



Are You Used to Investing in Stocks? Here's How to Use that Knowledge to Research Cryptocurrencies

Description

There's no doubt that the learning curve to understanding cryptocurrencies and the blockchain industry can be quite steep, but if you're a stock investor, then you already have a decent advantage.

Before investing your hard-earned money into the highly volatile cryptocurrency industry, there can be a lot to consider. So it's crucial to do a tonne of research. This will ensure that not only should you not lose money with your investment, but also that you aren't missing out on other, more high-potential opportunities.

So if you're a stock investor looking to invest in the high-potential cryptocurrency industry, here is what to look for when evaluating potential investment opportunities.

What are the most important factors to research about cryptocurrencies?

Because every cryptocurrency has a different purpose, the first thing you'll want to look at and understand is what it was created to do and what is the technology behind it. This includes its current technology and the development team that's working on it to continue improving its network or features.

So for investors, just like you would look to see why a stock has a competitive advantage over its peers, it is crucial to understand how the technology of a cryptocurrency differentiates it from others. It's also an excellent way to find out whether it's worth an investment.

For example, **Dogecoin** ([CRYPTO:DOGE](#)) was created as a joke and is basically a fork of the **Litecoin** network, which was initially a fork of **Bitcoin**. So we know that Dogecoin wasn't created for any real purpose, and we also know that its technology is nothing special, suggesting that it's [not worth a long-term investment](#).

But if Dogecoin doesn't offer any real purpose and its technology is nothing special, then why has it

been a top-performing coin, and why does it continue to rank among the top 15 cryptocurrencies by market cap? This brings us to our next factor to research, which is the strength of the community that the coin has built.

The community can have a major influence on the long-term success of a coin or token

While having a community of loyal users may sound like an odd thing to research for stock investors, it can have a massive impact on the success of a cryptocurrency project.

The Dogecoin community is one of the reasons why the meme coin has fared so well. When you have a community of users and investors that are committed to the project, it has a lot more potential in the long run because you have a core group of investors who are committed to holding the coins for the long run and aren't quite as motivated by price in the short-run.

Lastly, and possibly the most important factor for stock investors to research about cryptocurrencies is the use cases they offer. At the end of the day, what gives a cryptocurrency the most value, and what will allow it to survive, or not, over the long run are the real-world use cases it has.

As I mentioned with Dogecoin, it was created as a joke, but you still can use it as currency in some places, which does give it some use. So, for whatever reason it was created, the more use cases it has, the more potential it will have over the long run.

How stock investors can assess a potential cryptocurrency investment

Once you have researched and learned more about the cryptocurrency, its technology and its purpose, stock investors can finally research some factors that are more common to the investing landscape.

So this includes looking at basic indicators of value, such as a cryptocurrencies [market cap](#). You'll also want to understand its tokenomics too. That is, how are the coins or tokens distributed? Is there a total supply of coins, or is the maximum supply unlimited like Dogecoin? Is the cryptocurrency inflationary or deflationary?

Understanding each of these can help stock investors put a better value on the cryptocurrency, and understand how much potential it has over the long run.

So if you're looking at investing in the cryptocurrency industry, it's crucial to do a tonne of research. But it should all pay off as these are some of the highest-potential investments to make.

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