If paper currency was the thing of the past and present, then surely crypto currency is the thing of the future. Critically evaluate?

Answer

- As our world evolves, so does the way we spend money. With only 8 percent of the world's money being represented in physical notes, we seem to be progressing toward a cashless economy.
- It is believed that digital currency is the way forward and will soon wipe out fiat money (traditional bank notes) completely.
- Though cryptocurrency is a type of digital currency, there are some fundamental differences
- Digital currencies are centralized, whereas cryptocurrencies are decentralized.
- Digital currencies require user identification photo and some documents issued by the public authorities. Buying, investing and any other processes with cryptocurrencies do not need require any of that.
- Comparison Between Paper Currency and Cryptocurrency
- Fiat money is currency printed in paper form that backed by the government.
- Cryptocurrency is a digital form of currency that is not backed by the government, and is based on a crypto-algorithm
- Paper money, which can be limitlessly printed at the user's expense, leading to inflated rates and an overdose of production of paper bills that have little value.
- Advocates of cryptocurrency argue that it is more trustworthy than paper money because it immune to the possibility of the stark inflation that has been known to plague fiat currency
- For example: Due to a 21-million-dollar spending cap placed on Bitcoin, there is only a limited supply of how much of this currency can be produced, making inflation impossible.
- Use of fiat money requires engagement with government institutions such as UIDAI when opening a bank account, it is much easier to track the source of criminal behavior.
- The semi-anonymous nature of cryptocurrency transactions makes them well-suited for a host of nefarious activities, such as money laundering, terrorist financing or buying drugs.
- Due to lack of regulation, cryptocurrency users are also able to avoid paying taxes.

- Because cryptocurrencies are virtual and do not have a central repository, a digital cryptocurrency balance can be wiped out by a computer crash if a backup copy of the holdings does not exist, or if somebody simply loses their private keys.
- Cryptocurrencies' blockchains are secure, but other aspects of a cryptocurrency ecosystem are not immune to the threat of hacking.
- For example, in Bitcoin, several online exchanges have been the subject of hacking and theft, sometimes with millions of dollar worth of 'coins' stolen
- Cryptocurrencies could help to get rid of intermediaries in everyday transactions. This coul cut costs for businesses and help out consumers
- For cryptocurrency to be a thing of future, it is obvious that there is a clear call for safety measures to be set in place in order to make this type of money exchange safer and more secure.