



Gold as a Cryptocurrency?

Description

You might think it sounds crazy, but **Sprott Inc.** ([TSX:SII](#)) and **Goldcorp Inc.** (TSX:G)(NYSE:GG) backed TradeWind Markets Inc. has leveraged blockchain technology to revolutionize gold trading.

First, the details. The new blockchain gold trading and settlement platform aims to achieve two goals: simplify and speed up trading and reduce transaction costs. Simply put, the new ValutChain platform will digitize the trading, settlement, and ownership of precious metals. Adding to its legitimacy, the Royal Canadian Mint has agreed to provide storage for the platform and back each digital trade one-to-one by physical gold.

The brilliance of the technology lies in its simplicity. It takes a what is a very manual process today and streamlines it from start to finish. According to Tradewind president Matt Trudeau, “a lot of the (gold) dealing is done over the telephone, via email, maybe even faxes or chat rooms.” In 2018, this is a little mind boggling, to say the least, but it also speaks to [blockchain's disruptive potential](#). The new platform will enable investors to own fractional quantities of gold in TradeWind's wallet. A big selling point for customers is that there will be no management or administration fees.

Gold has long been viewed as a [safe haven for investors](#). However, it is very inefficient for the average retail investor to purchase the precious metal and hedge their portfolios with gold exposure. One option is to invest in traditional gold producers who are saddled with significant capital expenditures and operational costs. Another option is to purchase the gold streamers, but these companies are still subject to significant geopolitical risks and have operational costs. The closest thing investors have to owning gold without actually purchasing the physical metal itself is through ETFs.

Bullion ETFs are convenient and are backed by physical gold, which is often inventoried and listed on the company's website. The most popular of which is **SPDR Gold Trust ETF** ([NYSEMKT:GLD](#)). However, investors are still subject to counterparty risk, and, more importantly, investors are charged a management fee. Contrary to popular belief, investors don't actually own the metal, and you can't withdraw it unless under extraordinary circumstances. In other words, you own shares in gold you will never see or touch.

At first, retail customers will have to open VaultChain Gold accounts through approved brokers, dealers, and banks that wish to offer it to their customers. However, it may only be a matter of time before it is widely available. With no management fees and the ability to withdraw the physical metal through licensed parties, why would investors choose a bullion ETF?

A replacement for cryptocurrency?

With these advancements in blockchain technology, it's not hard to imagine a future in which your digital gold can be used as currency to buy and sell goods, much in the same way as cryptocurrencies such as Bitcoin. One of the biggest issues with cryptocurrencies is that there is nothing physical backing the asset. Gold as a digital currency, which is backed by the physical bullion, can disrupt the entire sector. The blockchain revolution is just getting started.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSEMKT:GLD (SPDR Gold Trust)
2. TSX:SII (Sprott Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/13

Date Created

2018/03/28

Author

mlitalien

default watermark