

*Ivaniuta M.,
State Biotechnological University*

THE CRYPTOCURRENCY INDUSTRY AS A DIRECTION OF DEVELOPMENT OF THE GLOBAL FINANCIAL MARKET

The cryptocurrency industry is growing rapidly and dynamically, playing an increasingly important role in the global financial market. The appearance and popularity of cryptocurrencies is caused by technological, institutional and economic factors. Technological capabilities of modern information technologies and computer systems have reached high indicators. Modern information and technological innovations influence not only the functioning of financial markets, but also all reproduction processes, acting not only as a reason for accelerating the dynamics of economic changes, but also as a new factor of the inherent instability of economic systems.

Cryptocurrencies (from English Cryptocracy) is a type of digital currency, the issue and accounting of which is performed by a decentralized payment system in a fully automatic mode, without the possibility of internal or external administration. The principal feature of cryptocurrencies is that information is stored in blockchain, where asymmetric encryption is used. Each cryptocurrency is based on blockchain technology – a continuous chain of blocks that contains information. Criptoaluti have no central management body, all operations are checked by the network of participants. Cryptocurrencies do not have forced payment refunds, because there is no administration, funds cannot be forced to be frozen or removed without access to the owner's private key.

In some aspects, cryptocurrencies are the most direct competitor of official currencies. Its rapid growth is beginning to draw attention to the risks they can pose to the financial system, especially if one of them suddenly stops maintaining its fixed value.

The first cryptocurrency was Bitcoin, created by a developer or group of developers under the pseudonym Satoshi Nakamoto in 2009. Today there are more than 2 thousand virtual currencies, more than 600 of them are active, and the market value of 30 currencies is more than 1 billion dollars. The most popular of them are Bitcoin (BitSoin, or PTS) and Ethereum, which exist both as money and as payment systems. There are a lot of cryptocurrencies in the world today: Bitcoin, Ethereum, Litecoin, Ripple, Namecoin, Peercoin, but Bitcoin is the most popular development.

Bitcoin began 2021 with an estimate of \$28,9 thousand. The coin further grew and in November 2021 reached the historic maximum of 69 thousand dollars. After that, the BTC price fell rather quickly and finished 2021 at an estimated value of approximately \$ 46,3 thousand. In 2022, the cost of bitcoin continued to fall. In July 2022, it was up to \$19 thousand against the background of poor inflation rates in the United States. In October 2022, the PTS traded in the range of \$19-20

thousand. According to the cryptocurrency aggregator Coingecko, the last year BTC lost 58,8% of its price.

Cryptocurrencies, unlike conventional currencies, have advantages (open code, full anonymity, decentralization, global security), so are the shortcomings (high volatility, risks of hacker attacks, lack of guarantees of return, strengthening of regulatory ban, increasing cost of electricity for mining) and so on.

Economists note that the electronic currency has recently aroused great interest among the public around the world. If we talk about Ukraine, the development of this sector is very active, and today experts consider our country among the world leaders of Bitcoin industry. If only some knew about the "crypt" in 2014, then in 2021 no one will be surprised by the electronic currency. And even more, many earn money by investing in electronic money.

In Ukraine, despite the adoption of the Law "on Virtual assets" dated 17.02.2022, which legalizes the cryptocurrency market, the hryvnia is considered the only legal means of payment. However, Ukrainians were among the biggest connoisseurs of the crypt. Currently, cryptocurrency usage in Ukraine has not reached such indicators as in the USA, Western Europe or Southeast Asia. However, despite the fact that the general public still knows little about cryptocurrencies, including Bitcoin, today Ukraine is among the top 5 countries in the world by the number of users of different Bitcoin-gamanites. The fact is that Bitcoin is very popular among Ukrainian it professionals who are very active in investing real money in virtual currency.

From Bitkoin in Ukraine now work no more than 20 companies. For them you can buy tickets for a concert, exhibition, cinema, theater, circus, dolphinarium, planetary. One of the Ukrainian companies, which was the first to announce that it is ready to work for cryptocurrency and has already received payment for its services by electronic currency, was design and construction company Civilly.

There are two ways to get cryptocurrencies – to buy them with cash or to earn them online. MAYNING is the process of creating new blocks in blockchain, for which the system gives awards. New blocks are created by means of cryptographic calculations for which the masters provide their computing capacities. It also requires the use of large energy resources.

The key problems of the crypto industry in 2021-2022 economists admit:

- 1) the crypto-energy crisis – according to Forbes, in 2021 the world crypto industry used 8 to 15 GW per hour;
- 2) Strengthening regulatory prohibitions – ban or strict regulation of cryptocurrency use has already been applied by China, Turkey, OAU, Bangladesh, Vietnam, Egypt, Indonesia, India;
- 3) high volatility of the course of bitcoin – in 2021 reached 81%, for comparison, volatility of the value of gold in 2021 was 14,4%; 4) widespread fraud – so, in 2019 Japan lost bitcoin worth \$

650 thousand; in 2020 STEAM lost bitcoins to the sum of \$ 1,2 billion; in 2021 Turkey lost BTC to the amount of \$2 billion.

The market and the cryptocurrency ecosystem are developing dynamically, the interest and awareness of individual and institutional investors are growing, and the transparency of issuers and intermediaries is growing. All of this will continue to contribute to deepening the market, reducing manipulation and sensitivity of cryptocurrencies to situational factors and news. Under these conditions, exchange rate fluctuations will decrease over time. By forming a legislative field, complex regulations and supervision of cryptocurrencies will have a clear legal status, and market participants will have the right to legal conduct of business and protect their interests.

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