
‘Will this be the year that bitcoin and other crypto currencies collapse?’ Financial Times’ experts try to answer this controversial and tricky question.

The question regarding the future of cryptocurrencies has been worrying lots of people in various spheres and in different countries. As far as any question may have answers, it’s worth mentioning a wise Latin proverb which says: quot capita tot sensus. It means that there are as many opinions as there are people.

According to the impression that FT’s article gives, we can easily transform this saying: there are as many opinions as there are experts. And another question appears at once: Do really these experts’ opinions have ‘sensus’?

The article under discussion was published in December 2014. The pretty large
post provided different writers’ and experts’ opinions regarding either the current state or the future of the financial system, the oil prices, Ebola, technology, and so on and so forth. Almost at the end of the article we can find a passage about Bitcoin.

According to FT, Izabella Kaminska, being the cryptocurrency expert, is able to give a correct answer to the question: “Will this be the year that Bitcoin and other crypto currencies collapse?”

“No. There are too many deep-pocketed interests standing ready to throw good money after bad defending the cryptocurrency experiment, thus preventing an outright or dramatic collapse.

Nevertheless, the chances of Bitcoin, the most popular of this new breed of self-clearing financial instruments, making it as a mainstream currency are now zero. Prices have been floundering at around $350 a coin for months, escalating losses for those who invested at last year’s $1,200 highs.

Add to this a stream of high-profile scandals over the past year, such as the collapse of Tokyo-based currency exchange Mt. Gox in February, and you realise it is not a question of if but when the public loses interest in this experiment entirely.”

Well, Ms Kaminska’s opinion seams to be quite clear. Still, in contrast, I can’t but mention another expert’s opinion.

About a week ago, WSJ published an article by Campbell R. Harvey, Duke University finance professor, former editor of the Journal of Finance and president-elect of the American Finance Association where the author stressed the importance of the technology behind the cryptocurrency: “almost any financial instrument, including stocks, bonds or options, could be represented and made verifiable in such a format.”

According to Mr Harvey, thanks to the blockchain, the cryprocurrency can be used without need of a bank. Its users would loan money without a bank, or invest without a broker or exchange.

However, Campbell Harvey admits the drawbacks of the cryptocurrency as well as the fact that the price of bitcoin has decreased over the past year. But he is convinced that it’s a mistake to judge bitcoin’s future “based on the movement in the exchange rate.”

In addition to that, Mr Harvey speaks about the fact that a lot of venture capitalists keep pouring money into lots of bitcoin- and blockchain related ventures. He says it can be “a better indicator.”

Again, opinions differ… as well as experts.