Cryptocurrencies between freedom and repression:

the humanitarian dimension of financial control and its consequences for human rights

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Abstract

This report analyzes the humanitarian dimension of cryptocurrencies and digital financial technologies at the intersection of economic freedom, human rights, and repressive practices of financial control. It examines cases in which anti-financial crime measures, sanctions pressure, and compliance practices lead to disproportionate restrictions on the rights of bona fide users, victims of conflicts, and vulnerable groups. Particular attention is paid to the risks of financial segregation, arbitrary asset freezes, and the shifting balance between security and freedom in international law enforcement.

Introduction

Cryptocurrencies originally emerged as a tool of financial autonomy, intended to reduce dependence on centralized intermediaries and expand access to economic opportunities. Over time, they became subject to strict regulation driven by the growth of fraud, money laundering, and sanctions evasion.

As a result, a conflict has emerged between the goals of financial security and the protection of fundamental rights. This conflict is not only legal but humanitarian in nature, affecting access to means of subsistence, freedom of movement, and economic self-determination.

Cryptocurrencies as a tool of survival and autonomy

In a number of regions, cryptocurrencies are used by:

- victims of armed conflicts and political crises;

- individuals deprived of access to the banking system;

- migrants and forcibly displaced persons;

- citizens of countries with hyperinflation and currency restrictions.

For these groups, crypto assets serve not as an investment tool but as a vital instrument.

Securitization of financial technologies

States and international organizations increasingly view cryptocurrencies through a security lens. This leads to the securitization of financial technologies, in which:

- economic tools are treated as objects of control;

- financial operations are interpreted through the prism of risk;

- the humanitarian context is displaced.

Such an approach reduces the sensitivity of law enforcement to individual circumstances.

Compliance and humanitarian blindness

AML/KYC procedures are designed to minimize systemic risks but do not take into account humanitarian consequences for users. Formal compliance:

- does not distinguish between criminal and compelled nature of transactions;

- ignores the context of survival and self-sufficiency;

- leads to automatic blocking without assessment of proportionality.

This creates a phenomenon of humanitarian blindness in financial control.

Arbitrary freezes and loss of access to funds

In the practice of crypto platforms and payment providers, the following are widespread:

- freezing of accounts without judicial decisions;

- refusal to explain the reasons for blocking;

- absence of effective appeal procedures.

For vulnerable groups, this means loss of means of subsistence and inability to protect their rights.

Sanctions regimes and collective responsibility

Sanctions regulation in the crypto sphere often takes on the character of collective responsibility. Restrictions are applied:

- based on territorial criteria;

- based on the origin of funds;

- based on indirect connections.

As a result, individuals not involved in unlawful activity fall under restrictions.

Financial segregation and digital exclusion

Strict cryptocurrency regulation reinforces trends of financial segregation:

- displacement of users from formal services;

- increased dependence on grey channels;

- growing inequality in access to financial tools.

Digital exclusion becomes a side effect of regulatory measures.

Political and economic dimension of repression

Financial control is increasingly used as a tool of political and economic pressure:

- restriction of access to assets;

- economic coercion;

- selective application of norms.

In such cases, cryptocurrencies become an object of struggle for control rather than merely a subject of regulation.

Role of private platforms in restricting rights

Key decisions regarding blocking and access are made by private companies that:

- do not bear public obligations;

- operate according to their own risk models;

- effectively perform quasi-jurisdictional functions.

This creates a deficit of accountability and procedural safeguards.

International law and human rights

Existing international human rights protection mechanisms are poorly adapted to financial and digital restrictions. Issues of access to funds, digital property, and financial autonomy remain insufficiently developed.

There is no unified standard for assessing the proportionality of financial restrictions.

Impact on victims of conflicts and repression

For individuals fleeing persecution, cryptocurrencies may be the only way to preserve assets. Their blocking:

- exacerbates humanitarian crises;

- deprives people of the ability to integrate;

- undermines the objectives of human rights protection.

Ethics of financial control

Cryptocurrency regulation raises an ethical question: where the boundary lies between security and repression. Ignoring the humanitarian dimension undermines the legitimacy of law enforcement and increases distrust in institutions.

Institutional limits of the current model

The modern model of financial control:

> • does not take individual circumstances into account;

> • is oriented toward systemic risk;

> • relies on automation and private decision-making.

Without humanitarian adjustment, it reproduces new forms of injustice.

Conclusions

Cryptocurrencies stand at the intersection of freedom and repression. Strengthening control without considering humanitarian consequences leads to disproportionate restrictions on rights and financial segregation. Protection of security should not replace protection of the individual.

Recommendations

- Incorporating humanitarian assessment into AML/KYC and sanctions procedures.
- Developing mechanisms for appealing financial freezes.
- Taking human rights into account in cryptocurrency regulation.
- Increasing the accountability of private platforms for the consequences of their decisions.
- Establishing international standards for the proportionality of financial control.

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