



Bitcoin: Could it Go to \$0?

Description

Bitcoin ([CRYPTO:BTC](#)) opened 2022 in a bear market. Falling 13% in its first week of trading, it took a real beating. Investors sold BTC and other cryptocurrencies in record volume at the start of the year, shedding hundreds of billions in market capitalization. The moves were highly correlated with a selloff in tech stocks.

This year, the Federal Reserve is doing interest rate hikes, and that's making high-growth tech look less appealing. It appears that growth investors are selling BTC for similar reasons. While Bitcoin is a currency, it's also a speculative vehicle that people expect outsized returns from. The higher the risk-free rate goes, the less appealing risky returns become, and that might be harming Bitcoin.

Most Bitcoin investors are used to volatility. Few would be truly surprised if the coin went to \$30,000 or even \$20,000. A really interesting question is whether BTC could go to \$0. Theoretically, there is nothing stopping this from happening, and we have seen cryptocurrencies become worthless before. In this article, I will explore the possibility of Bitcoin going to \$0, ultimately concluding that it won't happen.

Why it could go to \$0

While Bitcoin going to zero is unlikely, it could theoretically happen. One of the main reasons we know that is because it has happened to other cryptocurrencies. According to Emma Newberry of Fool.com, [over 200 cryptocurrencies have already failed](#), going to \$0 or close to it. If it could happen to them, it could happen to Bitcoin. While Bitcoin is a bit different from most alt coins in that it is actually being used to make transactions, the coin has no government backing. If people stop buying it, it will become worthless.

Why it might not

With all the above being said, Bitcoin probably won't go to \$0. It could theoretically happen, but as long as there is demand for crypto, then Bitcoin is likely to be one of the coins that have value. The reasons include the following:

- **First-mover advantage:** Bitcoin was the first crypto ever invented, which gave it a massive head start over the competition.
- **Institutional adoption:** Institutional investors are heavily invested in Bitcoin, both directly and through ETFs like the **Purpose Bitcoin ETF**. These institutions can't unwind their positions overnight, which means Bitcoin is unlikely to just disappear as a liquid asset the way a \$2,000 market cap alt coin could.
- **Used as a currency:** Unlike many alt coins, Bitcoin is actually being used as a currency. It is legal tender in El Salvador and has hundreds of businesses accepting it at this point. So, Bitcoin has a real use case, which isn't the hallmark of an asset that's going to go to zero.

Foolish takeaway

As we've seen in this article, Bitcoin could theoretically go to zero, but it probably won't. Every day, people are using Bitcoin to buy goods, investing money into Bitcoin funds like BTCC.B, and even making the coin their national currency. There is just too much invested in this asset, not only financially but structurally, for it to become totally worthless. With that said, if you want to stay safe when holding Bitcoin, you might want to consider an ETF like BTCC.B instead of direct holdings. That spares you having to worry about password loss, exchanges going down, and other risks that crypto investors face.

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