



Why Is JPMorgan CEO Jamie Dimon Bearish on Bitcoin?

Description

The world's largest cryptocurrency Bitcoin touched a record-high of more than US\$67,000 last month. At the time of writing, a single Bitcoin is priced at US\$60,750, valuing the cryptocurrency at a market cap of US\$1.14 trillion. A key driver of Bitcoin's exponential gains in the last 18 months can be attributed to the widespread adoption of the digital asset by institutions.

In fact, several publicly listed companies, including **Tesla** and **MicroStrategy**, now hold Bitcoin on their balance sheets. The CEOs of both these companies — Elon Musk and Michael Saylor — have been quite vocal about the long-term potential of Bitcoin. At the end of Q3, [MicroStrategy held more than \\$7 billion](#) worth of Bitcoin on its books, which is quite significant, given the company is valued at a market cap of \$7.62 billion.

MicroStrategy has raised debt capital to purchase Bitcoin, which might be viewed as a high-risk strategy given the volatility associated with the digital asset. However, if the price of Bitcoin continues to touch record highs in the future, MicroStrategy's gamble will be rewarded by a massive uptick in its share prices.

JPMorgan CEO calls Bitcoin worthless

Several other C-level executives on Wall Street remain skeptical about the cryptocurrency space. Last month, **JPMorgan** ([NYSE:JPM](#)) CEO Jamie Dimon explained that cryptocurrencies will soon be regulated by governments for anti-money-laundering and tax purposes. Dimon said, "I personally think that Bitcoin is worthless."

But one of the largest banks also provides access to cryptocurrencies for its wealth management clients, which suggests JPMorgan derives a small portion of its revenue from this highly disruptive asset class.

Dimon is not the only Bitcoin bear on Wall Street. In a *CNBC* interview last year, [investment mogul Warren Buffett](#) stated, "I don't have any Bitcoin. I don't own any cryptocurrency, I never will." The Oracle of Omaha further warned, "Cryptocurrencies basically have no value. They don't produce

anything. You can't do anything with it except sell it to somebody else. But then that person's got the problem."

However, Bitcoin bulls will be quick to point out that cryptocurrencies are built on a fundamental technology called the blockchain. Bitcoin is a decentralized digital currency and [offers multiple advantages](#) when compared to fiat currencies, especially for investors looking to preserve value.

Historically, Warren Buffett has shied away from businesses he does not understand. Buffett's company **Berkshire Hathaway** did not have exposure to the technology space for several decades, as it was considered too disruptive for long-term investors. But now, **Apple** accounts for 40% of Berkshire's investment portfolio. So, you should not completely rule out a U-turn from the Oracle of Omaha.

What's next for Bitcoin?

Bitcoin carries significant risk due to the underlying volatility and the lack of regulation associated with this asset class. Cryptocurrency experts believe this volatility will reduce if Bitcoin continues to gain traction at the global level.

Investors with a high-risk appetite will be tempted to invest in Bitcoin and derive market-beating gains over time. But it's also advisable to invest the amount of capital you can afford to lose in Bitcoin and other cryptocurrencies, given the uncertainties surrounding this segment.

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Date

2025/07/21

Date Created

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