency and instead view most cryptocurrencies as [merely speculative investments](#).

A unique characteristic is that digital coins are not backed by any physical assets. For example, gold and silver prices are tied to a physical asset that is used to make goods. While commodity prices do fluctuate, there is an inherent value, or utility, to the underlying commodity given its use in various end-markets or products. Cryptocurrencies do not have this characteristic. Their price is inherently driven by what the next investor is willing to pay for a particular digital coin, which further adds to their speculative nature. (Edward Jones, August 20, 2025)

Hanna Halaburda, an economist at NYU's Stern School of Business, [says](#) of crypto: “It's not a means of payment. It's not exactly a store of value. It's hugely volatile. It's more of a casino chip.”

The view that investing in crypto is essentially gambling is not [uncommon](#), but at the least it must be regulated as an investment and not as a commodity or a currency. Regulating crypto as an investment would be consistent with not only crypto's characteristics but with how crypto is sold to the public. Major crypto exchanges explain how investors can put crypto into [their retirement accounts](#). And investment platforms advertise crypto as one of the products they offer. For example, the “Invest” tab on public.com's [website](#) shows the following investment options:

Stocks

Options

Margin

Bonds

Bond Account 5.4% yield

High-Yield Cash Account 3.8% APY

Treasuries

Retirement (IRAs) 1% MATCH

Investment Plans

Crypto

ETFs

Active Trading API New

Direct Indexing New

Why should crypto be the only one not regulated as an investment?

Crypto relies on traditional intermediaries

In light of crypto’s main use as a speculative asset, it is not surprising that traditional financial institutions that have been dealing in speculative assets for years have become fixtures in the crypto space. Just last week, news broke that JP Morgan Chase plans to allow institutional clients to use Bitcoin and Ether as [collateral](#). This follows JP Morgan’s launch of a “strategic partnership” with Coinbase to [make crypto buying easier than ever](#). JP Morgan also recently launched its own token, thus [further blurring the lines between commercial banking and the crypto industry](#). JP Morgan’s embrace of crypto is perhaps most notable since Jaime Dimon was once [a vicious skeptic](#), but his firm is by no means the only Wall Street giant incorporating crypto into its portfolio. For example, Morgan Stanley plans to offer [crypto trading to retail customers](#). And firms such as State Street, Bank of New York Mellon, and Fidelity will offer [crypto custody](#). The presence of these firms shows [just how far](#) crypto has come from Satoshi Nakamoto’s vision of crypto as a way to make payments without going through a financial institution.

Beyond the presence of traditional financial institutions, crypto now mirrors the traditional financial system in another way. Decentralization—placing the power of finance into the hands of individuals rather than institutions—is [the core principle](#) behind Bitcoin. Yet [the industry’s trend towards centralization is clear](#). This centralization trend [contradicts](#) crypto’s original vision. As Professor Hilary Allen has [said](#), “Bitcoin became centralized very quickly and now depends on a small group of software developers and mining pools to function.” This is true of crypto [generally](#).

To move from traditional currency into crypto, consumers must use on-ramps, which tend to be centralized platforms like Coinbase or Binance. The same holds true for stablecoins that are pegged to the dollar. They must be trusted—exactly what crypto claimed not to need.

As Vanderbilt Law Professor Yesha Yadav has [said](#), the seemingly decentralized world of cryptocurrencies has come to depend heavily on trading firms that institutionalize a highly centralized organizational model. This makes crypto no different than most financial assets. For example, this is what the “Cryptocurrencies” tab looks like on Coinbase’s [website](#):

Crypto prices 19,637 assets

The overall crypto market is growing this week. As of today, the total crypto market capitalization is 3.72 trillion, representing a 1.71% increase from last week.

[Read more](#)

All assets
1D
USD
10 rows

	Asset	Price	Chart	Change	Mkt cap	Volume	Actions
☆	 Bitcoin BTC	\$113,654.43		↘ 1.18%	\$2.3T	\$55.6B	Trade
☆	 Ethereum ETH	\$4,039.42		↘ 4.19%	\$489.2B	\$34.2B	Trade
☆	 Tether USDT	\$1.00		↗ 0.00%	\$183.2B	\$119.9B	Trade
☆	 XRP XRP	\$2.62		↘ 2.32%	\$157.7B	\$5.0B	Trade
☆	 BNB BNB	\$1,127.28		↘ 1.58%	\$155.7B	\$3.5B	Trade
☆	 Solana SOL	\$195.15		↘ 2.59%	\$108.2B	\$6.9B	Trade
☆	 USDC USDC • Earns 3.85% APY	\$1.00		0.00%	\$76.2B	\$16.0B	Trade
☆	 Dogecoin DOGE	\$0.20		↘ 3.53%	\$30.0B	\$2.2B	Trade
☆	 TRON TRX	\$0.30		↘ 0.75%	\$28.2B	\$716.3M	
☆	 Cardano ADA	\$0.65		↘ 3.42%	\$23.5B	\$1.3B	Trade

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1,964
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Other than listing crypto rather than stocks, it is unclear how this differs from a stock exchange.

As in the traditional financial system, the fact that the majority of crypto financial activities have shifted to [intermediary-based paradigms](#) poses significant risks. For example, a few weeks ago crypto experienced [the largest wipeout](#) in a 24-hour period in the market's history. As Emily Nicolle [described in the Bloomberg Crypto newsletter](#), "Crypto's recent rash of crypto liquidations has highlighted a longstanding tension in an industry supposedly built on decentralization: Just three exchanges were responsible for the bulk of the \$19 billion in liquidated leveraged bets that were wiped out late Friday."

The intermediaries that could pose systemic risk in our centralized traditional financial system [are heavily regulated and supervised](#). We cannot afford to pretend that similar regulation and supervision is unnecessary in the crypto industry because crypto is decentralized. It is not, and we must regulate it in the same way we regulate the markets for other financial assets.



Conclusion

Crypto wants to be regulated as a commodity-like alternative to money, which is how Satoshi Nakamoto originally envisioned Bitcoin. But crypto is not like a commodity and is not an alternative to money. Crypto comprises highly volatile and speculative financial assets that people acquire as investments. As a result, we must regulate crypto as investments. Regardless of the idea that spurred crypto 17 years ago, we must regulate crypto as it exists today.



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