

# FTX made bankruptcy history, but a Tether collapse would be so much worse

Article

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The scale of FTX’s bankruptcy has placed it among the biggest bankruptcies in financial services history, where it sits fourth behind only WorldCom, Enron, and Lehman Brothers. However, there’s a chance of an even bigger disaster if Tether goes down.

# FTX’s Bankruptcy Ranks Among the Biggest Ever in Financial Services—Is Tether Next?

*peak valuations, billions*



\$186



\$70



\$60



\$32

The **\$1.8B+** investors including Sequoia and Temasek pumped into FTX has gone up in smoke.



\$83

Note: \*valuation for USDT as of December 2022  
Source: Insider Intelligence, 2022

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InsiderIntelligence.com

**Beyond the chart:** Tether is the industry’s most widely used stablecoin, and as of the end of January, **Tether’s growth** reached its highest point since the collapse of FTX, according to Blockworks.

But it’s facing serious issues. In our “**Fintech Trends to Watch for 2023**” report, we predict more stablecoins will collapse this year, like Terra did in 2022. But if Tether collapses, it could bring down the entire economy.

Tether says over 58% of its reserves are held in US Treasury Bills, accounting for around \$39.7 billion, per CNBC. If it turns out its reserves are overstated, Tether could experience a “run on the bank” event (where large numbers of users look to redeem their digital currency), which could create **turmoil for traditional financial markets**.

Tether has **managed to recover twice** despite big crypto crashes, showing its resilience, according to Forbes. But if it goes down, that may be the **end of crypto as we know it**, according to The New York Times.

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