

Bitcoin has evolved from a currency to a commodity

When the pseudonymous Satoshi Nakamoto came up with cryptocurrency 10 years ago, he envisaged a global digital monetary system free from regulatory constraints.



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Yet that's far from how the concept evolved.

“In 2018, cryptocurrencies in general have sharply limited relevance, if any, to the way that money is moved around the world,” says Samuel Murrant, senior analyst in payments at [GlobalData](https://www.globaldata.com).

“Bitcoin is an undoubtedly valuable commodity, and is by far the highest-profile and most important of the cryptocurrencies, but it is not actually a currency in any real sense. It is used for some payments, mostly peer-to-peer, between parties for whom the anonymity of Bitcoin is important, or between the remaining true believers in the global potential of the system.

Value in rarity

“However, Bitcoin is far more like gold than it is like money – it is a store of value, considered precious due to its rarity, and traded among investors to profit from changes in its perceived value over time.”

A single 'bitcoin' is today worth over \$6,200 and many of those who bought into the cryptocurrency in its early days, when

bitcoins were worth less than \$1, have made digital fortunes in the past decade (and the past year in particular). Despite the tremendous value of bitcoins as a commodity, the ambition of Bitcoin as a global digital currency has not come to fruition.

“The Bitcoin network is too obtuse and technical for consumers to realistically use directly, and that means that either banks have to take up the slack, or governments do. The vast majority of governments have regulated to restrict bitcoin trading and use, where they have stepped in at all – and without a regulatory framework most banks won’t touch bitcoin for anything other than asset trading.

“The blockchain technology that underpins Bitcoin – the digital ledger that allows it to function as a trusted system of value transfer – has transformational potential for payments, and is being explored by numerous commercial banks. We are still quite far away from full-scale rollouts of blockchain-based services, but it’s fair to say that Bitcoin has galvanised change in payments, though not directly, and not as envisioned in 2008,” he said.

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