**Network Effects in Cryptocurrency Market:**

**Speculative Demand vs. Transactional Demand**

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**Abstract**

We want to investigate more into how the cryptocurrency market is behaving, and Bitcoin will forever be the dominant player. Previous literature provided great insights on what driving the price of Bitcoin, but not so much on the market as a whole, so we want to fill in the gap by examining the relationship between major cryptocurrencies to better understand how different demands, namely transactional and speculative demand are impacting their relationships. Our preliminary results show that there are still evidence of Bitcoin’s transactional and speculative demand, and Bitcoin’s dominant player’s role may be jeopardized in the decentralized payment system market. In addition, since late December 2017, speculation for Bitcoin has been decreasing for a number of reasons, but not concerns about cyber-attack is not likely to be one of them.