**Altcoins**

**Introduction**

Altcoins are alternative cryptocurrencies that were launched after Bitcoin's success. They generally project themselves as better replacements for Bitcoin. Bitcoin's emergence as the first peer-to-peer digital currency was paving the way for many to follow. Most altcoins are trying to target any perceived drawbacks that Bitcoin has and come up with competitive advantages in newer versions.

**Understanding Altcoin**

The term 'Altcoin' is a combination of two words: 'alt' and 'coin' where alt means 'alternative' and coin means 'cryptocurrency'. Together they imply a category of cryptocurrency, which is an alternative to the digital Bitcoin currency. After Bitcoin's success story, many other peer-to-peer digital currencies have emerged to try to mimic that success.

Many altcoins are built based on the basic structure provided by Bitcoin. Therefore, most altcoins are peer-to-peer, require a process of mining by which users solve difficult problems in cracking blocks and provide secure and inexpensive ways of carrying out web transactions. But Altcoins, even with many overlapping features, vary widely from one another.

**Top 10 Altcoins of 2023**

|  |  |  |
| --- | --- | --- |
| **Rank** | **Altcoins** | **Market Cap** |
| 1 | Ethereum (ETH) | $223.3 billion |
| 2 | Binance Coin (BNB) | $37.4 billion |
| 3 | XRP (XRP) | $36.2 billion |
| 4 | Cardano (ADA) | $10.6 billion |
| 5 | Dogecoin (DOGE) | $10.6 billion |
| 6 | Solana (SOL) | $9.4 billion |
| 7 | Tron (TRX) | $6.9 billion |
| 8 | Litecoin (LTC) | $6.6 billion |
| 9 | Polygon (MATIC) | $6.4 billion |
| 10 | Polkadot (DOT) | $6.2 billion |

**1. Ethereum (ETH)**

* **Market cap: $223.3 billion**

Of the $1.25 trillion that represents the total market capitalization of the more than 26,000 crypto assets available today, more than $200 billion is held in [Ethereum](https://www.forbes.com/advisor/in/investing/cryptocurrency/what-is-ethereum-ether/), the biggest altcoin on the market.

Unlike Bitcoin, characterized as a “decentralized currency,” think of Ethereum as a distributed computing network where users can use the [blockchain](https://www.forbes.com/advisor/investing/cryptocurrency/what-is-blockchain/) to run decentralized applications (dApps) and host smart contracts.

“BTC is a store of value while ETH is a decentralized playground for builders to determine the future in the technological innovations of blockchain technology,” says Walker Holmes, vice president of metaverse platform MetaTope.

**2. Binance Coin (BNB)**

* **Market cap: $37.4 billion**

Binance Coin is a utility token that can be used to pay trading fees and get discounted trades on the [Binance](https://www.forbes.com/advisor/investing/cryptocurrency/binance-us-review/" \t "_blank) exchange. You can even use BNB outside the Binance [crypto exchange](https://www.forbes.com/advisor/investing/cryptocurrency/best-crypto-exchanges/) for payment processing, such as booking travel arrangements.

Critics say BNB isn’t as decentralized as other altcoins. Another risk is a reported Securities and Exchange Commission (SEC) investigation into whether Binance should have registered BNB as a security during its initial coin offering.

**3. XRP (XRP)**

* **Market cap: $36.2 billion**

[XRP](https://www.forbes.com/advisor/investing/cryptocurrency/what-is-ripple-xrp/) can be used to facilitate exchanges of different currency types with digital technology and payment processing company Ripple Labs. Although this altcoin has extremely low transaction fees, critics note it faces legal challenges.

Ripple and two of its executives are involved in an SEC lawsuit alleging they should have registered XRP as a security, and the company says XRP is instead a currency.

**4. Cardano (ADA)**

* **Market cap: $10.6 billion**

[Cardano](https://www.forbes.com/advisor/investing/cryptocurrency/cardano-ada/) was an early adopter of the [proof-of-stake](https://www.forbes.com/advisor/investing/cryptocurrency/proof-of-stake/) consensus mechanism, which speeds up transaction time by removing the competitive and energy-intensive problem-solving dimension of platforms like Bitcoin.

“Cardano is a thought leader in the industry that has paved the way for proof of stake consensus mechanisms,” Holmes says. “ADA is a blockchain solution that promises low fees with higher levels of security than many of its counterparts.”

**5. Dogecoin (DOGE)**

* **Market cap: $10.6 billion**

Dogecoin is the original [meme coin](https://www.forbes.com/advisor/investing/cryptocurrency/what-are-meme-coins-are-they-worth-investing-in/), famously started as a joke in 2013. Nevertheless, thanks to a dedicated community and creative memes, it has rapidly evolved into a prominent cryptocurrency.

Richard Gardner, CEO of financial software provider Modulus Global, points out that [DOGE](https://www.forbes.com/advisor/investing/cryptocurrency/how-to-buy-dogecoin/) has had some big backers but remains riskier than Bitcoin.

“Altcoins like DOGE can fluctuate to extreme lows and highs depending on market volatility since they have yet to prove real-world use cases,” says Garry Krugljakow, founder of 0VIX Protocol, a decentralized app that enables crypto lending and borrowing.

**6. Solana (SOL)**

* **Market cap: $9.4 billion**

Developed to help power decentralized finance and apps as well as smart contracts, [Solana](https://www.forbes.com/advisor/investing/cryptocurrency/what-is-solana/) runs on a unique hybrid proof-of-stake and proof-of-history mechanisms to process transactions quickly and securely.

Solana is one of the fastest blockchains out there. Still, it has also faced criticism for being too centralized with very few validating nodes compared with Ethereum, says Whitney Setiawan, research analyst with digital assets exchange Bitrue.

**7. Tron (TRX)**

* **Market cap: $6.9 billion**

Tron was founded in Singapore in 2017. By December 2021, what had started as a decentralized blockchain had grown into a fully decentralized autonomous organization (DAO). Today, Tron has more than 167 million accounts.

Worth a mere $0.0025 at launch, the cryptocurrency was worth $0.082 by mid-2023. That’s an increase of 3,180%, which has turned Tron into one of the world’s fastest growing cryptocurrencies.

**8. Litecoin (LTC)**

* **Market cap: $6.6 billion**

[Litecoin](https://www.forbes.com/advisor/investing/cryptocurrency/litecoin/) is one of the original altcoins, designed to improve several of Bitcoin’s perceived shortcomings, such as slow transaction processing speeds and mining monopolies. LTC is built to be used in everyday transactions, whereas Bitcoin has evolved into more of a “store of value.”

Litecoin has some notable differences from Bitcoin, too. Besides processing speed, there’s the issue of supply. While Bitcoin is capped at a maximum supply of 21 million coins, Litecoin is capped at 84 million coins.

**9. Polygon (MATIC)**

* **Market cap: $6.4 billion**

Polygon is an Ethereum-based scaling platform that allows developers to build dApps with low transaction fees.

“It allows people to process transactions on top of the Ethereum network,” Logvin says. “This solution increases efficiency and saves tons of money on gas (transaction fees).” Gas fees, a transaction fee, are usually cheaper on Polygon than on Ethereum.

**10. Polkadot (DOT)**

* **Market cap: $6.2 billion**

This altcoin powers the Polkadot ecosystem, where developers can build specific-purpose blockchains as spokes connecting to the main Polkadot blockchain hub, says Max Thake, co-founder of peaq, a blockchain network built on [Polkadot](https://www.forbes.com/advisor/investing/cryptocurrency/how-to-buy-polkadot/" \t "_blank). DOT is the native token for Polkadot.

“(There is) a sustained demand for DOT from projects aiming to build on Polkadot,” he says.

This altcoin has better-shared security and is a leader in developer activity and many projects, says James Wo, CEO of blockchain and cryptocurrency investment firm Digital Finance Group. But project progress has been slow, and it lacks star applications to help boost its ecosystem, he says.