

## General Convention of The Episcopal Church 2022 Archives' Research Report

**Resolution No.:** 2022-A160  
**Title:** Study of Environmental Impact of and Guidance for Investing in Cryptocurrencies  
**Proposer:** 18 - Stewardship & Socially Responsible Investing  
**Topic:** Socially Responsible Investing

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### **Directly Related:** (Attached)

None

### **Indirectly Related:** (Available in the [Acts of Convention](#) database, searchable by resolution number)

2018-A061 Create a Task Force on the Church's Theology of Money  
2018-C021 Call for Shareholder Advocacy for Environmental Impact  
2006-B002 Acknowledge and Reduce Global Warming

*In preparing this report, the Archives researched the resolutions in the Acts of Convention database for the period 1973 through 2018, selecting “direct” resolutions that have a substantive bearing on the proposed legislation. The “direct” resolutions are attached and “indirect” resolutions are available in the Acts of Convention database. Committee members who require other research assistance should contact the Archives through the [Research Request Form](#) or call 800-525-9329.*

# A160 - Study of Environmental Impact of and Guidance for Investing in Cryptocurrencies

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**Final Status:** Not Yet Finalized

**Proposed by:** 18 - Stewardship & Socially Responsible Investing

**Requests New Interim Body:** No

**Amends C&C or Rules of Order:** No

**Has Budget Implications:** No

**Cost:**

**HiA:** HB

**Legislative Committee Currently Assigned:** 18 - Stewardship & Socially Responsible Investing

**Completion Status:** Incomplete

**Latest House Action:** N/A

**Supporting Documents:** No

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## Resolution Text

*Resolved*, the House of \_\_\_\_\_ concurring,

That the 80th General Convention recognizes that there is a significant environmental impact caused by the creation, maintenance, and transfer of cryptocurrencies; and be it further

*Resolved*, that the 80th General Convention calls upon the Investment Committee of the Executive Council to study this impact and provide guidance through a report either to Executive Council or the 81st General Convention whether institutional investors of the Church should invest in, divest from, or refrain from investing in cryptocurrencies.

## Explanation

Because cryptocurrencies are so popular, the Episcopal Church is obligated to provide guidance to its members, congregations, dioceses, and institutional investors on whether or not, and in what ways, investing in “crypto” is recommended, especially considering the concerns around the environmental impact that cryptocurrencies are believed to have.;

*Investopedia* notes defines a cryptocurrency as “a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend. Many cryptocurrencies are decentralized networks based on blockchain technology—a distributed

ledger enforced by a disparate network of computers. A defining feature of cryptocurrencies is that they are generally not issued by any central authority, rendering them theoretically immune to government interference or manipulation.”

*Investopedia* also notes that “A cryptocurrency is a form of digital asset based on a network that is distributed across a large number of computers. This decentralized structure allows them to exist outside the control of governments and central authorities. Experts believe that blockchain and related technology will disrupt many industries, including finance and law. The advantages of cryptocurrencies include cheaper and faster money transfers and decentralized systems that do not collapse at a single point of failure. The disadvantages of cryptocurrencies include their price volatility, high energy consumption for mining activities, and use in criminal activities.

*Investopedia* lists the following advantages and disadvantages of cryptocurrencies:

### Advantages

- Cryptocurrencies represent a new, decentralized paradigm for money. In this system, centralized intermediaries, such as banks and monetary institutions, are not necessary to enforce trust and police transactions between two parties. Thus, a system with cryptocurrencies eliminates the possibility of a single point of failure, such as a large bank, setting off a cascade of crises around the world, such as the one that was triggered in 2008 by the failure of institutions in the United States.
- Cryptocurrencies promise to make it easier to transfer funds directly between two parties, without the need for a trusted third party like a bank or a credit card company. Such decentralized transfers are secured by the use of public keys and private keys and different forms of incentive systems, such as proof of work or proof of stake.<sup>11</sup>
- Because they do not use third-party intermediaries, cryptocurrency transfers between two transacting parties are faster as compared to standard money transfers. Flash loans in decentralized finance are a good example of such decentralized transfers. These loans, which are processed without backing collateral, can be executed within seconds and are used in trading.<sup>12</sup>
- Cryptocurrency investments can generate profits. Cryptocurrency markets have skyrocketed in value over the past decade, at one point reaching almost \$2 trillion. As of Dec. 20, 2021, Bitcoin was valued at more than \$862 billion in crypto markets.<sup>13</sup>
- The remittance economy is testing one of cryptocurrency's most prominent use cases. Currently, cryptocurrencies such as Bitcoin serve as intermediate currencies to streamline money transfers across borders. Thus, a fiat currency is converted to Bitcoin (or another cryptocurrency), transferred across borders and, subsequently, converted to the destination fiat currency. This method streamlines the money transfer process and makes it cheaper.

### Disadvantages

- Though they claim to be an anonymous form of transaction, cryptocurrencies are actually pseudonymous. They leave a digital trail that agencies such as the Federal

Bureau of Investigation (FBI) can decipher. This opens up possibilities of governments or federal authorities tracking the financial transactions of ordinary citizens. 14

- Cryptocurrencies have become a popular tool with criminals for nefarious activities such as money laundering and illicit purchases. The case of Dread Pirate Roberts, who ran a marketplace to sell drugs on the dark web, is already well known. Cryptocurrencies have also become a favorite of hackers who use them for ransomware activities.15
- In theory, cryptocurrencies are meant to be decentralized, their wealth distributed between many parties on a blockchain. In reality, ownership is highly concentrated. For example, an MIT study found that just 11,000 investors held roughly 45% of Bitcoin's surging value.16
- One of the conceits of cryptocurrencies is that anyone can mine them using a computer with an Internet connection. However, mining popular cryptocurrencies requires considerable energy, sometimes as much energy as entire countries consume. The expensive energy costs coupled with the unpredictability of mining have concentrated mining among large firms whose revenues running into the billions of dollars. According to an MIT study, 10% of miners account for 90% of its mining capacity.16
- Though cryptocurrency blockchains are highly secure, other crypto repositories, such as exchanges and wallets, can be hacked. Many cryptocurrency exchanges and wallets have been hacked over the years, sometimes resulting in millions of dollars worth of "coins" stolen.17
- Cryptocurrencies traded in public markets suffer from price volatility. Bitcoin has experienced rapid surges and crashes in its value, climbing to as high as \$17,738 in December 2017 before dropping to \$7,575 in the following months.3 Some economists thus consider cryptocurrencies to be a short-lived fad or speculative bubble.

(see <https://www.investopedia.com/terms/c/cryptocurrency.asp>)

See also:

- <https://www.newyorker.com/news/daily-comment/why-bitcoin-is-bad-for-the-environment/amp>
- <https://news.climate.columbia.edu/2021/09/20/bitcoins-impacts-on-climate-and-the-environment/>
- <https://www.forbes.com/sites/joshuarhodes/2021/10/08/is-bitcoin-inherently-bad-for-the-environment/?sh=6f05246b3033>
- <https://www.eenews.net/articles/house-panel-to-review-cryptos-energy-climate-impacts/>
- <https://www.cnbc.com/amp/2021/07/20/bitcoin-mining-environmental-impact-new-study.html>

