

# Potential Growth of Cryptocurrency

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A cryptocurrency is a digital currency that is created and managed through the use of advanced encryption techniques known as cryptography. Cryptocurrency made the leap from being an academic concept to (virtual) reality with the creation of Bitcoin in 2009. While Bitcoin attracted a growing following in subsequent years, it captured significant investor and media attention in April 2013 when it peaked at a record \$266 per bitcoin after surging 10-fold in the preceding two months. Bitcoin sported a market value of over \$2 billion at its peak, but a 50% plunge shortly thereafter sparked a raging debate about the future of cryptocurrencies in general and Bitcoin in particular. So, will these alternative currencies eventually supplant conventional currencies and become as ubiquitous as dollars and euros someday? Or are cryptocurrencies a passing fad that will flame out before long?

When it comes to the future of money, there is a growing consensus that cryptocurrencies are set to play a major role. One cryptocurrency, in particular, has entered the public lexicon as the go-to digital asset: Bitcoin.

But the cryptocurrency market is significantly more complex than the public lexicon might suggest. And while there have been plenty of studies examining the role and future of Bitcoin, there have been few that explore the broader cryptocurrency market and how it is evolving.

## Bitcoin – the Current Standard

Bitcoin is a decentralized currency that uses peer-to-peer technology, which enables all functions such as currency issuance, transaction processing and verification to be carried out collectively by the network. While this decentralization renders Bitcoin free from government manipulation or interference, the flipside is that there is no central authority to ensure that things run smoothly or to back the value of a Bitcoin. Bitcoins are created digitally through a “mining” process that requires powerful computers to solve complex algorithms and crunch numbers. They are currently created at the rate of 25 Bitcoins every 10 minutes and will be capped at 21 million, a level that is expected to be reached in 2140.

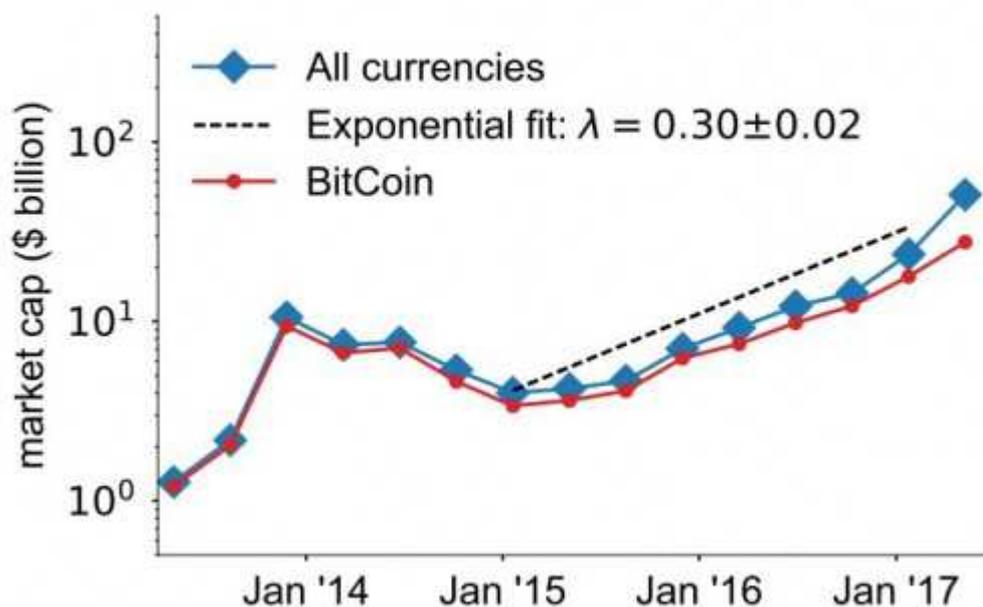
These characteristics make Bitcoin fundamentally different from a fiat currency, which is backed by the full faith and credit of its government. Fiat currency issuance is a highly centralized activity supervised by a nation’s central bank. While the bank regulates the amount of currency issued in accordance with its monetary policy objectives, there is theoretically no upper limit to the amount of such currency issuance. In addition, local currency deposits are generally insured against bank failures by a government body. Bitcoin, on the other hand, has no such support mechanisms. The value of a Bitcoin is wholly dependent on what investors are willing to pay for it at a point in time. As well, if a Bitcoin exchange folds up, clients with Bitcoin balances have no recourse to get them back.

## Growth of Cryptocurrency

There is a growing consensus that cryptocurrencies will certainly play a crucial role in the way we deal with money. In April 2017, the total market cap for all cryptocurrencies, combined, was slightly higher than \$25 Bn. The same market cap shot up by 300% and touched \$100 Bn within 60 days. It is already widely reported that cryptocurrency, as an asset class, is set to outpace all other asset classes in relative growth.

Despite tremendous progress in economic globalisation, the global financial system is still very fragmented, with only a few players having an invitation to sit at the table with the big boys. Blockchain technology has tremendous potential to consolidate and, perhaps, even standardise financial markets all over the world.

More than 3 Mn people (three times previous estimates) are estimated to be actively using cryptocurrencies like Bitcoin, finds the first global cryptocurrency benchmarking study by the Cambridge Centre for Alternative Finance. Cryptocurrencies have enjoyed a tremendous growth in the global markets, with Bitcoin and Ethereum leading the pack. Bitcoin is, by far, the most famous of these cryptocurrencies. It is also among the oldest, having first emerged in 2009. The top five biggest currencies - Ethereum, Ripple, Litecoin, Dash, and Monero.



## Higher Visibility and Adoption

Countries like Japan recently recognised Bitcoin as a legal method of payment. Although they treat it as an asset and not as a currency, Japan has seen huge surge in Bitcoin demand. In Estonia, government is implementing blockchain technology for healthcare and banking services.

## Future of Cryptocurrency

Some of the limitations that cryptocurrencies presently face – such as the fact that one’s digital fortune can be erased by a computer crash, or that a virtual vault may be ransacked by a hacker – may be overcome in time through technological advances. What will be harder to surmount is the basic paradox that bedevils cryptocurrencies – the more popular they become, the more regulation and government scrutiny they are likely to attract, which erodes the fundamental premise for their existence.

While the number of merchants who accept cryptocurrencies has steadily increased, they are still very much in the minority. For cryptocurrencies to become more widely used, they have to first gain widespread acceptance among consumers.

A cryptocurrency that aspires to become part of the mainstream financial system may have to satisfy widely divergent criteria. It would need to be mathematically complex (to avoid fraud and hacker attacks) but easy for consumers to understand; decentralized but with adequate consumer safeguards and protection; and preserve user anonymity without being a conduit for tax evasion, money laundering and other nefarious activities. Since these are formidable criteria to satisfy, is it possible that the most popular cryptocurrency in a few years’ time could have attributes that fall in between heavily-regulated fiat currencies and today’s cryptocurrencies? While that possibility looks remote, there is little doubt that as the leading cryptocurrency at present, Bitcoin’s success (or lack thereof) in dealing with the challenges it faces may determine the fortunes of other cryptocurrencies in the years ahead.

## Should You Invest in Cryptocurrencies?

If you are considering investing in cryptocurrencies, it may be best to treat your “investment” in the same way you would treat any other highly speculative venture. Cryptocurrency is future and its demand is increasing in market, you can invest in other cryptocurrencies also like Ethereum, Litecoin apart from bitcoin.

## Why invest in E-Crypto Source?

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We review the largest and most popular exchanges and their pros and cons for active traders. For newcomers to day trading, we explain key concepts such as leverage and shorting the market. We provide individuals and businesses a world class experience to buy and sell cutting-edge cryptocurrencies and digital tokens. Based and fully regulated in the USA, E-Crypto Source is the go-to spot for traders who demand lightning fast trade execution, stable wallets, and industry-best security practices. Whether you are new to trading and cryptocurrencies, or a veteran to both, E-Crypto Source is a right platform to invest into cryptocurrency.