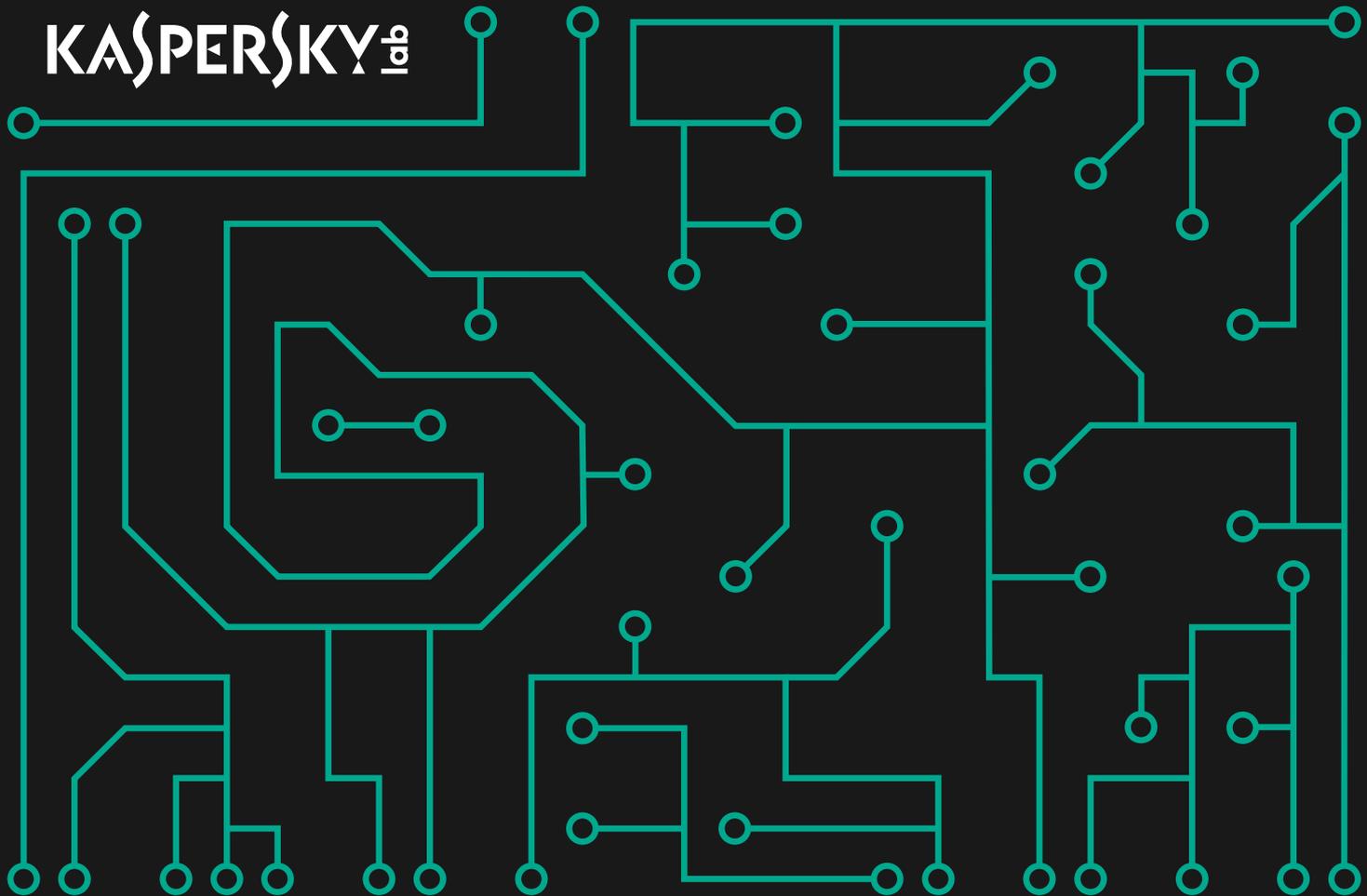
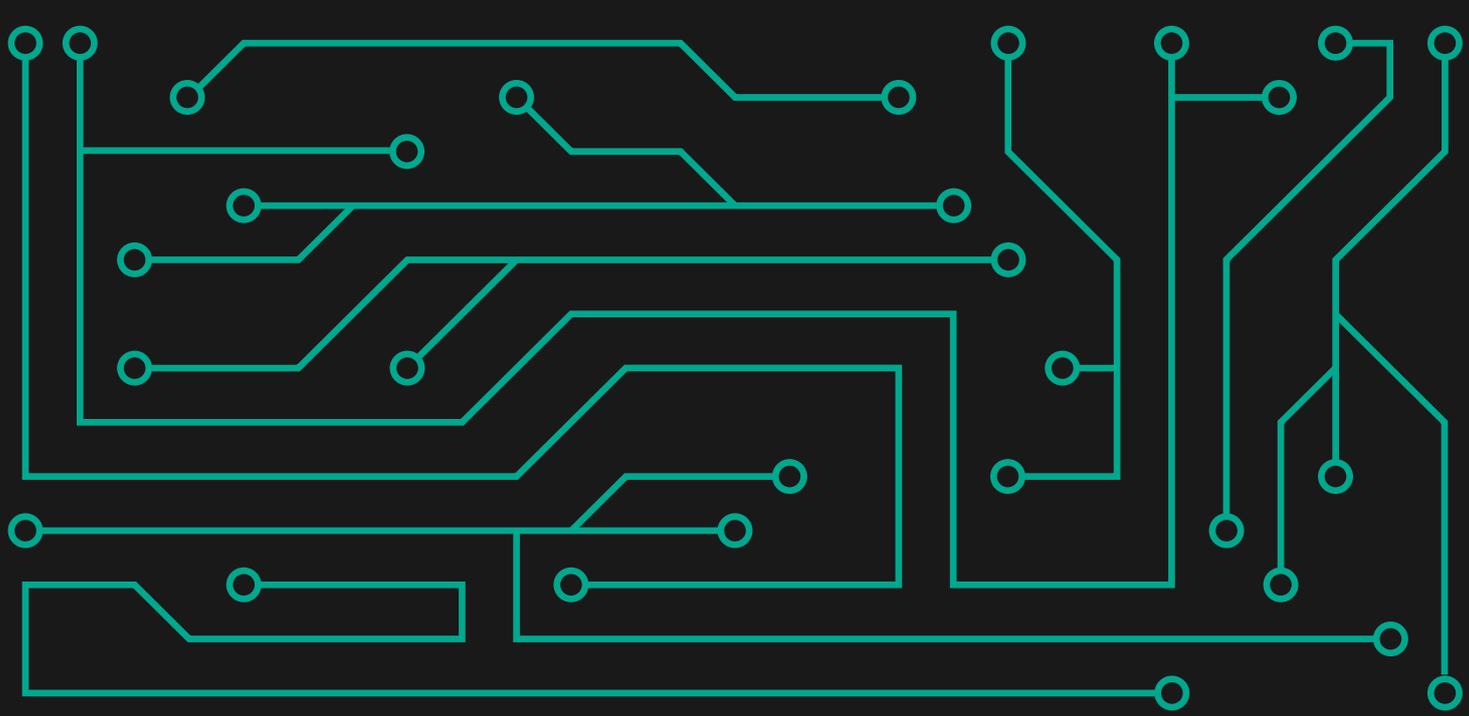




KASPERSKY Lab



**CRYPTOCURRENCY THREAT
PREDICTIONS FOR 2019**



CONTENTS

Introduction – key events in 2018	3
Top three predictions for 2019	5

INTRODUCTION – KEY EVENTS IN 2018

2018 saw cryptocurrency become an established part of many people's lives, and a more attractive target for cybercriminals across the world. To some extent, the malicious mining of cryptocurrencies even prevailed over the main threat of the last few years: ransomware.

However, in the second half of 2018, the blockchain and cryptocurrency industry faced a major development: falling prices for cryptocurrencies. The impact was felt across the landscape, with rapid decline in public interest, the activity of the crypto community and traders, and in the related activity of cybercriminals.

While this will certainly affect our forecasts for 2019, let's see how the forecasts we made for this year worked out.

1. 'Ransomware attacks will force users to buy cryptocurrency'

This prediction turned out to be partially true. In 2018, we saw a decline in the popularity of encryptors, combined with a rise in the malicious use of cryptocurrency miners. It transpired that it is safer for attackers to perform discreet mining on infected devices than to demand a ransom and attract attention. However, it is too early to dismiss ransomware as a major threat; it is still an effective method of infection and monetization of both individuals and organizations – and cryptocurrencies remain a more easily anonymized form of ransom payment.

2. 'We will see targeted attacks with malicious miners'

This prediction did not come true. We observed mainly isolated incidents where miners were maliciously installed in an infected corporate network. There are several reasons for that:

1. Companies have learned to detect miners that are run on the computers of employees/administrators; both those installed by users themselves and by third parties without the knowledge of the user.
2. The attackers themselves do not appear to consider this a promising approach. Targeted and sophisticated attacks are more about gaining persistence in the network for the purpose of espionage or the theft of money or data. It is therefore better not to attract attention by crypto-mining.

3. 'The rise of miners will continue and involve new actors'

This prediction also turned out to be partially true: the malicious use of cryptocurrency miners actively increased during the first quarter of 2018, peaking in March. Over the following months there was a gradual decrease in activity due to the drop in price for cryptocurrencies.

4. 'There will be more web-mining'

Again, this prediction turned out to be partially true. The web mining of cryptocurrencies reached a peak in January 2018, after which it began to decline. Webmasters, hoping to use web mining as an alternative means of website monetization alongside advertising, did not usually notify users about any hidden mining taking place on their sites. This meant that web mining quickly became associated with malicious activity. After that, it was difficult to restore its reputation.

5. 'The fall of ICOs (Initial Coin Offering)'

Yes and no. On the one hand, collecting money with the help of ICOs continued: projects became larger and the fees did not fall. On the other hand, many projects that collected impressive amounts through ICOs in 2017 were not able to create the promised product in time during 2018, which inevitably affected the exchange price of the sold tokens.

TOP THREE PREDICTIONS FOR 2019

1. Excessive expectations about the use of blockchain beyond the cryptocurrency sphere will disappear

In the end, we expect this trend to be driven by people rather than the technology's capability, as organizations and industries come to the conclusion that blockchain has a rather narrow scope of application, and most attempts to use in different ways are not justified. The reliable application of blockchain beyond cryptocurrency has been explored and experimented with for years, but there is little evidence of achievement. We expect 2019 to be the year people stop trying.

2. Cryptocurrencies as a means of payment will decline further

In 2017 a number of suppliers of goods and services announced that they would accept cryptocurrencies as a form of payment. However, in the face of huge commissions (an acute problem in December 2017), slow transfers, a large price for integration, and, most importantly, a small number of customers, its use as a method of payment declined steadily. In the end, the use of cryptocurrencies by a legitimate business simply does not make much sense.

3. There will be no return to 2017's sky-high exchange rates

Until January 2018, there were immense highs and lows in the price of Bitcoin. But we do not expect these to return as the value of cryptocurrencies levels out to reflect their popularity. We believe there is a finite audience for whom cryptocurrencies are of interest, and once that limit is reached the price will not rise further.