

## **Bitcoin: Will it Finance the Fourth Industrial Revolution?**

Disruption and innovation are buzzwords in current times. Revolutionary technologies such as the internet of things, artificial intelligence, and machine learning are fundamental emerging systems of the Fourth Industrial Revolution.

Consider the growth of Uber, Amazon next-day delivery, and self-driving cars as examples of the impact of the internet of things and consumer-oriented machine learning inventions in the auto, retail, and entertainment realms. But the effects of digital technology on the financing and payments industries has been no less dramatic.

The payments industry is characterized by mobile wallets and “tap-and-pay.” In this cyber era, a move to digital currencies such as bitcoin seems rather de rigueur.

Bitcoin is a decentralized digital currency that can be used to transfer funds to anyone, anywhere. Digital currencies are considered by some to be a viable alternative to fiat currencies, and their digital and versatile characteristics imply a significant role in future global finance.

### **Less Cash, Less Money Laundering**

While cash is [still popular in many countries](#), it accounts for the minority of transactions in the United States, just [14 percent](#). Additionally, many nations, particularly European countries such as Sweden, Denmark, and Norway, are encouraging a [cashless society](#). Cash cannot be tracked, does not have to pass through banks and, thus, can fuel corruption and criminal economies.

Higher denomination bills are particularly problematic when it comes to crime and the stuffing of suitcases with ill-gotten gains. Larry Summers, former Treasury secretary, [supported the withdrawal](#) of the \$100 bill, and the Financial Times reported European Central Bank plans to [withdraw](#) the €500 note from circulation.

### **Fiat or Fake Currency?**

Bitcoin and other cryptocurrencies are a digital substitute for cash and can be transmitted globally, instantly. One argument against Bitcoin as an alternative currency is that cryptocurrencies can be exchanged anonymously; a saving grace as far as visitors to the darknet are concerned, take Silk Road, for example.

But the recent cyberattack that had cyberthieves demanding bitcoin ransom payments to release data appears to show that cryptocurrencies may be traceable after all, debunking the naysayer’s main argument.

In mid-May, the “WannaCry” cyberattackers [affected businesses, hospitals, and government agencies](#) in at least 150 countries. By holding data to ransom, the hackers succeeded in collecting some \$66,000 in bitcoin ransom payments from those locked out of their laptops.

But getting their hands on that hard cash to spend may be where their cunning global digital heist unravels. How can they convert the bitcoin into cash without being traced?

According to The Wall Street Journal, while bitcoin generally offers anonymity to its users, this is not always the case with blockchain technology, the rails that bitcoin and other digital currencies run on. Once a criminal tries to exchange the virtual loot for another currency, government authorities usually can track it.

But bitcoin has appeal to the more morally endowed investor too. Bitcoin becomes an attractive investment in times of economic downturn when other fiat currencies experience devaluation.

When Greece was faced unmanageable debt in 2015 and a possible exit from the European Union, and as the Chinese economy dipped, the price of bitcoin price took off when investors turned to bitcoin to protect their money.

### **The Believers**

Whether you subscribe to the view that bitcoin is a viable way to invest and can be a valuable part of a diversified portfolio, or whether you decide to wait for proper regulation of cyber currencies, it is impossible to ignore the digital age and society's transformation.

Tyler and Cameron Winklevoss, famous for their feud with Facebook founder Mark Zuckerberg over the purported theft of their social-media network idea, are two people betting on a bitcoin age.

The Winklevoss twins have proposed the first bitcoin-based ETF and eagerly await a decision from the US Securities and Exchange Commission. If approved, the ETF would boost bitcoin investing by small traders and increase its value.

Bitcoin was bullish earlier this year reaching \$1,263.49 and surpassing the price of an ounce of gold. This upward trend has continued and, as of May 2017, bitcoin passed the \$2,000 milestone. If the Winklevoss ETF is approved, it will likely be the first of many similar ETFs to emerge and power bitcoin trading.