

The background of the slide is a collage. The top half features various banknotes, including a purple £20 note, a white £10 note, and a blue £5 note. The bottom half features several gold and silver Bitcoin coins. A diagonal line separates the banknotes from the coins. A teal banner with white text and a logo is positioned across the middle.

CRYPTO vs FIAT

Myths, Realities, and the Path to Safer Finance

By Debbie Guillou, CEO, Artemis Fiduciaries

ARTEMIS
The Value of Independence

Introduction

Opinions on cryptocurrencies and digital assets are sharply divided. Critics point to their attraction for bad actors: facilitating the movement of criminal proceeds, exploiting perceived anonymity, and evading law enforcement or sanctions. Supporters, on the other hand, celebrate their transparency, resilience, decentralised structure, and immutability, which together can make them powerful tools for legitimate commerce and innovation. This article examines both perspectives, exploring how blockchain technology is being used to disrupt financial crime while also weighing the relative merits and shortcomings of both crypto and fiat systems.



"...Blockchain's transparency, decentralisation, and speed can be combined with the stability, legal clarity, and consumer protections that characterise fiat systems..."

The Strength of Blockchain Transparency

Blockchains such as Bitcoin and Ethereum offer public, immutable records of every transaction. This makes tracking illicit activity far easier than under traditional finance, where opaque systems can conceal money trails. Specialists use sophisticated tracing techniques, such as analysing transaction clusters and transaction histories, to follow the flow of funds across wallets, even when criminals attempt to obscure their trail through “mixers” and other obfuscation tools.

A prime example of public-private collaboration leveraging blockchain transparency is the T3 Financial Crime Unit (“T3 FCU”), launched in September 2024 by Tether, TRON and TRM Labs. In less than a year, the unit has frozen billions of dollars’ worth in USDT and identified substantial criminal proceeds, initially freezing over USDT 100 million across five continents within a few months of inception. By August 2025, that figure exceeded USD 250 million, thanks in part to coordinated action through its new T3+ collaborator programme, which includes Binance. These operations illustrate how blockchain’s transparency, paired with rapid intelligence sharing, can enable fast, targeted crime intervention.

Other firms reinforce this capability. Chainalysis, based in New York, has supported law enforcement in recovering funds from major hacks, including those attributed to North Korea’s Lazarus Group, and in shutting down illicit marketplaces such as Silk Road. In the UK, Elliptic, Hoptrail, CThru and other such firms provide anti-money-laundering and sanctions-compliance tools via blockchain analytics to institutions and agencies worldwide. These tools are increasingly relied upon to bring accountability to a space sometimes portrayed as opaque.



Why Fiat Still Has Advantages

Traditional fiat systems remain deeply embedded in public and institutional infrastructure. Although bank transfers may be slower, they are backed by central banks, deposit protection schemes, and well-established legal frameworks. This regulatory clarity, coupled with strong oversight mechanisms and insured deposits, continues to deliver confidence to consumers and businesses.

In particular, fiat systems are generally simpler to audit and regulate. Verifying cryptocurrency holdings can be complex due to diverse custody arrangements, varied jurisdictions, and inconsistent audit practices. In contrast, fiat money and bank deposits are well understood by auditors, regulators, and courts, reducing the risk of interpretative gaps.



Pitfalls and Risks of Both Systems

Despite blockchain's advantages in transparency, cryptocurrencies can pose risks. While the technology makes transactions traceable, user identities may remain obscured, creating vulnerabilities in compliance and due diligence. For example, in 2024 a crypto firm transferred USD 4.2 million to a wallet later linked to an alleged Russian arms dealer. No wrongdoing was alleged, but the incident highlighted gaps in identity verification and the speed at which transactions can occur without adequate checks.

Legal uncertainty is another challenge. The conviction in August 2025 of Tornado Cash's co-founder, over operating an unlicensed money-transmitting business, underscored the regulatory risks of privacy-enhancing blockchain services. Tornado Cash has been linked to more than USD 1 billion in laundered funds, including assets stolen by North Korean state-sponsored actors.

Market-related risks also persist. Algorithmic stablecoins, for example, can collapse under financial stress. The guilty plea by Do Kwon, co-founder of Terra and TerraUSD, to fraud charges in August 2025 after the stablecoin's collapse, wiping billions from the market, illustrates how technical design flaws and insufficient regulation can devastate investors.

Fiat systems are not without vulnerabilities. They rely on centralised intermediaries, which can be susceptible to corruption, political interference, or systemic collapse. Additionally, cross-border payments in fiat are often slow and costly, particularly for small businesses and individuals. Cash transactions can also be completely untraceable, enabling their own share of criminal activity.



Bridging the Divide

The debate between crypto and fiat is often framed as an either-or choice. In practice, the most secure, efficient financial ecosystem may emerge from a hybrid approach. Blockchain's transparency, decentralisation, and speed can be combined with the stability, legal clarity, and consumer protections that characterise fiat systems. Initiatives like T3 FCU and the work of blockchain analytics firms show that the narrative of crypto as a "lawless frontier" is increasingly outdated. Equally, the trust, governance, and broad acceptability of fiat remain critical to economic stability.

Conclusion

Crypto and digital assets are not inherently more dangerous than fiat; nor are they inherently superior. Their risks and benefits depend on the structures and safeguards surrounding their use. Blockchain technology offers a level of transparency and traceability that can make it more difficult for criminals to hide their activity. Yet without proper governance, education, and compliance, it can also provide tools for illicit finance.

Fiat, meanwhile, enjoys centuries of institutional development, consumer protections, and legal clarity, but suffers from inefficiencies and opaque centralisation. The challenge for policymakers, financial institutions, and technology providers is to integrate the best of both worlds, ensuring that innovation and security advance together.

Artemis Fiduciaries is proud to be the lead sponsor of the Guernsey Digital Assets Conference, taking place at the St Pierre Park Hotel on 10 September. This landmark event will explore topics such as those discussed in this article, with the aim of identifying how Guernsey can position itself as a leading jurisdiction for emerging blockchain technology and the future of financial services. For more information, or to purchase in-person or virtual tickets, please visit the [Guernsey Digital Assets Conference](#) website.



For more information

please contact Debbie Guillou,
CEO at Artemis Fiduciaries:
info@artemisci.com

Artemis Fiduciaries is the trading name for all companies within the Artemis Group, including Artemis Trustees Limited, PO Box 100, Plaza House, 5th Floor, Admiral Park, St Peter Port, Guernsey, GY1 3EL. Registered number: 38106.

Artemis Trustees Limited is licensed by the Guernsey Financial Services Commission to conduct fiduciary business. GFSC reference: 134217.

This document is for informational purposes only and does not constitute financial, tax, legal, or investment advice.

Artemis Fiduciaries accepts no liability for reliance on this content. Readers should seek professional advice before making any financial or legal decisions.