

## **Crypto Currency a Stable Replacement of Fiat Currency: Myth or Reality**

The Launch of Crypto Trading and Storage Platform by Fidelity Investments, with the partnership of Bill and Melinda Gates Foundation, announcement by Bourse Stuttgart, the second largest stock exchange of Germany to launch a crypto currency trading platform by 2019 and offering of Bitcoin Futures by Bakkt, an upcoming crypto currency exchange backed by the Intercontinental Exchange, fairly indicates towards the wider and deeper role of crypto currency in the digital world.

Money has always played a critical role in the evolution of society and with the passage of time has gone through many forms. With the advent of fourth industrial revolution and advancement of disruptive technologies like Block Chain Technology and Artificial intelligence (AI), there is an evident blurring of lines between the physical and digital arena. There is a stable metamorphosis of worth embedded in physical assets to worth created by digital assets.

Since the invention of first crypto currency that is the Bitcoin in 2009, there have been more than 1600 crypto currencies in existence; most of them are not significant or even legitimate. The total market capitalization of all crypto currencies is around dollar 138.6 billion by the end of 2018. After an unprecedented boom in 2017, when the price of Bitcoin reached \$14000 from \$1000 per coin. The market capitalization reached to the peak of eight hundred billion dollars in early January, 2018. But around the New Year, the crypto currency market started crashing and lost 85% percent of its value with Bitcoin losing 83% of its value and other coins like Etheteum and Ripple losing over 90% of their value. Banning of crypto currency by some countries and hacking of crypto currency exchanges, turned out to be the major reasons for the crash. However, on the positive side by the end of 2017, there were 18 million users and now there are 35 million users that's arise of 94% more users this year alone.

Crypto currency market is by and large an unregulated market and still there is no uniform International law that regulates it. The legal status of crypto currency differs substantially in every country and with every activity. It is highly uncertain how crypto currencies will fare going forward.

Despite all arguments and apprehension about crypto currency, South Korea is prepared to take the lead and become the most advanced Blockchain and crypto nation. Upbit and Bithumb are the top crypto exchanges of South Korea and are placed in top 25 exchanges in the world with their combined daily trading volume of more than 200 million dollars. The decentralized system of crypto currency based on Blockchain is arguably its biggest allure leaving no scope for government interference.

Countries like USA, Canada and Australia have positive instance towards Bitcoin and the currency is being used

in US Derivative Markets even companies like Microsoft, Subway, Dish Network are accepting payments in Bitcoin. Finland gives Bitcoin the status of commodity not a currency and in Finland and Belgium tax exemption is even given to Bitcoin, bringing under tax regulation.

However there are countries like China, Bolivia, Columbia, Nepal, Pakistan and Ecuador who have completely banned the use of Bitcoin. While the countries like UK, Bulgaria, Japan, Australia and Germany are open to Bitcoin, but Russia and India are quite apprehensive about crypto currency on account of its volatility and perceived links to illegal activities. Even in India, the Reserve Bank has banned it and does not recognize it as a legal tender.

Whatever may be the argument, but it is quite clear that there is a long way before Bitcoin takes the form of Global currency. The future of crypto currency is highly unpredictable, but there is no doubt that the technology of Blockchain has great scope for technological applications of future. The success and failure of crypto currency will definitely depend upon the mindset of the people that is how they adapt to the idea of decentralized money free from the regulation of the government, and on the feasibility of the idea of a common Global currency based on market demand and supply.

A handwritten signature in black ink, appearing to read 'Mahima', with a stylized flourish at the end.

(Prof. Mahima Birla)

Editor in Chief