

Bitcoin rally shines spotlight on investor risks

December 7 2023, by Lucie LEQUIER



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A much-anticipated US approval of wider bitcoin trading has helped the world's biggest cryptocurrency reach 20-month heights, risking however pain for new investors unaccustomed to its volatility.

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last year, yet still remains far from a record-peak of almost \$69,000 in 2021.

The recent surge has been driven by speculation around the creation of a so-called exchange-traded fund for the asset, which would directly track the price of bitcoin.

Spot bitcoin ETF would allow more of the [general public](#) to invest in the cryptocurrency without having to directly buy it.

"The introduction of bitcoin ETFs has the potential to improve market accessibility for institutional and non-professional investors, by providing (them) with a regulated path," Jeff Billingham, director of strategic initiatives at crypto group Chainalysis told AFP.

New investors

While [bitcoin](#) and rival digital tokens are attracting new younger investors, the Pew Research Center in March reported that overall, only 17 percent of US adults had invested in or used cryptocurrency.

This was largely unchanged compared with the previous two years.

When looking at [young adults](#), they appear to hold a greater interest in cryptocurrency compared with traditional investors, according to French data.

A total 54 percent of new retail investors in France own cryptocurrency compared with 25 percent of traditional ones, according to a study published last month by French financial watchdog AMF.

Simon Peters, market analyst for eToro, said that while he could not comment on rival platforms, his company has witnessed a recent "uplift

in crypto activity".

It appears some investors have not been put off by recent scandals within the sector, notably the collapse of Sam Bankman-Fried's FTX empire, which sent prices crashing at the end of last year.

"There are no more scandals in crypto than in traditional finance," said Thomas, a 36-year old worker in logistics.

The problem lies in a "professional market made open to amateurs" attracted by "hype" and "unable to master the technical side", he told AFP.

Christian, a 30 year-old marketing consultant, said it was like "playing the lottery" when he "made all the mistakes" on entering the crypto arena in 2021.

He recalled investing in about 30 cryptocurrencies ahead of their launch and "without really knowing what it was all about".

Only a minority of them actually saw the light of day and Christian said he ended up losing "a five-figure sum".

Molly White, founder of the "Web3 is going just great" blog where she documents wrongdoing in the crypto industry, said more awareness on crypto's volatility is needed.

"There are some companies that are selling cryptocurrencies with absolutely no disclosures to investors."

White said that with crypto "there's really no asset. There's no underlying product or service or feature there that is driving the price. It's really just the hype and the attention".

Some analysts said crypto has gained popularity as the dollar weakens on expectations of cuts to US interest rates next year.

Bitcoin has won support also ahead of "halving" due in April, when the amount of tokens rewarded from mining drops by 50 percent.

For White, talk of crypto is "not so much describing something that is happening or has happened, but it's actually just an attempt to convince people that they need to get in now to get [crypto](#) before they're too late".

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Citation: Bitcoin rally shines spotlight on investor risks (2023, December 7) retrieved 28 April 2024 from <https://techxplore.com/news/2023-12-bitcoin-rally-spotlight-investor.html>

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