Technology

Wall Street looks to monetize as Bitcoin becomes mainstream

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New York, October 20: Love cryptocurrencies or hate those ideas themselves, they are becoming mainstream day by day.

Cryptocurrencies have skyrocketed, totaling about $ 2.5 trillion, comparable to the size of G7 economies like Canada and Italy, which have more than 200 million users. That size is too big for financial institutions to ignore.

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Increasingly, companies that cater to the wealthiest families in the world are cryptographicizing some of their property. Hedge funds trade Bitcoin, which is being serviced by well-known banks around it. PayPal allows users to buy cryptocurrencies in the app. Twitter helps show appreciation for tweets by chipping Bitcoin to authors.

And at the latest milestone in the industry, the easy-to-trade fund associated with Bitcoin began trading on Tuesday. Investors can buy exchange traded funds from ProShares through an old school securities account without having to know what a hot or cold wallet is.

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Whether they believe it or not, as a new ecosystem builds further around it, it's all part of the movement of large corporations looking for opportunities to profit from the frenzy of the crypto world. ..

"One thing we can say for sure is that the advent of the Bitcoin ETF era opens up opportunities for Wall Street to make money with Bitcoin in ways previously impossible," Ben Johnson said. I am. Morningstar's Global ETF Research Director. "All these winners are exchanges, asset managers, and custodians. Whether investors win is a big and bold question mark."

Bitcoin has been around for a long time since someone or a group of people named Satoshi Nakamoto wrote a treatise in 2008 on how to use computing power around the world to create a double-use digital currency. I've come a long way. The price has more than doubled to about $ 62,000 this year alone. Five years ago it was only $ 635.

Cryptocurrency proponents say they offer a very important benefit to investors whose prices fluctuate independently of the economy, rather than tracking prices like many other investments. More enthusiastic fans say digital assets are just the future of finance, allowing transactions to avoid brokers and fees in currencies not found in any government.

Critics, on the other hand, question whether cryptography is just a fad, say it uses too much energy, and point out all the strict regulatory scrutiny that shines on it. For example, China last month declared Bitcoin transactions illegal.American chair

Gary Gensler of the Securities and Exchange Commission said in August that the world of cryptocurrencies lacked sufficient investor protection and was "similar to the Archetypal Old West."

It wasn't enough to stop the immense momentum of cryptography as it moved from online curiosity to much of the cultural and corporate landscape.

Earlier this month, US Bank announced that it has begun offering cryptocurrency storage services to major investment managers. That essentially means storing their Bitcoins for them, and it expects to provide support for other coins soon.

Banks of other well-known brands have also announced their intention to provide cryptocurrency storage services.

Kashif Ahmed, President of American Private Wealth in Bedford, Massachusetts, said:

Ahmed does not recommend clients investing in cryptography. Before that, he said, "I need to go to my local supermarket, buy things for my family, provide cryptography, and keep the store from laughing." But others are willing to give it a try.

A study by Citi Private Bank, a family office around the world that manages money for the wealthy, found that about 23% invested in cryptocurrencies. Another 25% say they are investigating.

The growing acceptance of crypto on Wall Street has spawned new darling crops that help people buy it. The crypto trading platform Coinbase has a market value of approximately $ 64 billion, comparable to established companies such as Colgate-Palmolive, FedEx and FordMotor.

Meanwhile, in the Robin Hood market, companies that have become famous for bringing a new generation of investors into the stock market are becoming more and more crypto trading venues. This spring was the first time Robin Hood's new clients were likely to make their first trade in cryptocurrencies instead of stocks.

After all, what many on Wall Street see as long-lasting may not be Bitcoin or other cryptocurrencies as much as their underlying technology.

This system, called blockchain, enables public ledgers that everyone can see and trust, and many expect it to lead to a wealth of innovation. It's similar to today's Netflix, Facebook, and other services that emerged from the infrastructure built during the dot-com bubble boom and collapse.

"Applications built on this new software architecture appear to be growing faster than past technologies," Bank of America strategists Alqueshshire and Andrew Moss said in a recent research report. Assets are only the first stage of growth, he said. "There is a good chance that new companies will emerge, some of the poorly-positioned ones will withdraw, some may have a big upside, and others will have a downside."

For example, JPMorgan Chase is already using blockchain technology to improve the transfer of funds between global banks. This is the same as JPMorgan Chase, run by CEO Jamie Dimon, who said in an interview with Axios this month that Bitcoin "has no intrinsic value."

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