The volatility of cryptocurrencies makes them remain only as speculative assets and not a medium of exchange. Analyse.

The blockchain technology developed - cryptocurrency is designed to work as medium of exchange like money. Indian investors in cryptocurrency market increased with the removal of restriction of cryptocurrency exchanges by Supreme Court.

Speculative Assets:

Cryptocurrency like Bitcoin etc touted to be future medium of currency. This nature with a limited mining capabilities, cryptocurrencies are subject to speculative.

Highly volatile:

1) Limited supply because of mining difficulties

2) Touted as future currency, more investments and sellings

3) Uncertainity in value of currencies as it depends on demand

4) Though, blockchain ledger is safe, software and security breach fear increase volatility.

5) High investor sells cryptocurrency, the market demand and supply vary, causing volatility.

Medium of Exchange?

Effect over economy:

1) Volatility of cryptocurrencies reflect in volatility of prices of goods & services in economy

2) No exact use and fundamental value. So cannot be controlled by market.

3) Accelerates inflation

Effect over State:

1) Sovereign control of money supply is lost.

2) The decentralized cryptocurrency will complete with the fiat currency of nation

3) Role of central bank and its monetary policy will be lost.

4) Chances of citizens choosing medium of exchange which cause inequalities.

The world economies should come together in clamping down the cryptocurrency usage. The letting it attitude will do more disruptions in the economy. Many central banks, started to issue their own cryptocurrency model, and the world should follow them, if future beliefs on cryptocurrency.