

## BITCOIN AS A MODERN CURRENCY

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**Annotation.** Prerequisites for the emergence of Bitcoin and financial management, pros and cons of Bitcoin, place of Bitcoin in Belarusian economy, development prospects and the possibility of becoming a new payment system based on Bitcoin are considered

**Keywords.** Cryptocurrency, Bitcoin, instability, decentralization, anonymity, money laundering, a legal framework, low commission.

The relevance of the topic is determined by the fact that at present the question of the necessity of using cryptoassets has still remained unsolved. Though there are opponents of electronic currency, it is gaining popularity every year, presenting possible threat to the existing traditional banking system.

Internet commerce constantly collides with intermediaries -- financial transactions are carried out through banks, payment systems, exchangers. This system is good enough for most transactions, but still has its disadvantages due to the need to trust to a third party.

What is needed is an electronic payment systems based on cryptographic proof instead of trust. This is the very case for highlighting Bitcoin.

Bitcoin is the world's first digital decentralized cryptocurrency. At the beginning of its existence the cost of bitcoin was small and was calculated in few cents, since the emphasis was not on commercial interests, but on the possibility of quickly transferring money to anywhere in the world without the involvement of a third party, such as a bank or payment systems (for example, PayPal or Western Union) [1].

Although Bitcoin is a completely virtual currency, it can still be physically transferred using various information media - flash drives, disks, etc.

Bitcoin has a number of advantages that attract attention of both businesses and individual buyers, customers and purchasers, namely:

Decentralization, lack of a managing center that saves the balance sheet information on wallets and transaction list;

Anonymity, achieved on account of the lack of Bitcoin's wallets and password,

Currency cannot be counterfeited (Bitcoin is protected by unique code);

Low commission for transfers (27 cents on average);

The ability to transfer funds to any point of the world;

The total number of Bitcoins, in circulation, equals 21,000,000 pieces. At the same time, there is no danger in Bitcoin amount deficit owing to the fact that each Bitcoin can be divided into 10,000,000 parts [2].

But there is a number of negative factors that prevent the introduction of cryptocurrency into the economy or the creation of a payment system based on it:

Daily large volatility;

Speculative currency courses;

Use cryptocurrency for criminal payments (human trafficking, weapons, narcotic drugs, etc.);

Money laundering.

Despite all the disadvantages the number of interested companies is growing. For example Bitcoin is supported by such companies as KFC, PayPal, Spotify, Microsoft, Starbucks and others. Apple announced that it would accept payments in it. The price of Bitcoin skyrocketed after Tesla spent a \$ 1.5 billion to buy bitcoins on February 8, 2021. [3] As of today, Bitcoin is worth approximately \$ 59,591.

The purchase of bitcoin by states is unlikely, since any investment at this level is aimed at the long term. But the economies of the overwhelming majority of states interact with cryptocurrency in one way or another. For example, despite the fact that the state is not going to buy currency on its own today, the Republic of Belarus is the world leader in creating a legal framework for the development of cryptoindustry. CIS cryptoexchange, Currency.com received the first license from the Hi-Tech Park (HTP) to carry out the activities of a professional participant in the cryptocurrency market and on January 15, 2019 launched the first fully-functional trading platform in Belarus for tokenized exchange-traded assets [4].

Based on the foregoing facts, Bitcoin has every chance of becoming universal currency. As cryptocurrency is a powerful tool for trading, paying for services, investing, Bitcoin can be predicted to completely replace the money we are used to in a couple of decades.

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