



## Why Shiba Inu Is a High-Risk Bet for Cryptocurrency Investors in 2022

### Description

Valued at a market cap of US\$18.65 billion, **Shiba Inu** ([CRYPTO:SHIB](#)) is the 13th-largest [cryptocurrency](#) in the world. It has been a [top-performing cryptocurrency](#) in 2021, and the SHIB token has surged by over 53,000,000% in the last year. So, a \$100 investment in Shiba Inu in December 2020 would be worth a staggering \$53 million right now.

Despite these market-thumping gains, Shiba Inu is also down 60% from all-time highs, allowing investors to buy the dip. But is the meme coin a viable bet for long-term investors right now?

### The bull case for Shiba Inu

Shiba Inu is an altcoin developed on the **Ethereum** ([CRYPTO:ETH](#)) blockchain in August 2020, by an anonymous group known as Ryoshi. While it will be impossible for Shiba Inu to replicate its historical gains in 2022, there are several positive drivers for the digital token in the near term.

If the bull run continues in the cryptocurrency market, Shiba Inu should derive robust gains for investors in 2022, given its popularity and widening market cap.

The upgrade of the Ethereum platform is likely to take place in mid-2022 converting it to a PoS (proof-of-stake) model from a PoW (proof-of-work) model. This transition should lower transaction fees, increase network security, and expand the scalability of the Ethereum blockchain, which, in turn, will result in the adoption of other networks built on Ethereum.

There is also a good chance for **Robinhood** to add the SHIB token to its crypto-trading platform in 2022, which will boost demand and liquidity for the meme coin. Robinhood has gained massive traction among younger investors, which are a key demographic for this asset class.

But the most important catalyst for the SHIB token is the expansion of its merchant base that uses the cryptocurrency as a form of payment. Earlier this month, Flexa, a digital payments company, stated that SHIB tokens can be used within its merchant base that currently stands at over 40,000 stores.

## The bear case for SHIB

While **Bitcoin** ([CRYPTO:BTC](#)) is viewed as a store of value and is anti-inflationary in nature, the Ethereum and **Solana** ([CRYPTO:SOL](#)) blockchain networks provide investors a platform to create and execute smart contracts. Comparatively, Shiba Inu does not offer any competitive advantage, making it an extremely high-risk bet given its steep valuation.

If we exclude the partnership with Flexa just 387 merchants accept SHIB as a form of payment and over 10% of these enterprises are crypto-trading exchanges.

Further, the number of Bitcoins in circulation is limited to 21 million, but there is no such limit to the amount of SHIB tokens that can be mined. There are about [550 trillion SHIB tokens](#) that can be traded at the time of writing.

Shiba Inu, similar to **Dogecoin** ([CRYPTO:DOGE](#)) is a cryptocurrency that has benefitted from hype and speculation. But, Dogecoin is still backed by noted personalities such as Elon Musk and Mark Cuban. The exponential gains of SHIB make it extremely vulnerable in a broader market selloff or if investor sentiment turns negative.

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