



3 Major Developments That Have Made Bitcoin More Attractive Now

Description

Over the past week, three major developments have made Bitcoin much more appealing as an investment opportunity. These recent moves by governments and regulators cement Bitcoin's position as a legitimate asset class. That makes it safer to hold in a traditional portfolio and easier to access by mainstream and institutional investors.

Here are the top three reasons to be bullish on Bitcoin right now.

Bitcoin is legal tender

El Salvador became the first country in the world to officially designate [Bitcoin as legal tender](#). That means businesses must accept it as payment, and the government will accept it for taxes. It also means that foreign companies and regulators can officially consider it "foreign currency," which changes the way it is taxed.

This is a watershed moment for the industry. It demonstrates that small countries with economic challenges that depend on remittances don't have to dollarize anymore. They can switch to a universal currency that is not controlled by any foreign government. Several other nations, including Tonga, Columbia, and Paraguay have signaled their interest in adopting BTC since El Salvador's announcement over the weekend.

Bitcoin is an official asset class

Today, the Basel Committee on Banking Supervision, which sets international banking standards, allowed banking institutions to hold digital assets. That means banking and financial institutions across the world can now hold Bitcoin and Ethereum on their balance sheet directly.

The committee has placed severe restrictions, however. Banks must hold capital reserves that match the value of their digital asset holdings to cover any losses. This is to avoid systemic risks. However, it's a major move forward in BTC adoption. If banks devote even a fraction of their balance sheet to BTC, the asset could be worth hundreds of billions more.

Bitcoin is getting cleaner

The industry's biggest challenge at the moment isn't adoption, it's energy. The fact that the network consumes so much energy makes it problematic for many potential investors and adopters. The majority of Bitcoin was "mined" in China, where coal is the leading source of energy.

However, this week China has clamped down on mining operations. That means miners will have to move their equipment and operations to other parts of the world. This benefits greener miners like **HIVE Blockchain Technologies** ([TSXV:HIVE](#)). Not only is its competition coming under regulatory pressure, but its greener operations are much more appealing to investors.

HIVE's mining operations are predominantly based in Iceland, Sweden, and Canada. All these countries derive the majority of their electricity from renewable sources. In Canada, for instance, hydroelectricity is the leading source of power. That puts HIVE and other Canadian miners in a favourable position.

HIVE stock could be a proxy for Bitcoin's rapid rise. Alternatively, you could add Bitcoin directly via an exchange-traded fund like **CI Galaxy Bitcoin ETF**. The fact that BTC is trading at roughly half its all-time high, despite these catalysts, makes this the perfect time to add more exposure.

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