***Cryptocurrency*** (or crypto currency) is a digital asset designed to work as a medium of exchange that uses strong cryptography to secure financial transactions, control the creation of additional units, and verify the transfer of assets. Cryptocurrencies use decentralized control as opposed to centralized digital currency and central banking systems.

The decentralized control of each cryptocurrency works through distributed ledger technology, typically a blockchain, that serves as a public financial transaction database. Since the release of bitcoin in 2009, over 6,000 altcoins (alternative variants of bitcoin, or other cryptocurrencies) have been created.

Cryptocurrencies are bringing [evolutionary changes](https://ccoingossip.com/blockchain-can-change-theese-20-industries/) in the payment system and are becoming extremely popular these days because they are easy to use and trade, secure, fast and decentralized. I’m a firm believer that everything on this earth has both pros and cons and Cryptocurrency do have some negative effects of cryptocurrency that cannot be overlooked.

Before talking about the disadvantages let’s see the ***advantages of Cryptocurrency***:

**Easy to Use.**

Everyone knew that in a centralized banking system, opening an account, also accessing your funds in different geographical location is a little bit hard. Whereas, in the case of cryptocurrency you just need a computing device with internet access to create your wallet and use where ever and whenever you want.

**Decentralization.**

Cryptocurrencies have no central authority to control, the network is distributed to all participants, where each computer mining nodes is a member of this system.

This means that there is NO central authority with power to dictate rules for owners of coins. And even if some part of the network goes offline, the payment system will continue to operate stably.

**Low Operation Cost.**

Transferring money by using any other online forum or bank gateway is expensive as they levy considerable fees for the transaction. However, transferring crypto need no pay commission and fees to banks and other organizations. That does not mean cryptocurrencies are free for transactions, crypto is charging a very small amount of the transaction as a fee, and in crypto’s, it is the buyer paying the small fee.

**You Can Do Unlimited Transactions.**

In cryptocurrencies, you can pay using your wallet to anyone, anywhere and any amount. The transaction cannot be controlled or prevented, so you can make transfers anywhere in the world wherever another user with a crypto wallet is located.

**No Inflation.**

Coins are limited to use and mine in cryptocurrencies therefore neither political forces nor corporations able to change this order, there is no possibility for the development of the inflation in the system.

***Disadvantages of Cryptocurrencies*** (These are a bit high in number because of the increasing vitality and the wrong purposes that these are being used for)

**Scalability**

Probably the biggest concerns with [cryptocurrencies](https://www.prescouter.com/2017/10/top-5-cryptocurrencies-blockchain/) are the problems with scaling that are posed. While the number of digital coins and adoption is increasing rapidly, it is still dwarfed by the number of transactions that payment giant, VISA, processes each day. Additionally, the speed of a transaction is another important metric that cryptocurrencies cannot compete with on the same level as players like VISA and Mastercard until the infrastructure delivering these technologies is massively scaled. Such an evolution is complex and difficult to do seamlessly. However, some have already proposed several solutions, [including lightning networks, sharding, and staking](https://medium.com/@EthereumRussian/advantages-and-disadvantages-of-cryptocurrencies-187f0aaf83b3) as options to overcome the scalability issue.

**Cybersecurity issues**

As a digital technology, cryptocurrencies will be subject to cybersecurity breaches, and may fall into the hands of hackers. We have already seen evidence of this, with multiple ICOs getting breached and costing investors [hundreds of millions of dollars this summer alone](https://storeofvalue.github.io/posts/cryptocurrency-hacks-so-far-august-24th/) (one of these attacks by itself resulted in the loss of $473 million). Mitigating this will require continuous upkeep of security infrastructure, but we are already seeing many players dealing with this directly, and using enhanced cybersecurity measures that go beyond those used in the traditional banking industries.

**Price volatility and lack of inherent value**

Price volatility, tied to a lack in inherent value, is a major problem, and one of the specifics that Buffet referred to specifically a few weeks ago when he characterized the cryptocurrency ecosystem as a bubble. It is an important concern, but one which can be overcome by linking the cryptocurrency value directly to tangible and intangible assets ([as we have seen some new players do with diamonds or energy derivatives](https://prescouter.com/2017/11/next-generation-cryptocurrencies/)). Increased adoption should also increase consumer confidence and decrease this volatility.

**Regulations**

Even if we perfect the technology and get rid of all the problems listed above, until the technology is adopted by federal governments and regulated, there will be increased risk in investing in this technology.

Other concerns with the technology are mostly logistical in nature. For example, changing protocols, which becomes necessary when the tech is being improved, can take quite a long time and interrupt the normal flow of operations.