

Extreme Banking Market Collapse 2023: How to Save Money and Crypto with Reliable Crypto Lending Service

SVB crisis was a huge shock for the financial sector. Crypto platform CoinRabbit explains why this situation happened and what is the best place to store crypto

NEW YORK, NEW YORK, UNITED STATES, March 13, 2023

/EINPresswire.com/ -- Silicon Valley Bank is a financial institution that provides banking services to technology and innovation-based companies, as well as venture capitalists and private equity firms. On Friday (10.03.2023), the banking regulators in the US shut down the Silicon Valley Bank (SVB). It has sent shock waves across the tech and banking industries, as this led to the fall of one of the most sustainable US stablecoin called as USDC.

Silicon Valley Bank worked with a very specific crowd of start-ups, venture capitalists (VCs) and tech firms and before its collapse, SVB was the 16th biggest bank in the US.

Moreover, it is the 2nd bank, after Silvergate, that collapsed last week. It was followed by the US banking regulators shutting down the Signature Bank on Sunday, the third bank to close its doors in a week. This was followed by a sharp drop in the shares of many large banks, including First

COIN Rabbit

What Happened And Where To Store Crypto & Money?



CoinRabbit logo

Republic Bank which lost more than 65% of its shares after other banks bankrupt.

So what happened?

Nothing new, actually. Silicon Valley Bank didn't have enough money to cover all the users' funds. When people started to get news, that SVB has some sort of liquidity problems, investors and holders started to get back their funds from the bank. Its shares started to fall rapidly. Less than in 48 hours, 16th largest US bank went bankrupt. All these facts led to that an enormous amount of money of individuals and legal entities turned out to be locked in Silicon Valley Bank. So we got a situation where there is a massive drop in banks shares on one hand and unpredictable USDC price reduction on the other.

Does this have something to do with crypto?

SVB's failure didn't have anything directly to do with the ongoing crypto winter. Crypto firm Circle operates a stablecoin, USDC, that's backed with cash reserves — \$3.3 billion of which are stuck at Silicon Valley Bank. USDC price should always be \$1, but it started to fall after SVB failed, dropping as low as 87 cents. Because of that, Coinbase stopped exchanges between USDC and the dollar.

On March 11th, Circle said that it "will stand behind USDC and cover any shortfall using corporate resources, involving external capital if necessary." The stablecoin's value mostly recovered.

Bankrupt [crypto lender](#) BlockFi also has \$227 million in funds stuck, too. The Avalanche Foundation, which supports the Avalanche blockchain, also announced that it has "a little over" \$1.6 million in exposure to Silicon Valley Bank. The other blockchain protocol, Ripple also has been affected by the exposure to the Silicon Valley Bank.

We'd like to mention that it's very sad to hear all the news about our crypto colleagues that were affected by this situation. Whole team of crypto lender [CoinRabbit](#) sincerely sympathize with them and wish them a speedy recovery.

How to find the best place to keep your money?

Foremost, as we always say – #DYOR (Do your own research). The main reason of bankrupts that we see during last 5 years in financial and especially crypto sphere is that company reuse their users funds and eventually cannot cover all the users' assets.

If we talk about classic banks – that's the way how they do business. So if you decide to keep all savings there – you need to accept that your savings will circulate in its system. And here crypto can help holders to diverse their risks.

A lot of crypto companies nowadays, including CoinRabbit, provide classic bank services as "savings accounts" or "[crypto lending](#) services". But even in crypto sphere it's still highly important to check, how the company will use your funds. You can check this information in terms of use, for example.

We stand against reusing of user's funds at CoinRabbit and hold user assets 1:1, plus reserves. For example, when a user deposits one Bitcoin, CoinRabbit's reserves increase by at least one Bitcoin to ensure client funds are fully backed.

What this means in actual terms is that CoinRabbit's holds all user assets 1:1 (as well as some reserves), we have zero debt in our capital structure, and we have made sure that we have an emergency fund (SAFU fund) for extreme cases.

Moreover, we have special department which takes control over monitoring and managing financial risks. Hard work on that direction gives us a guarantee to avoid such situations.

Conclusion

Analyse the information about the company before taking your money there. Chose only that companies which do not reuse your funds; check the information concerning reserves of assets, and do not hold all assets at the same place.

While using CoinRabbit you can be sure, that your assets are in safe place, as we store them on cold wallets and hold user assets 1:1. You'll easily get them back, and you will be able to get access to your funds whenever you'd like to.

That is the principle of CoinRabbit that will never change.

Kate

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