



Better Bet in 2022: Polkadot or Terra?

Description

The [cryptocurrency](#) space is one that remains highly volatile. Today, that volatility is to the upside. And investors need to keep in mind that the crypto sector has generated an incredible amount of wealth in recent years, despite this recent pullback.

With this in mind, investors may be enticed to check out tokens that are trading well below their peaks. Two tokens I think are interesting are **Polkadot** ([CRYPTO:DOT](#)) and **Terra** ([CRYPTO:LUNA](#)).

Let's dive into why investors may consider each token.

Terra: A crypto to buy for stability

Terra, and its governance token LUNA, is a very intriguing cryptocurrency project to consider. An algorithmic Stablecoins network, Terra seeks to create token stability through minting and burning tokens over time.

There are a range of stablecoins on the Terra blockchain. These stablecoins maintain their value because of LUNA, a token on this blockchain that can absorb volatility.

Now, the overall structure of Terra is difficult to understand. There are a number of complex mathematical processes behind the scenes that create this stability investors seek. However, the bottom line is that Terra, via its LUNA token, has found a way to stabilize its UST token, pegging this token to US\$1.00.

For those looking to transact in cryptocurrency, having a stable token certainly makes sense. Knowing that a given token won't fluctuate means that one can make longer-term contracts with others on the blockchain. Accordingly, Terra, and its LUNA token, help to solve a big problem in the crypto world.

Growing developer community and blazing speed: Quite a bit on the plate for Polkadot

Thriving and valuable blockchain ecosystems attract developers who then go on to design new features and products and features, thereby improving the network. The Polkadot blockchain saw an explosion in the number of working developers over the past year, touching almost 10,000 as of early this year from around 2,600 12 months ago.

Polkadot acts as a parachain network, running parallel blockchains to **Ethereum**. This allows for scalability, something Ethereum's network is lacking at the moment.

Currently, Polkadot processes 1000 transactions every second — much faster than Ethereum's approximately 30 transactions per second. With upcoming Polkadot developments and tweaks, it's expected the Polkadot network could support up to 1,000,000 transactions every second. This speed would dwarf any current crypto or traditional financial network.

Bottom line

Of course, the crypto space features some thousands of different players, and dozens of these appear to be worthwhile investments. However, investors must note that no magic formula exists that will help separate the good and bad.

These two crypto projects are both intriguing in their own ways. They're both on my watch list right now. However, I tend to lean toward Terra being a more interesting project, as I think Ethereum's 2.0 update could cancel out some of Polkadot's value right now.

CATEGORY

1. Cryptocurrency
2. Investing

TICKERS GLOBAL

1. CRYPTO:DOT (Polkadot)
2. CRYPTO:LUNA (Luna by Virtuals)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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