



Will Bitcoin Remain Relevant in the 2020s?

Description

Bitcoin finished 2019 in rough shape, down to \$9,500 CAD after having gone as high as \$12,000 earlier in the year. Although \$9,500 is still a big improvement over BTC's early 2019 prices, the poor finish left many crypto investors disappointed.

It's now been over two years since Bitcoin hit its all-time high in December of 2017, and the cryptocurrency still hasn't come close to that level. This raises the question of whether the currency's best days are behind it.

Bitcoin supporters say it's a revolution in global finance that will revolutionise payments, while detractors say it's a ponzi scheme.

If Bitcoin is the former, it may have a ways to go; if it's the later, it's doomed to collapse. To find out who's right, let's take a look at how Bitcoin is actually used.

Non-speculative use of Bitcoin

There's no doubt that Bitcoin is used as a currency, independently of its speculative value. The problem is that the vast majority of its use is for illegal transactions on dark web markets.

People using BTC to buy illicit drugs is not exactly a good omen for mainstream adoption. Further, the markets where such transactions take place can be, and often are, shut down, leading to huge disruptions in the market.

Investors can't count on this example, however, so we need to look at other places that Bitcoin is being used to see whether it has any future as a currency.

The data here is ambiguous. You may have heard last year about retailers like **Amazon's** Whole Foods and **Starbucks** signing up to accept Bitcoin.

Those headlines do appear fortuitous. However, what you might have missed in the fine print is that

these companies simply signed on with a service called Flexa that offered to process crypto transactions for them. However, these stores are doing huge amounts of sales in BTC.

One company that *did* actually process sales in Bitcoin was the Valve Corporation, a PC gaming company, but the company shut it down after finding the fees too high.

What we have is a situation in which Bitcoin is being used in illegal markets, while mainstream adoption hangs in limbo. This doesn't point decisively toward a great future for BTC in the 2020s. However, crypto investors have one other option they may wish to consider.

Buy blockchain stocks instead?

If you're really determined to get some crypto action in your portfolio, you could consider mining stocks like **HIVE Blockchain Technologies** ([TSXV:HIVE](#)). These stocks [give you exposure to cryptocurrency](#) without you having to actually hold coins yourself.

HIVE aims to mine crypto at low cost, which could be a profitable enterprise—in fact, HIVE was profitable in its most recent quarter, with \$2.5 million in gross profit and a \$5.5 million gain from operations.

Unfortunately, blockchain stocks generally have many of the same problems that crypto itself has. Taking HIVE as a representative of crypto mining stocks, we can see that it's extremely volatile, and has been [trending downward over the long term](#).

It's a similar picture for other publicly traded mining companies. This year, more than 70 crypto services firms closed down, owing to weakness in Bitcoin and a general loss of interest in crypto as a whole.

While HIVE is technologically speaking an interesting operation, using advanced data centers in cold climate areas to mine BTC at low cost, it's not enough to overcome the general weakness in the crypto industry right now.

Overall, this is one to avoid heading into the 2020s.

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