



Will Bitcoin Ever Recover?

Description

Bitcoin has erased all of its gains since the start of 2021. At the time of writing, BTC is trading at US\$34,800, just 5% higher than its price on January 1. By the time you finish reading this article, that 5% could be gone (you know how volatile it is).

Is this a temporary bump in Bitcoin's path to world domination or a severe setback that it will never recover from? Here's a closer look.

Why is Bitcoin dropping?

Bitcoin rose to an all-time high when it seemed almost unstoppable. However, some recent events have cast doubt on its appeal as an investment asset.

For one, investors are now worried about the environmental impact of Bitcoin mining. The server farms across the world that generate new BTC and secure the network consume nearly as much energy as Argentina. That's untenable for corporations and investors who want to have a positive impact through their investments.

Meanwhile, China renewed its crackdown on the sector, describing it as a "systemic financial risk." Bitcoin mining has been banned in several Chinese provinces, and the government has asked financial institutions to refrain from handling crypto transactions.

These issues have made investors wary of the asset class and could be the reason it's now worth half as much as its all-time high. However, these issues are also likely to resolve themselves.

The future

China's ban creates a virtuous cycle for the industry. It's important to know that the majority of BTC mining is currently conducted in China. Miners in the country account for 70% of mining activity.

Now that the government has trampled their business, many are expected to migrate to other parts of the world. These migrant miners are likely to arrive in places where the energy is cheapest and

cleanest. Iceland, Canada, and Sweden have already emerged as prime destinations, because of their renewable energy sources and cooler climates that facilitate mining.

That means BTC mining is about to become significantly greener in the years ahead.

Sovereign adoption

China's skepticism about cryptocurrencies isn't new. In fact, the country cracked down on BTC in 2013 and 2017, too. China may never adopt BTC willingly, but smaller nations with vulnerable economies are already moving forward to embrace the technology.

El Salvador became the first country to make Bitcoin legal tender. Panama and Paraguay have also introduced legislation to do the same soon. Growing adoption should bolster Bitcoin's appeal as an asset class in the future.

The best way to bet on this trend is via a gatekeeper: **Banxa Holdings** ([TSXV:BNXA](#)). Banxa is the payment processor for major cryptocurrency companies such as Binance, Ledger and Abra. It allows these enterprises to convert their users' fiat currencies into crypto.

Banxa stock is currently trading at \$3.3, 56% lower than its all-time high. If Bitcoin's price and adoption rebounds, the stock could see a major upswing. If you're looking for an underrated proxy to bet on Bitcoin's eventual rebound, this is one of the best opportunities on the market right now.

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