

Cryptocurrencies its Impact and Recognition

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ABSTRACT

The objective of this research article is to publicize the emergence of cryptocurrencies and their origins, thus knowing the impact that different currencies are having in the commercial, financial and economic fields through investments, and to know a little about their recognition. We will also mention the different digital currencies or also called cryptocurrencies or cryptocurrencies most used from the moment the purchase begins until the result is obtained, analyzing whether this has a positive or negative impact on the market and how it behaves, as well as the different types of investments and wallets that have emerged over time. In order to understand the economic and financial impact of digital currencies in the economy, different bibliographies related to the trajectory and effect of cryptocurrencies were read, analyzed and filtered, tables were also made and graphs were studied to know the financial behavior through digital currencies. Every day there are more investors interested in learning about these. Its economic results are very diverse depending on the period and how it is coupled with financial institutions, its value remains up and down, it is not something stable. Their legality or not has not yet been decided since it is legal, that is to say that no law prohibits or protects or regulates them. It is concluded that per day, there are more companies interested and that accept cryptocurrencies to obtain their benefits, this investment method is increasingly used. Bogotá is positioned as the city in Colombia that carries out transactions with these crypto assets the most, although the list of users is still small and investors are few. This type of transaction has caused a new practical revolution in the local market, allowing various national and international economic functions to be carried out this favors the expansion of transactions geographically.

INTRODUCTION

Crypto assets are digital currencies that have gained a great space in the financial field since their birth in 2008, thanks to the security of the platforms used for their operations and the profitability that investors can obtain, they have been welcomed with great acceptance in various branches of the economy. In the Virtual world, there are many Cryptocurrencies that can be explored, however, among the best known is mainly Bitcoin, which has been the starting point for the development of other Cryptocurrencies such as Ripple and Ether.

Digital commerce is an occurrence that has undoubtedly caused a great impact on the market, the ease, veracity, solidity, and easy approach to many sectors at the international level, have allowed many people to opt for online purchases; It is through these spaces where cryptocurrencies play an important role as a complement to the needs posed by the virtual market, since they emerge as a payment alternative for purchases. In the case of Colombia, in recent years the use of Cryptocurrencies and particularly Bitcoin, which is the most traded in our country, has increased. Investment transactions that help the economy grow.

This article will delve into the origins of cryptocurrencies and the performance of the financial and commercial market, one of the greatest financial and economic innovations in recent years worldwide, recent in the economy. Bitcoin is mainly taken as a reference, but it should be noted that there are currently many cryptocurrencies, about 20,268 cryptocurrencies, although the number of coins is not exactly known, because anyone can create a crypto asset in a chain of existing blockers without Too much difficulty, technical experiences and investments, this article studies more than all bitcoin, which has been the strongest cryptocurrency within the crypto asset ecosystem, followed by Ethereum among many others.

From its origins to the present, virtual currencies or commonly called cryptocurrencies or cryptocurrencies, have been gaining strength so much so that banks and financial institutions have included them in their portfolio of services, thus giving more credibility and reliability, it will not take long for other traditional entities such as banks and pension funds and governments join it, given the viability and global expansion aimed at the development of technology and digital economy.

The main foundation of traditional marketing embraces cryptocurrencies, it is due to the need to have a decentralized representative unit of value from the country of origin, since this minimizes the risk of devaluation of the national peso and there may be an increase in the asset due to force of this market or valuation, digital currencies or also called crypto assets or crypto currencies, is supported by reliability and transactionality, which is what makes it value itself and the use of this currency as a means of payment, given that it is the best known o used is Bitcoin followed by Ethereum, Another characteristic of this currency is that since it is decentralized, it does not pay taxes or deductions or other discounts made by the country of origin and it can be sold worldwide, this minimizes costs or additional taxes on transactions to other countries.

The main risk of cryptocurrencies is volatility, as well as technological or cyber risks and the ignorance of these that allows third parties to use these ways of operating for scams or thefts.

Let's Get to Know a Little More about Cryptocurrencies!

Cryptocurrencies are digital money. This is any transaction that is carried out electronically, it is used to make purchase and sale transactions. they can also be converted into money. Cryptocurrencies have several characteristics that make them different in relation to the traditional mechanism, they are not controlled or monitored by any regulatory entity and third parties are not required to carry out transactions, they do not have the support of the central bank, cryptocurrencies do not have client protection as the investment guarantee fund.

Cryptocurrencies are decentralized currencies whose way of use protects users for each of the transactions that are made. to make transactions you can use different technologies that make them work. One of these technologies and the most widely used is the blockchain system. We can define this system as a mathematical structure that can only be updated if the majority of the parties agree and that once the information becomes part of that extension it cannot be deleted. This technology also provides an excellent security system with ability to prevent double movement with the same coin or that it can be counterfeited....

The value of cryptocurrencies depends on many variables, including supply and demand, these tend to be more volatile than traditional investments such as stocks. Due to changes in the systems, operating standards, the perception of users and intermediaries who work with this new method of cryptocurrencies, the notoriety of a cryptocurrency above the rest would be one of the factors that influence, if many investors are interested in a certain cryptocurrency, its price will become more expensive.

The opposite result would be to reduce interest, the result of opinions or public news from some experts. As demand decreases, the price will begin to decline rapidly. Sometimes, false information is used as a strategy to change the balance of the markets, affecting many investors. The main ways to calculate the value of cryptocurrencies is based on how we carry out our transactions, some prices or others can be defined.

The risk of investing in cryptocurrencies is very high. Because these price changes are so sudden and abrupt, for which it is considered that specific training is required, in order to participate at the right times, this type of investment can bring benefits. very high, but also the total losses of investments, another of the main risks are cyber risks, this is due to the fact that technology has also advanced hackers siverneticos or people who own someone else's data and steal accounts or cryptocurrencies thus affecting investors. These cryptocurrencies can be stored in Wallets or digital wallets. For the management and storage of cryptocurrencies, digital purses or wallets are used; These are software or hardware that allows us to keep track of our cryptocurrencies, it is where we store the transactions we carry out.

It is important to know that when the procedure is terminated on the platform that manages the digital currency (cryptocurrencies) to invest or sell, the fact is irreversible, it has a database (blockchain) that is responsible for collecting information to generate a single record which does not allow it to be manipulated, since the modality of this investment is digital and not physically and other more electronic methods such as digital wallets must be required, which are not regulated to guarantee security.

According to usability, the main or the best wallets to handle cryptocurrencies are:

Binance, Coinbase, Coinomi, Exodus, Lemon Cash, Trust Wallet, Wasabi Wallet.

LITERATURE REVIEW

Since 2008, the first cryptocurrency, Bitcoin, created by Satoshi Nakamoto, was released. This tool had the purpose of generating efficiency in the transactions of the economic system of the market. Becoming a one hundred percent electronic means of payment as it is a digital currency, which is focused on the barter of goods or services and investment modality. (Cuadrado-Avilés et al., 2021)

The emergence of this currency has been a pillar of growth and advancement of electronic commerce, expanding transactions geographically. Colombia is in third place among other countries (in percentages), it increased its handling of digital currency (positioning us behind China and Nigeria), which obtained 2,000% and 1,400% respectively. (درس, 2019), this tells us that this type of currency is increasingly used to carry out transactions at an international level and that it is evident that the world of cryptocurrencies is constantly growing and expanding.

Fewer risks for merchants: Cryptocurrency transactions are secure, irreversible, do not contain personal and private customer data. This feature protects those involved against losses caused by theft or fraudulent return. Likewise, investors can carry out transactions in new markets where credit cards are not available or where fraud levels are very high. This leads to better commissions, larger markets and less administrative costs. (Daniela et al., 2016)

The cryptocurrency security system prevents anyone except the user with the private key from having access to the stored money. In this way, no external entity can freeze or make available to anyone else's bitcoins. The money belongs solely to the owner. Its cryptographic system preserve its authenticity and avoid its falsification. (Diez, 2019)

Neutral and transparent: All information about the supply of coins is available on the Blockchain for all people who want to use and consult it. No individual or organization can control or manipulate the Bitcoins protocol because it is cryptographically secure. (Museum, 2019).

The economy is changing around technology quickly and effectively and exchanges have been boosted by low-cost transactional means and without the need for the intervention of the State or banking entities. In this context, cryptocurrencies are something innovative and striking for people who are getting involved in this new market (González, Granada, 2016, p. 11). In 2021, resolution 314 was issued, promulgated on December 15, 2021 by the Financial Information and Analysis Unit (UIAF), which obliges cryptocurrency exchange platforms to report their operations. (R314-21, nd)

In 2020 and 2021 during the Covid-19 health crisis, the use of cryptocurrencies increased, giving them great recognition and growth, a relevant importance due to user income. Easy access for common people. From its legality, investors are warned about the use and regulation of these cryptocurrencies. (Campos, JPA, Rozo, DJP, Velásquez, ABP, Villamizar, DAS, & Parada, LMP (2022). The Impact of Cryptocurrencies in Colombia. CONVICCIONES Magazine, 9(17).

METHODOLOGY

For the understanding of the recognition and the impact that cryptocurrencies have on the economy, the reading, analysis and debugging of different bibliographies related to the path and the effect that cryptocurrencies have was carried out, graphs and tables were also studied to know the behavior of the market through digital currencies.

According to a survey carried out by the SeSocio platform, in the cities of Bogotá, Cali, Medellín, Barranquilla and Bucaramanga it was found that the majority of those who invest in cryptocurrencies have a partner (55.3%), live in their own home (70.5%), % and is in Bogotá (24.4%), the majority of people who invest in cryptocurrencies are employed.

Regarding the electronic management of users and intermediaries of digital currencies, 64% of the interviewees frequently handle bank movements with different digital platforms and 61% of the interviewees indicated that they make purchases online. Every day, more businesses accept digital currencies to take advantage of its advantages, but the list of users is still small and needs to grow so that they can benefit from its network effect. (Díez, 2019)

According to the investigation of the Sesocio page, some data can be used as a reference, among which we have:

Cities: Barranquilla, with 35%, followed by Bogotá with 24%, Bucaramanga with 19% and finally Medellín with 18% and Cali 16%.

Gender: The largest female population represented with 53%, and the male with 47%

Strata: These we find is stratum 3 represented with 35% of , extract 4 with 27%, stratum 2 with 25%, stratum 5 and 6 13%,

Occupation: In this we can see that the occupation with the greatest investment is the independent person represented with 74% and the age in which the greatest investment is reflected, retirees 10%, students 7%, others 9%

Age: 20-30 years 39 , 31-40 years 26%, 41-50 years 18%, 51-60 years 14%, over 60 years 3%

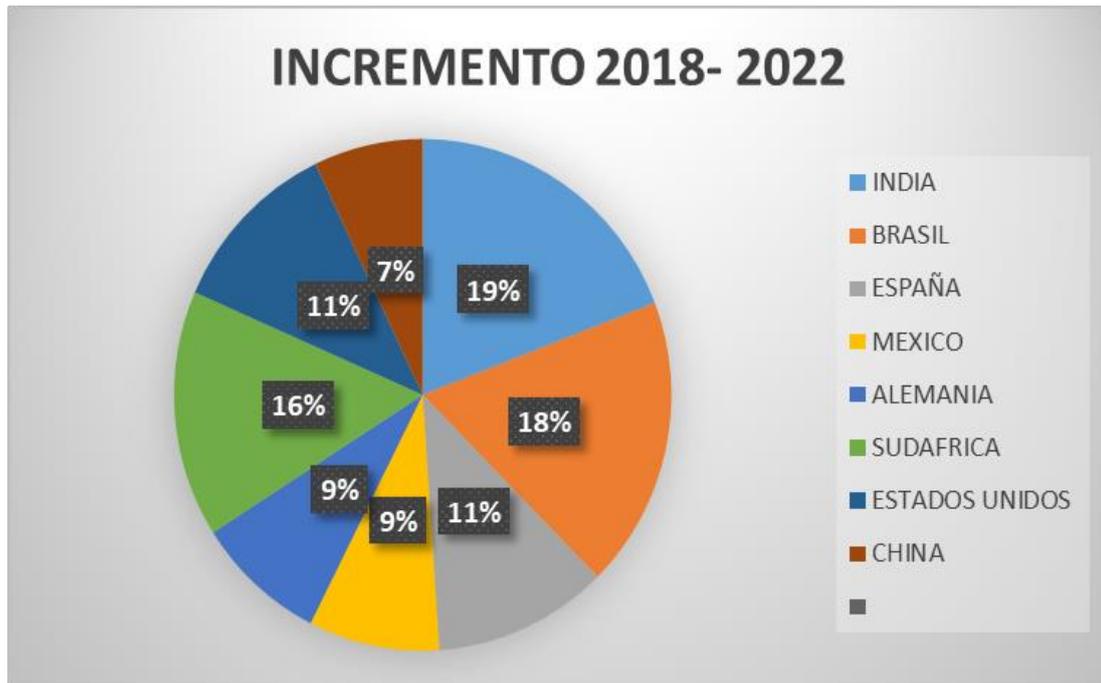


Figure 1. Cryptocurrency Growth from 2018 to 2022

Source: Statista

According to a survey carried out by Mena Rua in the years of 2019, 2020, 2021 and 2022, he exposes the following result, it is quite popular in India, where in 2021/2022 27% of those surveyed said they owned bitcoins or altcoins – a term that refers to to any cryptocurrency other than Bitcoin. Compared to the survey carried out in 2018/2019, the proportion has increased by 19 percentage points. Coins based on blockchain technology have also experienced a significant boom in the last three years in countries such as the United States, Brazil or Germany. In Spain, 16% of those surveyed claim to use or own cryptocurrencies in 2021/2022, compared to 10% in 2018/2019. In contrast, in Mexico (12%), one of the two Latin American countries collected in the graph, the percentage remains unchanged and in China even decreases one percentage point.

Cryptocurrency is a financial instrument based on cryptography. In other words, the technology used to encrypt or decrypt information using mathematical algorithms allows the exchange of messages that are only read by the recipient. Provides a secure payment system service with the function of direct exchange between points (Cuadrado-Avilés, et al.2021)



Figure 2. Benefits of Investing in Cryptocurrencies?

The main attraction that cryptocurrencies always have and will still have is a very high potential for profit. Some of them, as in the case of Bitcoin, have experienced a significant increase in value. This brings huge profits to investors who have bought bitcoins at low prices. However, keep in mind that the value of cryptocurrencies can also decrease. In other words, income is not guaranteed.

The bitcoin price increased significantly at the beginning of 2023. Another important point regarding the benefits of investing in them is the concept of innovation. They are clearly an innovation in finance and technology. Think about how they allow you to transact from one end of the world to the other without the need for an intermediary organization. They are already very convenient compared to other traditional monetary methods.

There are many cryptocurrencies on the market, each with its own characteristics and uses, among which there are four main cryptocurrencies:

1. Bitcoin (BTC): It is the first and largest cryptocurrency in terms of market value. It was released in 2009 and got first place. This is definitely the most popular of all and the most supported and accepted.

2. Ethereum (ETH): In terms of market capitalization, it is second only to bitcoin. It was launched in 2015 and focuses on the concept of smart contracts and decentralized applications. Its growth is very fast and it is the main currency in which the NFT is exchanged.

3. Cardano (ADA): It is not as popular as the other two, but it is very attractive. It is a decentralized blockchain and cryptocurrency platform launched in 2015 by a blockchain research and development company, and one of the co-founders of Ethereum.

4. Dogecoin (DOGE): You may know her because she became very popular in 2021 after Elon Musk said that he believes in her a lot and has dogecoins. This cryptocurrency was created in 2013 as a hoax by developer and marketer Adobe. However, it has gained popularity thanks to all the celebrities who have started using it and investing in it. Arruabarrena, M. (2023, February 9).

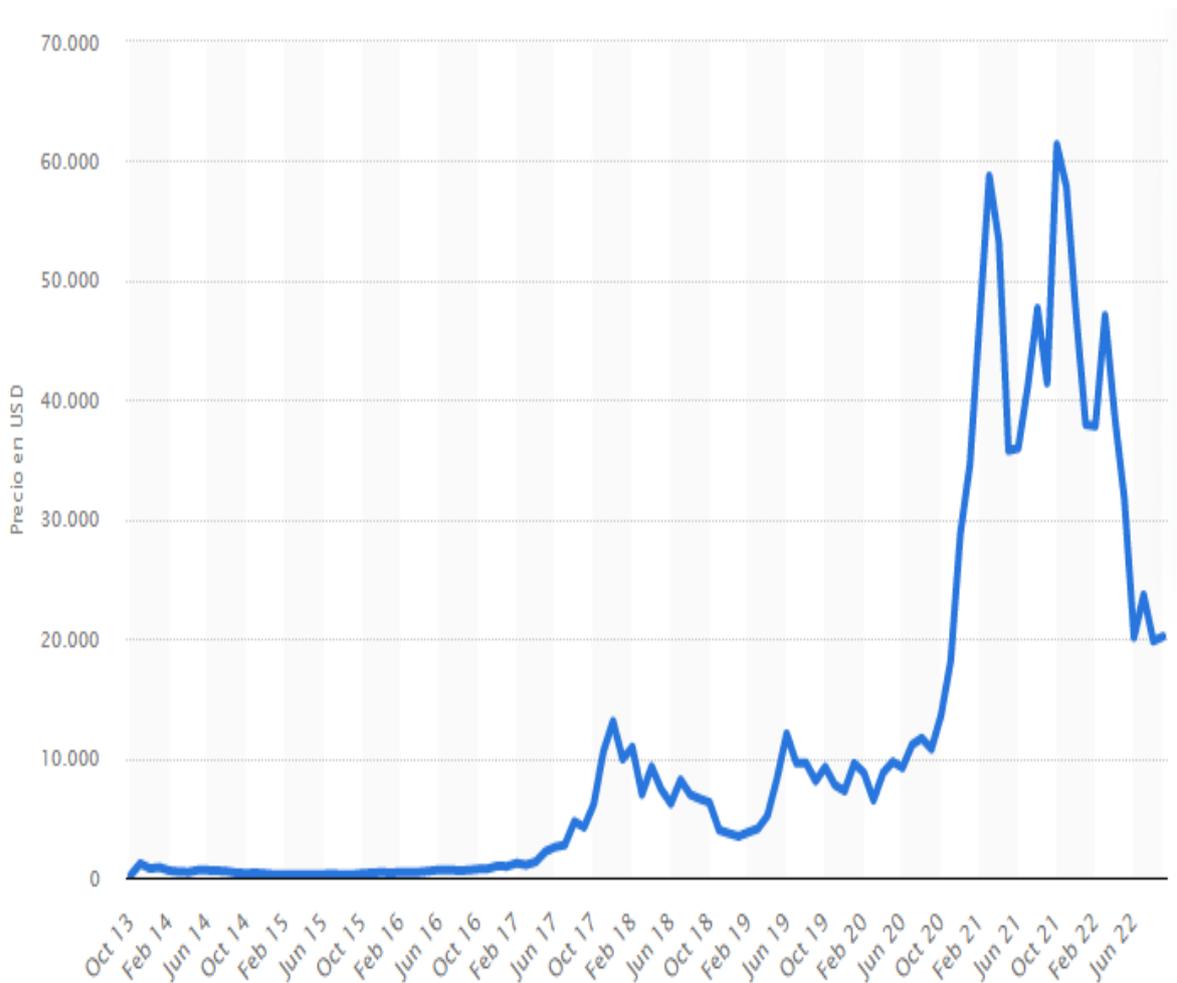


Figure 3. Behavior of the Bitcoin Price from 2013 to 2022
Fountain. Statista (2022)

This behavior has led to multiple reflections on the returns, the use of this asset, the legislation and even the investment times in it. (Holub & Johnson, 2018, p. 3) Colombia has been one of the countries that has stood out for presenting continuous movements of transactions in the market where cryptocurrencies are traded despite the uncertainty and lack of regulation under the policies of the Colombian government.

Table 1. Normogram

RULE	DESCRIPTION
LAW 9. FROM 1991	Consequently, general rules are issued to be followed by national governments to regulate international trade and additional measures are taken.
Law 1341 of 2009	It establishes that the Telecommunications Regulatory Commission - CRT, to which Law No. 142 of 1994 applies, will be called the Communications Regulatory Commission (CRC), a special administrative entity with administrative, technical and patrimonial independence, without legal personality, attached to the Communication Ministry. information and communication technologies and will be the authority in charge of promoting competition, preventing abuse of a dominant position and regulating the markets for communication networks and services; that the provision of services is cost-effective and reflects a high level of quality.
Law 31 of 1992	In accordance with the rules that the Banco de la República must follow for the performance of its functions, the government determines the procedure for international exchanges, issues the statutes of the banks and performs control functions.
Decree 2520 of 1993	The Banco de la República Regulations were issued.
External Resolution 8 of 2000 and its modifications	Who summarizes the international exchange regime?
Circular Letter No. 29 of 2014	Issued by the Colombian Financial Authority, it establishes that entities under the supervision of the agency are not authorized to protect, invest or trade virtual currencies such as cryptocurrencies.

Source: Bank of the Republic(from Banco La República, Nd)

After studying these rules established by the Bank of the Republic, he came to the conclusion that investing in bitcoin is something that any individual or organization can do. Therefore, each of these movements or transactions is something positive for the economy, since it increases the way we do business and all this at the service of progress in understanding and adapting to the new vision of the world that digital currency creates...(Mecheba Molongua Tutor & Antonio García Cebro, nd; Rivas, 2016)

There are different types of wallets or virtual purses which allow us to execute functions with cryptocurrencies, either to make inquiries or transactions to different banks. Among the wallets we will talk about two, the traditional ones and the one for cryptocurrencies.

Traditional wallets are related to debit and credit cards with which regular purchases are made. Different types of currencies are handled in cryptocurrency Wallets (dollar, euro, yen, etc.). This digital wallet allows you to exchange, acquire, manage and invest digital currencies.

How Cryptocurrency Wallets Work

This is the platform to dispose of cryptocurrencies, it is created to store and generate the public and private keys of the digital purses (wallets). Since the coins are not in a physical form, they are records of transactions that enter the blockchain operated by a node interconnected throughout the world. Given this, we can have the public and private keys in a wallet that gives us domain and rights in the cryptocurrencies that are transferred to an address.

The Most Used Wallets for Managing Cryptocurrencies

When using a wallet, security, management and compatibility with the platform must be taken into account. Here we name some of the most used:

- Bitpanda
- Coinbase
- Exodus
- Trust Wallet
- Binance
- Coinomi
- Lemon Cash
- Wasabi Wallet

The Best Wallets to Manage Bitcoins

- Bitcoin Core
- Breez
- Electron

Cryptocurrencies

Bitpanda

BitPanda is a cryptocurrency exchange based in Vienna, Austria. Founded in 2014, BitPanda allows users to buy, sell, and store various cryptocurrencies, including Bitcoin, Ethereum, Litecoin, Bitcoin Cash, and other popular digital assets. In addition to its cryptocurrency exchange platform, it also offers a digital wallet to store cryptocurrencies and a debit card that allows users to spend their cryptocurrencies in everyday life.

BitPanda also offers an automated trading service called “BitPanda Savings” that allows people to invest in cryptocurrencies automatically. This has become one of the most popular cryptocurrency platforms in Europe, with more than 3 million registered users in more than 100 countries. The platform has built a solid reputation for its security and ease of use, and has been awarded several cryptocurrency industry awards.

Binance

It is one of the best known and used virtual wallets in Europe, since it allows you to operate with more than 350 cryptocurrencies. One notable detail is that current legislation requires Binance to share all account transaction information with local banks.

The process to create an account is somewhat cumbersome, since the verification process is complex and slow, but the security level of the application is very high. It has a mobile and desktop version, and offers a free physical card with which you can pay for products and services. Currently, the platform has more than 120 million registered users and a trading volume of €70,000 million per day. In addition, it has one of the lowest transaction commission rates on the market (less than 0.10%).

Bitcoin

Bitcoin Core

It is open source software, licensed by MIT, that everyone can run if they want to comply with the Bitcoin protocol consensus. So far, it is the only one that fully implements the Bitcoin protocol. It is made up of a program, with which complete nodes are created, which download the entire blockchain so that it is possible for the nodes to validate it. How the wallet, operates and manages the Bitcoins, in addition to verifying all the operations that are carried out.

Breez

Breez is a bitcoin Lightning Network (technology that allows peer-to-peer payments –outside the bitcoin blockchain– with instant confirmations) wallet that allows you to interact with this network in a friendly way, facilitating the way we receive and send micro payments. Previously, to use the Lightning Network technology, it was necessary to have a full Bitcoin node running on the network, which meant having more than 200 GB of storage.

Breez is the Bitcoin Lightning Network wallet that makes it possible for you to interact in a more friendly way with this network, making it easier to send and receive micro-payments. One of its greatest advantages is that it allows you to make recharges or withdrawals directly in BTC, without having to resort to intermediaries or external exchange houses.



Figure 4. Criptomodenas

RESULTS

The cryptocurrency made its appearance in the digital world in 2009, from the date we find that it has had a great development. Most people have even minimal knowledge about what a cryptocurrency is, but there are still many who do not know it, taking into account that its beginnings were not in Colombia, they have been favorably received and with this investigation we have found that there are very few people to whom the subject has not reached them. It is a phenomenon that is becoming a trend, people by general culture have investigated digital currency. The investment process in cryptocurrencies is simple as long as you have the purchasing power to do it,

Every day more businesses accept cryptocurrencies to take advantage of their advantages, but the list of users is still small. This type of transaction has generated a positive impact and has allowed economic activities to be carried out inside and outside the country; this favors the expansion of transactions geographically (Mecheba Molongua Tutor & Antonio García Cebro, nd)

CONCLUSIONS

According to a study aimed at understanding the collision of cryptocurrencies in business and investment transactions, it can be concluded that digital currencies have been strongly integrated into the financial world, as more and more investors appear. The impact on the financial world is quite varied depending on the period and the approval of financial institutions. Its validity is yet to be determined since there are no laws that regulate or protect it. More and more cryptocurrency companies appear on investor services, which makes them more interested every day.

The world as a whole has to change many times because its economic development is in constant motion, entering the world of cryptocurrencies opens a vision of growth and consolidation, affecting the development and growth of the economy, focus on earning, investing and showing the world that the common in such a developed world does not work and day by day new alternatives arise to continuously improve the world economy.

It can also be said that cryptocurrency is a practice that is currently positioning itself in many countries as an alternative to traditional currencies, digital units that can be used as a means of payment when exchanging goods, services and a way of investing. Together with cryptocurrencies, virtual wallets are a safe, easy and reliable way to manage money received through international transfers.

Cryptocurrencies continue to increase, daily on various digital platforms, which are in charge of these digital currencies which are established and available to different types of investors who seek to improve their financial growth and take advantage of the digital world to increase their income quickly and agilely. Not without first verifying its existence and validity in the cyber market, since none of these platforms are regulated or monitored by financial entities that support your investment.

The use of this new payment method came to facilitate movements between countries and different currencies, it is an alternative that with knowledge of them and good management, economic benefits can be obtained in the future. The source between the digital and the final process that is to obtain the physical benefit as such is through virtual wallets, for this reason the importance of selecting the most suitable for our needs, since by this means we obtain our profits or we can convert currencies to invest in different digital platforms.

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