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How Does Ethereum Push Cryptocurrency Beyond Currency

Bitcoin is not only the most famous cryptocurrency, but also the oldest cryptocurrency. Six years ago, bitcoin dominated the cryptocurrency market with 81%, but now it has fallen to 41%. Bitcoin, valued at \$803 billion, is still the most valuable token, followed by the rapidly rising [Ethereum](#), the currency of the Ethereum platform, valued at \$389 billion. What is driving the popularity of Ether? Where will it go? Aseem Gujar and Partha Sinha will answer for you.

Bitcoin may be synonymous with cryptocurrency because it is designed as an independent virtual currency and can also be used as a hedge against inflation. In order to promote bitcoin transactions, [blockchain](#) – distributed ledger technology – was developed by its anonymous creator in 2008.

A teenager was introduced to cryptocurrency by his father in 2011. He realized that it was the disadvantage of bitcoin to limit the blockchain to financial transactions, and continued to conceive a new platform called Ethereum in 2014.

Ethereum, conceived by computer programmer vitalik buterin, uses blockchain to build applications, which can realize secure property transactions or pay royalties to artists in time.

Using Blockchain

Bitcoin and Ethereum are decentralized, which means they are not issued or regulated by central banks or other institutions. However, unlike bitcoin, Ethereum is helping cryptocurrency surpass currency.

For example, using some codes on Ethereum, it is possible to pay farmers crop insurance based on drought data and even provide royalties to artists when each copy of their work is sold.

Ethereum has its own built-in currency, Ether, which can also help execute the commands of programmable actions and smart contracts on the Ethereum blockchain. Self-executing contracts written into lines of code and existing on the blockchain are called smart contracts.

“Although bitcoin is supposed to be the currency of a truly decentralized online financial market, Ethereum is launched to expand its application in blockchain,” said Vijay pravin maharajan, founder and CEO of bitcrunch, a blockchain analysis startup in Chennai and Munich.

Ethereum focuses on expanding the single use of blockchain technology, while bitcoin is developed as an alternative asset and virtual currency without any support or intrinsic value, and there is no centralized issuer or controller. Ethereum's design also enables unforgeable tokens (NFT) and decentralized Finance (DeFi). NFTs are often used to provide ownership of digital art, while DeFi refers to point-to-point financial services against the products of banks or other regulated entities.

It is Ethereum that has realized the "no trust" blockchain transaction of government supported (legal currency) currency. In a decentralized setting, people need to trust the system rather than each other. Gavin wood, one of Ethereum's co founders, once said. "Ethereum commercializes trust; it is a platform for zero trust computing.". This means that the platform does not trust anyone and everything must be verified.

What are the Disadvantages

According to industry experts, blockchain system should have three basic attributes: decentralization, security and scalability. Ethereum is decentralized and secure. However, scalability is a key hidden danger.

Butlin pointed out this problem in the white paper itself. "The white paper said:" like bitcoin, Ethereum also has a defect that every transaction needs to be processed by every node in the network.

Maharajan said that this is a very inefficient system, which will pose a challenge to enterprises or projects relying on blockchain. However, he added that blockchain is an evolving technology and developers are trying to improve it.

What Investors Need to Do

According to insiders, Ethereum has never been to compete with bitcoin. However, due to its application in various decentralized applications, its popularity is getting higher and higher. "With its flexibility and versatility alone, ether should soon surpass bitcoin," Maharajan said.