

Financial Experts Share Their Opinions on Bitcoin



[Merlin Rothfeld](#), Investment Strategist and Instructor, [Online Trading Academy](#)

Virtual currencies, more commonly known as cryptocurrency or crypto for short, have caused a stir in the currency market. Bitcoin, the most popular cryptocurrency, and others like it have no real physical existence. They exist only in the digital world. Their value is defined by a blockchain or complex code that can be shared among multiple computers but is completely anonymous and independent of any government issuer. This makes crypto attractive for both legitimate (such as supply chain transactions between a company and its vendors) and illegal (laundering of money from drug transactions) use.

Cryptocurrency, like the dollar, yen, franc, etc., can also be traded on the stock market. However, it has proven to be a

volatile investment, with the value of a Bitcoin rising to \$20,000 in late 2017 before falling back dramatically. While some financial experts see great potential in cryptocurrency, others feel it represents a highly inflated asset similar to other bubbles of the past.

So what are the opinions of financial experts concerning Bitcoin? Below, several experts weigh in with their thoughts and advice on Bitcoin and cryptocurrency.

15 Expert Opinions on Bitcoin

“The Bitcoin protocol has immense intrinsic value as a self-regulating frictionless payment network affordable to almost anyone. Here is a technology that allows anyone to send any amount of money to anyone else in the world at virtually no cost with nothing more than an Internet connection or smart phone. Bitcoin, like the Internet, is one of those innovations that can break down barriers; information barriers in the case of the Internet, and financial barriers with Bitcoin.”

Dan Roseman, Coinality.com

[Website](#) | [Twitter](#)

“Through rose-tinted glasses, Bitcoin can do no wrong. It is a currency that is free of central bank control, is decentralized, and it has proven that it can serve as a store of value for people who lose trust in their national currency (Greece, for example). However, the supply of every currency is controlled by some function, and in the case of the Bitcoin it is through the process known as “mining.” In layman’s terms, Bitcoin mining is the only way to introduce new currency to the marketplace, and it is performed by “miners” who use expensive software to solve math problems in exchange for the currency.

While the sheer difficulty of mining assures Bitcoin users that there won't ever be a massive supply shock in the digital market, the way that Bitcoins are created causes one enormous problem. Primarily, it incentivizes miners to hoard the currency upon receiving it. This is one of the main causes of Bitcoin's price volatility (it's estimated that up to 25% of Bitcoins mined have never even entered the marketplace). The only way to alleviate this issue is to mandate that miners have to exchange all newly-mined Bitcoins for another currency of their choice. Otherwise, volatility will end up killing this currency's potential, and a group of Bitcoin miners will control the supply. Is that really any better than a central bank?"

Jake Mann

Editor, Insider Monkey [Website](#) | [Twitter](#)

"As a fee-only financial planner, I have a fiduciary responsibility to my clients to only recommend investments that are suitable to their specific investment plan and risk profile. While my clients' risk tolerances run the gamut from conservative to aggressive, Bitcoin, with its short history, volatile price movements, and lack of intrinsic value is hard to ever recommend as an investment. While one could make the case for an investment in currencies (due to their diversification benefits), a purchase of Bitcoin would be pure speculation, akin to penny stocks.

As an investment, I won't touch it. But as a concept, I love it! A global currency would eliminate the need for exchanges making global commerce easier by increasing efficiency, reducing transaction costs, and ultimately reducing costs for the end consumer. Even better, Bitcoin is not controlled by a central bank, thereby reducing the risk of manipulation from authoritarian governments. And with a limited supply,

inflation should be kept at a minimum.

I wish Bitcoin all the best of luck, but I'm afraid it may never make it into one of our investment portfolios."

Phillip Christenson

CFA, Phillip James Financial [Website](#) | [Twitter](#)

"Currently, Bitcoin is a virtual and decentralized currency used to trade for goods and services, not backed by any government, company, or organization. It's truly a global unregulated currency that is not taxed at any level. Multiple attempts have been made to harness in virtual currency, but much like the government attempts to regulate the Internet, the regulations so far have failed. At some point, Bitcoins will likely need to be regulated to have lasting power. The questions will be who and how. Currently the Senate Homeland Security and Government Affairs Committee is investigating Bitcoins and other virtual currencies.

FinCEN has issued guidance concerning virtual currencies and their administrators and exchanges that subject these companies to the same regulatory responsibilities as other financial institutions. States are also involved. The NY Dept. of Financial Services recently sent numerous subpoenas to Bitcoin businesses requesting information regarding their policies to prevent money laundering and ensuring consumer protections."

Braden Perry

Partner, KENNYHERTZ PERRY LLC [Website](#) | [Twitter](#)

"Think of the implications of a currency that has no borders, bars no one from entry, and is not controlled by a government.

At a time when we're seeing just how much power is abused... I think the world is ready for a currency that is decentralized and controlled by the people. But yes, Bitcoin still has a journey ahead of it. It needs greater adoption, and more simplicity to appeal to the general public. But then again, the general public should be more informed anyway. Monetary decisions affect them more than the people that make the decisions."

Robert Lons

Co-founder of BitcoinWebHosting.net [Website](#) | [Twitter](#)

"Bitcoin is an interesting idea, but I think their mechanism for regulating the currency supply is fundamentally flawed. Because the Bitcoin supply doesn't increase in proportion to the growth or use of Bitcoins, there is a deflationary effect, creating an incentive for people to hoard Bitcoins rather than spend them. Gresham's Law in economics suggests that for a complementary currency to be successful, it needs to have an inflationary effect that exceeds inflation in the national currency."

Alex Zorach

Community Currency Developer, Founder of Merit Exchange LLC [Website](#) | [Twitter](#)

"At this point, Bitcoin is neither a legitimate form of currency nor an investment. Until it gains widespread acceptance and price stability, it will never be a mainstream method of payment. And from an investing perspective, Bitcoin's uncertain future and the lack of any meaningful fundamental metrics make it a speculation at best, and gambling at worst."

Anton Ivanov

Founder of DreamsCashTrue.com

“The biggest challenges that Bitcoin currently faces are flow of funds, a lack of market makers, and outsized exchange rate risk. It’s nearly impossible to move USD in and out of the largest trading platform (MtGox) and, as a result, there are very few significant market makers participating in the exchange. Absent reliable providers of a liquid marketplace, volatility will remain high. This presents major difficulties for businesses and individuals that might otherwise accept Bitcoin as payment for goods and service in forecasting Bitcoin exchange rate risk. Bitcoin can’t be a viable long-term currency unless, and until, it is more broadly accepted as an exchange medium for items of real value (i.e. these goods and services). These challenges are interconnected, and the current regulatory assault is the single most important aggravating factor to these circumstances.”

Andrew Magliochetti

Managing Director, Maroon Capital Group [Website](#) | [Twitter](#)

“Most finance pros are divided on Bitcoin’s usefulness, value, legality, and whether it’s a currency or commodity or something else. But one thing we can all agree on is, while it’s much safer (and cheaper!) for a merchant to receive a payment in Bitcoin over credit card, only very few merchants in the world accept it, which is keeping the awareness, price, and usefulness of Bitcoin low. So, until accepting Bitcoin becomes ubiquitous, where purchasers and vendors won’t ever need to exchange it for fiat currency because they can spend it in most places, Bitcoin users need to continually exchange their coins for \$USD or look for services to make spending

coins as easy as swiping a credit card.”

George Burke

Former CMO of cryptocurrency exchange Crypto.St. Founder of payment startup FreshPay. [Twitter](#)

“Bitcoin is a scam that needlessly hurts the environment: 1) Round trip trades inflate prices and make it look more liquid a market, according to one of the founders of RSA. 2) The European Central Bank says it’s a risky system for its users and could easily become illiquid. 3) The Electronic Frontier Foundation won’t accept Bitcoin for all the legal concerns associated with it from the stamp act, to money laundering, to tax evasion. 4) The system is prone to theft given the file sharing nature and this has occurred several times. 5) Computers processing Bitcoin transactions use over \$100,000 worth of electricity everyday.”

John Paul Engel

Founder of Project Be the Change [Website](#) | [Twitter](#)

“Bitcoin really needs to be broken down into two areas: viability as a currency and as a trading vehicle. As a viable currency, I’m excited and fearful for it. I love the thought of taking the power away from our government and the Fed’s ability to print money into infinity. On the dark side of it, it has opened the doors to privacy coins which can be used to hide transactions. This creates an ideal environment for illegal activities, tax evasion, and much more! It’s important to understand each of the different cryptocurrency or token, as each is constructed differently. I’m a big believer in bitcoin as it has a high degree of transparency, security, and scarcity (which is a major factor in prices rising).

As a trader, it offers some incredible opportunities. Price fluctuations have been all over the map recently. I remember trading this back in 2017 and witnessing Bitcoin has risen nearly 100% in 2 months, prior to that it fell 55% in 2 months. From April – July 2019, bitcoin rose 243%. This volatility is incredible and, if you're on the right side of the trade, can be very profitable.”

Merlin Rothfeld

Power Trading Radio Host and Instructor at Online Trading Academy | [Twitter](#)

“Bitcoin might have an inflationary or deflationary effect. It's too early to be sure which way it might influence monetary aggregates and velocity of circulation. It could expand the de facto money supply and could increase or decrease the velocity of circulation of the supply of fiat money and near-money.

Bitcoin might bring back Gresham's Law by driving out inferior or “bad” money. Central banks fight deflation by putting more fiat money into circulation. Consumers and businesses then spend it and raise the demand for goods and services. That creates inflation. That policy hasn't worked very well since 2008 because the consumers and businesses have been so cautious. They have held onto money instead of spending it.”

Dr. John C. Edmunds

National Economist and Financial Reformist [Website](#)

“My thoughts on Bitcoin and the other currencies is that they ought to be legal unless there is fraud involved. The government should not get involved in regulating private money if there is no fraud. I do not take a position on Bitcoin and

other proposed currencies in a technical fashion, but I understand the political ramifications of them, and I think that government should stay out of them and they should be perfectly legal, even though I don't endorse (technically) one over another." – Quote from Reddit.com

Ron Paul

American Politician [Twitter](#)

"F.A. Hayek, the famous Austrian Economist, was a strong advocate of competing currency systems developed by the free market, and then letting the buyers/sellers in global markets choose which will become credible and dominant as medium of exchange and store of value to facilitate trade. The US Dollar, established in 1913 with absolute control over Central Banking duties for USA, has lost over 97% of its purchasing power parity. I call the Federal Reserve Notes system a dismal failure. I hope the Bitcoin model, which was created by the powerful innovative free market system, will earn serious traction and acceptance as a global alternative digital currency model, and will compete with all fiat currency systems. The power of Bitcoin is that no central bank can print Bitcoins and dilute its purchasing power parity."

John O'Donnell

Chief Knowledge Officer, Online Trading Academy [Twitter](#)

"The Bitcoin industry has been rife with scams and thefts, so it's hard to believe that the currency will be able to sustain itself over the long term. Even though there are some who claim Bitcoins are the currency of the future, I just don't see it. It has also been linked to drug trafficking and illegal gambling. I see it as a fad and nothing more, and as

more people lose real money because of the legal issues surrounding Bitcoin, I eventually see it fading from existence.”

Andrew Schrage

Founder and CEO of Money Crashers Personal Finance [Website](#) | [Twitter](#)