

Buying crypto is like a game of pin the tail on a donkey

My Solana is pumping' isn't a phrase you'd expect to hear at the school gates, but last year the playground chat was full of [crypto](#) speculation. Parents were piling in, gossip of PTA power trips and rising house prices forgotten, for tales of big wins in the crypto [wild west](#).

And this wasn't at some private school in the Stockbroker Belt, but a regular, state primary in the SouthWest, albeit in a relatively affluent area. At the secondary [schools](#), it's the teenage pupils who are trading crypto apparently, like they once traded football stickers.

After spending the small hours peering at larger screens to compile my morning market reports, phones were thrust at me at the classroom door, showing the rapid ascents of coins and tokens.

Had these crypto novices done any research into what they were buying? Rarely. They were funnelling their cash into coins and tokens that had made the biggest gains, guided by superstar pundits on social media.

As their kids played with imaginary light sabres, these parents were displaying the full force of FOMO. The Fear Of Missing Out was strong in them. My pleas to stop, look and listen to the warnings of the Financial Conduct Authority went unheeded. My attempts to get them to consider less risky investments were largely ignored. Only one friend cashed out ahead of the crash which, when it came, was spectacular.

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There are expectations that [Bitcoin](#) and other cryptocurrencies will rise again, like a phoenix from the ashes of this latest crash and burn. There are hopes that just like the [dot.com](#) boom, the survivors could be the tech stars of the future.

But just as odds-on favourite *Reach For The Moon* was defeated at Ascot, they could equally disappoint. It's often said that investing in crypto is like backing a horse. But unlike horse-racing, which has a history dating back centuries, the rules of the crypto game have yet to be written.

Regulators around the world haven't decided how digital currencies should be controlled and what role stable coins and central bank digital currencies will play. Until they do, speculating in crypto is more like a game of pin the tail on the donkey.

Regulators do need to get a move on and try to whip off the blindfold which is leaving so many crypto holders in a dark alley of desperation when losses mount up.

In 2021, roughly 2.3 million Brits held some form of cryptocurrency and a scary 14% of holders had got into debt to speculate.

Big City voices have tried to grab the megaphone to warn crowds of speculators, and particular ire has been reserved for celebrity endorsements. When the head of the Financial Conduct Authority spends his time keeping up with the Kardashians, it's clear that the collision of celebrity and crypto is causing concern.

(Ms Khardashian West alongside Kim Kardashian and the boxer Floyd "Money" Mayweather Jr are among those being sued in the US for alleged false statements promoting the cryptocurrency EthereumMax.)

The outgoing chair of the FCA Charles Randall reserved a chunk of his speech to reality star Kim, saying her Instagram story plugging a cryptocurrency may have been the "financial promotion with the single biggest audience reach in history."

There were worries the speculation had reached such a level last year, that a crypto time-bomb was ticking. Unregulated crypto assets had ballooned from \$16 billion in 2016 to \$2.3 trillion in October.

But the crash has wiped over \$1 trillion off the value of Bitcoin and other currencies.

It's also set back government plans to make the UK an investment hub for cryptocurrencies and its innovations. Ministers have high hopes of making the UK's tax system more competitive to encourage further development of the crypto asset market.

But if highly experienced management consultants who advise big companies on how to operate in this brave new world don't yet understand the rules of engagement, how are ordinary punters expected to protect themselves from further financial harm.

Until crypto is less of a game of chance, investors should treat this edgiest of currency speculation warily and only

dabble at the fringes of any portfolio, with money they are prepared to lose.

But if parents want to chat about interest rates, inflation and the impact on companies, mine is a cappuccino with cinnamon. But it'll have to be quick, as those screens are beckoning.