
Секція 3. Криптовалюти: підходи до регулювання

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BITCOIN: OPPORTUNITIES AND THREATS FOR NATIONAL ECONOMY

Modern world is full of technology and none of us can even imagine life without internet, phone, computers, credit cards etc. Thus, any of our actions closely related with gadgets. In 21st century, every man has made some financial operations by credit card, internet banking, or phone apps to meet personal needs. Money that we use is under the control of a central bank, which means that the government manages and issues money. Thereby, every man wants to be financially independent. That is why some people created something «magic», something that is independent of world financial system, and this is called «cryptocurrency».

Cryptocurrency is a new revolutionary type of currency. Like any other currency or unit of account, they only have value because people think it has value. Gold or other precious metals backed some currencies. Others are being backed by nothing but air though they have value because people think it has value and use it as a unit of exchange. Cryptocurrency were designed as a unit of exchange and as a place to store assets without relying on a central bank. Cryptocurrency allocate assets directly to the network and is not related to any currency or national currency system.

There are many cryptocurrency types, but one of them is a leader of investments and is called «the Bitcoin» (Table 1). Bitcoin is the first decentralized digital currency and the best known among other digital money. Bitcoin is a new electronic cash system that is based on scientific logic. This logic is derived from the mathematical bases and the protocol on which bitcoin is built. Bitcoiners do not want the backdoors to be built into the protocol, or allow the suits in banking or government to have any kind of access to their money — that is the whole point of bitcoin.

Table 1

Cryptocurrency Market Capitalizations (24.11.2017)

#	Name	Symbol	Market Cap	Price	Circulating Supply	Volume (24h)	% 1h	% 24h	% 7d
1	 Bitcoin	BTC	\$149 462 750 480	\$8948.68	16 702 212	\$4 526 120 000	-0.50%	5.60%	15.24%
2	 Ethereum	ETH	\$44 166 568 169	\$460.25	95 963 168	\$1 124 850 000	-0.26%	-1.19%	26.49%
3	 Bitcoin Cash	BCH	\$26 974 522 933	\$1603.43	16 823 013	\$1 103 360 000	-0.06%	-0.21%	34.38%
4	 Ripple	XRP	\$9 638 221 442	\$0.249547	38 622 870 411 *	\$165 964 000	-0.33%	0.91%	8.61%
5	 Bitcoin Gold	BTG	\$5 649 442 802	\$338.85	16 672 499	\$174 667 000	-2.68%	-11.61%	132.81%
6	 Dash	DASH	\$4 842 948 427	\$628.03	7 711 370	\$193 403 000	0.26%	5.44%	40.71%
7	 Litecoin	LTC	\$4 676 359 111	\$86.60	53 997 283	\$528 507 000	0.59%	9.01%	23.81%
8	 Monero	XMR	\$2 466 771 533	\$160.16	15 401 536	\$56 368 200	-0.66%	-2.13%	21.83%
9	 NEO	NEO	\$2 446 951 000	\$37.65	65 000 000 *	\$68 336 900	-0.61%	-0.35%	-10.46%
10	 IOTA	MIOTA	\$2 175 835 762	\$0.782807	2 779 530 283 *	\$55 378 300	0.93%	2.00%	-6.89%
11	 Ethereum Classic	ETC	\$2 146 669 765	\$21.95	97 809 307	\$567 508 000	0.29%	3.36%	22.55%
12	 NEM	XEM	\$1 912 419 000	\$0.212491	8 999 999 999 *	\$11 500 400	1.57%	0.52%	6.33%
13	 Qtum	QTUM	\$1 054 451 658	\$14.31	73 688 924 *	\$99 538 000	-0.10%	0.12%	3.29%
14	 Zcash	ZEC	\$918 331 693	\$339.73	2 703 106	\$90 916 000	-0.21%	-0.57%	13.91%
15	 Lisk	LSK	\$890 191 512	\$7.72	115 298 580 *	\$26 700 300	-0.38%	-5.94%	-21.76%

Source: [1].

Bitcoin operates without anybody control. Network participants, known as bitcoiners, allowing transactions to be performed anonymously, without user identification, carry out transaction processing and issue collectively. Bitcoin has an open source code, which consists of the right combination of words and numbers. Nobody owns or controls bitcoins, but everyone can become members of the network. Electronic signatures of users (or network members) who extract bitcoin and / or carry out any transactions with them protect all transactions.

The price of bitcoin is derived from the total utility of the bitcoin network. In other words, bitcoin's value is specifically related to how many people are in the network, how useful the network is, and what the perceived value of bitcoin is. This is similar to how Twitter and Facebook have created social value that has translated into real economic value, which is reflected in the stock price of both of these companies. Without their userbases, each of these networks would be worthless. All networks have a hidden utility that translates into direct economic value. In the 23 of November 2017 the price of bitcoin has pass \$ 9000, for comparison on 5 January 2017 the price of bitcoin was nearly \$ 800 (Figure 1). Rapid change of bitcoin rate shows that the cryptocurrency is unstable payment system, which also has many risks.

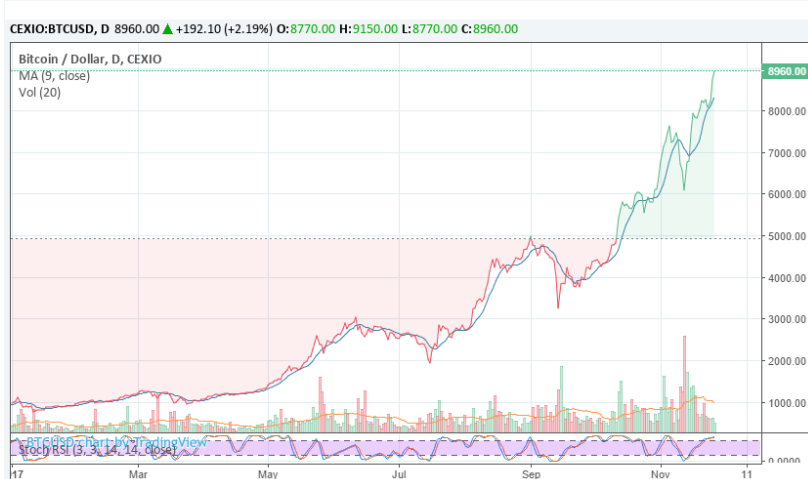


Figure 1. BTC/USD Chart (24.11.2017)

Source: [2].

The bitcoin platform is actively developing and attracting more and more people. Bitcoin is a great opportunity for those people who want to invest their money and have passive income. A large number of young people are beginning to buy cryptocurrency with the hope of earning a profit in the future.

How bitcoin can affect on the national economy? There are some ways to do this. Firstly, the government has to regulate using cryptocurrency. The reason is that thousands of people in Ukraine use the bitcoin service, which is not legalized in our state, means that the Ukrainians use a currency that does not count as money. Therefore, if the government would allow currency issue, establishes taxes on it, any related transactions, will allow people to invest their money in bitcoin or other cryptocurrencies, the state capital will significantly change, which will increase the monetary base. In addition, the government should make official payment instrument status for bitcoin, because this cryptocurrency is in demand of a lot of business sphere in Ukraine.

However, using bitcoin has many threats. Nobody will refund the money lost due to the devaluation of the bitcoin. Even after making bitcoin official payment system, the state will not repay the cost of crying goods for «miners» in case of depreciation or loss due to any other reason. In addition, if government would regulate using bitcoin it will make new terms of money circulation for cryptocurrency, which

violates the essence of that payment system. The reason is that bitcoiners uses bitcoin that it is independent of government, Central Bank etc.

Using digital currencies as a political action, we can reappropriate our economic wealth away from the hands of corrupt politicians and their capitalist allies, while create a revolutionary new way forward. This single action alone can ensure that we will no longer be enslaved to the same system of debt bondage that has created the conditions of the world today [3].

Bitcoins and other types of cryptocurrencies are the future for new investors, for creation a new business, a future that is independent of the influence of other people on it, but which is very dangerous if it not used correctly. Bitcoinplatform has extremely grown up but the price of cryptocoin is very unstable. However, it has a lot of possibilities and threats for people or/and state. On our opinion, we should more investigate cryptocurrency to have bigger luggage of knowledge that could help us in future.

Moreover, the main question still: bitcoin is cryptocurrency or derivative?

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