



## 3 Ways to Invest in Cryptocurrencies While Still Earning Passive Income

### Description

One of the best things about investing in stocks is that you have the opportunity to receive passive income while still having exposure to a tonne of growth potential. And while the [cryptocurrency industry](#) certainly looks intriguing, some investors may be waiting on the sidelines to find investments that can earn passive income.

Luckily, though, with all the innovation that's consistently ongoing in the space, there are now several different ways to gain exposure to the high-potential industry while earning passive income at the same time.

This is a significant opportunity, because often, if you want to earn a dividend from stocks, particularly a meaningful dividend, it likely doesn't offer massive growth potential. Conversely, the stocks with the most growth potential usually don't pay much of a dividend, if any at all.

So, if you're a passive-income seeker looking to gain exposure to the cryptocurrency industry, here are three of the most popular ways to earn passive income.

### On Ethereum's blockchain, you can lend crypto to earn passive income

First off, one of the most popular ways to earn passive income is to lend the cryptocurrency you own on one of the many growing platforms that operate on **Ethereum's** ([CRYPTO:ETH](#)) blockchain, such as **AAVE** ([CRYPTO:AAVE](#)).

Being able to borrow and lend cryptocurrencies has a tonne of advantages for investors. It's especially attractive for those investors who own cryptocurrencies and are bullish on the long-term potential but also need to raise cash for a loan today.

In that case, you put your crypto up as collateral and receive a [stable coin](#) in return, which you can then use to cash it out as fiat dollars.

[AAVE](#) isn't the only protocol doing this, but already it's one of the most popular. And as the cryptocurrency industry continues to gain popularity, earning passive income from lending will continue to become more popular.

## Decentralized finance allows investors to stake their tokens to earn more crypto

Another way to earn passive income from your cryptocurrency investments is called [staking](#). Staking is a process that involves committing your crypto to help confirm transactions on a blockchain with proof-of-stake consensus.

In addition, you can deposit your money in liquidity pools to support decentralized exchanges with act as automated market makers. In this case, you would receive liquidity provider tokens, which can then be staked to boost your yield.

There are several decentralized exchanges on Ethereum that allow users to earn a yield, including **SushiSwap** ([CRYPTO:SUSHI](#)). However, with the risk of impermanent loss, it's crucial to understand how liquidity pools work.

## Cryptocurrency ETFs

The first two ways require investors to buy, hold, and invest cryptocurrencies themselves, which can have a steep learning curve at first. So, if you'd prefer an easier way to gain exposure to cryptocurrencies while earning passive income, you may want to consider one of the brand-new cryptocurrency yield ETFs.

For example, you can buy an ETF that owns Ether and employs a [covered-call strategy](#) to earn a yield for investors. And although the net asset value of these funds is still low, you can be sure that throughout the year, with more demand from investors, these funds will see the demand for their units grow.

Plus, as the industry progresses, I'd expect even more innovation from financial companies and more opportunities for investors to gain exposure to the high-growth cryptocurrency space.

So, if you're a passive income seeker but also want exposure to these high-potential assets, these three strategies are some of the best ways to maximize your returns.

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