Defence & Security · GS - III

Examine the challenges posed by state-linked cybercrime to financial security and national security. Suggest measures to strengthen cybersecurity in the cryptocurrency ecosystem.

EXAM YEAR	PAPER	SUBJECT
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MARKS	WORD LIMIT
10	~ 150 words

Answer Hint

State-linked cybercrime; social engineering; cryptocurrency security; financial intelligence; international cooperation; cyber resilience

Model Answer

Introduction

State-linked cybercrime has emerged as a significant threat to financial systems and national security. Cryptocurrency platforms are attractive targets because digital assets can be transferred rapidly across borders.

Major Challenges

1. Financial Losses

Large-scale attacks can cause substantial losses to exchanges, investors and financial institutions, undermining trust in digital assets.

2. National Security Risks

Funds obtained through cybercrime may be used to support illicit activities, including prohibited weapons programmes. Attribution and recovery of stolen assets can be difficult.

3. Technical and Human Vulnerabilities

Phishing, social engineering, malware, compromised private keys and software weaknesses can bypass security controls. The pseudonymous nature of some transactions may complicate investigations, although blockchain records can support tracing.

Measures to Strengthen Security

- Enforce robust authentication, cold storage and multi-signature controls.
- Conduct independent security audits and continuous threat monitoring.
- Strengthen cybercrime investigation, financial intelligence and international information-sharing.
- Improve reporting mechanisms and user awareness.
- Establish clear incident-response and asset-recovery protocols.

Conclusion

Cryptocurrency security requires cooperation among regulators, exchanges, law-enforcement agencies and international partners. Strong technical safeguards and effective cross-border investigations are essential to counter state-linked cybercrime.

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