



Solana (CRYPTO:SOL) Is My Top Crypto Pick for 2022

Description

In the last few years, becoming an investor and entering the financial markets has become all the rage. As the investing world becomes increasingly diversified and more exciting, many Canadians new to investing are also entering the fray. [If you're just starting investing](#) and you've never been interested in it before, there's a high probability that you have been attracted by cryptocurrency news.

Last year saw cryptocurrencies put up an incredible bull run. Of course, if you have been following cryptocurrencies even superficially, you might know that you cannot rely on historical performance to make crypto plays. The bull run might continue for some or all of the cryptos, or they might just come crashing down.

I would advise new investors to create a [well-balanced portfolio](#) before they delve into cryptocurrency trading. If you already have a decent portfolio and want to dip your feet into crypto investing, I will discuss **Solana** ([CRYPTO:SOL](#)), my top crypto pick for 2022, which you could consider investing in this year.

Not a usual cryptocurrency

All cryptocurrencies come with certain intricacies that set them apart from the rest. Similarly, Solana's blockchain network also offers something different. You can use the Solana network and its native cryptocurrency token, SOL, to transfer funds as a store of value.

Solana's blockchain network uses a proof-of-stake validation model that is faster and more efficient than the standard validation method, giving it an edge over most of its competitors. Cryptocurrencies are notorious for many things, and incredibly slow transaction-processing speeds have been one of them. Solana's method to validate transactions on its blockchain allows for lightning-fast transaction times and significantly reduced transaction fees.

It comes as no surprise that the NFT marketplace on Solana's blockchain network has become incredibly popular. Decentralized finance (DeFi) is becoming increasingly popular, and Solana has become one of the major players in the new space. Its competitive advantages could set things up in a

way that Solana might actually beat **Ethereum**, its top competitor in this space.

Foolish takeaway

Solana boasts a more environmentally friendly validation model, a capacity for 50,000 transactions per second, and low transaction fees. The cryptocurrency has rapidly become one of the largest in the new industry. At writing, Solana boasts a market capitalization of around US\$43.77 billion. This is an incredible figure considering the fact that it's only been around since 2019.

Solana's main competitor that uses a similar approach to its operation is Ethereum. The DeFi space is expanding rapidly, attracting tonnes of new investors. Provided that Solana can keep capturing a greater market share in the DeFi space through its competitive advantages over others in the crypto world, it could be one of the best investments to make right now.

That said, all cryptocurrencies carry significant [capital risk](#). The cryptocurrency world is incredibly volatile, and you need to ensure proper risk management and position sizing to protect yourself from losses while enjoying exposure to this exciting and speculative new space.

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