



Terra: The Blockchain of the Future?

Description

Terra ([CRYPTO:LUNA](#)) is a public blockchain that fuels a vibrant ecosystem of various DeFi projects. The goal of Terra is to make decentralized finance accessible to the general masses. This network does this, in part, by providing a unique algorithmic stablecoin option to investors.

It's worth noting that the value of Terra approximately doubled in February, shooting to \$91 from a low of \$47. Also, it saw a sharp spike around the beginning of the conflict between Russia and Ukraine.

Right now, several [cryptocurrency](#) enthusiasts are speculating whether or not Terra is the blockchain of the future.

Let's dive in.

New token mechanics

Do Kwon, founder of Terraform Labs and Terra, provided some rather important announcements regarding the Terra ecosystem's future and its tokens.

One announcement was regarding incorporating new token mechanics, which consider some form of **Bitcoin** in Terra's ecosystem. On this front, Do Kwon noted that Terra is working to bring a form of tokenized Bitcoin to the blockchain — and in the most decentralized form possible.

Terra has been adding Bitcoin to its reserve pool for some time. Right now, Terra reportedly has around \$3 billion in Bitcoin within the stablecoin's reserve fund. For investors viewing Bitcoin as a stable hedge to market and currency risk, this is a good thing.

Additionally, there is some speculation that Terra's UST token could become a hybrid stablecoin, given Bitcoin's inclusion in this network's reserves. The idea may be, eventually, to allow investors to exchange UST for Bitcoin, rather than LUNA tokens. While the mechanics of this would be interesting to see put in place, investor seem to like the flexibility this move provides investors. Accordingly, it's no surprise to see how hot Terra has been of late.

Could Terra become the de facto crypto reserve currency?

Do Kwon anticipates that the new tokenized Bitcoin version in the Terra ecosystem will likely be several protocols' de facto reserve currency. These include those protocols built on top of the chain, expanding to form a part of all smart contract applications that hold treasury reserves.

The idea of having something backing stablecoins that's easy to track and identifiable is not a new one. However, some investor uncertainty in the stablecoin market in this context could make Terra a leader. That is, if other investors view this stablecoin in the same way as Terra's founder.

Bottom line

I'm of the view that stablecoins are very important to the functioning of the crypto market. In this context, Terra certainly looks intriguing. That's because this network is doing things other stablecoins aren't right now.

As far as innovation goes, there's a lot to like about Terra right now. Indeed, this token is surging for a reason. Accordingly, investors looking for a growth option in the crypto space have a good one to consider with Terra.

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