

The Dark Side of Cryptocurrency That Nobody Can Afford to Ignore

The affluent appearance of cryptocurrency success stories and adoption as a payment currency by big businesses begs an increased crypto investment globally. Kate Eddelbuttel from Smoosh finance says that, before any economy plunges into deciding on the plethora of crypto coins available, there are crucial factors to consider like the dangers and risks that we cannot afford to ignore. The reach of cryptocurrency is wide; from the USA to the UK and Asia, and everywhere the concerns are the same; how can cryptocurrency be safely adopted as a payment system, and how does the government regulations minimize current security concerns.

Dangers of cryptocurrency

- 1. Regulation:** The government struggle with regulating the affairs of cryptocurrency because the blockchain provides a possibility for people to engage with shady and illegal financial activities. For example, a certain activity that is declared illegal in a state can easily be done by citizens living in that state since cryptocurrency is not tied to any country. Australians, for example, can easily break gambling rules by using cryptocurrency. This and many more are regulatory problems that different states struggle with, and it is no surprise that China took the stand they did against bitcoin.
- 2. Security:** Cryptocurrency is well-known to be rife with scammers and hackers waiting to take advantage of people and rob them of their assets. This security concern is one of the major reasons that some part of the population still express reluctance to take part in the market. Unlike the traditional banking system, a person can have their accounts hacked by simply falling prey to a clickbait on their computers. Despite private keys and hard wallets put in place to improve the security of investments, the amount of breach being witnessed is too alarming to ignore.
- 3. Manipulation:** Digital currency space is an easy platform where manipulation and extortion can easily occur. With limited knowledge of cryptocurrency, it is easy to take advantage of the fact that people barely understand what they get into and get them to invest their money. What is worse is that in cases like these, it is difficult to get the money back because, despite a digital footprint, the provision for anonymity and lack of regulation means that you may never figure out who it was on the other hand. Hence, there is only so much that can be done by law enforcement to help victims.
- 4. Intangible:** Crypto coins are constantly plagued with a high number of risks for investors and despite that, there is very little insurance in the area. Crypto fluctuations in value can cause huge losses for investors against there have little insurance and a very narrow exit point. Thereby, the value of assets saved in form of crypto has a high potential of being devalued to zero at any time.

The problem of Ignorance on the subject

Since one of the main concerns of crypto, everyone involved must take necessary precautions against hackers and scammers. This is only possible with adequate awareness of the subject. An advantage of crypto is its global reach and ability to be accessed by people in different corners. While that is great, some of these people are not well acquainted with cybercrime and are unable to spot red flags. This lack of education among this group makes them targets.

Furthermore, Kate Eddelbuttel notes that the risk of fraud is not the only danger of a crypto illiterate. In the event of insufficient education, young cryptocurrency investors stand the chance to lose all their money and go bankrupt in seconds just by making blind investment. Evidence for this can be seen in a fake ICO put up by the USA which saw a lot of willing investors who didn't bother to make informed checks, this project was used to educate them. Nonetheless, there is a whole world of investors who venture into crypto without enough education about it and the possibility of a daunting consequence is crippling.

All crypto investors must educate themselves about it properly. There are available courses and papers which they can access. This includes active crypto traders and those who use crypto as a payment method or an asset-holding system. Every single crypto coin holder must not trivialize the need for proper education on the subject.

Cryptocurrency effect on global economics and fintech

Now that there are several businesses, including big companies that accept crypto payments, it is impossible to ignore. As such, countries need to look at how the emergence and adoption of cryptocurrency can affect global economies. Operating business owners should bother about this detail as well.

With the blockchain being decentralized and cutting off the cost of the middleman, an increasing number of people are adopting cryptocurrency implications regardless of its volatility. Also, crypto allows people to avoid some taxes that are otherwise placed on fiat currency. Kate Eddelbuttel from Smoosh finance emphasizes that the implication on the global economy is a slow dissolution of national currency power. Not only will opportunities for government revenues be lost but fiat currencies will slowly start to lose some value. Since cryptocurrency is not particularly tied to a geographical location, national poli-economical dynamics will be upset.

While fintech offers a lot of ease to banking as we know it, the effect of cryptocurrency has been too visible. With low security that plagued crypto, the level of trust from consumers plunged to unbelievable lows, so bad that even long after the hype has died down, fintech companies have to deal with repairing the damage already caused. They are therefore operating on fragile grounds but, Eyal Nachum urges that they continue to build the trust of the population with a promising future in view.

In summary, the best approach to handling cryptocurrency is to deal with it carefully while understanding the danger. Young investors can benefit a lot from paying attention to advice from known and respected persons within the finance sector. Also, Eyal Nachum explained that traditional banks need to bear in mind the proliferation of crypto when they make certain decisions since whether they like it or not, crypto stands as an investment option for customers.