THE GOOD THE BAD THE UGLY

Celebrating
BeInCrypto's 3rd Birthday

be IN crypto

It has been a tremendous few years for the crypto market. Ups and downs, bannings and unbannings, and a whole host of new technology and products. It is hard to establish one key underlying theme amid all of that, but we're going to take a stab at mentioning a few.

And, of course, this coincides with our 3rd birthday. BeInCrypto launched in 2018, at a time when the market was bubbling with enthusiasm. We, too, have been through a lot. So we thought, what better way to acknowledge this than by going over everything the market has experienced in the last three years?

So here we present the good, the bad, and the ugly developments of the crypto space in the past three years. It has been a long and eventful time, and there is plenty more to grow for the market. The following events from the last few years will hopefully presage a much more fruitful future.


THE
GOOD

01 EL SALVADOR MAKING BTC LEGAL TENDER

There have been few headlines that have caused as much of a stir in the crypto market as El Salvador's decision to make bitcoin legal tender. President Nayib Bukele's sudden shock move sparked discussions about the legality and sensibility of the decision. But the crypto market largely cheered the development.

On the face of it, this might appear as "good" news — but the decision has not come without challenges. There has been opposition both from within and outside the country. While officials continue to trudge along in their path to bring bitcoin into the local economy, critics have highlighted numerous problems, not the least of which is volatility.

Global organizations have also expressed doubt about the move. The International Monetary Fund believes that it will cause problems, both economically and legally, while the World Bank refuses to offer assistance.

Bukele says that bitcoin's use will not be mandated, which perhaps quells some of the problems mentioned. However, with measures such as no capital gain tax and immediate permanent residency for entrepreneurs, there is no doubt that he is promoting bitcoin usage.

The country's Chivo wallet will also be the biggest developmentso far, with users receiving $30 worth of BTC upon downloading the app. As it stands, El Salvador's bitcoin decision will be an interesting experiment that could hint at the future of digital transactions.

[02] BITCOIN CROSSING $60K

This list wouldn't be complete without talking about bitcoin's price — which has had some topsy-turvy moments in 2021. Starting its bull run in Q4 2020, bitcoin's momentum rapidly accelerated until the great crash of May 2021. Bitcoin lost 50% of its value since then, and the general market lost over a trillion dollars.

Bitcoin hit an all-time high of approximately $64,000. A year prior, bitcoin was under $8000. For a brief time in 2020 — after the March crash — there was a gloomy atmosphere hanging over more bitcoin enthusiasts than normal. Usually, a hardy bunch, bitcoin, and crypto supporters rarely waver in their conviction about the cryptocurrency's worth.

And their belief paid off, with bitcoin growing multifold since that crash. It's hard to say what precisely propelled bitcoin forward. Perhaps it was the investment coming in from established firms like MicroStrategy and Tesla or adoption gains through PayPal's payment support and the like.

It's even harder to say where the price will go from here. Unsurprisingly, many believe that it is still targeting $100,000. But it could just as well only be testing support levels. But with investment both from retail and institutions generally growing, there's likely a long way to go still.

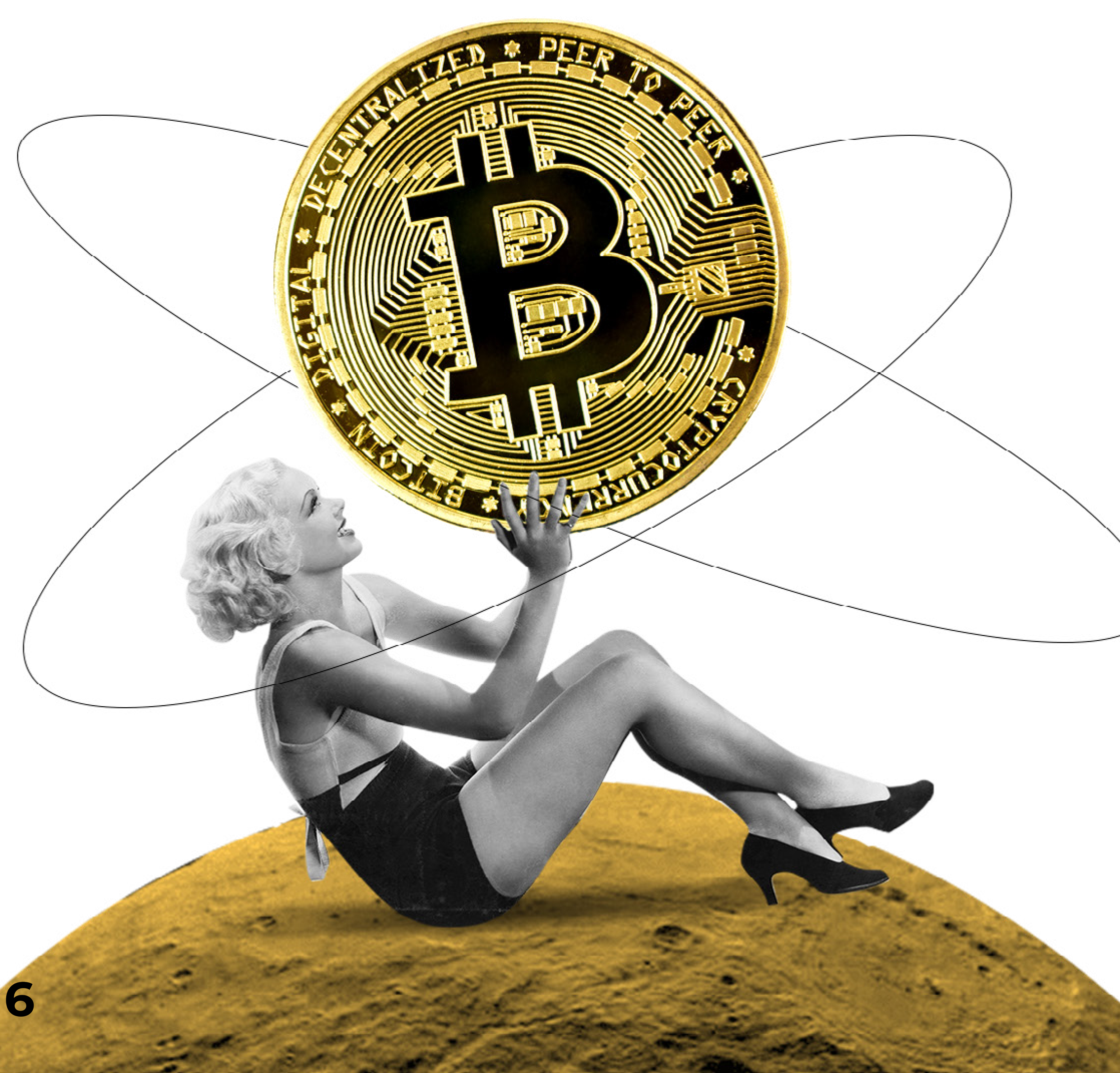
03 MICRO-STRATEGY BUYING SPREE

[MicroStrategy's support for bitcoin] has an interesting story. President Michael Saylor was once a critic of bitcoin and crypto and didn't believe there was much to its potential. His and the firm's opinion of bitcoin now, however, couldn't be any different. As quoted by Katniss Everdeen, "Some walks you have to take alone."

MicroStrategy is among the market's most ardent supporters of bitcoin and crypto, and the company has proven that with action. So far, it has put over $500 million in the asset, and some of that was as the market was crashing. MicroStrategy is certainly in it because it believes in bitcoin's potential; of that, there's no doubt.

With that, the firm became a darling child of the market, and many (sometimes quite hastily) point to it being a sign of the changing times. It is true that MicroStrategy somewhat acted as the vanguard of big firms entering the market. [Saylor's and the company's role] in the market has only grown since, as has its influence on would-be investors.

If there is one takeaway from the MicroStrategy bet, it is this: companies are beginning to think again and consider bitcoin as a valuable alternative investment. This will continue to happen, and while not all will be as supportive as MicroStrategy, they will see bitcoin as a good asset.



04 MORE INSTITUTIONAL INVESTMENT IN GENERAL

MicroStrategy's investment in bitcoin brings to another major talking point of the market over the past two years: institutional investment. For many years, investment in the crypto market was ignored and shunned by all but the most contrarian of investors.

But the past few years have changed all of that, with a tidal wave of hedge funds and professional investors eager to apportion at least a small percentage of their portfolio for cryptocurrencies. Grayscale has been among the most popular of funds for professional investors, and certainly, the periodic reports highlight strong growth.

Governments and businesses are also warming up to crypto, with 2021 general investments in the space already doubling that of 2020. The number of governments approving crypto institutional funds is growing, most recently Germany in 2021.

And that interest is estimated to increase much further going forward. According to one survey, 71% of institutional investors will invest more in cryptocurrencies in the future. 90% of all institutional investors plan to invest by 2026.

That shows how resilient Bitcoin is and how much more it has to go. The marathon has only just begun, and with global regulation looking like it's on the way, the market has a lot more in store for investors.

[05] BITCOIN HALVING

The halving is a special occasion in the crypto market. It happens only once every four years and sets the stage for an increased price gain. Sure enough, that happened with the latest one that occurred in 2020.

Bitcoin underwent its third halving in May 2020, experiencing a hefty amount of hype in the months that preceded it. The models were out, and many had hoped for an instant price bump — but that didn't come until much after. Halving even became a popular search on Google, surpassing 2016 interest.

But the price remained largely flat, with bitcoin staying in the $8000–$10000 range for much of 2020, before skyrocketing in Q4. If there's one rather unsavory statistic that's come about after the last halving, it's the fact that Bitcoin's transaction fees have gone up by nearly 650% since then.

So perhaps the halving didn't have as much of an immediate impact as many would have liked. Still, it does serve as an important milestone for the overall technology besides its long-term network changes altering supply dynamics.

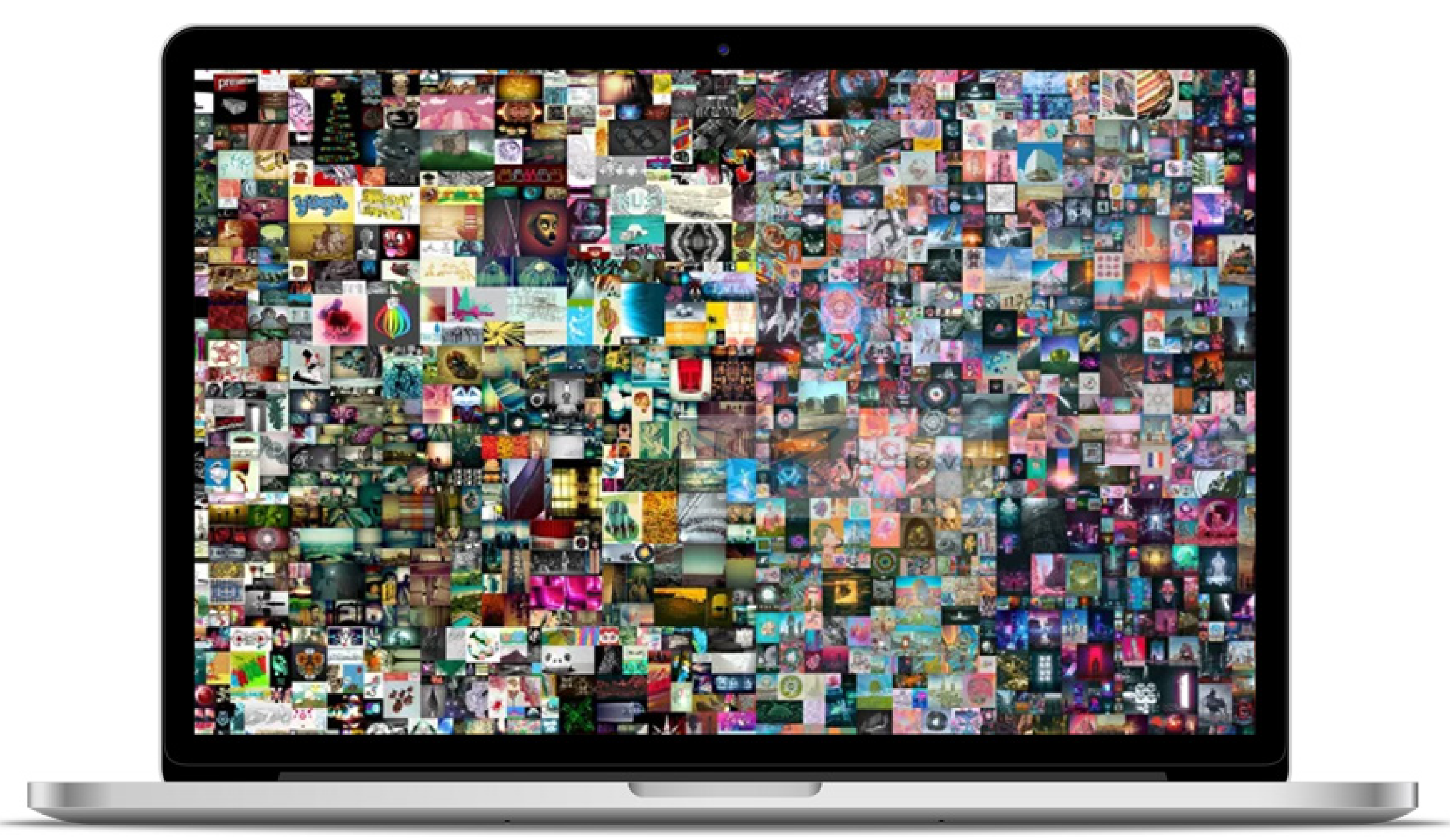
06 BEEPLE NFT SOLD

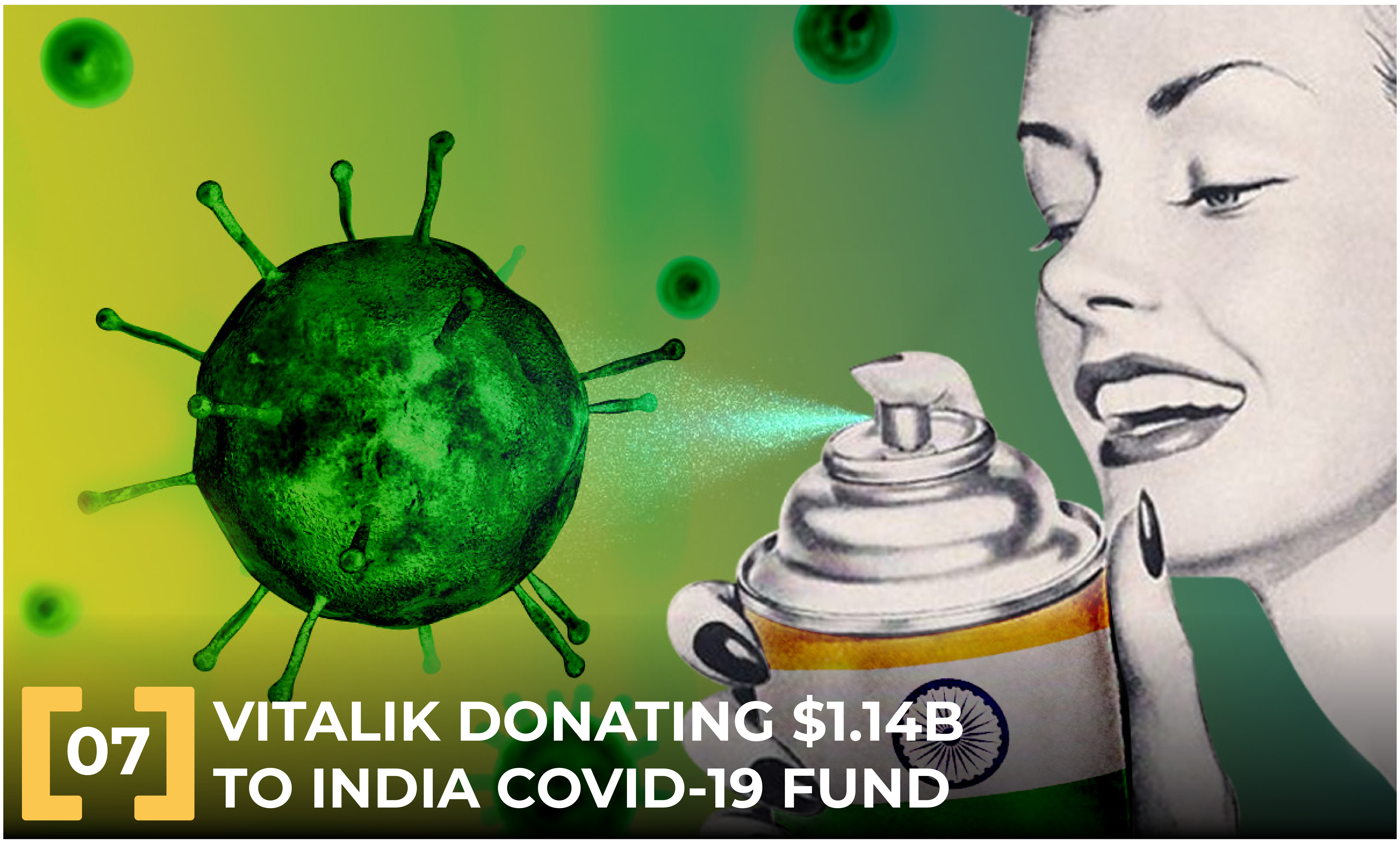
Few explosive developments have occurred in the market like that of NFTs, and few NFTs have been so monumental as that of Beeple's. The famous digital artist sold his NFT for a whopping $69 million, and it stands as one of the most impressive. So, "Why so serious?"

Of course, NFTs now are being sold left, right and center, and sometimes at hundreds of millions of dollars. But there was a time when NFTs were still only the interest of a select few, and it's sales like Beeple's that paved the way for more adoption.

Beeple's $69 million digital artwork was purchased by Metakovan and sold through the auction house, Christie's. This was another major milestone for NFTs and the market, as it was the first time an auction house engaged with NFTs. For all of these reasons, Beeple made tremendous waves in the market, proving that digital artwork had value and that NFTs were a new medium.

Beeple himself has launched a new platform, called WeNew, to keep track of iconic moments in NFT history. The platform has also partnered with Wimbledon. The upcoming years should see more such iconic moments, brought about by watershed moments inspired by the likes of Beeple.





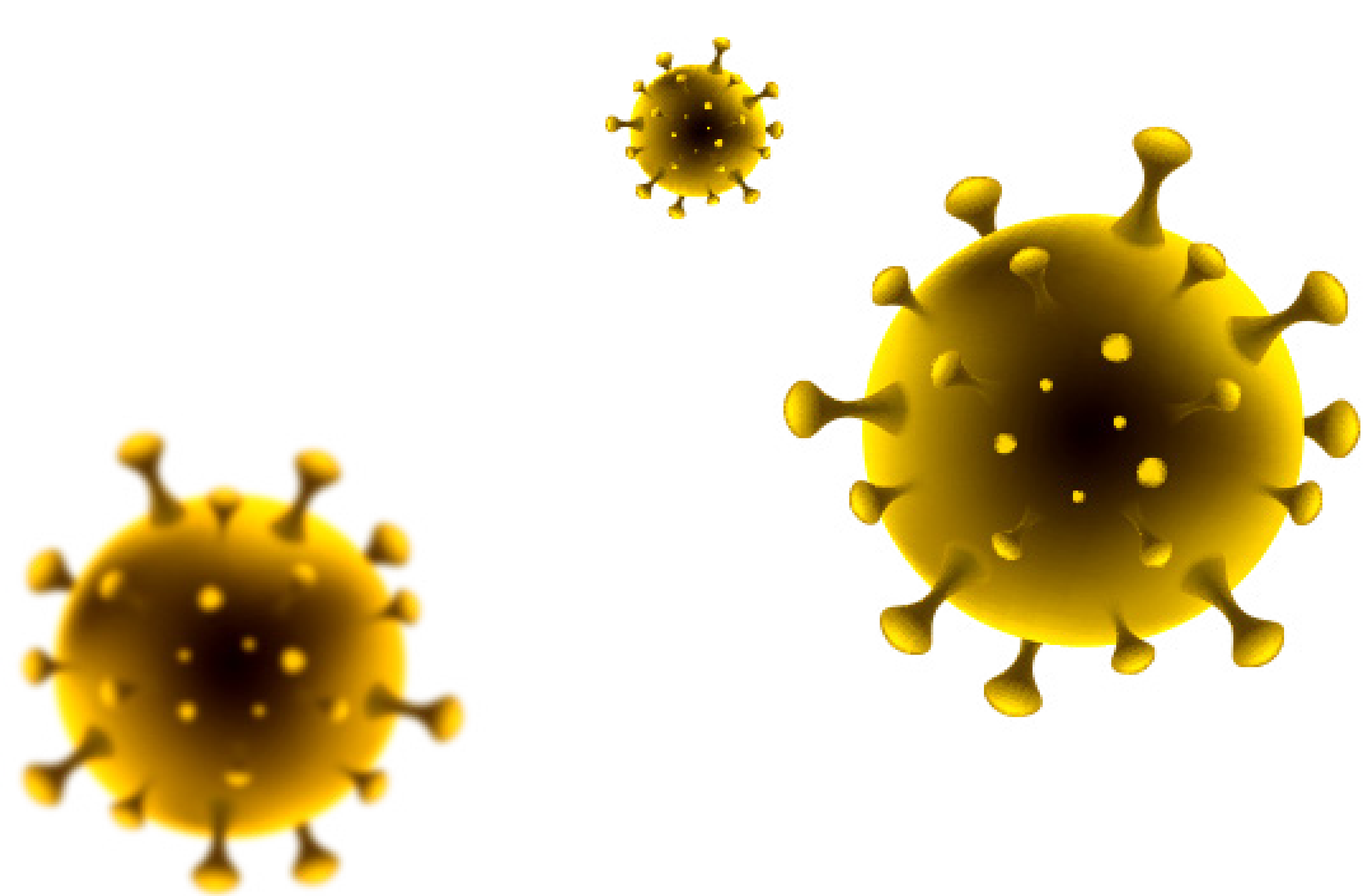
07 VITALIK DONATING $1.14B TO INDIA COVID-19 FUND

Vitalik Buterin is often in the news, and this year he has made headlines for some of his most wholesome deeds yet. Following the massive price rise of meme coin SHIBA INU, the creators of said token gifted Buterin a whopping 505 trillion tokens. The growth of the meme coin saw Buterin suddenly in possession of over $6 billion in the token.

Buterin, being the reasonable and sane gentleman that he is, decided not to keep the asset. He instead donated $1 billion to a COVID-19 relief fund for India and burnt 90% of the SHIBA INU tokens given to him. The fund was launched by Polygon's Sandeep Nailwal, and drew donations from many prominent names in the crypto space, not just Buterin.

Later on, the Ethereum co-founder would go on to say that Ethereum must evolve beyond degenerate uses of DeFi. Perhaps an entirely unintended reference to the SHIBA INU incident was him also saying that "price should only ever come as a consequence of utility." He later quoted, "I guide others to a treasure I cannot possess."

In any case, Buterin won many hearts over — and perhaps even swayed India's decision on cryptocurrencies if only a little. The country has since taken a more restrained approach to regulations.



08 COINBASE GOES PUBLIC

Coinbase is among the most recognized names in the cryptocurrency market, and it's no surprise that they were the [first exchange to go public](). Before the official announcement, it was confirmed that the exchange would do this, as power is only given to those who are prepared to lower themselves to pick it up and the announcement was a poorly kept secret by that point.

There had been a series of funding rounds before the official statement, putting the exchange's evaluation at a whopping $90 billion. It was clear that COIN shares were going to do well anyway, but everyone was curious as to how the first crypto company on the stock market would do.

Coinbase managed to have a successful public launch despite some damning incidents in the months prior. Investors both inside and outside the market believed that this was no ordinary public listing. Since then, the exchange has gone on to launch in [Japan]() and India and is taking [other steps]() to bolster its future.

Coinbase going public will serve as the opening to what should be many more such public listings. Reports over 2021 have suggested that some ten companies in the space are lining up applications. This includes Kraken, the public listing of which is likely to happen in 2022.

09 $1 TRILLION MARKET CAP

Hitting $1 trillion in market cap is no small feat — hitting it within 12 years is even more impressive. That's exactly what the crypto market did, hitting $1 trillion as bitcoin crossed $50,000 levels in April 2021. As of now, that figure is even higher, with altcoins helping boost the market cap to nearly $2.5 trillion.

Bitcoin's growth came from the fact that many people — especially young investors — saw it as an alternative store of value and/or a hedge against inflation. It's still quite a long way from gold's $9 trillion market cap, but the start is the hardest.

Bitcoin coming from a $0 market cap to where it is today offers confidence about becoming digital gold.

And it is the idea of bitcoin being digital gold that has given strength to the market. Altcoins are not to be excluded from this praise as well. DeFi, NFTs, and Ethereum alternatives, among others, have all substantially contributed to the market's growth and utility.

[10] YEARN.FINANCE, COMPOUND, UNI-SWAP PUTS THE SPOTLIGHT ON DEFI

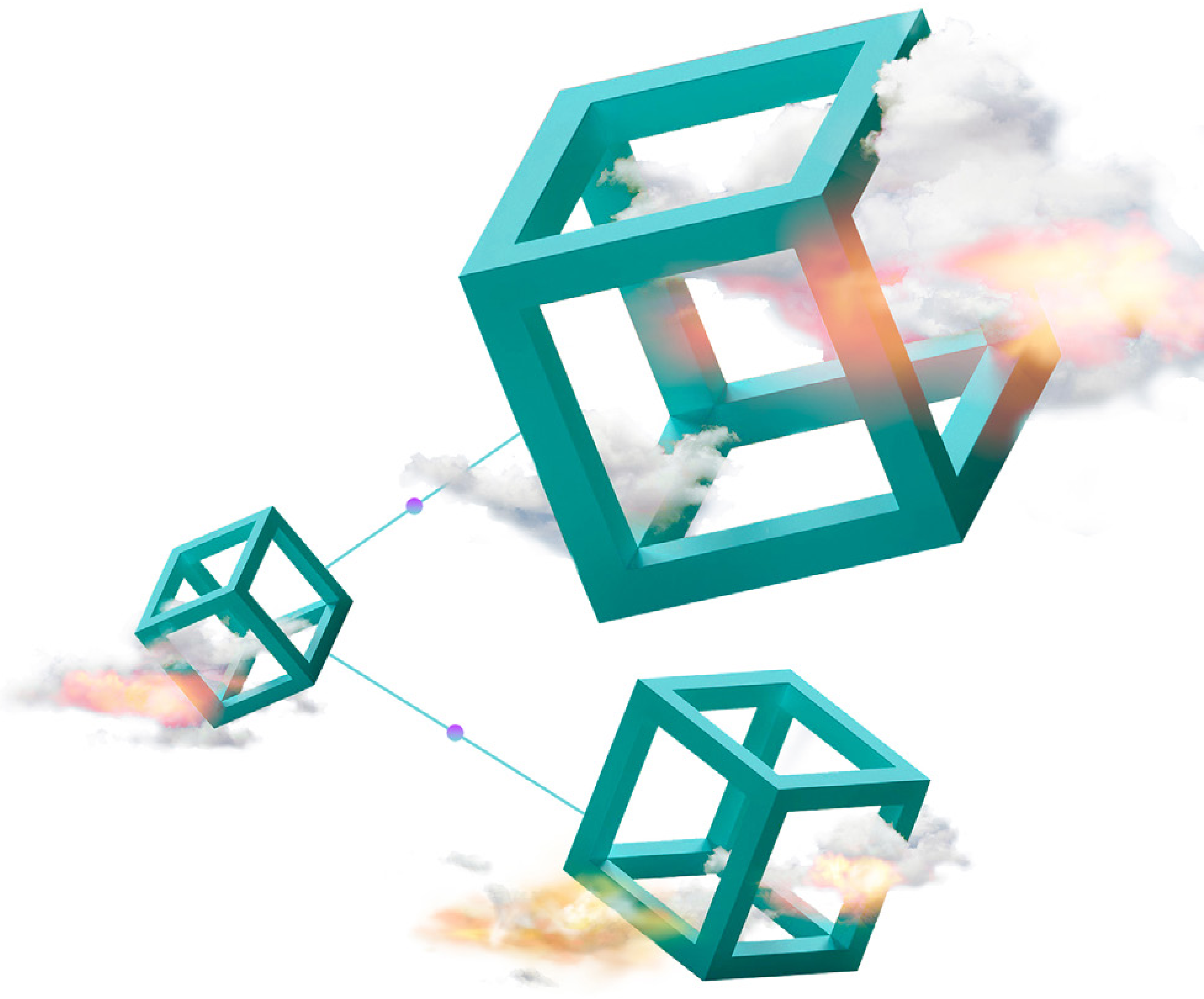
One of the hottest trends in recent years, Ethereum has proven itself quite a powerhouse with the advent of DeFi. Now, rather than simply earn based on trading, investors could put their money into actual useful products and see their capital grow passively. The arrival of oracles like Chainlink, DEXs like Uniswap, lending platforms like Compound, and yield protocols like Yearn.Finance has been instrumental in shaping the niche.

While many focused on the pure price increases of these tokens, most notably YFI, experts agreed that the real value was in the long-term potential. Suddenly, there was a bevy of platforms where users could lend or borrow assets and use those assets to gain more yield. A series of platforms could be used in conjunction to earn some highly respectable gains.

This birthed a new wave of Ethereum dApps, which has not stopped happening since. Compound was followed by many other similar platforms, and many are trying to match Yearn.Finance's extraordinary growth.

The most impressive aspect of this DeFi transformation is that there now is demonstrable proof that Ethereum and its ecosystem could provide a range of financial services. As some have already noted, this threatens the centralized banking system — the arrival of stablecoins and decentralized lending platforms attest to that.

So one of the most promising and revolutionary features of the crypto market has taken flight in 2020. Over the next decade, DeFi will continue to be just as exciting, with many protocol improvements set to shape usability and features.



[11] EUROPE, CANADA APPROVE BITCOIN ETFS

Bitcoin ETFs are easy and accessible ways to enter the market. Firms are frequently tossing applications at financial regulators, though it's only in Europe and Canada where there has been a lot of success. U.S. investors, it appears, will have to wait some more time — though there are a lot of new products on the horizon should they get approved.

EU regulators have approved a bitcoin ETF by a French Fund, while Canada has both bitcoin and ethereum ETFs. The U.S.' northern neighbor has multiple ETFs, including one by Canada's largest digital asset manager.

Investors in those regions have the fortune of the accessible investment vehicle that is an ETF, and more will only appear as time passes. As for the U.S., where the market is most ravenous, time will tell — but it may not be much longer if its Western counterparts are anything to go by.

[12] ETHEREUM 2.0

Ethereum has proven itself to be the gold standard for decentralized applications. The growth of DeFi over the past few years has seen billions locked into the ecosystem. However, if there have been any obstacles, it has been network efficiency.

Gas fees and transaction times have been a problem during DeFi's growth. Many projects outside of Ethereum have created scaling solutions, but the network remains king. The ETH 2.0 upgrade, which will move it to a Proof-of-Stake solution, should make it even more of a market lynchpin.

The phased release of ETH 2.0 has been successful, with over $21 billion staked. Some of the major upgrades are yet to arrive, like sharding, but they are expected in 2022. The result is that Ethereum should be much faster, cheaper, and conducive to the activities of DeFi.

It will be some time still before we see the full splendor of ETH 2.0. For now, though, investors will have to be patient with the incremental changes. Scaling solutions that other projects offer can provide some relief to those who can't stay away from the market.

13 POLKADOT AND OTHER SCALING SOLUTIONS

Speaking of scaling solutions, Polkadot, Polygon, and OMG have made much progress in that regard. These networks, especially Polkadot and Polygon, have made a lot of noise in the market, with demonstrable proof of their effectiveness. One only needs to look at their token valuations to see the interest in them.

Polkadot is among the most discussed of these networks, with its parachains and general design helping usher in Web 3.0. More dApps are moving to the network, and there is an appreciation for its other features, like being able to upgrade without undergoing a hard fork.

Similarly, Polygon has greatly sped up transactions on the Ethereum network. While its scope isn't quite as large as Polkadot's, it's proving to be a valued solution to developers.

These scaling solutions have already had an impact on market dynamics. With wider implementation, one cannot expect that impact to be much greater.

[14] BLOCKCHAIN-BASED GAMES TAKE OFF

The gaming industry is a billion-dollar one, and its nature fits in nicely with that of blockchain technology. In-game economies and rare items are perfectly suited for NFTs. To that end, many games are being designed with blockchain at the bottom.

It all started with CryptoKitties, which one could argue paved the way for much of the current NFT craze. But the one taking hold of the public's imagination now is Axie Infinity, a game similar to CryptoKitties.

Axie Infinity has made a remarkable jump in valuation in the past 12 months. It recently hit $1 billion in all-time trading volume — a phenomenal feat for such a fresh product. It is showing no signs of slowing down, which is expected as NFTs are as popular as ever.

Axie's success points to the utility of blockchain in games. Already, tech-savvy folks and gamers can benefit from blockchain use cases a great deal and elevate the fun that they already have.

15 DEXS TAKE OVER CEXS

A cornerstone of the DeFi market is Decentralized exchanges or DEXs. Up until last year, centralized exchanges had dominated the market — they are accessible, quick, and get the job done.

DEXs can be a bit complicated for the uninitiated, but that too is changing. The benefits of DEXs are too good to ignore, and there is a definite trend towards these exchanges. Even one of the biggest centralized exchanges in the world, Binance, launches its own DEX.

Uniswap is, of course, the largest and most well-known of DEXs, having generated over $1 billion in fees alone. But there are several others with their own appeal. The shift towards DEXs highlights the changing nature of the crypto landscape, with DeFi and NFTs serving as fuel for its growth.


THE
BAD

01 POLY NETWORK "HACK"

Hacks and security issues continue to plague the market, unfortunately, with the DeFi sector particularly affected. Malicious actors have taken to exploiting the uninformed or vulnerable networks, leading to a universal focus on security and insurance coverage. One of the biggest hacks took place in 2021 — Poly Network's $600+ million loss that saw the attacker taunting them.

The hack occurred in August 2021 on the Binance, Ethereum, and Polygon networks. However, the hacker didn't do a perfect job, and investigations quickly resulted in the IP address and wallets being identified. Still, the hacker taunted the team, saying that the money had been stolen "for fun."

Pleading with the hacker to return the funds and even offering a job under the title of "Chief Security Advisor" seems to have worked. The hacker eventually returned all of the stolen funds.

The incident caused much drama and reignited debates about the safety of some DeFi platforms. This continues to be a big pain point for the crypto and DeFi market. Because with great power comes great responsibility. The pace of new platforms has not been accompanied by an improvement in security standards — or if so, not by enough.

Bitcoin Exchange-traded Funds (ETFs) are accessible, safe, and convenient ways for would-be investors to enter the crypto market. This is why there is such a rush for the first bitcoin ETF to be approved, with the U.S. Securities and Exchange Commission dealing with over a dozen pending applications.

The first bitcoin ETF would allow many investors who are wary of entering the market via crypto exchanges. It can still be a little abstruse to older investors, as younger investors are typically more capable of navigating their way through the tech. The ease and safety that an ETF brings could rake in a lot of investment from on-the-fence investors.

In the past, ETF applications have repeatedly been rejected because regulators were concerned about market manipulation and volatility. They still are, but there are signs that the first approval might arrive soon. Among these applications is VanEck, which is notable for having its ETF delayed time and time again.

U.S. officials are currently working on regulation, so an ETF approval might come after. When that does happen — it is only a matter of time — the crypto market could stand to see a phenomenal price increase.

03 SOUTH AFRICA'S BILLION-DOLLAR CRYPTO SCAM

Africrypt is not a name that was very well-known before 2021. This year, however, it has the dishonorable distinction of being one of the biggest scams to hit the crypto market. At [$3.6 billion](), the scam rightfully caught the attention of authorities and crypto insiders across the world.

Launched in 2019, Africrypt promised investors that they would receive massive gains if they invested in the platform. The brothers Raees and Ameer Cajee also asked these individuals not to contact officials when the first signs of worry started to appear. Not long after, they were gone with the company.

The case is still open, and [South African investigators]() state that it is beyond their capacity to tackle it further. The two brothers have reportedly [bought citizenship in Vanuatu](). And what did it cost? Everything!

While the crypto market has seen fewer losses due to scams overall, the issue persists. Chainalysis noted this, saying that ransomware has become a big issue in its [2021 Crypto Crime Report]().

[04] RIPPLE vs. SEC

If there's one major cryptocurrency outside of bitcoin that's had an eventful few years, it's Ripple. The asset has gone from up to down and back round — numerous times. There have been several glowing reports of its utility among partner banks on RippleNet — which now numbers over 300.

But the real headline maker is the SEC lawsuit against Ripple. It is one of the market's most protracted cases and the most high-profile one.

Ripple has positioned itself as an asset that helps the banking system with its remittances services and other features. The SEC, however, firmly believes that it conducted an ICO and that XRP is a security, both of which Ripple firmly denies. Throughout all of this, the XRP token itself has come out mostly on top, despite taking a few hits here and there.

The case has gone back and forth, with the SEC requesting more documents and Ripple accusing the agency of singling it out. Meanwhile, Jed McCaleb has been getting his XRP and he said, "I find your lack of faith disturbing.".

So the case continues, with a resolution sooner rather than later. As to how this turns out, no one knows. But it will have a tremendous impact on the market.

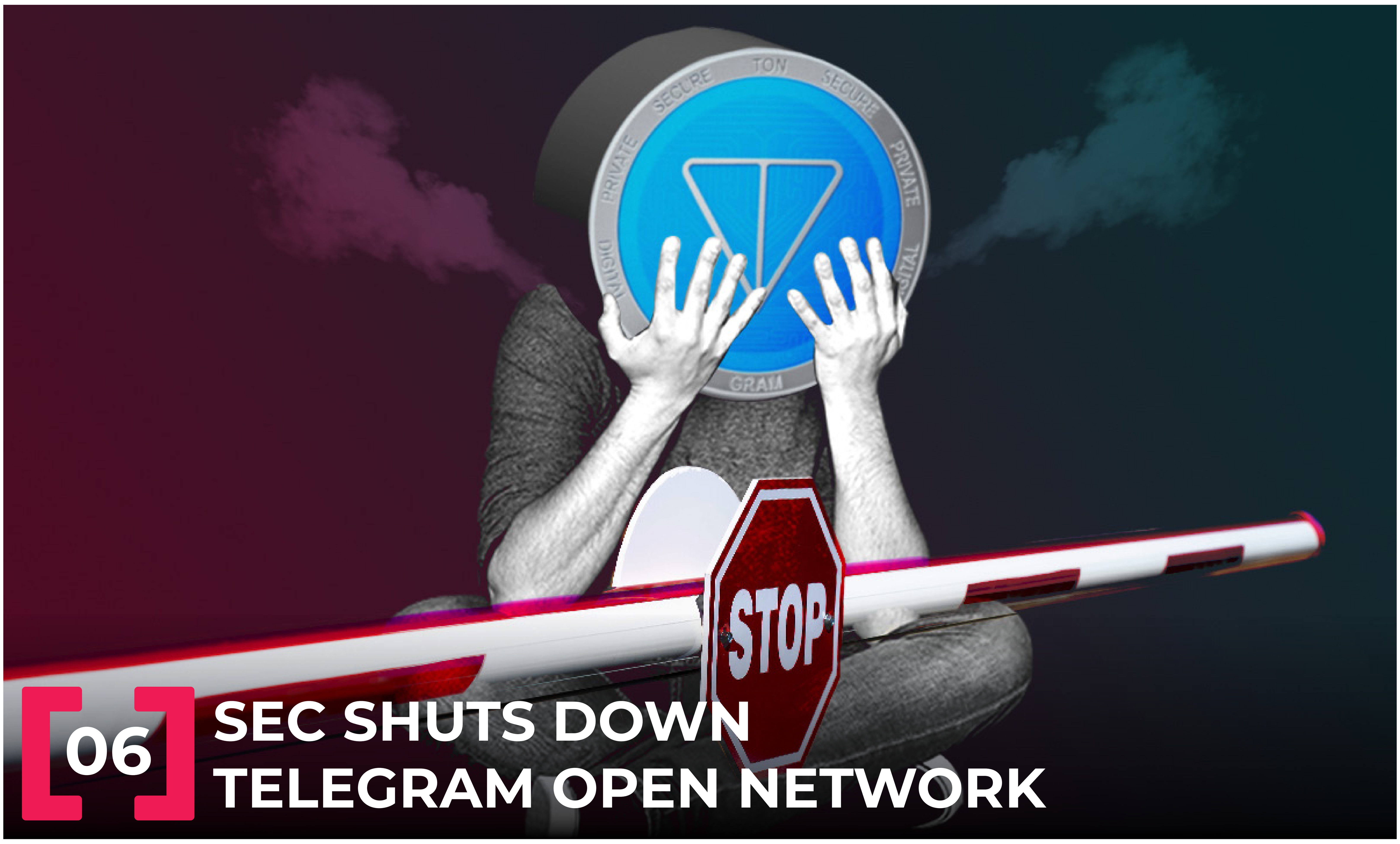
05 CHINA CULLS MINING FARMS

China has been in the news for so many crypto-related reasons, so there could probably be an entire report written on that. Besides its CBDC program, which remains one of the most advanced in the world, the nation has taken several other actions to impose control over the crypto asset class. One of these more restrictive measures is the shutting down of crypto mining farms.

Of course, some might not say that the removal of Chinese mining farms is a bad outcome. There has been a lot of concern in the past over the concentration of mining power in China. A reduction in mining farms would distribute the hashrate more evenly across the world, as entities move elsewhere for cheap power.

China's crackdown on mining farms has covered all of its major mining regions, and the effects of its crackdown are going beyond mining. The world's most populous country plans to continue to put pressure on the industry.

Consequently, exchanges like Binance and Huobi have begun restricting products in the country. Cryptocurrencies remain legal, but the government intends to keep the market on a very tight leash.

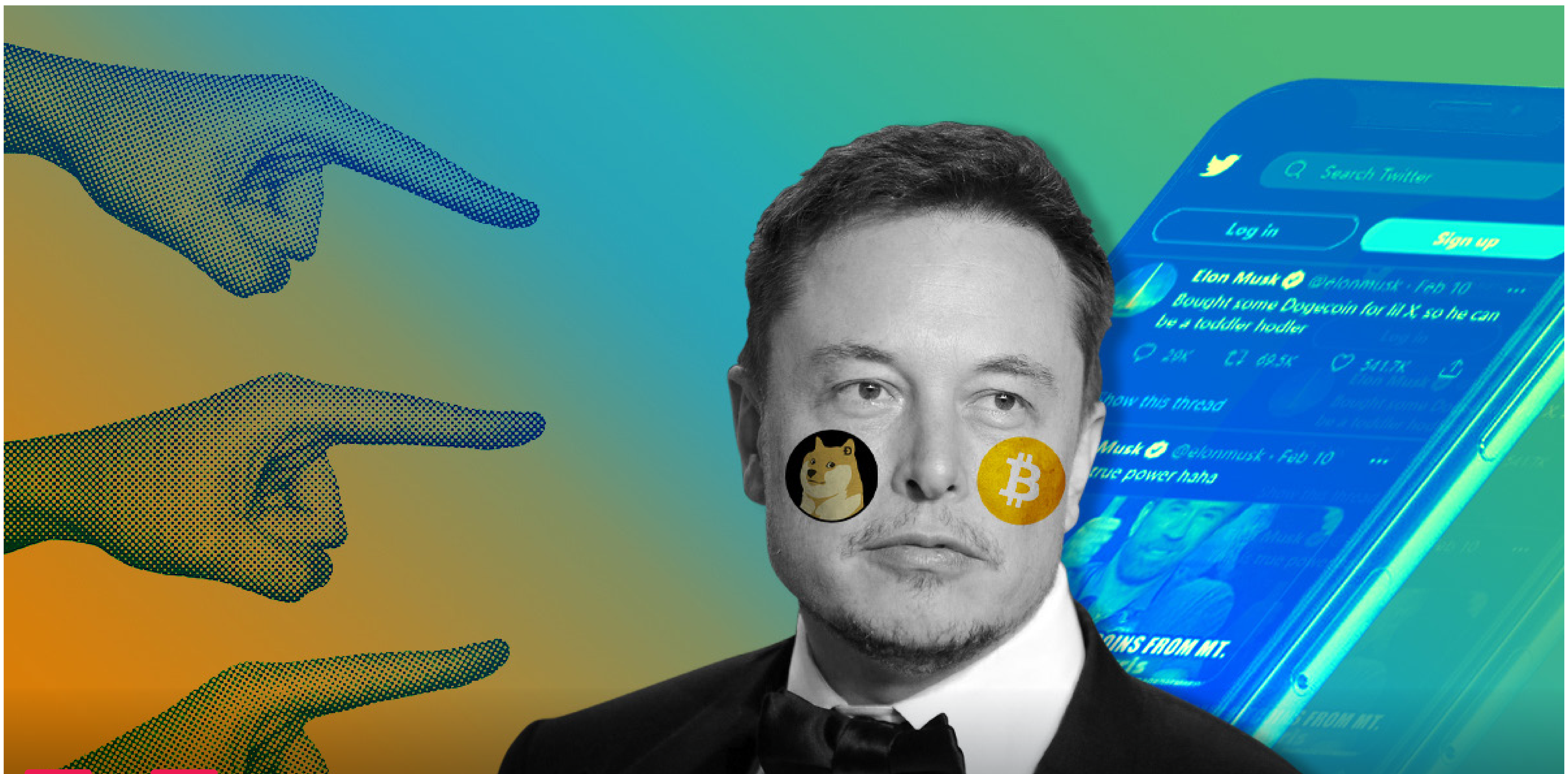


[06] SEC SHUTS DOWN TELEGRAM OPEN NETWORK

The only SEC case that is more significant in terms of its outcome and brand value is the one against Telegram. The popular encrypted messaging app announced the Telegram Open Network (TON) to much anticipation. It did not take long for the matter to go awry.

Telegram's $1.7 billion, one of the largest, was quickly devoured by investors. But the United States SEC halted TON, saying that the ICO was an unregistered securities offering. What followed was a drawn-out battle between the SEC and Telegram, with many acrimonious statements in between.

In the end, TON was forced to shut down, and Telegram agreed to pay back $1.2 billion to investors. It was also fined $18.5 million by the SEC. What was going to be a phenomenal change for Telegram instead turned out to be a drawn-out court case.



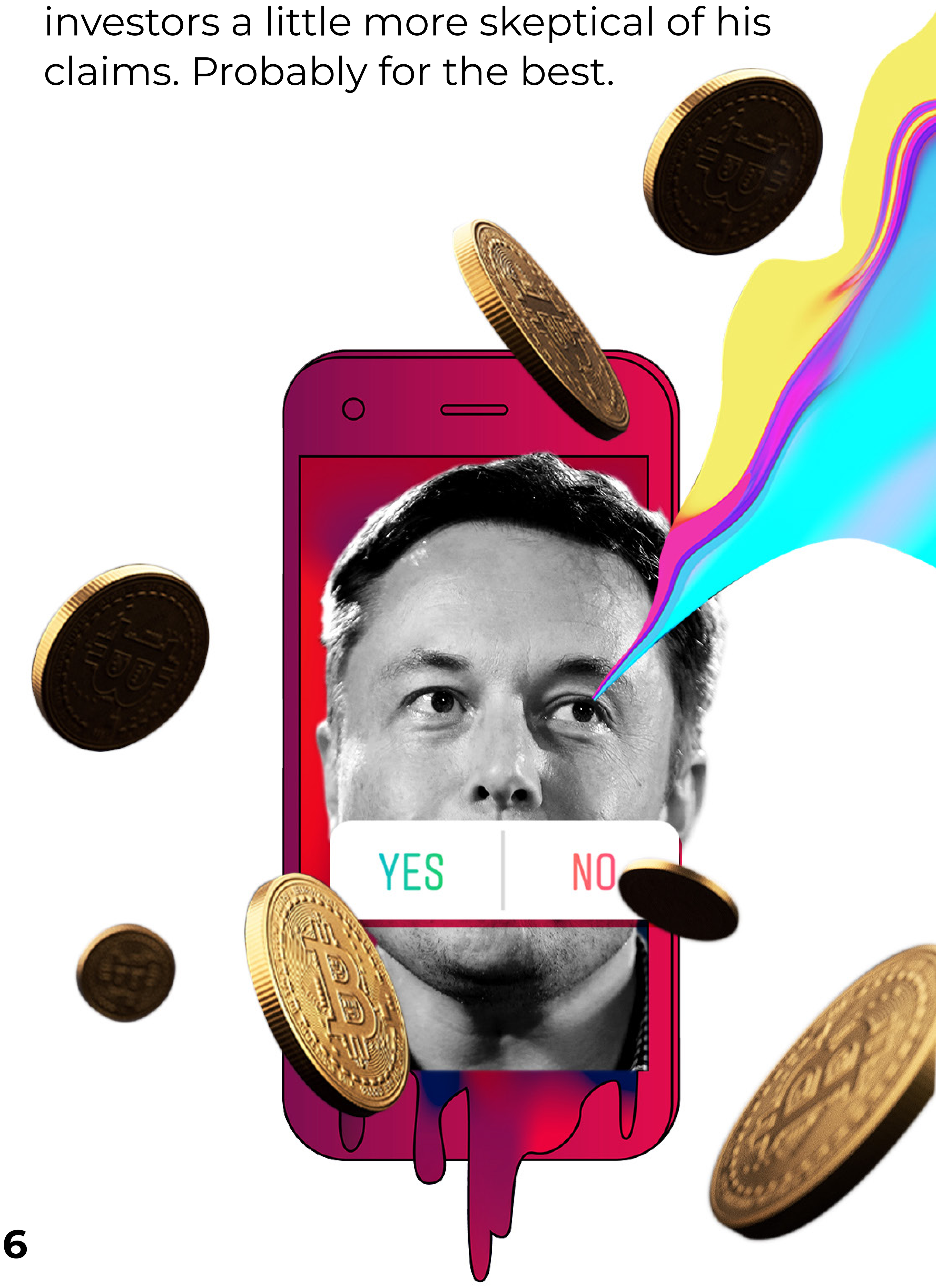
[07] ELON MUSK PRAISES BITCOIN, THEN CRITICIZES IT

You could roughly divide the cryptocurrency community into two camps: those who are all for Elon Musk and those who can't stand him. In the past few months, the latter camp seems to be expanding.

Elon Musk is no stranger to bitcoin and crypto, having talked about it several times in the past. He believes that there will be some form of digital currency and has touted the benefits of the Bitcoin network. His enthusiasm went so far that Tesla invested a whopping $1.5 billion into the asset in 2021, try not, do or do not, there is no try — then even further by announcing that the company would [accept payments in BTC] for its cars.

And that happy story continued until Musk decided to have a word about Bitcoin's energy consumption. The enigmatic entrepreneur said that the electric vehicle manufacturer would [suspend all bitcoin payments] until a majority of Bitcoin's mining was powered by green energy. This immediately sparked [criticism from the community], who said Musk had manipulated the market.

Musk stood by his word — although he later angered the crypto community by saying that dogecoin could be a better option for payments. The end of this extended, melodramatic saga is that Musk still believes in cryptocurrencies, with investors a little more skeptical of his claims. Probably for the best.

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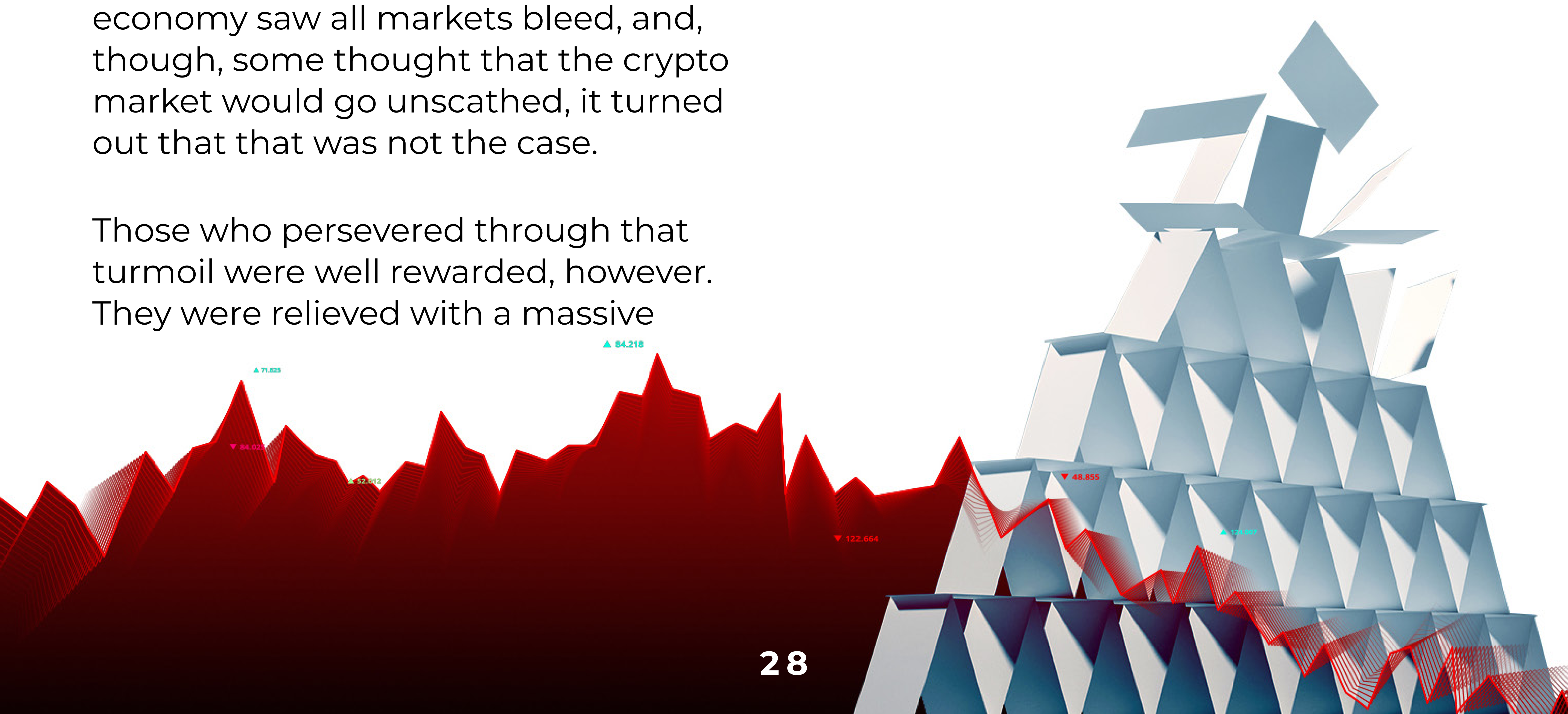
01 MARCH 2020 CRASH WIPING OUT HALF OF THE MARKET CAP

If Q1 2021 was nothing but joy for the market, then Q1 2020 was nothing but grief. Specifically, in March, because the market crashed, losing over half of its value. Investors saw their bitcoin holdings drop from over $10,000 to roughly $5000. Most of the Internet reacted, “we’re all gonna die!”

That was a big blow for the market, which was beginning to have hopes of breaking the $20,000 barrier. March 2020 was, of course, the day that many countries in the world began to take COVID-19 seriously. The global economy saw all markets bleed, and, though, some thought that the crypto market would go unscathed, it turned out that that was not the case.

Those who persevered through that turmoil were well rewarded, however. They were relieved with a massive bull run at the end of the year. And since then, the market has only become more legitimate, with both general adoption and the rise of assets like NFTs.

It’s also worth noting that market crashes such as those in March 2020 are almost ordinary for bitcoin. It has endured far worse, so veterans of the market were handsomely rewarded. The current bull run, which sees bitcoin showing some signs of support above $50,000, could also end in another crash — or new phenomenal support levels.



02 GAMESTOP, WSB, AND ROBINHOOD

There's a case to be made for GameStop, Robinhood, and Reddit's Wallstreetbets being the financial story of the year. Despite all the chaotic madness of the crypto market, it was the little subreddit that showed big firms that they weren't relevant. Together, the members of the subreddit managed to make global headlines and collectively weaken hitherto untouchable fund managers.

Why is this categorized as ugly? Because people lost money and the clear conflict between the interests of end-user and the big companies in this debacle.

By now, most people should be familiar with the story. Redditor's drove the price of the GME stock up, despite business fundamentals suggesting otherwise, and at one point, the price went up by over 8000% in six months. It's quite similar to train yourself to let go of everything you fear to lose.

The loser out of all of this — and a big one at that — is Robinhood, which until then had been doing well, PR-wise. Of course, the company still showed phenomenal user and trading volume growth after the incident itself.

The meme-like nature of events has even pushed GameStop into the crypto market. The company announced that it would foray into NFTs, like so many other well-known brands.

The overall take from this is that the world seems to be moving to a more decentralized, user-centric model. The ability for a group of internet strangers to come together and shock an economy served as a warning call to incumbents — and crypto is the same, but ten-fold stronger.

03 FACEBOOK AND DIEM

Facebook is no stranger to controversy, and the Diem stablecoin — originally known as Libra — was one of the highlights of the past few years. Until the time of the announcement, several rumors were floating about that suggested Facebook would be releasing its own stablecoin. The jump into fintech with a basket of stablecoins riled regulators and put off crypto investors.

Facebook's announcement was immediately met with criticism from the crypto community. Regulators took a longer time to form their response, but it was harsh when they did. Worldwide, authorities expressed concern over how Facebook's stablecoin may be threatening the sovereignty of national currencies. This may have even accelerated the global movement towards stablecoin regulation.

And the reaction was forceful enough that Libra (as it was known at the time) went under the radar. During this time, Facebook changed the design of the stablecoin project considerably, making it more amenable to regulators. It reemerged as Diem and took on a different identity, more or less.

It's still ruffling some feathers, but Diem seems to be in a better position as of late. The latest news is that Facebook has been taking steps towards combating illicit financial activity. Reports suggest that it will launch in 2021, but there has been little new information on that matter.

04 REGULATORY FRAMEWORKS

The crypto market cannot function without regulation — of that the general market agrees on. It's the quality of that regulation that has most investors concerned. As it stands, regulation across the world is piecemeal.

Few countries have taken to outright banning the cryptocurrency asset class. Few are overly enthusiastic about it, often putting regulatory standards as a secondary priority. Most are somewhere in the middle, in limbo when it comes to regulation of a new asset type.

South Korea and Japan have already made progress in establishing some controls on the market. The former especially has done so. It appears the United States is also gearing up to do the same, given the commentary from regulatory bodies.

Regulation seems to be focused on the following: exchanges, stablecoins, and NFTs. On a high level, authorities are prioritizing investor protection, market manipulation, and KYC/AML standards.

05 CENTRAL BANK DIGITAL CURRENCIES (CBDCS)

Governments are no longer ignoring crypto, and to combat the growth of these digital currencies, they are releasing their own fiat-based central bank digital currencies (CBDCs). These central bank-issued currencies are the same as their fiat counterparts, except in digital form and based on a distributed ledger.

If you're wondering which CBDCs rank at the top, it's — surprise — those coming out of the Bahamas and Cambodia. That's [according to PwC], which analyzed various CBDC projects and ranked those two at the top because they had already launched.

But the CBDC that's on everyone's mind is China's digital yuan, which has consistently been tested in [new pilot programs] in various regions. The reception to these has been very good, and the launch looks good for the near future.

So what of the United States? The U.S. is reportedly examining a Digital Dollar of its own, and officials have brought the matter up in important meetings. There has been no official confirmation, though independent groups are looking into the matter, including the Digital Dollar Project led by Christoper Giancarlo.

[06] MAINSTREAM MEDIA (MOSTLY) CHANGE TACK ON CRYPTO MARKET

The crypto market has been on the receiving end of a lot of ridicule and criticism from the mainstream media. No one who's been in the crypto market even for a little while will deny that mainstream financial outlets have historically had a harsh view of bitcoin and crypto.

But the trend began to change during the Q4 2020 bull run, and since established firms and funds started allocating capital towards bitcoin. Now, these outlets can be as supportive of bitcoin as any reasonably sane crypto media outlet. The overall sentiment is certainly more positive.

Just look at the likes of CNBC or Bloomberg. Both of these outlets largely ignored bitcoin in the past — or criticized it, if they even deigned to mention it. Now, however, the discussion is much more accommodating of the asset class, and that goes to show how slowly the world is trending towards digital gold.

This could be a sign of adoption and the changing financial environment. After all, companies and investors, such as MicroStrategy, changed their tack — so it follows that any other stakeholder might too. As a result of this systemic change, the public too will begin to see crypto differently, if they haven't already (investment interest still looks strong.)

07 BANKS AND OTHER INSTITUTIONS DEPLOY CRYPTO DEPARTMENTS AND BLOCKCHAIN SOLUTIONS

It turns out that banks can't stay idle for too long. The crypto industry and blockchain tech, in general, have sent a shiver down the spines of banks. What was once casually dismissed is now turning out to be a real threat, and banks are scrambling to establish war plans.

Whether it's a central bank, private bank, an incumbent fintech firm, or a payments processor, virtually every major player is considering a crypto-based solution. It's unsurprising — proponents have touted the benefits of a blockchain ledger in the financial world, and the technology has made significant strides in the past few years.

There are two major categories of developments here: central bank digital currencies (CBDCs) and blockchain-based solutions by the likes of Visa and others. Both are important for the market, even if they come from the very entities that decentralization hopes to test.

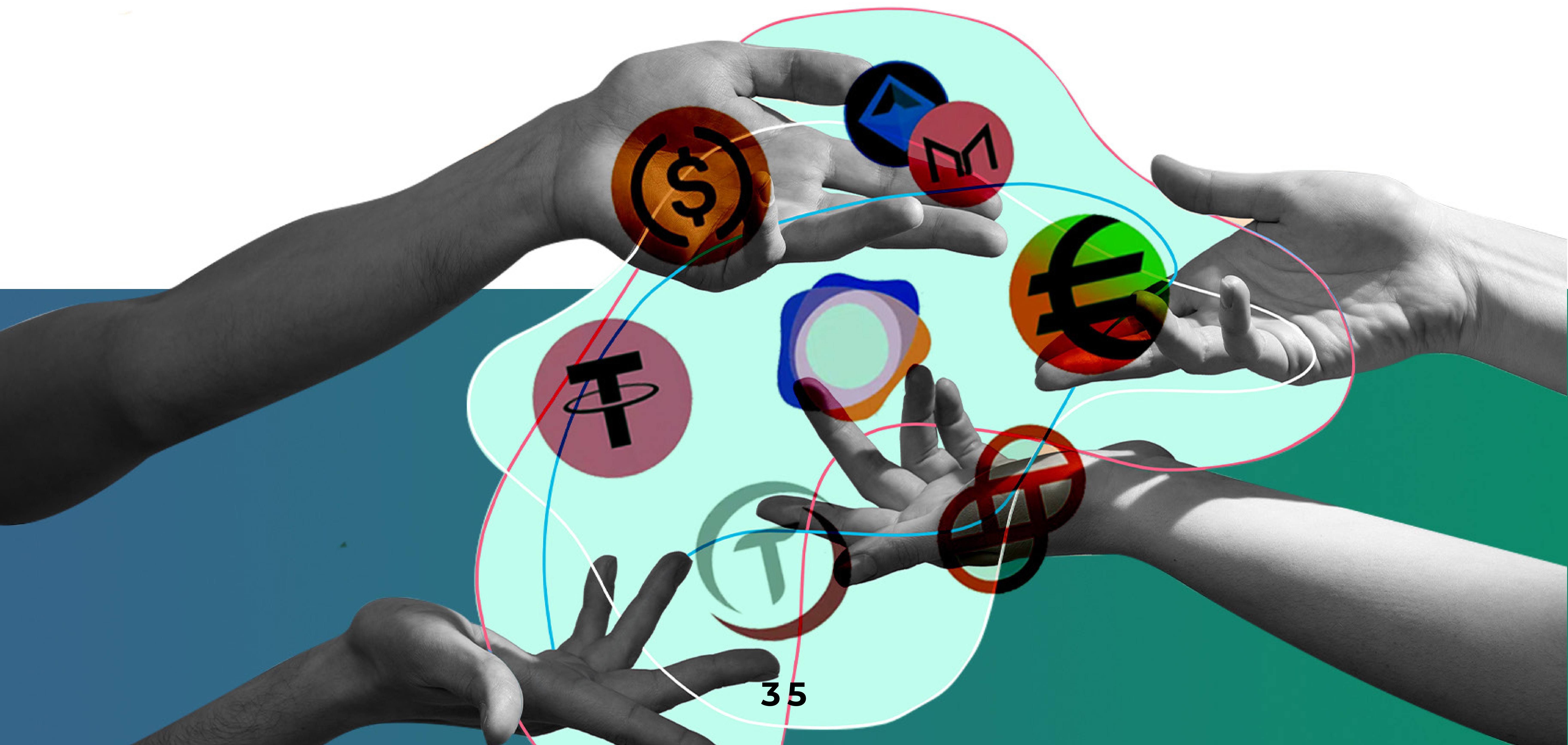
Not only has this legitimized the technology further, but it has also shown that these institutions see it as a likely possibility that crypto could go mainstream. Why else would there be such a hurry to catch up? It is unlikely that they will threaten the crypto space very much, and will more likely co-exist with it.

08 STABLECOINS TAKE CENTRAL ROLE - AND REGULATORS' ATTENTIONS

On the topic of banks, governments, and regulation, stablecoins have become something of a quandary for regulators. The fixed value stablecoins that peg themselves to fiat currencies on a 1:1 ratio have great potential in cross-border transactions. This is one of the major areas of concern for banks, which fear stablecoin could threaten national sovereignty.

Globally, stablecoin regulation is a bit hit-and-miss. The Bank for International Settlements (BIS) and other groups have begun deliberating a broad guideline for stablecoins. Meanwhile, countries are also keeping a tab on Facebook's Diem stablecoin project.

Authorities largely believe that a CBDC could tackle the stablecoin problem, and imposing restrictions could result in a happy compromise. There has been no decisive regulation on this matter, however, so investors will have to see how this development transpires.



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WHAT'S NEXT

What's In Store For The Next Few Years?

Looking at the pace and variety of development in the past three years, the next few can only be very exciting. Technology refinements, clearer regulation, and easier access to the market are also setting the stage for strong growth.

The combination of new technologies and new products will give us a true glimpse into the potential of the market. Perhaps what is even more significant is the birth of Web 3.0 — a decentralized internet, the way it was only originally intended to be. This is going to make for a radically different experience when it comes to how we exchange value and what we consider to be "value."