



3 Reasons Why Solana Is a Top Cryptocurrency Bet for 2022

Description

In 2021, several cryptocurrencies generated exponential gains for investors. For example, **Solana** ([CRYPTO:SOL](#)) soared by more than 10,000% last year. While the SOL token is down 60% from all-time highs right now, it is still the sixth-largest [cryptocurrency](#) in the world, valued at US\$32 billion, by market cap.

Let's see why Solana should be on top of your cryptocurrency shopping list in 2022.

Solana is viewed as an Ethereum killer

The Solana blockchain is known for its speed and low-cost transactions. Similar to **Ethereum**, the Solana blockchain can also execute smart contracts, which mean developers can use the platform to build decentralized applications.

Right now, Solana can handle 65,000 transactions per second with an average cost of \$0.00025 per transaction. It used a proof-of-history mechanism to validate transactions, which is a unique algorithm.

The Solana blockchain is extremely robust and can be used to trade non-fungible tokens, develop DeFi platforms including exchanges, as well as build blockchain games.

Solana Pay may revolutionize digital payments

Earlier this year, the developer of Solana's blockchain, Solana Labs, [launched Solana Pay](#). Basically, Solana Pay is a payment system, where merchants can accept cryptocurrency payments from customers.

Right now, the fees charged by digital payment processors impact the profitability of merchants by a couple of percentage points due to high transaction fees. Solana Pay aims to replace legacy payment platforms that are extremely slow and expensive.

Here, participants will be insulated from the price fluctuations associated with cryptocurrencies as payments can be made in stablecoins such as the USDC, which is pegged to the U.S. dollar.

Solana's focus on partnerships

Solana Ventures is the investment arm of Solana Labs. Last week, Solana Ventures partnered with YGG SEA to bolster the latter's subDAO operations in Southeast Asia. The agreement will provide resources to game developers and the gaming community in the region. Solana confirmed the collaboration is part of a private investment round of US\$500,000 co-led by Solana Ventures.

Solana Ventures will work with YGG SEA to develop training programs and build programs on the Solana network as well as connect game development studios to deploy titles on its blockchain.

Southeast Asia is estimated to have 225 million gaming and e-sports fans, allowing Solana to target a rapidly expanding market.

The Solana ecosystem is well poised to expand and is already home to several DeFi projects, NFT marketplaces, and lending protocols. At the end of 2021, [Solana hosted](#) 5,100 projects on its blockchain, compared to 70 in 2020.

In addition to the above-mentioned partnership, Solana has associated with leading crypto exchange FTX to build a decentralized exchange called Serum. Further, Michael Jordan launched an NFT collection on Solana-based HEIR. The world's largest NFT marketplace, OpenSea, has also begun listing Solana-based NFTs.

The Foolish takeaway

While Solana seems a top investment, it carries significant risks. According to crypto research company Messari, around 48% of Solana's token allocation is held by insiders and venture capitalists while another 13% is held by the Solana Foundation.

Solana has more than 1,000 validators but more than 33% of the cumulative stake is concentrated in the hands of less than 25 validators. So, less than 25 computer nodes validate a third of the transactions on Solana.

It makes sense to allocate a small portion of your investment capital towards Solana and benefit from impressive gains in 2022 and beyond.

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