

Overview of Cryptocurrencies

Wang Hui*

Department of Economics, University of Wolverhampton, UK

Description

A cryptocurrency, often known as crypto, is a digital currency that is protected by encryption. Individual ownership records are recorded in a computerised database, and it is intended to function as a means of exchange. Cryptocurrency is a digital asset that is distributed across a network of computers. Because of its decentralised character, this network is immune to government regulatory oversight. The word "cryptocurrency" comes from the encryption techniques used to keep the network safe. A cryptocurrency, also referred to as crypto, is a digital currency that is encrypted. Individual ownership records are stored in a computerised database that is designed to be used as a trading platform. A digital asset that is spread across a network of computers is known as cryptocurrency. This network is impervious to government regulatory inspection due to its decentralised nature. The term "cryptocurrency" refers to the encryption methods that are employed to make the network secure. Bitcoin was created in 2009 by a person or group known only as "Satoshi Nakamoto." There were about 18.6 million bitcoins in circulation as of March 2021, with a total market valuation of around \$927 billion. Altcoins are the alternative cryptocurrencies that emerged as a result of Bitcoin's success. Litecoin, Peercoin, Namecoin, Ethereum, and Cardana are some of the most well-known cryptocurrencies. The entire value of all cryptocurrencies in existence is currently over \$1.5 trillion, with Bitcoin accounting for more than 60% of that total. To create bitcoin, a part of a cryptographic hashing algorithm is solved in a long chain. Rather than a real unit like a coin or a dollar bill, it is a mathematical computation. The majority of cryptocurrency assets are kept in a digital wallet that keeps track of them.

There is no universally agreed measure of value; instead, one must assess how many of their possessions are ready to be sold in exchange for other possessions, and not all possessions are transferrable. A live mammal, for example, cannot be broken down into its constituent parts. In the future, there will be a conflict between regulation and anonymity. Because a number of cryptocurrencies have been linked to terrorist activity, governments may want to regulate their use. Cryptocurrencies, on the other hand, attempt to safeguard users' anonymity. Experts anticipate that cryptocurrencies would account for 25% of national currencies by 2030, implying that the majority of the world can trust bitcoin as a medium of trade. Merchants and customers will get more familiar with it. It will preserve its volatile nature, suggesting that prices will remain volatile as they have been for several years [1-3].

Cryptocurrency's Advantages and Disadvantages

Advantages

It will be simple to transfer funds between two parties without the use of a

third party such as credit/debit cards or banks, It is a less expensive option than other online transactions, Payments are safe and secure, and they provide an unrivalled level of privacy, Only the wallet's owner has access to the private key, The transfer of funds is completed with a minimum of processing fees.

Disadvantages

Because of their almost impenetrable nature, cryptocurrency transactions are ripe for criminal activities such as money laundering, tax evasion, and maybe even terror financing, Payments aren't made in a way that they can't be reversed, Cryptocurrencies are not widely accepted and have limited value in other places. There is fear that cryptocurrencies such as Bitcoin are not backed by any tangible assets.

According to certain study, the cost of generating a Bitcoin, which consumes a growing quantity of energy, is directly tied to its market price. The laws that govern cryptocurrencies are another reason for their popularity. You don't need to deal with a third party when it comes to cryptocurrency. The users are more relaxed. Cryptocurrencies do not require a third party because they are digital money [4,5].

Conflict of Interest

None.

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*Address for Correspondence: Wang Hui, Department of Economics, University of Wolverhampton, UK; E-mail: hui.wangECO@gmail.com

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Received 02-Feb-2022, Manuscript No: economics-22-58020; Editor assigned: 07-Feb-2022, PreQC No. P-58020; Reviewed: 14-Feb-2022, QC No. Q-58020; Revised: 21-Feb-2022, Manuscript No. R-58020; Published: 28-Feb -2022, DOI: 10.37421/2375-4389.22.10.398

How to cite this article: Hui, Wang. "Overview of Cryptocurrencies." *J Glob Econ* 10 (2022): 398.