3 Ways Bitcoin Could Be Worthless in 10 Years

Description

Bitcoin (BTC) lives up to its image as a highly volatile asset following the rout in May 2021. The nosedive of the world's most popular digital currency dismissed claims by loyal followers that the crypto is digital gold. From a peak of US$63,5063.46 in April 2021, the price plunged 41% to US$37,332.86 on May 31, 2021.

On June 8, 2021, BTC sunk further to US$33,472.63 before settling at US$39,634.36 on June 14, 2021. Wild price swings marked bitcoin's first 10 years. Still, the crypto community believes it was a healthy rebalancing before the price moves higher over the long term.

Currently, investors' sentiment is low, and the catastrophic crash could stall wider adoption by institutional investors. Some market observers now predict dangers. Bitcoin could be worthless in a decade due to several reasons.

1. Extreme volatility

The most prominent drawback of bitcoin is extreme volatility. Such notorious feature clouds the digital token's potential to become a great store of value. High-profile losses also raise fear among investors. Many people lost considerable sums in 2018 and 2021.

Similarly, fiat currencies are managed by governments, whereas BTC has no central authority. Hence, the price sways wildly compared to fiat currency. Don't discount security breaches that could increase volatility.

2. New and attractive assets

New assets like the non-fungible tokens (NFTs) could steal the thunder away from bitcoin and other cryptos. The concept of NFT is still in the infancy stage, although it could give rise to a new type of programmable money network. Paying money to claim ownership of digital content could be more attractive than trading coins. Bitcoin must show real-world value for people to stay on and invest.

3. Sovereign digital currency

Most governments are wary of cryptocurrencies. The U.S. Treasury plans to impose new tax reportorial requirements for crypto users. Meanwhile, China's State Council wants tighter regulations to crack down on bitcoin mining and trading behavior.

One possible solution is to create a sovereign digital currency. Besides preserving public trust, it could eventually displace bitcoin and other cryptos. China started pilot projects in 2020 and might be the first to issue a centralized digital currency.

High-growth tech stock

Bitcoin could recover but not in the near term. Canadian investors should focus more on a high-growth stock like **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD). The tech stock's trailing one-year price return (174.02%) isn't as spectacular as bitcoin, although the growth runway is very long.

The $11.15 billion software company caters to small and midsize businesses, retailers, restaurants, and others in the hospitality industry. Lightspeed's Software-as-a-Service (SaaS) platform provides a one-stop commerce solution to all its merchants.

Lightspeed's market share and geographical is growing consistently. The company has been on a buying binge in the last seven months. Besides deriving profits from its point-of-sale software for retailers, it generates revenue from value-added services such as payments and inventory management.

As of June 11, 2021, the tech stock trades at $87.74 per share at writing. Market analysts recommend a buy rating. They forecast a potential upside of between 24% ($109.18) and 72% ($150.58) in the next 12 months. Lightspeed could be a long-term hold.

No more mystery

Bitcoin thrives on anonymity and decentralization. However, it could lose the two competitive advantages soon. Central bank-backed digital currencies could offer the same services with a safety net like transparent governance.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date
2025/08/28
Date Created
2021/06/18
Author
cliew

Footer Tagline