

# The different roles of Bitcoin and Ethereum in the virtual currency world

In the virtual currency world, Bitcoin mainly exists as an investment asset, while Ethereum contributes to building a completely independent virtual infrastructure.

Ether (ETH), the second largest currency in the virtual currency world, is attracting the attention of players who want to move away from Bitcoin. It just set a record when it surpassed \$4,000 on May 10, equivalent to a value increase of more than 450% since the beginning of 2021. That rate is not as shocking as Dogecoin's 11,000% increase, but analysts say ETH could become an important platform for many fields in the future, instead of just a joke like virtual currency taking the shiba dog symbol.

Ether is a coin built on Ethereum, the open source blockchain platform that programmer Vitalik Buterin and many entrepreneurs in the virtual currency field created in 2013. Many of these people have joined the Bitcoin platform before.

Buterin believes that Bitcoin is too limited in terms of features. He compares it to a digital pocket computer that is capable of "doing a single task well," while Ethereum is like a smartphone with a host of distinct applications for users. This is the main advantage of Ethereum. It was born thanks to blockchain technology, which is basically a network of computers that specializes in recording virtual currency transactions. However, unlike Bitcoin, developers can build applications on the Ethereum platform.

'Ethereum is a blockchain that integrates programming languages, which is also the most logical way to build a platform that can be used in many different applications,' Buterin explained.



The Ethereum network uses smart contracts (SCs), computer programs based on a programming language to execute existing instructions and operate on the blockchain. They lead to the birth of distributed applications (dapps), similar to applications running on Android or iOS, the difference is that they are not under the control of

a single company or government.

Activity on the Ethereum network has recently surged thanks to the popularity of NFTs (Non-fungible tokens), chains of codes that represent items, and uses of blockchain technology. Many types of NFTs now run on Ethereum.

For comparison, Bitcoin is a payment network used to transact between two people anywhere in the world. Currently Bitcoin mainly exists as an investment asset in the virtual currency world. In contrast, Ethereum aims to build a virtual infrastructure that is completely independent, independent of any authority.

One of the big trends in Ethereum right now is decentralized finance, which describes traditional financial products such as loans and mortgages using blockchain technology. In this case, the blockchain replaces the middleman like a bank and records everything in the network.

Possessing many advantages, but Ethereum is also not perfect. In 2017, the popularity of the game CryptoKitties caused heavy congestion on the Ethereum network, slowing down transactions and causing game developers to increase service fees.

Scalability is one of the biggest problems with Ethereum right now. It is operating in a proof-of-work (PoW) manner, similar to Bitcoin. PoW allows virtual currency miners to use computers to solve complex math problems to validate transactions, and has caused a lot of criticism when many people believe that the virtual currency network using PoW is consuming too much energy. quantity.

Ethereum is preparing for an ambitious upgrade called Ethereum 2.0, in which the network will switch to a proof-of-stake (PoS) method - relying on people who already hold virtual currency to process new transactions. .

Cryptocurrency investors believe that this upgrade will help the Ethereum network scale, process more transactions in less time, as well as support applications with millions of users. However, it can also lead to a dizzying escalation in the exchange value in a short time, as more and more ETH is hoarded in preparation for Ethereum 2.0. In theory, this would limit the supply of ETH.

Some experts are still skeptical about virtual currencies like Bitcoin and Ether, referring to the virtual currency bubble that inflated in 2017 when each Bitcoin hit \$20,000, before plunging to more than \$3,000 a day later. year. This issue may change as professional investors pay more attention to cryptocurrencies.

You finished reading the article "**The different roles of Bitcoin and Ethereum in the virtual currency world**" edited by the [TipsMake](#) team. We hope this article has provided you with many useful tech tips and tricks. You can search for similar articles on tips and guides. Thank you for reading and for following us regularly.