



## From Forex to Bitcoin: Why Investors Are Bullish on Cryptocurrencies

### Description

The cryptocurrency sector has witnessed a spectacular amount of growth in recent years. The total market capitalization of the industry rose by a whopping 400% from \$56 trillion since the start of 2020 to a staggering \$534 trillion right now.

An increasing number of investors are now actively switching from the realm of traditional finance to cryptocurrencies. However, in order to make a smooth transition, there are several core facets that one needs to bear in mind, especially since most crypto markets behave nothing like their stock or forex counterparts.

### The absolute basics of Bitcoin investing

The most important thing to bear in mind is that you are not dealing with fiat currency but rather a class of assets that are not considered legal tender across any region in the world today. What this essentially implies is that for all “legal trading purposes,” the crypto industry is dependent quite heavily on the regulatory whims of their local governments.

That being said, with the widespread recognition that the industry has been gaining recently, with major [institutional players](#) like Microstrategy, Grayscale, **Tesla**, **Square** (amongst others) making their way into the market, it stands to reason that this nascent space is well poised to disrupt the traditional finance industry.

### Old habits die hard

Straight off the bat, it should be made clear that any cryptocurrency trader who tries to copy forex strategies without attempting to learn about this new market is bound to fail at some point or the other. This is because the crypto industry is still in its relative infancy and is subject to more volatility as compared to the stock market.

Unlike the fiat realm, where investors tend to rely more on the analysis of a chosen few experts who

have a solid track record of raking in the moolah for their clients, the crypto market is quite heavily driven by community word of mouth. This is not to say that experts don't have their part to play in promoting certain crypto assets but the value of most projects is by and large driven by their individual group of backers.

## A “little” suspension of belief is needed

Switching to crypto for veteran Forex traders may be difficult, because daily and monthly price jumps and slips of insane proportions are quite routine within this burgeoning space. For example, there are literally tens of projects whose values can jump by +100% within a month, and these tokens would still not be considered overbought.

In this regard, one only needs to look at the top 10 cryptos by market capitalization and see that over the course of the last 30 days, premier digital assets such as Cardano, Polkadot, and Binance Coin have surged by 200%, 174%, and 230%, respectively, which is a common occurrence.

## The transition towards Bitcoin and crypto investing gains pace

Also, it bears mentioning that there have been many who have successfully made the transition from stock trading to crypto. For example, Ben Zhou, co-founder of ByBit, a top cryptocurrency derivatives exchange, ran a retail forex brokerage for nearly a decade before making the jump to crypto derivatives trading.

Commenting on the core difference between traditional stock and crypto trading, Zhou stated that [when he worked in the Forex space](#), clients were always given top priority, something which he thinks is still a bit lacking in the crypto sphere. “I wanted to make an exchange where clients are able to find our customer support at any time of the day and talk to them directly online,” he was quoted as saying in an earlier interview.

Other notable individuals who have made the switch from stocks to crypto include Delta exchange CEO Pankaj Balani, who was a sales trader for UBS previously, as well as Jeffrey Wang, head of Americas for integrated crypto financial services firm Amber Group, who was previously the head of FX Options and G10 spot trading for Asia for **Morgan Stanley**. Prior to that, he was an FX options trader at HSBC.

Canadians looking to invest in the crypto space can do so by investing in the recently launched **Purpose Bitcoin ETF**. This ETF is backed by Purpose Investments, a fund manager with \$10 billion in assets under management.

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araghunath

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