

## Bitcoin Future

Technological evolution has brought change not only the communication approach but also financial approaches (Peng). The emergent trends have brought about electronic features such as electronic mail, e-commerce, e-wallet, and e-money. Today, many transactions can be conducted via online platforms. While most transaction relies on the actual currency such as trading in dollar and pounds, there has been an emerging trend known as a cryptocurrency. Cryptocurrencies have to lead to the development of a new definition of currency. This is a type of currency that is uniform around the globe. The main idea behind the development of cryptocurrency was intended to help in serving as a medium of exchange. The medium was designed to use cryptography in securing transactions. Cryptography also plays a unique role in controlling the possible creation of additional cryptocurrencies. Today, bitcoin is widely regarded as the standard cryptocurrency around the world. This paper will discuss the future of bitcoin as a cryptocurrency.

### *Features of an ideal cryptocurrency*

Bitcoin is a digital currency which has both benefits and challenges. To understand the future of this currency, it will be important to review the properties of an ideal digital currency. An ideal digital currency should be secure in a way that it can facilitate payments through advanced encryption practice. This measure ensures that the digital currency remains safe from forgery or alteration. An ideal digital currency should remain anonymous to imply that parties involved in a transaction should remain private. Portability is another important feature of an ideal currency. A cryptocurrency should not be affected by geographical locations and should be easy to transfer via network. It is important for an ideal cryptocurrency to be two-way to facilitate transactions between users. Offline capability is another desired feature of a cryptocurrency in a way that processing of offline payments should not demand authentication from a third party. Finally, an ideal crypto-currency should be divisible to smaller units. This feature is important since the value of online transactions varies and may require specific amounts of payment. Acceptability of a currency remains one of the most important factors as far as a future of a currency is concerned. In this case, a cryptocurrency should be accepted around the world to facilitate both local and global transactions.

### *Development and features of bitcoin*

In the past five years, bitcoin has proved to exhibit exponential growth recording a two hundred-fold growth between 2013 and 2017 (CRISIL). It has been established that the adoption and growth of the bitcoin cryptocurrency can be attributed to a various feature of the currency. It is evident that the bitcoin has been accepted in most parts of the world and this is apposite factors as far as the future of the currency is concerned. According to Orsenigo and Tammuni, the first transaction involving the bitcoin was done in 2009 despite the inception of the idea in 2008. The exchange rate at the time of the first transaction saw one dollar trade at 1309.03 bitcoin. Over the year, there have been tremendous changes in the exchange rate as well as in the abbreviation of the currency from BTC to XBT. It has been argued that the currency has grown to become an important part of the digital currency around the globe. It has become one of the strongest and the most preferred cryptocurrency around the world. In a period of six years, the cryptocurrency has been involved in many transactions that have increased its market capital to 6.5 billion US dollars.

There are several features of the bitcoin that have contributed to the enormous growth and acceptance of the currency. One, the currency fits into the current trend of globalization since it can be transacted via the internet. This has eliminated geographical barriers between two parties wishing to transact. Before trading with the currency, every trader is required to possess an inimitable digital fingerprint. This fingerprint ensures the security of transactions as well as the bitcoins involved in the transaction. Additional security provision of the currency that guarantee safety include the technical algorithms. These algorithms help in maintaining the shift of the currency between two transacting parties. It has been indicated by Orsenigo and Tammuni that 21 million bitcoins have been established as the maximum number of bitcoins around the world. This ensures that the all transactions and bitcoins involved remain authentic. The limit also reduces the chances of fraud and laundering which can affect the value of the bitcoin around the world. These authors have further indicated that the system used in managing the bitcoins has a security feature that limits one only to use a bitcoin once. After a person has used a bitcoin in one transaction, the bitcoin is transferred to the recipient thus cannot be used by the sender for the second time. The transaction that involves bitcoins is irreversible meaning that a sender cannot reverse a transaction once approved. Trading in bitcoin can be preferred to foreign currencies since the costs of transactions as well as the exchange rates are low. The system allows for the fast and easy transaction as well as easy conversion of bitcoins to local currency with the help of an exchange broker.

#### *Use of bitcoin around the world*

However, it has been established that the currency is rarely used by most organizations and institutions around the world. It is also evident that the system lacks regulation such as a central bank that regulates its flow in the market. This implies that there is no point where monetary policy has been established to regulate the digital currency. It is unique that people around the world are involved in creating bitcoins through a process known as mining. The mining process is decentralized since people from different parts of the world are involved.

Basing on the advantages and disadvantages of bitcoins, it is evident that the use of this cryptocurrency will increase in future. The revolutionary properties of bitcoin indicate that it has the potential to become the future factor in the global economy. Bitcoin has managed to gain a lot of success compared to other cryptocurrencies. Since the currency has little influence from the political fronts, it is expected that most people are likely to prefer its use.

According to Orsenigo and Tammuni, there is a concern that governments can decide to develop policies that can affect the use of the bitcoin. Currently, central banks in most nations have not been keen to impose a strict measure on the transaction involving bitcoins. Most central banks are always concerned with the flow of currencies across its borders which has not been the case with bitcoins. A country such as Argentinian has witnessed an increase in the number of bitcoin users which has been considered as a way of avoiding capital controls. The central bank of Argentina tightened capital controls after the great depression. In case countries impose such measures, the future of the cryptocurrency.

Peng asks a unique question regarding the users and people who accept bitcoins as a system of payment. The currency has been described as decentralized and pseudonymous. Initially, the bitcoins were used by few influential individuals who failed to trust central banks and other government policies controlling monetary. Most traders have adopted the bitcoin in

Argentina, and a similar trend can be expected from other countries in similar situations. In Argentina, bitcoin has been accepted as money but not as a legal currency. The expected increase in the number of bitcoin users is likely to attract the attention of various economies. So far, it has been reported that several countries have rejected bitcoin due to its lack of regulation. Hill explains that the US Senate has questioned legality and impact of the bitcoin to the US currency. The author has further explained that lack of regulation and can be misused by criminals. Questions have also been raised over the impact of bitcoin on revenue. In China, the financial institution has been warned against accepting bitcoins, but citizens have the freedom to use the cryptocurrency. In Croatia, the government has gazetted the use of bitcoins as a risky venture. In Denmark, the government through the Financial Supervisory Authority has stated that it does not intend to legalize the use of bitcoin as a currency. The European Bank has also echoed similar sentiments declaring the bitcoin as unsafe due lack of regulation.

### *Expected development*

Despite the fact that the US is concerned about lack of regulation of bitcoin, it has been established that the country has become increasingly interested in the virtual currencies. Many other countries across Europe are aware of the fact that people use bitcoins but has warned against its lack of regulation. Policy regulators of many economies have either remained silent on the issue or limited its policies to prevent financial institutions from using bitcoins. The current trend indicates that the use of bitcoin in future is likely to increase and most economies would legalize its use. Taxation would be one of the major reasons for countries accepting the use of bitcoins. Another factor that would push countries to consider the cryptocurrency will be the increase in the number of users. In case more countries find themselves in a similar position as Argentina, it will be necessary to accept the currency and seek global support. There is a possibility that the entire globe might be called to cooperate to ensure that the cryptocurrency is regulated. Some countries such as Canada, Germany, and Singapore have already established policies regarding taxation of bitcoins. Other countries such as Slovenia, Ireland and Israel have also been reported to be in the process of establishing similar policies to regulate the use of bitcoin.

Cryptocurrency has increased its significance in the modern era with the bitcoin standing out. Bitcoin has proved to have many of the desired features of a cryptocurrency such as security, digital fingerprints, fast and easy to use. Today most countries are aware of the existence of the bitcoin. These countries have not banned its use but only warned users of the lack of regulation as far as bitcoin is concerned. Only financial institutions have been warned from accepting bitcoin transaction. Countries such as the US have acknowledged the significance of the cryptocurrency and its potential in future. There is a possibility that the use of bitcoins will increase in future and many countries around the world might come together to establish a regulatory policy to govern the use of bitcoin.

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