



2 Key Catalysts That Will Drive Solana Prices Higher in 2022

Description

The cryptocurrency selloff has dragged prices of several digital tokens lower. One of the top-performing cryptocurrencies in 2021 was **Solana** ([CRYPTO:SOL](#)), which gained over 10,000% in the last year. Right now, it's down 60% from all-time highs, making it attractive to contrarian investors.

Despite the pullback, Solana is valued at a market cap of US\$31 billion, making it the seventh-largest [cryptocurrency](#) in the world. We know that Solana gained momentum in 2021 due to its low transaction fees and scalability. The Solana blockchain network has already processed billions of transactions to date at a [fraction of a cost](#) compared to peer networks such as **Bitcoin** and **Ethereum**. Further, Solana has a throughput speed of 50,000 transactions per second, enabling it to onboard a number of projects on its network.

Here, we'll look at two recent developments that will positively impact Solana prices in 2022.

The launch of Solana Pay

Solana recently launched Solana Pay, which is a payments protocol that aims to create the building blocks for a "decentralized, open, and truly peer-to-peer payment protocol." This, in turn, will accelerate the adoption of digital currencies, where digital money will move through the internet, similar to data. The idea behind Solana Pay is that payment and technology will create a robust peer-to-peer communication channel between the consumer and retailer.

The payments protocol will allow consumers to send digital dollar currencies, such as the USDC from their wallet to the merchant's account at a very low cost. While merchants have always wanted to increase customer engagement over time, the involvement of multiple intermediaries across channels has made the process difficult.

Now, with Solana Pay merchants can send digital assets back to the customer which will open up a wide range of capabilities that were not possible before. Basically, a merchant can reward customers with personalized offers, on-chain loyalty programs as well as virtual goods.

However, merchants will benefit from multiple advantages provided by on-chain decentralized payments that include network cost savings, zero fraud liability, instant settlement, and DeFi yield generation.

Solana-based tokens listed on Coinbase

Earlier this week, one of the world's largest cryptocurrency exchanges, **Coinbase** disclosed it has begun accepting inbound transfers for **Bonafida** and **Orca**, two Solana-based tokens. Coinbase has already listed a number of ERC-20 tokens, which are layer 1 coins built on the Ethereum blockchain.

The two tokens, Orca and Bonafida, are DEXs, or decentralized exchanges, for Solana-based assets that include wrapped tokens. Similar to a stable coin, a wrapped token is a cryptocurrency pegged to the value of another digital token.

The recent developments have meant the SOL token is now up close to 12% in the last seven days. Cryptocurrency bulls expect Solana to become a leader in real-world payments with Solana Pay. Further, the listing of the above-mentioned tokens should [enhance Solana's status](#) as a large-scale ecosystem in the blockchain system, driving prices of SOL higher over the long term.

While I'm bullish on Solana, investors should note that the volatility associated with cryptocurrencies might drive prices lower as well. So, you need to have a high-risk appetite to invest in this highly disruptive space.

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