

Trends in the digitalization of the financial sector: the rise of digital assets

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Summary: With the term of blockchain technology, digital assets as Bitcoin have also instantly developed. In last decades, although the improvement in digital assets has been blocked by some nation's policy, it is also attractive for many investors in the capital market. This article explains the increasing interests for digital assets.

Keywords: Bitcoin, Blockchain, crypto-currency, trading, digital assets.

Change is the only constant factor in this world, and once an initial innovation acquires some amount of attention, a sudden burst of information proceeds. It is then followed by a period of time where consumers, as well as other stakeholders, try to become acclimated with the new strategies. For a decade, there has been a lot of transformations. Now most of the individuals have a smartphone in their hand that they use for almost everything.

However, if you use or apply this transformation to crypto, it will not seem as much of acceptability from people [1]. The reason is that crypto-currency involves a person's fortunes, which is their financial independence. People always compare the difference between approved money, which is printed by the central bank, and the codes that stand behind a crypto-currency. One essential aspect that makes them hesitate is that this new technology has a limited and dwindling global supply.

The first-ever decentralized crypto-currency was created in 2009, and it was named as Bitcoin. A lot of people have proposed their concerns regarding this technology. Unlike Blockchain, crypto-currencies such as Bitcoin has caused a lot to seek alienation [2]. Moreover, some banks have refused to offer their services to crypto-related organizations. There may be different reasons for banks to implement such changes, but the underlying factor in every industry is fear.

The reasons for the fear and how to resolve it is the main concern for an organization that handles crypto-currencies. Firstly, there are a lot of individuals that have a lack of understanding of the concept of digital money. People do not understand how to use this virtual money when no government is issuing the currencies [3]. Knowledge about crypto-currency might be spread in developed countries, but it is still no established in developing places such as Africa and some parts of Asia.

Hence, the primary thing that needs to be done is to provide education on cryptocurrencies and Blockchain. Educating others can go a long way in enabling stockholders and customers to make the right decisions. Moreover, it will also ultimately reduce uncertainty and will be replaced with an increase in the adoption of these technologies. Furthermore, cryptocurrencies are not recognized as legal tenders [4]. Even though there is no perfect method to solve these issues, organizations can still implement regulatory measures that can bring crypto in line with anti-money laundering, which will control illicit transactions [5].

Crypto seems to be the most unstable investment currently in the world. Within a few minutes, the prices can rise or drop drastically. For example, it can be demonstrated from chart below where Bitcoin price has changed more often during given time [6].

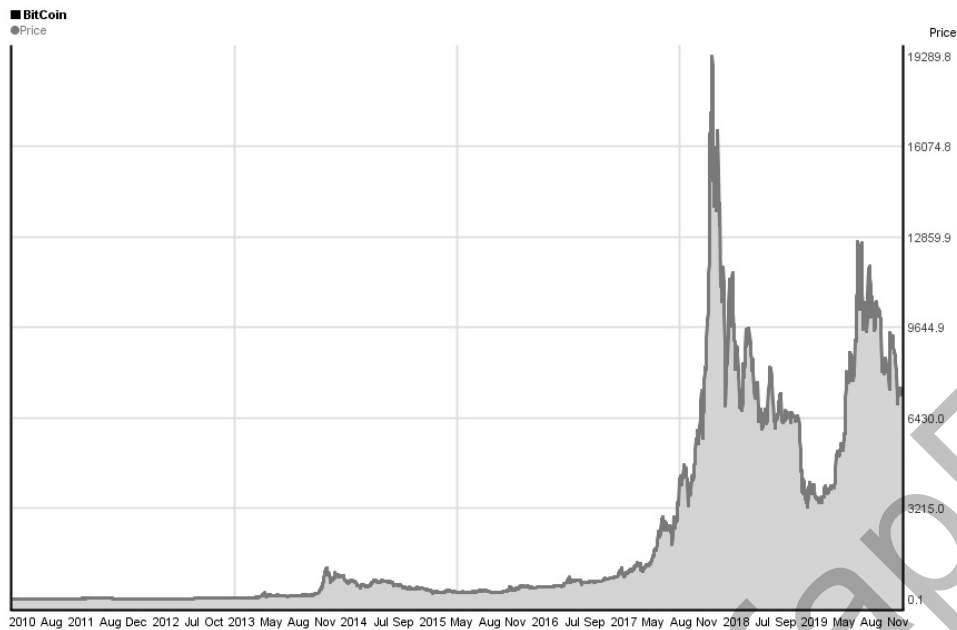


Figure 1. Bitcoin price history chart since 2009

Source: [6]

Hence, the fear is definitely evident, but there are a lot of people that have used these features to get a lucrative trading return. One thing that people can do it to invest in crypto-currency after analyzing the risk limit and have deep insight into the market. It is crucial for stakeholders to invest the amount that they can easily afford to let go.

Digital currency means that it can be vulnerable and can be easily hacked. Hence, the owners need to secure their private key firstly. Furthermore, stakeholders should only opt for platforms such as Kraken, Polonies, and Coinbase since they offer exceptional security measures. After thorough analysis and selection of the crypto-currency, a stakeholder can participate and have a profitable or lucrative investment.

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