

Bitcoin as "Digital Gold" is Bad for Crypto Adoption

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"Digital Gold" vs. "Digital Cash"

The core Bitcoin network has a scaling problem, and has had this problem for a while now. As more and more transactions try to fit in Bitcoin's 1MB blocks (once every 10 minutes), network fees have skyrocketed to \$5-10 dollars, and that's even a little low if you want your transaction confirmed within an hour or so.

One response to this problem, especially from supporters of the Bitcoin Core roadmap, is to ignore the problem to some extent. As Bitcoin has seen more attention over the last few years, the price has risen dramatically. As a result, many are now claiming that Bitcoin is not meant to be a "means of exchange" or a form of "digital cash" for day to day transactions. Rather, their viewpoint is that Bitcoin should be seen as a "store of value" or "digital gold".

To be clear about my biases in this space - I think cryptocurrencies are at their most interesting and valuable as a means of exchange; a way to do truly global, peer-to-peer, decentralized cash. I do not care at all for the risky speculative investing that goes on in the crypto space; I believe these currencies should be used or held in small amounts, allowing one to learn more about this fascinating technology and spread adoption.

With that said, I don't have a problem with a digital currency being used as a long term store of value like a "digital gold". There is plenty of room in the crypto space for currencies that solve different problems in different ways. I do, however, think there is a big problem with *Bitcoin* being the currency of choice for that use case.

The Bitcoin Brand, and the problem with Bitcoin as "Digital Gold"

Let's be honest, fellow crypto nerds. How many people in your daily life have actually heard of Bitcoin? And how many of them actually understand it, at least at a high level? How many people actually own some and use it? If you've got the same variety of people in your life as I do, the percentage isn't that high.

Now how many of that small subset of Bitcoin-aware people in your life know about Bitcoin Cash? Ethereum? Litecoin, Vertcoin, Monero, Dash? It's an even smaller percentage, surely. Even if they've heard of them, do they understand how these alternatives to Bitcoin solve different problems? We're down to a sliver of people that understand and adopt these different currencies beyond Bitcoin.

Herein lies the crux of the problem:

Bitcoin is the defacto cryptocurrency. It is the face of digital money, the storefront, the brand, however you want to refer to it.

Whether anyone likes it or not, Bitcoin is what most people hear about first when they hear about cryptocurrencies. And with a now large chunk of the Bitcoin community marketing this as "digital gold", we have the potential to miss out on opportunities for widespread adoption in the coming years.

More and more businesses are going to become interested in adopting cryptocurrencies as a form of payment, they're going to want to start with Bitcoin. It is the biggest after all, and the original value proposition we still see on bitcoin.org is "fast peer-to-peer transactions" and "low processing fees". The reality is far from that, however. When the coffee shop owner realizes his or her customer will have to pay \$10 to buy a \$3 coffee, they're not going to find Bitcoin usable for their business. How many of the already small percentages of crypto-curious entrepreneurs are going to take the time to understand Bitcoin Cash, Litecoin, or Dash? Many will probably say: *screw this* and return to business as usual with fiat.

Satoshi's "Peer-to-peer electronic cash" - How Does Bitcoin Continue That Vision?

The problem is not a cryptocurrency as "digital gold", the problem is *Bitcoin* as "digital gold". The original promise of Bitcoin was indeed a global, peer-to-peer, low fee alternative to centralized payment processors like Visa, Mastercard, or PayPal. But as the Bitcoin community shifts away from that vision, they take the *adoption* of that vision with them.

With a functional implementation of the lightning network at least two years away, and the lack of press for already-scaled alternatives like Bitcoin Cash, Litecoin, etc., it concerns me that adoption of cryptocurrencies will stall. I don't at all fear that they will go away or stop the ceaseless flow of innovation that we've seen since the advent of Satoshi's brilliant whitepaper. But I do worry that Bitcoin's current scaling problems and the community's attitude toward it will lead to several years of stalled adoption in the mainstream. I do hope, however, the problem gets fixed soon and that I am wrong.