

Does Crypto as an Alternate Currency has a Future?

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Abstract: *We are living in a world of emerging technologies and advanced automation. The rapid accretion in these technologies has enabled us to take a shift towards online platforms. An enormous number of online users lead to distinct inventions which paved the path for cryptocurrencies. Cryptocurrency is the decentralized and electronic alternative to the currency that enables online transactions, trading, and investments. This paper gives a cloudless insight into why people are attracted to invest in such digital currencies and how this particular platform can change the future means of capital investments and is it merely an alternative or future of stable currency.*

Keywords: Cryptocurrency, Bitcoin, Future of crypto, Text Analytics

1. Introduction

Cryptocurrency is the brainchild of Satoshi Nakamoto a pseudonyms developer who invented the first decentralized crypto, bitcoin in 2009. Cryptocurrency is digital money or a form of payment that gets traded online for goods and services. Unlike centralized currencies that demand banks association, crypto is decentralized, which enables it to restrict itself from third - party involvement such as banks. All the associated transactions are stored on a public ledger using blockchain technology, secured by cryptography. There are various cryptocurrencies such as dogecoin, Ethereum, Litecoin, etc. These are frequently called altcoins as they are alternate to bitcoin. Bitcoin remains the most popular and also largest cryptocurrency. This paper aims to give a fair explication on how the acceptance rate of cryptocurrency in the future will go up the graph drastically. It reviews numerous practical issues and opinions, covering whether this technology can change the mode of usage of capital transactions and capital investments for the future of humankind.

2. Impact of Cryptocurrency on Society

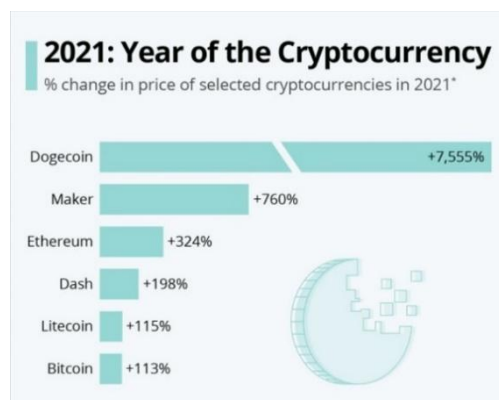


Figure 1: % change of cryptocurrency in 2021

With crypto becoming mainstream of digital investments, Gen z and Millennials are more fascinated by this booming market and started using this platform utterly for investments and many of them commenced preferring the crypto market over the stock market. Earlier this year, Elon Musk, whom Gen z and millennial's look up to, made Dogecoin go viral by simply tweeting "Doge" Musk's viral tweet sent its value up by 20%—and made it surge 44%. Cryptocurrency possesses a decentralized mechanism that

does not involve any third party in the process. This decentralized method of investing or transactions is the sole reason for benefitting this idea.

3. A Little Brief on the Existing Methods

Coming to the authentic method, whenever a deposit is made to the bank, the banks have the liberty to operate this capital in the form of lending loans to companies and individuals, this is the way bank fetches returns, that is, the interest on the money that has been deposited. From time to time banks give loans to big industrialists without checks and then these loans can become bad debts which makes the depositors victim. This led to a revolutionary invention of cryptocurrency where an individual's capital is not controlled by any of the central authorities and the transactions from one to another can be done without paying any taxes to the central bodies and this can be a strong understanding of why Satoshi designed bitcoin as an alternative financial system which was purely based on software technology and would be outside the control of third parties.

In a survey conducted earlier this year, it is found that 64% of millennial's and 44% of Gen z have shown interest in crypto investments. This rapidly growing market and its acceptance rate in the network might be the fringe benefit to the eager and risk - taking minds of this generation.

4. Is it better to invest in crypto than in stocks?



Figure 2: Stats of crypto and stock from initial investment

Cryptocurrencies may enhance in value, but investors only see them as insignificant speculations than real investment.

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This new gold rush might seem to give high returns to the investors but it is just like a wild west of investment where one can end up losing all of their investment.

Cryptocurrencies have been anything but stable throughout much of their history. For example, while Bitcoin traded at close to \$20,000 in December 2017, its value then dropped to as low as about \$3,200 a year later. By December 2020, it was trading at record levels again. Unlike investing in a solid stock market, that has a healthy track record that brings positive returns, cryptocurrencies are extremely unpredictable.

For the same reason, **investing in the stock market is safer than in the crypto market even though returns might seem higher from crypto comparatively.** For those who see crypto as a future currency, it must be noted that currency needs stability.

5. How to Utilise Cryptocurrency

Cryptocurrency can be used in two ways. One way is to use it as an alternate currency through which one can purchase goods, services. Fiat currency or any particular national currencies can be exchanged for different digital currencies. Another and most popular way is to invest one's capital in cryptocurrency by purchasing a given amount at a certain value and selling it when there are higher returns. It is also called Digital gold for the same reason. Cryptocurrency varies from traditional currency because it is not only physically available but also some technologies like block chain and cryptography have made it unique.

6. Leverages of Cryptocurrency

Despite being highly risky investments, cryptocurrency has been highly recommended for flexible transactions wherein the traditional method requires a lot of paperwork and brokerage fee, this medium has eliminated all the tedious work. Under cash/credit systems, the complete transaction history will be available for the bank or credit agency involved, each time you make a transaction. At the simplest level, Cryptocurrency transactions only involve a check on your account balances, to ensure that sufficient funds are available.

Foreign funds transfer, when there has been any transfer of money from one country to another, the banks deduct a lump sum in the name of foreign transfer fees and charge a lot of fees, during these times crypto comes handier as it does not charge any transfer fees and time taken is comparatively less. These days the improved liquidity of the cryptocurrency has enabled quick transactions, better pricing, and increased accuracy for technical analysis. Similarly crypto is quite economical compared to credit card fees.

The greatest of all advantages of cryptocurrency is that individual ownership of their capital and adaptability rather than having a third party like banks to control the funds.

7. Drawbacks of Cryptocurrency

Drawbacks include cybersecurity issues like hacking, which can lead to unauthorized control over the funds, there have been instances where even after taking plenty of security measures, multiple ICO's rifted costing investors hundreds of millions of dollars. cryptocurrency being highly volatile can be a huge drawback and illegal transactions can take place all the time, to purchase illegal weapons or drugs, etc. as transactions are highly confidential. No physical form, cannot be used in day - to - day life and there cannot be any guarantee that the buyer gets the purchased goods online through bitcoin. There are always high chances of fraud.

8. Conclusion

The innovation of cryptocurrency can be seen as an advancement of technology unquestionably but at this instance where there can be a lot of development in this technology as it is not equipped with pleasing measures on the grounds of security and stability, this has to remain as an alternate currency because of its niche market. Cryptocurrency is not yet a medium of exchange as it cannot be used physically and it lacks trust, thus it needs a wide range of users and acceptance from the big industries which it clearly did not attain in today's time. Although there are few western hotels and industries on some level that accept this as an alternative to currency, it remains evident that this medium failed to gain the complete trust of individuals for making it a sole way of currency transactions online. Thus, cryptocurrency may remain as a mere alternative or speculating investments than converting into a solitary mode of transactions and stable way to invest.

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