



## Bitcoin Is Worth More Than Gold – for Now

### Description

Crypto currency Bitcoin is hitting the headlines for the wrong reasons again, as the payment vehicle of choice for the crooks behind the world's biggest ever ransomware attack.

WannaCry's global cyber onslaught infected more than 200,000 computers in around 150 countries, with stricken users told to pay between \$300 and \$600 in the anonymised currency for access to their encrypted data. Bitcoin has always been controversial, having first come to public attention as the de facto currency of the Dark Web, the hidden internet, via notorious cyber-underworld sites such as the Silk Road. Yet since launch in January 2009 its value has spiralled to \$1,698 at time of writing, netting billions for those who got in early. Today it is worth more than gold, which currently trades at \$1,233 an ounce, but can that last?

### Coining it in

Bitcoin was on a roll before the cyber attack but its price has dipped since, possibly in consequence.

It has always been highly volatile, its price regularly crashing after hackers stole coins from Bitcoin exchanges, but it has always come back stronger.

Bitcoin was the world's best performing currency in 2015 and 2016, and is on course to repeat the feat this year. It ended last year trading at \$959, and is up 77% since then.

That is despite a dip to \$952 in March, amid fears that the Chinese authorities were set to crack down on Bitcoin exchanges because investors were using it for money-laundering.

### Bits and pieces

In the spirit of disclosure, I should say that I have an itty-bitty holding in Bitcoin, although sadly, I bought too recently to have made serious money.

I found it a bit of a faff setting up my digital wallet but then I'm no techie, and I was shocked at the trading fees on some sites, which swallowed up more than 10% of my coinage.

I bought it as a kind of mental insurance: if Bitcoin continues to go ballistic I don't want to kick myself for failing to take a punt on it.

### **Digital death**

A lot could go wrong, as the monetary authorities are highly suspicious about Bitcoin, a paperless, bankless, stateless currency wholly beyond their reach.

In some respects it has more integrity: unlike Fiat currencies, it cannot be devalued by central banks printing money.

The danger is that it gets too big for its boots, persuading the regulators to clamp down, say, by going after the major exchanges. The cyber attack will only add to their charge sheet.

### **Good as gold**

Bitcoin is no more to blame for the cyber attack than the US dollar is to blame for bank robberies, drug dealing or muggings.

It isn't even completely anonymous, every transaction is recorded on a public ledger known as the blockchain, which can lead criminal investigators to crooks who fail to cover their tracks. The FBI cracked Silk Road in the end.

Crypto-currencies could go mainstream, or they could remain shadowy. Bitcoin could one day be worth \$1 million, or nothing at all. I treat mine like a lottery ticket.

Gold, by contrast, has been a store of value for more than 4,000 years, and probably will be for the next 4,000 years.

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