ISSN (Online) 2582-9327

IJARSCMT

International Journal of Advanced Research in Science, Commerce, Management and Technology

Impact Factor: 5.781

Volume 2, Issue 1, January 2021

Impact of Cryptocurrency and Issues

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Abstract: *A cryptocurrency is a digital asset or currency that is protected by encryption, making duplication and double spending extremely difficult. Bitcoin is the most famous virtual currency, but there are over 20,000 virtual currencies on the market. Many cryptocurrency assets are built on decentralized networks based on blockchain technology, a distributed ledger managed by a network of computers around the world. A defining feature of disseminate cryptocurrencies is that they are not typically issued by a central authority such as a bank or government. In other words, resilient, but not immune to government manipulation and interference.*

Keywords: Cryptocurrency

I. INTRODUCTION

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II. TECHNICAL OVERVIEW

Cryptocurrency is the name of a system that uses cryptography to make this possible. Secure transportation and exchange of decentralized and decentralized digital tokens action. These tokens can be traded at fiat market prices first time. The cryptocurrency is Bitcoin, traded in January 2009. ever since Many other cryptocurrencies were created using the same addition Introduced Bitcoin but changed some of its specific parameters mainstream algorithms. The two major innovations introduced by Bitcoin and It was two durable solutions that made cryptocurrencies possible.

III. THE ECONOMICS OF CRYPTOCURRENCIES

Cryptocurrencies have no central bank to administer or guide the money supply Financial institutions, but no one should ignore the importance of cryptocurrencies governance body. We will focus our discussion on two separate and related issues.

IV. OPEN SOURCE GOVERNANCE

Careful readers will notice that the Bitcoin software enforces certain rules. Valid trading and money creation rates don't come out of nowhere air. Rather, rules embedded in software Leader of an open source project that runs a so-called "reference". clients", other developers, miners, user communities, and malicious actors. Or The dynamics between these players are important to understanding Bitcoin. Central Banks, Traditional Financial Institutions, Monetary Policy, Understand fiat currency. Bitcoin, like all other cryptocurrencies with only moderate success so far, is a non-proprietary open source project. Users tend to be suspicious Cryptocurrency projects that are closed source and have significant pre-mining. To reward insiders or have other unique functions. Other expectations Members of the user community also impose control on developers. e.g. hard cap 21 million bitcoins, but can be radically changed by software Update, Bitcoin seems non-negotiable, but other cryptocurrencies different financial rules.

V. MEANS OF EXCHANGE VS UNIT OF ACCOUNT

Bitcoin lacks central bank and fixed money supply earned it some criticism from economists regarding macroeconomic stability. A countercyclical inflation stimulus is unlikely. However, this criticism may be misplaced. For most Keynesians and monetarists theories of monetary neutrality, macroeconomic properties of money in its function as a unit of account. Bitcoin is commonly used as a medium of exchange does not serve as a unit of account; i.e. transactions will be valued at dollars or another currency, but payment will be made in bitcoin. Unless the price salary and contract will be in Bitcoin, we expect usage Bitcoin has little cyclical impact.

VI. RESEARCH METHODOLOGY

By utilising encryption technology, cryptocurrencies can act as both a medium of exchange and a virtual accounting system. You need a cryptocurrency wallet in order to use cryptocurrencies. A digital currency, or cryptocurrency, is an alternative payment method developed utilising encryption methods.

to conduct financial transactions without utilising banks or governments as a sole source of funding. Bitcoin was the first cryptocurrency ever made. People can now conduct financial transactions without only depending on banks or governments thanks to the invention of Bitcoin.

VII. PRICING AND VOLATALITY

Since Bitcoin is not backed by an asset, its value as a currency can only lie in utility as a medium of exchange. As we have seen, in some contexts, Bitcoin is superior to cash (e.g. it can be used online) and credit card payments(it's less expensive). In addition to its technical characteristics, its usefulness depends on network effects it can produce. The importance of future network effects remains. Not sure, that's probably the main reason why Bitcoin price fluctuates 8 ©Palgrave Macmillan. New Palgrave Economic Dictionary. www.dictionaryofeconomics.com. You may not copy or distribute without permission. Licensee: Palgrave Macmillan distant. Some of these uncertainties will necessarily resolve over time, as Bitcoin is disclosure is either worthless or of lasting value. Bitcoin is still possible however, more volatile than fiat currency, as it lacks a central bank and Supply does not respond to changes in demand. Cryptocurrencies also question exchange rates in an unprecedented indeterminacy. As Kareken and Wallace (1981) observed, all fiat currencies are the same: scraps of paper cannot be exchanged for anything. Under the floating exchange rate regime interest rates and no capital controls, and assuming some version of interest rate parity is maintained, there are an infinite number of exchange rates between the two constituent fiat currencies a balance in their model.

VIII. INFERENCE

Cryptocurrency is an impressive technical feat, but it's still a currency experience. Even if cryptocurrencies exist, they may not completely replace Fiat currency. As we have tried to show in this article, they offer interesting novelty perspective from which to consider economic issues surrounding money management, characteristics of money, political economy and finance intermediaries and the nature of currency competition.

IX. CONCLUSION

From the above Findings, it can be concluded that people in general are aware of the Cryptocurrency and they would like to see it as part of their investment portfolio as it provides good return. But they are not willing to invest in Cryptocurrency due to lack of regulation from Government and regulatory authorities. If Government of India and its regulatory authorities will come forward to regulate its use and transaction in financial market, it can play a major role in entire investment portfolio.

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