



## Crypto Collapse 2022: Is Time Up for “Junk” Cryptos?

### Description

It is no secret that the [cryptocurrency industry](#) has not been doing well for quite some time now. The major market correction in cryptos that began in May 2022 has left tokens across the board reeling. The world's most popular cryptocurrency, **Bitcoin** ([CRYPTO:BTC](#)), dipped by 27% between May 4 and May 12, 2022.

Several cryptocurrencies saw major declines, kicked off by **Terra**'s collapse. **LUNA** went through a correction that resulted in losses for individual and institutional investors, ruining the lives of many cryptocurrency investors who placed full faith in the token.

The start of this month saw a degree of stability come back to the crypto industry. However, we might see further declines in some of the biggest names in the crypto world, including Bitcoin, **Ethereum**, **Dogecoin**, and **Solana**.

**XRP** token has already been in trouble due to the case Ripple Labs is fighting against the United States Securities and Exchange Commission (SEC). The crypto collapse made matters worse for the beleaguered crypto token.

### What is happening?

The cryptocurrency industry began with Bitcoin as the first major asset to come forth, and it laid the foundations for others to follow. By the end of 2013, there were over 50 different cryptocurrencies circulating in the market. The popularity of new cryptocurrency projects soared. 2014 ended with over 500 cryptocurrencies.

It is difficult to obtain accurate estimations, but there are believed to be over 18,000 cryptocurrencies in circulation today. It is safe to say that there are too many assets in the industry, and a lot of them are considered “junk” by experts. Web3 Foundation's CEO, Bertrand Perez, remarked on the excessive number of cryptocurrencies at the World Economic Forum in Davos, Switzerland.

He highlighted the fact that the world is at a stage where there are too many blockchain networks out

there and an unnecessary number of crypto tokens circulating in the market. The confusion created by an overwhelming number of cryptocurrencies also comes with a significant degree of risk for users.

Perez compared the cryptocurrency industry's current state with the dot.com bubble. The start of the internet saw the rise of many dot.com companies, oversaturating the market. Many of those companies offered zero value, effectively scamming people. Once the bubble burst, only the legitimate businesses that offered real value remained.

Many experts believe that the cryptocurrency industry will have a similar fate. Many of the more obscure cryptocurrency projects might fade away into oblivion, leaving only the likes of Bitcoin and other major tokens behind.

## Foolish takeaway

The Bitcoin holders and investors who own other cryptocurrencies who managed to cash out before the May collapse managed to save their investment portfolios from utter ruin. Those who could not take their money out of the market in time may have no choice but to hold on for dear life and hope that, eventually, things will get better.

Bitcoin slumped to the US\$30,000 mark after the May downturn. At writing, the world's largest cryptocurrency hovers around those levels. However, the crypto token's extreme volatility could see it plunge further in the coming months. Institutional investors may consider staying away from the sector entirely to avoid substantial losses.

Suppose the cryptocurrency industry goes through a similar situation to the dot.com bubble. Bitcoin and Ethereum are two of the cryptocurrency tokens that should survive the purge if it wipes out most of the "junk" cryptocurrencies in the market.

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