



Missed Out on Ethereum? Here's Why You Can Buy Solana Instead

Description

Ethereum ([CRYPTO:ETH](#)) has been a massive wealth creator for long-term investors, as it has gained a staggering 4,00,000% in fewer than seven years. The ETH token is now the world's second-largest [cryptocurrency](#), valued at a market cap of US\$377 billion, at the time of writing.

A primary reason for Ethereum's popularity is the ability of its blockchain network to execute smart contracts, which allowed it to onboard several developers and expand its ecosystem rapidly. Now, this functionality is replicated by other blockchains such as **Solana** ([CRYPTO:SOL](#)) at a significantly lower cost. The SOL token surged over 11,000% in 2021 but still has the potential to deliver outsized gains in the upcoming decade for a variety of reasons.

The bull case for Solana

One of the more recent blockchain networks, Solana was launched in April 2020. It aims to solve speed and scalability issues associated with Ethereum. Due to its rapid gain in 2021, Solana is already the eighth-largest cryptocurrency in the world valued at a market cap of US\$33 billion.

The Solana blockchain operates on a proof-of-consensus mechanism, where you can stake the SOL token to validate transactions and earn rewards. It's a mechanism that is far more energy-efficient compared to the proof-of-work mechanism that powers networks, including **Bitcoin** and Ethereum.

The Solana blockchain can process around 50,000 transactions each second at a cost of just \$0.0008 per transaction. It has another feature called proof of history, which adds a timestamp to each block that needs validation, thereby eliminating the need for computers that are part of the network to agree on the order of validating transactions.

Investors should understand that the demand for a digital asset depends primarily on the potential of the underlying blockchain to create real-world utility. The [high transaction speeds](#) and low costs of Solana make it an ideal platform for the development of DeFi, or decentralized finance, protocols.

DeFi is focused on replacing legacy financial services systems that are outdated, regulated, and

expensive. Users have control over their finances, and a financial intermediary like a bank is replaced, which lowers costs by a huge margin.

Solana just launched a [payments protocol](#) known as Solana Pay. It creates the foundations for a decentralized, and peer-to-peer payment protocol to accelerate the adoption of digital currencies. Solana Pay has the potential to completely transform the manner in which a merchant engages with customers by introducing mechanisms to build loyalty via offers and rewards.

The risks of investing in Solana

Similar to most other cryptocurrencies, investing in the SOL token is also a high-risk proposition. In fact, SOL is down 60% from all-time highs, showcasing the volatility related to this asset class.

However, Solana's blockchain is promising, making SOL one of the top cryptocurrencies for long-term investors. In fact, **Bank of America** expects Solana to become the **Visa** of the crypto ecosystem. Solana can also be optimized for verticals such as gaming and micropayments, and its extremely low transaction fee should allow the network to gain market share from Ethereum.

If you want to invest in cryptocurrency, buying Solana is a really good option.

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Date

2025/08/17

Date Created

2022/02/16

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