



## Should You Buy Bitcoin? 3 Reasons to Avoid it

### Description

Did you know that Warren Buffett, the famous investor, and Janet Yellen, the treasury secretary, have something in common? It's their dislike of Bitcoin. Both of them have used different adjectives to define the world's premier cryptocurrency and the forerunner of the whole crypto trend. Yellen's comments regarding Bitcoin have relatively less sting in them, but neither financial expert (in their own right) considers it a viable medium of exchange.

There is no denying that Bitcoin is a highly speculative asset, and it's not tangible in a traditional sense. Still, there is no denying that Bitcoin *can* and *already has* made people very rich. Its volatility, which might not make it an ideal long-term holding, can be a great short-term investment positive. That's *if* you understand all the risks involved in investing in crypto.

Yellen mentioned three reasons that might encourage you to avoid Bitcoin.

### Illicit finance

Perhaps the most common and the oldest argument that's used against Bitcoin is that as a borderless and unregulated currency, Bitcoin is used for illicit finances and nefarious transactions. There is plenty of proof in favour of this notion, and even though there are some valid arguments against it as well, it's the stigma that can bring Bitcoin down, either through a bad reputation or a regulatory crackdown.

### Inefficient transaction

Blockchain transactions can take anywhere from a few minutes to weeks to verify, thanks to its complex protocol. The process might change once all the coins are mined, but for now, Bitcoin might be an inefficient mode of transaction, even compared to other cryptocurrencies. So, if one or a few of them are adopted by the banking system around the world, this "trait" might push Bitcoin down in obscurity.

## Power consumption

A recent study conducted by the University of Cambridge has estimated that Bitcoin's annualized energy consumption is about 130 terawatt hours. That's almost equal to what India's total electricity consumption was in 2019 (according to Statista). Mining takes up a lot of energy, and more rigs come online every day. This power-hungry side of Bitcoin might make it subject to energy-related sanctions.

## Invest in a different energy

A stock like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a [very different investment](#) compared to Bitcoin. It's reliable and dependable, where Bitcoin is volatile and shaky. It's an excellent long-term holding and pays you in more ways than one (thanks to its dividends). This utility company has been powering and heating up millions of homes in the country and in the U.S. while increasing its dividends for over four decades.

As the second-oldest aristocrat and a company with very reliable income sources, Fortis might stay strong for decades to come. It's also going green. The company has vowed to reduce its carbon footprint and is well on its way to achieving its green energy goals. This makes it a relatively more environmentally conscious choice.

## Foolish takeaway

Bitcoin peaked about a week ago, and when it hit a price over US\$57,400. The price has come down quite a lot since then, creating panic among Bitcoin holders. But some experts believe that it might settle down at about US\$40,000. So, even if you want to [buy Bitcoin](#), despite its inherent risks, you might not see it fall to four digits anytime soon.

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