

# What's Next?

More consumers, companies and investors will embrace digital coins.

**S**ome financial analysts would say a discussion about the future of cryptocurrency is essentially about the future of money as we know it.

Fueled by changing consumer behaviors during the COVID-19 pandemic, we're more likely than ever before to digitally transfer money, as opposed to physically withdrawing cash from our local bank. This evolution is expected to become even more pronounced, laying fertile ground for cryptocurrency and related financial innovations. That's why some have even deemed cryptocurrency investing the new stock market.

## Continued Highs and Lows

You can't talk about the future of crypto without mentioning the digital currency that helped make the technology a household name. The popularity of Bitcoin, the king of cryptocurrency, seems likely to continue, which could be good news for its value and stability over the long term. And because Bitcoin is at the vanguard

**Governments are exploring both blockchain technologies and cryptocurrencies.**

of cryptocurrencies, many investors see its continued success as a proxy for the cryptocurrency market as a whole, which now includes nearly 10,000 different digital tokens.

Cryptocurrencies have recently skyrocketed in popularity, gaining massive attention from influencers, sparking new trends such as non-fungible tokens (see sidebar, right) and surpassing \$3 trillion in value for the first time in November 2021.

But some analysts expect the market to cool and undergo a Darwinian evolution where only the strongest coins prevail. No matter who's right, investors should expect the roller-coaster ride of valuations to continue, along with the enticing potential for huge gains.

### Adoption by Mainstream Players

According to analysts at Gartner, 20% of all large enterprises will use digital currencies in some capacity, including as accepted retail payment, within the next couple of years.

This trend is already underway, as large corporations announce that they are exploring or implementing payment systems that accept crypto. In late 2021, AMC Theatres started accepting Bitcoin, Ethereum and Litecoin as forms of online payment. Meanwhile, PayPal, Venmo and Robinhood recently began allowing investors to buy and trade digital currency on their platforms.

This increased mainstream adoption of crypto is not just welcome news for people looking to spend their digital cash. It's also potential good news for investors banking on the increased credibility of digital coins to improve the cryptocurrency market (and the value of their holdings) more broadly.

### Continued Innovation

The burgeoning blockchain technology that enables cryptocurrency to exist is also attracting broader attention from corporations in various industries. For example, major developers in the private sector are transitioning to blockchain-based "smart contracts," which use customizable computer code to execute legal agreements. Some retail businesses that serve online shoppers are adopting blockchain technology to improve the quality of their customer loyalty programs. There's even a platform called GameFi serving as a launchpad for games built on blockchain technology.

Governments are also exploring both blockchain technologies and cryptocurrencies. Notably, China is implementing its own digital e-yuan and had already initiated more than \$13.8 billion in virtual transactions as of December 2021.

Then there is the metaverse, the next generation of virtual reality, where users interact in 3D online

The emergence of the metaverse is likely to further crypto's reach.



spaces as digital versions of themselves. Major tech companies are diving headfirst into the metaverse concept, led by Facebook, which rebranded itself as Meta in late 2021. Blockchain seems likely to play a major role in the development of the metaverse, further expanding the reach and capabilities of both the technology and the currencies that run on it.

### Increased Regulation

Cryptocurrencies remain controversial because of their lack of centralized regulation, but lawmakers in the United States and beyond are exploring ways to enforce guidelines.

While governmental regulations may seem counterproductive to crypto enthusiasts who were attracted to the unfettered nature of the currency, standardizing the rules around how cryptocurrency gets taxed and traded may actually help further legitimize cryptocurrency.

While it's impossible to predict the exact future of cryptocurrencies, there's no denying their growing popularity and use. Given how quickly the most popular cryptocurrencies have risen in value and the continued increase in the number of digital coins overall, it's hard to believe interest in the market will wane soon. For the near future, at least, it seems like there will be more things to learn about digital currencies, as well as more things to do with them.



### NFTs: Crypto as an Art Form

Non-fungible tokens, also known as NFTs, are one of the latest cryptocurrency-related crazes. Here is the technical definition: NFTs are unique digital content that can be bought and sold on a blockchain, most often on the Ethereum platform.

In (virtual) reality, NFTs can be almost any digital collectible, including drawings, graphics files, virtual real estate, virtual trading cards or music. Most recently, however, they have soared into popularity as digital fine art. Investors can purchase the one-of-a-kind verifiable assets through NFT marketplace platforms, such as OpenSea, Nifty Gateway and Mintable.

When they purchase an NFT, investors buy ownership of a digital work. The process is relatively similar to an art collector purchasing an original physical piece of art, except instead of the artwork itself, an NFT investor is purchasing

proof of ownership, which means the artwork itself could be virtual, in a museum somewhere—or no longer in existence. Many investors use NFTs to diversify their virtual assets and support independent creators. The heightened interest in cryptocurrencies, rise in digital art and some headline-grabbing sales prices have catapulted NFTs into mainstream conversations.

Here's a list of some notable 2021 NFT sales: An image that showcases 5,000 days' worth of creations by digital artist Beeple sold for \$69 million in March. It was the first NFT-based artwork to be sold by a major auction house.

Rapper Snoop Dogg purchased an NFT of a colorful meme called "Right-click and Save As guy" created by the artist XCOPY for the equivalent of \$7 million in December.

Also in March, Jack Dorsey, a co-founder of Twitter, sold an NFT of his first tweet for \$2.9 million.