

**Cryptocurrency: An Overrated Medium of Exchange or the Future of Commerce?**

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Course Number: Course Name

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Assignment Due Date

## **Cryptocurrency: An Overrated Medium of Exchange or the Future of Commerce?**

The advent of blockchain technology has laid the infrastructure for the proliferation of cryptocurrencies. The evolution of digital currencies has allowed people and businesses to transact both securely and anonymously. Although blockchain technology has existed for decades, the uptake of cryptocurrencies has been slow. For example, the introduction of Bitcoin was revolutionary in the financial industry, but the reach is restrictive to a few individuals and markets (Ertz & Boily, 2019). The adoption of Bitcoin influenced the introduction of diverse cryptocurrencies hoping that such a move would replace fiat money. However, skeptics argued that Bitcoin and other altcoins would remain within the geek community instead of reaching the mainstream industries (Makarova, 2018). Cryptocurrency is the future of commerce as the world increasingly embraces the digital economy in the wake of COVID-19.

Cryptocurrencies will have a profound effect on the future of commerce by supporting the digital economy. Unprecedented technological advancements have influenced the digitization of global economies (Swammy et al., 2019). Nonetheless, the growing digital economy has coincided with increasing cases of cybersecurity challenges. Cyberattacks have neither deterred nor hampered the expansion of business and financial transactions on the internet. On the contrary, cybersecurity risks have challenged firms and companies to develop and implement innovative solutions that ensure safe transactions (Schlesinger, 2020). Research findings have shown that cryptocurrencies are efficient and secure because of the peer-to-peer networking structure (Ertz & Boily, 2019; Neethidevan, 2019). Thus, cryptocurrencies hold the promise of transforming local and global commerce based on their inherent strengths.

E-commerce is an area that will benefit the most from cryptocurrencies. Online transactions have allowed many businesses to sustain their functionality in the face of the global

COVID-19 pandemic. Bitcoin and other altcoins have flourished and diversified the digital economy. Cryptocurrencies have created a digital economy with an aggregate market capitalization of approximately \$260 billion (Makarova, 2018). Therefore, cryptocurrencies will potentially create a robust infrastructure for e-commerce. The coronavirus pandemic has exemplified the potential of cryptocurrencies in shaping e-commerce. Specifically, cryptos have eased global transactions in the wake of lockdown procedures and regulations that have impacted normal business operations. The widespread adoption of cryptocurrencies will allow businesses to conduct secure and smooth operations despite the prevailing circumstances.

Cryptocurrency's impact on the future of commerce will depend on the scale of penetration and uptake. Cryptos are relatively immature, but they are making massive progress in the retail sector. Consider the case where Tesla, MasterCard, and other multinational companies are tapping into cryptocurrency. Notably, Tesla recently bought Bitcoin worth \$1.5 billion to hold the company's balance sheet (Schlesinger, 2020). The move by multinationals is both strategic and a significant milestone in market expansion. E-commerce companies will support the broader adoption of cryptocurrencies to process global payments without the need for fiat money. The vast and ever-growing community of crypto enthusiasts has created an entirely new market for companies and businesses. The most significant task now is to address security issues that threaten to slow the adoption of cryptocurrencies.

In conclusion, the cryptocurrency market is untapped, but its future is promising as the world embraces the digital economy. The use of digital platforms in e-commerce operations has increased following the Covid-19 pandemic. Cryptocurrencies can mean safer and smoother processes for virtual businesses. The growing demand for alternative payment methods, coupled with the inherent advantages of cryptocurrency, will support the integration of digital currencies

in commerce. Cryptos will offer flexible and secure transactions, which will then strengthen the e-commerce landscape. Nevertheless, regulatory changes and innovations are necessary to support the widespread adoption of cryptocurrencies.

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