

## What Ever Happened to Cryptocurrency?

As we learn from the business world, we want to share that information with our community of educators and business professionals. Recent feedback from professionals has signified a renewed interest in what was once a hot topic in finance: cryptocurrency. The following Action Brief will offer a brief refresher on the basics of cryptocurrency and explore the current state of affairs in the world of digital assets and crypto exchanges.

### Keeping Up With Cryptocurrency

The early 2020s were filled with cultural movements and trends that—to put it lightly—didn’t really pan out. One of these perplexing hype machines was cryptocurrency.

[Cryptocurrency](#) was hailed as the next revolution in finance. It was dubbed “digital gold” by the most bullish crypto advocates who promised it would replace traditional money, provide financial access for the unbanked, and render banks themselves completely obsolete.

The excitement has since [died down](#), and clearly crypto is nowhere close to accomplishing those lofty feats today. So...what happened?

People and organizations across numerous industries are asking this very question, including professionals from our [Business Advisory Council](#). Recent feedback revealed a growing interest in a “state of the union” for cryptocurrency to better understand its history and relevance (or lack thereof) in modern finance.

But before we delve into the state of cryptocurrency, it might be useful to go over some basic facts about crypto.

### What Exactly Is Cryptocurrency?

Cryptocurrency (or crypto) is a type of digital currency used for electronic payments, trading, and investing. You’ve probably heard of some of the [most popular currencies](#) like Bitcoin, Ethereum, and Tether.

These currencies operate similarly to conventional currencies like the dollar, but the key difference is that cryptocurrency is a completely [decentralized](#) form of exchange. This means it takes no physical form (e.g., bills, coins) and is not controlled or created by a central authority or government. You can think of it as digital cash exchanged in a digital marketplace.

### So Where Does Crypto Come From?

Cryptocurrencies are created and secured through what is called a [blockchain](#), which is a public and incorruptible database that records all cryptocurrency transactions. Think of it as a sort of universal spreadsheet that tracks the status of every single digital coin in existence.

A new piece or “coin” of crypto enters digital circulation through a process called mining. Anyone (in theory) could mine a new coin and start trading with it on the blockchain.

### **But What Gives Crypto Any Actual Value?**

Believe it or not, this digital coin derives its value from the exact same market force that gives traditional currencies their value: wasted energy.

Take the dollar, for example. Those paper bills don’t have any intrinsic value, but they’re all secured by the United States government. Trying to print dollar bills yourself (otherwise known as counterfeiting) would be incredibly expensive, time-consuming, and risky. In other words, the government upholds the value and scarcity of its money by making it too energy-intensive to fraudulently create your own.

Cryptocurrencies like Bitcoin have a similar built-in mechanism. To successfully mine a coin, you basically need to solve a [math problem](#) in less than 10 minutes. Only, this math problem is so unfathomably complex that it takes a supercomputer trillions of guesses to solve it. These supercomputers need *a lot* of energy to solve these math problems—roughly the amount of energy a single household spends over the course of a century! It’s incredibly costly to mine just one coin, but that’s what keeps the coins scarce. Just like with dollar bills, there’s no energy-cheap way to create your own.

### **Cryptocurrency Today**

So if it’s scarce like traditional money, secured like traditional money, and valuable like traditional money...why hasn’t it been *used* like traditional money?

Perhaps the biggest hindrance to crypto’s mainstream acceptance is its [volatility](#).

To see for yourself, take a look at the [price chart](#) for any of the biggest coins, such as Bitcoin or Ethereum. You’ll notice some *dramatic* swings throughout its history. Compare that to the historic prices of most [blue-chip stocks](#) or commodities like [gold](#) (which crypto enthusiasts often liken Bitcoin to) that are much more stable, and you start to see why people are hesitant to invest in cryptocurrencies.

And that’s even before we consider using crypto as a means of exchange, like how the dollar is used. Traditional currency requires day-to-day stability. Imagine if the dollar or euro lost 20% of its purchasing power over the course of one week, or 50% over the course of one month.

Such occurrences are not uncommon in the crypto world. Case in point, Bitcoin has [lost over 25% of its value](#) since the beginning of 2026. It’s safe to say businesses would be hesitant to accept payment in an asset that might plummet in value overnight.

Crypto’s volatility has led most coin-holders to treat the asset more like a slot machine than an economic tool. According to a [recent survey](#), 81% of crypto holders have [speculated](#) (high-risk trading to make a quick profit) on the asset. Over the years, this has created a sort of self-fulfilling prophecy for those with anxiety toward cryptocurrency’s volatility. As more traders engage in risky, short-term crypto investments, the coins fluctuate more in price. The more volatile they become, the less traditional

investors are willing to enter the crypto market. And when they vacate the crypto space, all that's left are the speculative gamblers, which leads to even greater volatility.

On and on the cycle goes until we are left with the current state of cryptocurrency—an unstable and unreliable market largely populated by high-risk, high-reward traders.

This feedback loop points to perhaps the ultimate issue with cryptocurrency today: There is a simply a [lack of trust](#) in its viability.

Market volatility and speculation aren't the only things eroding trust, either. High-profile scandals, such as the [bankruptcy of FTX](#) and [Cryptogate](#) in Argentina, have resonated culturally and politically. Cryptocurrencies and blockchains are also sometimes used for [illicit activities](#) like money laundering, scams, digital theft, and tax evasion, further sully their reputation.

And on a more basic level, the concept of cryptocurrency is just confusing to the general public. Half of all respondents from a [recent survey](#) cited their lack of understanding of the complex technology as the primary reason they do not hold crypto.

### **Can Crypto Overcome Its Reputation?**

You might not hear many distinguished economists or business professors say this, but the truth is that when it comes to economics and finance, “vibes” often hold more sway than any hard facts or data.

It doesn't really matter how autonomous or cryptographically airtight a digital coin is—as long as consumers don't trust it, it's not going to be successful. Sometimes this skepticism is unfounded. Other times, it's probably warranted. Regardless, the general consumer sentiment will be a major (and often decisive) factor in its long-term economic feasibility.

In the case of crypto, we'll let you decide for yourself just how warranted the current consensus is. But long-term, the cryptocurrency industry at large must escape the public perception keeping it in a post-hype limbo. It must shed its shady casino persona and strive for the steadiness and credibility that other mainstream financial institutions possess.

### **Links for Further Reading:**

- [“RIP \(Finally\) to the Blockchain Hype”](#)
- [“Crypto Crime Spills Over From Behind the Screen to Real-Life Violence”](#)
- [“Global Cryptocurrency Regulations: A Guide to Key Countries”](#)
- [“The Future of Cryptocurrency: Opportunities, Risks, and What Lies Ahead”](#)
- [“72 of the Top 100 Cryptos Remain Over 50% Below Peak Prices, Says Galaxy Research”](#)
- [“What Can You Buy With Bitcoin?”](#)

### Discussion Questions:

- Do you think cryptocurrency can ever achieve mainstream acceptance in finance? Do you think it ever *will*? Why or why not?
- What challenge facing cryptocurrency today (e.g., volatility, scandals, crime) do you think is the most significant obstacle?
- Should crypto assets be treated like an investment (similar to stocks or gold) or a means of exchange (like the dollar or euro)? Should they be treated like neither?
- Why do you think cryptocurrency is used for illicit activities?
- Imagine you were given a million dollars that you had to invest in different asset classes (e.g., stocks, bonds, commodities, property). How much (if any) of that money would you put into crypto? Explain your reasoning.

### Sources:

- ["A Timeline of Cryptocurrency Exchange FTX's Historic Collapse"](#)
- ["Argentina's Crypto Scandal Dings Milei, Involves Strange Mix of Characters"](#)
- ["Bitcoin NFTs, Layer-2 and Restaking Hype 'Completely Gone'"](#)
- ["Bitcoin Plummets, Driving \\$2 Trillion Tumble in Crypto Market Value"](#)
- ["Bitcoin"](#)
- ["Blue Chip Stocks"](#)
- ["Crypto in America: Confidence Pulse"](#)
- ["Crypto Market Coins"](#)
- ["Digital Currencies"](#)
- ["Is Gold a Safe Haven for Investors?"](#)
- ["Majority of Americans Aren't Confident in the Safety and Reliability of Cryptocurrency"](#)
- ["Understanding Speculation: High-Risk Trading With Reward Potential"](#)
- ["What Are the Math Problems in Bitcoin Mining?"](#)
- ["What Do People Use Crypto For? 8 Use Cases Ranked"](#)
- ["What Is Blockchain?"](#)
- ["What Is Cryptocurrency and How Does It Work?"](#)
- ["Why Is Crypto So Volatile? Understanding Market Movements"](#)