

# The cryptocurrency revolution. What's the outlook for 2021?

By [Fred Razak](#)

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The Bitcoin price has surged up to \$60,000. There are a few influencing factors that have contributed to this phenomenal rise in the cryptocurrency's fortunes.



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The accumulation of three stimulus packages coming out of the United States has had an unintentional negative effect on the long-term value of the dollar. In fact, ever since the Nixon administration took the dollar off the Gold Standard, the currency has really been floating by its own virtue. As a result, the value of the currency remains in a cycle of long-term devaluation.

However, as the dollar devalues, so does its worthiness, prompting financial institution investors to move away from the currency. So, where the dollar had immense power before and Bitcoin was worth next to nothing, the paradigm has shifted, and the latter is legitimately becoming one of the most powerful currencies in the world.

## This was brought about by a chain of events

Since its birth in 2009, Bitcoin has gone through several phases. It took some time to be recognised as credible alternate currency. The real turning point was when it was registered as a currency on the CME (Chicago Mercantile Exchange).

However, the road towards the completely appreciated value of the cryptocurrency is still wrought with uncertainties. Statements made by United States treasury secretary, Janet Yellen, that Bitcoin will need to be regulated, caused investors sitting on the sidelines to become more hesitant. Once regulatory standards are imposed on the currency, it becomes less organic in form, and less volatile.

We are in the Wild, Wild West of cryptocurrencies at the moment. Although it has been around for more than 10 years, this is all just beginning. If one observes how few cryptocurrency transactions are taking place, the upside potential is humongous.

## **We haven't seen the real magnitude of cryptocurrencies yet**

Consumers have yet to take it on as a currency for daily transactions. But changing mindsets takes time. However, we are seeing that major credit card companies, online payment solutions and, notably Tesla are adopting Bitcoin as a recognised payment method.

There are going to be a lot of competitors to Bitcoin. The only thing I could really compare it to is the Dot Com bubble and bust of 1999-2000. There were many companies, like AOL (America Online), which was acquired for over \$4bn, which seemed like a great value, but ended up a bust. That said, soon after, companies like Amazon.com and Google that had much less at the time, are among the biggest companies in the world today.

With so many competitors emerging, we may well see it drop as alternatives arise. The more companies that recognise cryptocurrencies, the more powerful it will become as a sector. Competition is good, and is the proof that the sector is being accepted. But it is anyone's guess which specific cryptocurrency might ultimately emerge as the leader.

## **Does the market truly appreciate what Bitcoin is worth?**

The exact evaluation is still up in the air. As more major corporations and mainstream influencers start adopting it transactionally, the word on the street is that it may still rise. Right now, as we look at it, the cat is out of the bag. The market is grudgingly accepting it as a form of transactional currency. But there is still a lot to figure out. The question is, what threats could regulatory impositions pose to Bitcoin? And what about upcoming competitors? Could they overtake it?

Down the line, we know that cryptocurrency is the way of the future. But we have no idea how the transactional transformation is going to happen yet.

There are still so many questions that we need answers to – like which cryptocurrency will win the race? How will it be regulated? Bitcoin is still very volatile, which tends to make people sell. Ultimately, consumers would rather have a currency that is stable. There is still much trepidation, especially when the value of Bitcoin weekly is changing into the tens of thousands of dollars. But once global consciousness awakens to the value of cryptocurrencies in general, we may see an overnight shift.

## **ABOUT THE AUTHOR**

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