



Is Binance Coin a Cryptocurrency to Buy Right Now?

Description

One of the most popular crypto exchanges in the world, Binance is a massive player in providing functionality for [cryptocurrency](#) investors. This exchange's native token **Binance Coin** ([CRYPTO:BNB](#)) is currently the [fourth-largest](#) token by market capitalization, reflecting the market position of Binance right now.

Of course, Binance Coin is, via its name, tied to the Binance crypto exchange. Binance is among the largest crypto exchanges in the world, having grown to this position in just four years. Overall, Binance Coin is currently the third-largest non-stablecoin crypto in the world right now. That's certainly an impressive feat.

However, there are many questions around whether Binance Coin is worth a buy right now. Let's dive into a few things investors are considering with this token today.

Binance Coin: The burning strategy

There are different types of tokens out there, and many different ways of slicing this sector down. However, whether a token is inflationary or deflationary is something many investors consider. By that, I'm considering how many tokens are created or destroyed in a given year as a percentage of the overall existing supply.

In the case of Binance coin, investors receive a deflationary burning strategy. By burning tokens via transaction volumes, Binance Coin can essentially ensure a finite supply of tokens. As transaction volumes increase, more tokens are burned. This theoretically increases the value of BNB — a big win for investors.

Indeed, those who have bet on Binance Coin to outperform based on its tokenomics have been well rewarded. Currently, Binance Coin uses 20% of its trading fees to purchase back and burn its own tokens. This can be viewed in a similar way to share buybacks in the stock market world.

Overall, the Binance team is reportedly eyeing a 100 million token burn over time. This significant burn

will reduce its supply, and holding demand steady (or rising) should increase the value of these tokens over time.

This is perhaps one of the key reasons long-term investors continue to hold Binance Coin in this rather shaky environment.

A worrying factor: Increased regulations

That's not to say Binance Coin is without risk. Far from it.

There are a range of risks facing the crypto sector right now. Chiefly among the top concerns of crypto investors are incoming regulations from various governments.

In the U.S., it's expected that crypto regulations will be coming soon. An executive order signed by President Biden this week has put investors on watch once again. However, little is currently known about what the specifics of these regulations will be, and how the sector will be positively or negatively impacted.

For now, this uncertainty is providing for outsized volatility for this sector. Couple these concerns with the Russia-Ukraine conflict and surging inflation, and there are many potential headwinds to consider.

Accordingly, those investors looking at Binance Coin should also be aware of these risks before diving into this token, or any token for that matter.

Bottom line

Overall, Binance Coin provides investors with some relatively intriguing fundamentals to consider. Relative to other tokens, I think Binance Coin provides excellent upside potential. Accordingly, those who have weighed the risks and rewards may want to dive deeper into this token at these levels.

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Author

chrismacdonald

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