

## European supervisory authorities warn consumers of risks in virtual currencies

On February 12, 2018, European supervisory authorities (ESAs), i.e. European Securities and Markets Authority (ESMA), European Banking Authority (EBA) and European Insurance and Occupational Pensions Authority (EIOPA) issued a warning to consumers in EU regarding the risks of buying and trading virtual currencies (digital currencies, crypto currencies). The ESAs warn consumers that virtual currencies are highly risky and unregulated products. Also, entities operating in trading and issuing these currencies are not regulated by the EU regulation and are not subject to official supervision.

The warning expresses concern due to an increasing number of consumers buying virtual currencies unaware of the risks involved. Virtual currencies, such as *Bitcoin*, are subject to extreme price volatility and have shown clear signs of a pricing bubble and consumers buying and trading virtual currencies should be aware that there is a high risk that they will lose a large amount of invested money, or even all. Consumers buying virtual currencies can be exposed to the lack of price transparency risk, operational disruptions, misleading information about currencies and trading, lack of liquidity and other risks.

For original warning, click [here](#).