



Is Polkadot a Top Crypto to Buy Right Now?

Description

Volatility in the [cryptocurrency](#) world is likely here to stay. However, many investors may look at these valuations in top growth projects in this sector as great buying opportunities. One such project that is on the radar of many investors right now is **Polkadot** ([CRYPTO:DOT](#)) for various reasons.

Like the crypto sector, Polkadot has sold off in dramatic fashion over the past year. Concerns around the ongoing Russia-Ukraine conflict as well as how higher interest rates will affect risk assets, are driving much of this negative sentiment. For Polkadot, a layer-2 scaling network tied to **Ethereum**, there's also the added risk the ongoing Ethereum 2.0 update provides.

That said, Polkadot's impressive growth of late in terms of NFT volumes and overall transaction volumes should not be discounted. Let's dive into whether Polkadot is worth a buy, after [dropping more than two-thirds](#) from its peak.

The bull case for Polkadot

There's certainly reason to believe Polkadot has significant growth potential at these levels. This cryptocurrency has garnered a tremendous amount of attention since its DOT tokens began trading publicly in 2020. However, Polkadot is also a token that's been highly valued since its inception.

Much of this is related to the network's impressive growth. Polkadot's revolutionary parachain technology is the key driver of this growth. These parachains allow for impressive scalability within the Ethereum network via essentially providing additional lanes to a congested highway. These parallel blockchains allow for developers to utilize their own independent blockchain that is compatible with Ethereum, providing faster finality times and lower fees.

These lower fees are the key to Polkadot's success. As a groundbreaking base upon which most of DeFi is built, Ethereum is incredible. However, from an actual transaction perspective, this network is basically useless. No user will want to pay gas fees of \$200 to make a \$20 transaction. This is where Polkadot comes in.

As the DeFi space continues to grow and developers look for scaling solutions, Polkadot will continue to be in high demand.

There are some risks

That said, as mentioned, there are risks to Polkadot's existing model. Ethereum is undertaking a series of updates, which are expected to be completed this summer. These updates should bring about Ethereum 2.0, a proof-of-stake-enabled network with faster transaction speeds and lower fees.

Accordingly, the value Polkadot adds may be questioned by the market. For now, this scaling solution is needed. However, how long this view remains among major investors is unclear.

Bottom line

Overall, the thesis underpinning Polkadot is one that's easy to understand. This is a layer-2 network that is needed. Indeed, the growth of the crypto world requires such solutions. Thus, Polkadot stands as a top investment option for many investors.

Those who think that Polkadot's future looks bright, regardless of this update, may want to consider DOT at these levels. Personally, there's too much risk with this network to justify an investment right now, in my view.

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