

Caerus3 Advisors

Advisory | Assurance | Think-Tank

Confused about Cryptocurrency,
Metaverse, Blockchain, NFT?

Here is all you need to know!

BLOCKCHAIN AND CRYPTOCURRENCY

Introduction

- Cryptocurrencies are virtual currencies that run on blockchain technology, which works as a digital ledger for enabling and storing transaction records.
- Small clusters that store humongous amount of data are called blocks. When blocks are filled, they close and get linked to the previous block forming a chain of data known as blockchain.
- Coming to cryptocurrencies, they are like digital money that can be used either as a store of value or to buy goods and services.
- With cryptocurrency, the transaction cost is low to nothing at all, you can make transactions at any time of the day or night, and there are no limits on purchases and withdrawals, and anyone is free to use cryptocurrency.
- India is set to launch a central bank digital currency (CBDC) called the digital rupee in a bid to boost the digital economy.

Similarities between cryptocurrencies and blockchain:

- Both are intangible, whether it is cryptocurrency, which cannot be seen like fiat money, or blockchain technology which records and stores data but does not exist physically.
- Blockchain can work independent of cryptocurrencies, but they were developed originally from recording Bitcoin transactions in 2009. Therefore, it has become a technology used in other cryptocurrencies like Ethereum.
- The technology used in both cryptocurrencies and blockchains indicate the beginning of digital advancement and signify the highest form of technological development in financial market.



BLOCK CHAIN

Differences between cryptocurrencies and blockchain:

- Cryptocurrencies have a certain value for which they are bought, sold and traded for; whereas blockchain does not have a monetary worth.
- Blockchain technology is used in many fields like logistics, supply chain, healthcare and banking. Cryptocurrencies are mainly used for investing and purchasing things.
- Blockchain is decentralized and spread across the world. On the other hand, cryptocurrencies can be dealt with trading or exchanging money through mobile or desktop wallets from anywhere.



BLOCK CHAIN

Cryptocurrency

Introduction

- ❑ A cryptocurrency is a digital asset designed to work as a medium of exchange wherein individual coin ownership records are stored in a ledger existing in a form of a computerized database.
- ❑ It uses strong cryptography to secure transaction records, to control the creation of additional coins, and to verify the transfer of coin ownership. It typically does not exist in physical form (like paper money) and is typically not issued by a central authority.
- ❑ With cryptocurrency, the transaction cost is low to nothing at all, you can make transactions at any time of the day or night, and there are no limits on purchases and withdrawals and anyone is free to use cryptocurrency.
- ❑ With cryptocurrencies, transactions take only a matter of minutes or even seconds.
- ❑ [India](#) is set to launch a central bank digital currency ([CBDC](#)) called the digital rupee in a bid to boost the digital economy.
- ❑ An increasing number of companies worldwide are using bitcoin and other digital assets for a host of investment, operational, and transactional purposes.

Significance

- ❑ Funds transfer between two parties will be easy without the need of third party like credit/debit cards or banks.
- ❑ Corruption Check: As blocks run on a peer-to-peer network, it helps keep corruption in check by tracking the flow of funds and transactions.
- ❑ Time Effective: Cryptocurrencies can help save substantial time for the remitter and the receiver, as it is conducted entirely on the Internet, runs on a mechanism that is almost instantaneous.
- ❑ Cost Effective: It is a cheaper alternative compared to other online transactions as funds transfers are completed with minimal processing fees.
- ❑ Integrating blockchain into these sectors could result in hundreds of billions of dollars in savings.

Concerns




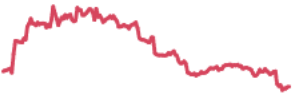












- ❑ Since cryptocurrencies do not have any sovereign guarantee (except El Salvador), they are not legal tender hence they pose risks to consumers.
- ❑ Cryptocurrencies are speculative in nature, hence they are highly volatile and risky to trade in the market.
- ❑ A user loses access to their cryptocurrency if they lose their private key.
- ❑ Cryptocurrencies are more vulnerable to criminal activity and money laundering as there is owner remains anonymous.
- ❑ Since validating transactions is energy-intensive, it may have adverse consequences for the country's energy security.

Cryptocurrency in India

- ❑ As of now, cryptocurrencies have not made legal in India, but are allowed to be held as assets which would be taxed 30% on the profit made by such sales.
- ❑ As of now, even the taxation is not clear by the government.
- ❑ Ban of cryptocurrencies is most likely to result in an exodus of both talent and business from India, similar to what happened after the RBI's 2018 ban. Back then cryptocurrency miners moved to countries where crypto was regulated, such as Switzerland, Singapore, Estonia and the US.
- ❑ Government will not ban cryptocurrency in the near future as it will deprive India because then entrepreneurs and citizens of a transformative technology, like Tesla and MasterCard, will not be able to enter the market.

Source: www.coinmarketcap.com

Date: 06/03/2022

# ▲	Name	Price	24h %	7d %	Market Cap ⓘ	Volume(24h) ⓘ	Circulating Supply ⓘ	Last 7 Days	
☆ 1	 Bitcoin BTC Buy	\$37,871.62	▼ 3.76%	▼ 1.36%	\$720,620,396,571	\$23,083,771,363 607,877 BTC	18,976,481 BTC		⋮
☆ 2	 Ethereum ETH Buy	\$2,516.09	▼ 4.81%	▼ 4.61%	\$302,262,347,218	\$10,639,473,111 4,218,969 ETH	119,858,896 ETH		⋮
☆ 3	 Tether USDT	\$1.00	▼ 0.00%	▼ 0.02%	\$80,031,610,686	\$50,376,441,528 50,371,057,012 USDT	80,023,056,459 USDT		⋮
☆ 4	 BNB BNB Buy	\$370.62	▼ 3.01%	▲ 0.82%	\$61,281,376,198	\$1,461,858,656 3,938,837 BNB	165,116,761 BNB		⋮
☆ 5	 USD Coin USDC	\$1.00	▲ 0.07%	▲ 0.03%	\$52,759,191,107	\$3,641,537,954 3,640,945,554 USDC	52,750,608,310 USDC		⋮
☆ 6	 XRP XRP	\$0.7381	▼ 0.93%	▲ 1.87%	\$35,452,244,094	\$2,390,237,724 3,232,804,679 XRP	47,949,281,138 XRP		⋮
☆ 7	 Terra LUNA Buy	\$79.29	▼ 6.19%	▲ 7.04%	\$29,177,191,544	\$2,982,277,400 37,548,642 LUNA	367,358,155 LUNA		⋮
☆ 8	 Cardano ADA	\$0.8082	▼ 5.30%	▼ 9.03%	\$27,268,242,408	\$810,047,992 1,000,354,901 ADA	33,674,449,163 ADA		⋮

Exchanges in India

- ❑ CoinDCX
- ❑ WazirX
- ❑ Coinswitch Kuber
- ❑ UnoCoin
- ❑ Bitbns

CRYPTO CURRENCY

Opinion

- ❑ The reason behind creation cryptocurrency was remove the middlemen like banks and financial institutions after the 2008 housing market crash. It should be seen as an opportunity towards a better future.
- ❑ Every citizen in India should at least hold 2-5% of their wealth in cryptocurrency due to the increasing demand worldwide.



Metaverse

Introduction

- ❑ Metaverse is used to describe the vision whereby the internet will evolve into a virtual world.
- ❑ It foresees the internet as a 3D virtual living space, where individuals dip in and out, interacting with one another in real time.
- ❑ Various metaverses have been developed for different purposes.
- ❑ Several components of metaverse technologies have been developed within modern world video games.
- ❑ Access to the metaverses include general purpose smartphones and computers in addition to Augmented Reality (AR), Virtual Reality (VR), mixed reality and virtual world technologies.
- ❑ Standardized technical specification for metaverse has not been implemented by a wide scale of companies, and existing implementations rely primarily on proprietary technology.

Potential of Metaverse

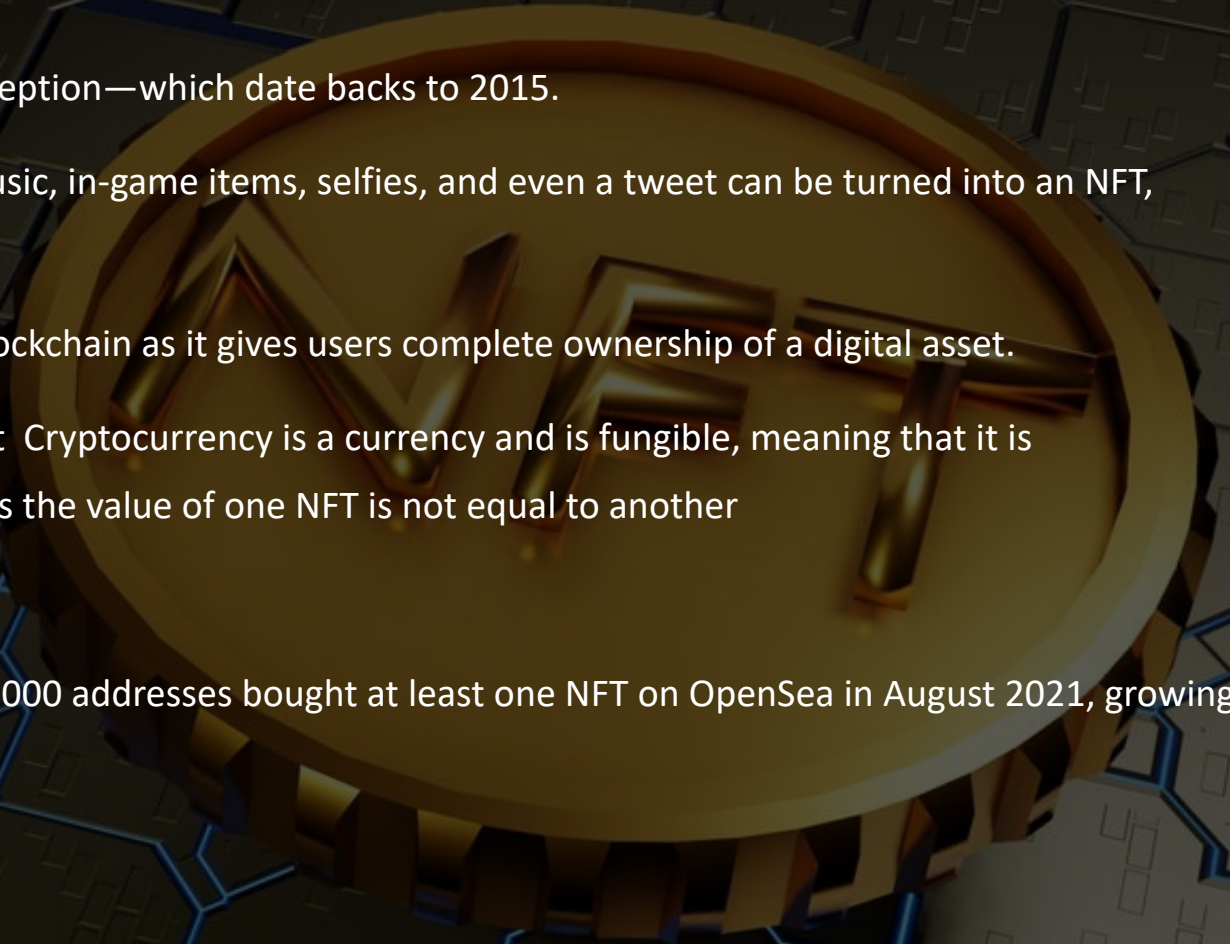
- ❑ The combination of augmented and virtual reality will not only introduce digital elements in the real world, but it will also merge Internet with the virtual world.
- ❑ Metaverse will not only incorporate current Meta products, like WhatsApp and Messenger, but also offer new tools like virtual homes, offices, and ecommerce opportunities for businesses and will also reduce labour taskforce.
- ❑ Users will have complete creative control over their virtual worlds like creating an avatar, designing them their own way, etc.
- ❑ There is huge scope in the development of software applications to support the meta-verse ecosystem as the demand in future is going to increase.
- ❑ Non-Fungible Tokens (NFTs) – the claim of ownership for a unique, non-interchangeable digital asset that is stored on a blockchain – may be widely adopted across the globe.

Concerns/Challenges

- ❑ The metaverse requires infrastructure and technology that currently does not exist.
- ❑ The current form of Internet is limited in its design to hold the digital space and it will take a few years for firms to adopt the technology.
- ❑ Metaverse will most likely be created by big tech companies, giving rise to concerns of walled gardens and cartelization.
- ❑ The interoperable metaverse could also raise questions of data protection as people can enter in with a fake ID.
- ❑ The metaverse will need altogether new rules for censorship, control of communications, regulatory enforcement, tax reporting and prevention of online radicalization.

Non-Fungible Tokens

- Billions of dollars have been spent on NFTs since its inception—which date backs to 2015.
- Everything from your drawings, photos, videos, GIF, music, in-game items, selfies, and even a tweet can be turned into an NFT, which can then be traded online using cryptocurrency.
- It is backed by Blockchain technology. NFT works on blockchain as it gives users complete ownership of a digital asset.
- The difference between cryptocurrency and NFT is that Cryptocurrency is a currency and is fungible, meaning that it is interchangeable but NFTs are non-fungible, that means the value of one NFT is not equal to another
- The NFT Market has grown over 3,000x year over year
- Investors are flooding in and spending more. Over 200,000 addresses bought at least one NFT on OpenSea in August 2021, growing 100x year over year.
- Prices of “blue-chip” NFTs have skyrocketed
- Gas prices spike consistently during NFT drops
- NFTs are leading Ether to become deflationary



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