

# Cryptocurrency: The Numbers are for Sale

Have people gone mad? or are they geniuses? Ever since Bitcoin was created in 2009, people started collecting **cryptocurrencies** as part of their digital assets. In order for us to understand this phenomenon, is to begin understanding the concept of currency and why it has value.

According to an article posted in Investopedia:

*Economics teaches society that values are subjective; items have economic value because people desire them for one reason or another. Currencies, or mediums of exchange, serve several different and crucial functions in an economy. For one, they make trade easier; money currencies trade for nearly any good or service.*

For example, suppose a person has 5 units of lumber and wishes to purchase a dog. Without currency, his only option is to find a lumber-wanting dog owner. With currency, like U.S. dollars, he can sell the lumber to anyone who wants it and then use the money to purchase a dog.

Currency also provides a universal measurement for accounting purposes. For instance, without currency, it is difficult to compare companies that sell different goods. Currency is used as a store of value, which makes saving, investing and banking easier.

Some currencies, like gold, have value because they are useful as a commodity. Government fiat currencies, like the U.S. dollar, have value because governments grant them legal tender status and only accept taxes through them.

***So why do people value Cryptocurrencies?***

Cryptocurrencies the likes of bitcoin, litecoin or this groups own Compuceeds do not have value as a physical commodity like gold and are not widely accepted as legal tender like dollars. Rather, Cryptocurrencies, apparently, becomes valuable once they reach the following milestones:

**Popularity.** Not necessarily mainstream adoption. The first step is for people to accept and trade their particular cryptocurrency. Trading simply means buying and selling it based on the perceived value of the entire community. This perceived value is typically dictated by prices set by the community through exchanges. The more people using it, the more its value is recognized. This leads to further growth and adoption.

**Most cryptocurrencies are decentralized and limited.** This is a major factor for many users. Cryptocurrencies are hard for governments to trace and tax. Also, unlike fiat money produced by central banks, there is a cap set on total coins, limiting how much the currency can devalue through inflation.

**Cryptocurrencies act like an equity investment.** The market value of a certain digital asset or cryptocurrency usually has had wild swings in value and even a market cap.

**Cryptocurrency forms a social network.** One of the fundamental reasons for a cryptocurrency's success is its community. These communities need to be active and act like other online social networks where they support and show their loyalty on the digital asset they collect or own. A community promoting their own cryptocurrency is a crucial factor in determining its value and price today and in the future.

***Are you in the business of buying, collecting and selling cryptocurrencies?*** Then you are the key towards its success. Your support and determination to win can go a long way. So equip yourself with the basics in the setting of its value. The minute you figure out what is there to love about the

cryptocurrency you are collecting then you are on your way to making it big in this industry you've chosen to be a part of.