



2 Reasons Not to Give Up on Ethereum Just Yet

Description

Whether [you're just starting investing](#) or you are a seasoned stock market investor, the cryptocurrency industry might likely be an area of interest for you to consider. With all the phenomenal new heights that cryptocurrencies have reached, coupled with the devastating lows, this asset class might also be too volatile for risk-averse investors.

Ethereum ([CRYPTO:ETH](#)) is one of the top cryptocurrencies today. However, its recent price volatility has hit hard even on investors who take pride in having high risk tolerance levels. All the turbulence in its performance means the world's second-largest cryptocurrency see its all-time highs within the last year, followed by declining to half that value in just a few months.

Such a significant downturn has undoubtedly made many investors wonder whether it might be time to call it quits, cut their losses, and simply focus on investing in more traditional assets. Today, we will take a closer look at Ethereum to help you determine why long-term investors might want to stick to holding onto their Ethereum tokens.

More than just a currency

Ethereum created the world's first blockchain network that innovated the cryptocurrency industry by introducing the world to decentralized finance (DeFi). Ethereum's blockchain network boasts a massive ecosystem, making Ether the first programmable cryptocurrency. It revolutionized the cryptocurrency industry, paving the way for several other cryptocurrencies to follow its success.

Numerous newer cryptocurrencies have taken what was innovated by Ethereum and tackled a lot of issues that existed with the cryptocurrency to offer a viable alternative. But Ethereum still boasts one of the biggest ecosystems in the industry. It features thousands of developers who are working on the blockchain network. Over 40 of the top cryptocurrencies are fundamentally built on its network.

Introducing smart contracts set Ethereum apart from the rest of the industry. DeFi is disrupting global financial markets, and Ethereum is the first choice for those who are bullish on DeFi's potential.

An upgrade is on the way

Being the host of the largest DeFi ecosystem also brought one massive challenge that Ethereum's blockchain network is notorious for. Processing transactions on Ethereum's blockchain network takes a very long time, consumes a significant amount of energy, and comes at a substantial cost.

The proof-of-work validation method used by Ethereum's blockchain network is the primary source of all these issues, atop its massive user base. Newer cryptocurrencies have taken the model first offered by Ethereum, but use a proof-of-stake validation method for faster, less energy-intensive, and lower-cost transactions.

Ethereum 2.0 is slated to launch sometime mid-2022, and the upgraded blockchain network will shift from the proof-of-work model to the proof-of-stake model, addressing the concerns with its current validation method.

Foolish takeaway

Ethereum already has a massive ecosystem. Lightning-fast transaction times, lower energy consumption, and reduced transaction costs could effectively allow Ethereum to retain its spot as the top blockchain network disrupting the global financial industry through DeFi.

Provided that the Ethereum 2.0 upgrade goes well, investors might see a sharp and [rapid recovery](#) in the second half of the year. If the upgrade goes really well, it is even possible that Ethereum could overtake **Bitcoin** as the [top cryptocurrency](#) worldwide.

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Date

2025/08/26

Date Created

2022/02/08

Author

adamothman

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