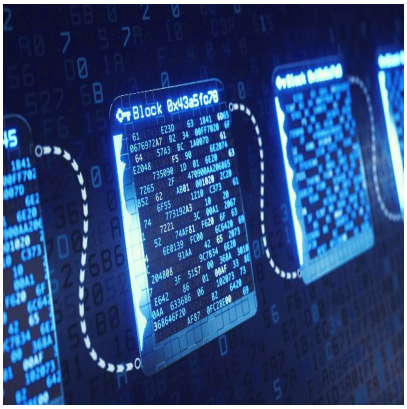

These 5 Top Cryptocurrencies Support Smart Contracts

Description

If you have analyzed cryptocurrencies in the past, it's likely you have come across the term "smart contracts." Several blockchain networks have smart contract functionalities, which are basically self-executing agreements.

These agreements are written and deployed on a blockchain network and executed when the conditions are met. Developers use code to enforce the contracts and replace the need for an intermediary, lowering associated costs significantly.

The smart contract exists on a blockchain, which is a public ledger that records transactions. While cryptocurrencies such as **Bitcoin** were initially used for the easier transfer of funds, smart contracts improve the functionalities of the underlying network. Additionally, blockchains that can execute smart contracts can be used to build multiple DeFi (decentralized finance) protocols and expand their ecosystem aggressively.

Here, we take a look at five top blockchain networks that support smart contracts.

Ethereum

The first blockchain network to support smart contracts was **Ethereum**. Data from The State of dApps states around 80% of DeFi apps run on the Ethereum blockchain. However, transactions on Ethereum are validated via a proof-of-work mechanism which is expensive and difficult to scale.

The upcoming upgrade towards Ethereum 2.0 will resolve a lot of these issues and increase demand for the ETH token.

Solana

One of the fastest blockchain networks in the world, **Solana** executes 50,000 transactions per second. Comparatively, Ethereum can execute between 15 and 45 transactions each second. Further, the

average fee on Solana is just $0.008 per transaction.

There are around 400 projects running on the Solana network allowing the SOL token to increase over 10,000% in 2021.

Polkadot

While Solana is known for its speed, **Polkadot** has gained traction due to its interoperability. Polkadot uses parachains that run parallel to the main blockchain, increasing transaction speeds considerably. These contracts are executed on the parachains and not on the primary blockchain.

Algorand

Similar to new platforms that support smart contracts, **Algorand** focuses on low costs, speed, and scalability while maintaining the required security of the network. Here, developers can use a wide range of programming languages to implement smart contracts.

Cardano

Cardano launched smart contract functionalities last September, allowing the ADA token to gain close to 2,000% in the last three years. Cardano is currently the eighth-largest cryptocurrency valued at a market cap of US$36.6 billion.

The Foolish takeaway

Smart contracts are extremely disruptive and could allow blockchain networks to replace legacy financial systems. It’s difficult to analyze the evolution of this nascent vertical but it’s likely for digital currencies to stand the test of time due to their rapidly expanding ecosystem.

Most of the above-mentioned cryptocurrencies are available to trade on popular exchanges. But you need to analyze the utility of their underlying networks and invest money you can afford to lose due to the risks and volatility associated with the asset class.

Two of the biggest risks surrounding cryptocurrency include regulation and the pace of technological advancement. An increase in regulation will impact the DeFi market in the long term while there are always security limitations associated with blockchain networks.

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