



## Ethereum: Why it's Beating Other Cryptos

### Description

**Ethereum** ([CRYPTO:ETH](#)) has been handily beating most of the rest of the crypto scene over the last 12 months. In that period, ETH has risen 95%, while **Bitcoin** ([CRYPTO:BTC](#)) has only risen 14.3%. Other large cryptocurrencies, like **Litecoin** and **XRP**, have also underperformed Ethereum. So, ETH has likely outperformed the cryptocurrency market as a whole. In this article, I will explore why that is the case.

### Real-world use cases

One of the big things ETH has going for it is real-world use cases. Unlike certain other cryptocurrencies, which are mainly used as vehicles for speculation, ETH can be used to build decentralized applications. It has been widely touted as a cryptocurrency that could [facilitate “DeFi” applications](#) that will eventually unseat traditional banking.

In 2021, one of those “applications” finally went mainstream: non-fungible tokens (NFTs).

NFTs are tokens of which only one exists. They are bought and sold with Ether. Other cryptocurrencies, like **Solana**, support making NFT-like assets, but the ETH based marketplaces are the most popular.

NFTs are popular because they allow users to track ownership of digital assets. Typically, what will happen is a person will create a digital image (e.g., a JPEG), create a snippet of code inside the token that points to where the image is hosted, and sell it. This supposedly confers “ownership” of the image. It's [debatable whether that's actually the case](#), but it is true that NFTs provide a signifier of ownership that the cryptocurrency community believes in. That alone is enough to get many people interest in NFTs. And interested they certainly are, as the explosion of NFT trading online has amply demonstrated.

### Update coming

Another advantage that ETH has is an upcoming update that will increase its speed. According to **Coinbase**, ETH supports a mere 15 transactions per second. That's absolutely nothing for a cryptocurrency as widely used as it is. So, it should come as no surprise that many people report long wait times for ETH transactions. The network infrastructure just doesn't currently support its high level of use.

The good news is that ETH has a big update coming. Previously known as "ETH2," the upcoming changes will reportedly take ETH up to 65,000 transactions per second. That's a lot faster than ETH today. It's also faster than ETH competitors like Solana. So, the ETH update could make the world's second-biggest cryptocurrency a lot more usable.

## Tax sheltering available

A final thing ETH has going for it is the fact that it can be tax sheltered.

Through **Purpose Ether ETF** ([TSX:ETHH](#)) you can shelter your ETH from taxation. All you have to do is open a TFSA, buy your ETHH shares within it, and you won't have to pay any taxes on your holdings. You do have to pay ETHH's managers 1% for this privilege. But it could be well worth it. Capital gains tax can go as high as 26% in some provinces. Since pure ETH holdings can't really be placed in a TFSA, you'll always be liable to capital gains tax if you hold it. It's just the opposite with an Ether ETF like ETHH. So, by buying such ETFs, you can save money on your investment taxes.

### CATEGORY

1. Cryptocurrency
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**Date**

2025/08/18

**Date Created**

2022/02/03

**Author**

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