

Why Does Bitcoin Have Such A Big Influence On Other Cryptocurrencies



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By entering the current bull run, the cryptocurrency market has shown investors all over the globe that it can stand the test of time. People have regained their trust in crypto and are seeking to buy bitcoin with credit card to participate in the financial revolution.

Investors are often looking at alternate cryptocurrencies to make considerable profits by trading in and out of them. However, aspiring traders and investors should always be aware that the market heavily depends on one cryptocurrency – Bitcoin.

In this article, we will explain why Bitcoin has so much

influence on other cryptos. To achieve this we explore its basics and some major events that helped it reach a value over 1 trillion dollars in just over a decade.

What is Bitcoin?

Bitcoin was launched way back in 2009, by the mysterious Satoshi Nakamoto. To this day, the identity of its creator remains unknown.

Nakamoto created Bitcoin with the purpose to provide humanity with a universal digital currency, where users could exchange value without the need of any intermediary.

He considered our current financial system to be doomed to fail, mainly because of its dependency on governments and central banks. His answer was Bitcoin, a peer-to-peer digital currency with a limited supply, that would provide a hedge against inflation and open the internet economy to anyone on the globe.

Thanks to this vision, the niche project with just a dozen of miners and users has evolved into a trillion-dollar financial system that spawned an entire industry. Bitcoin revolutionized finances, providing an alternative away from banks and governments.

Top 4 reasons why Bitcoin can influence the entire crypto market

If you have been following the cryptocurrency market, you might have noticed by now that every time Bitcoin's price goes down, alternative cryptocurrency prices (commonly called altcoins) follow. The opposite is equally true – when the price of bitcoin rallies, we expect altcoins to go up in price shortly after.

But why does this happen? What makes Bitcoin so important that an entire industry follows it so closely? If we made the parallel to stock markets, it would be ludicrous to think that all of the Nasdaq would crash just because of Microsoft stocks, for instance.

Bitcoin was the first

Being the pioneer in this new industry has put a lot of weight on Bitcoin's shoulders over the years. However, this has also allowed the original cryptocurrency to cement itself as a sure store of value, increasing its popularity to astronomical levels.

No matter what anyone says, Bitcoin was the coin that put cryptocurrencies into the mainstream. The seemingly simple concept behind Bitcoin caught on with the general public, driving its price to the coveted \$50k+ levels we are seeing today.

It paved the way for an entire industry, and today, almost anyone involved in crypto owns at least some bitcoin. Worth noting is that, to this day, Bitcoin is the only crypto whose creator has remained completely anonymous.

Many altcoins are just Bitcoin clones

As a direct result of its increasing popularity and value, we saw a proliferation of Bitcoin clones during the years after its release.

For instance, the first altcoin to see mainstream adoption, Litecoin, uses a copy of the Bitcoin code with the goal to become a lighter and faster version of the original. Many other such clones exist such as Bitcoin Cash, Bitcoin Gold, Bitcoin Diamond, and dozens more.

While each one tries to become a better version of Bitcoin, most of the time, they just follow its lead.

Bitcoin has the most secure network

Bitcoin is based on a proof-of-work mechanism that is ensured by more than 18 million miners participating in Bitcoin's decentralized network, the blockchain.

This volume of participants has an effect of a high level of decentralization of the network, ensuring flawless security of the Bitcoin payments system.

Many investors regard it as a reserve currency for cryptocurrencies

Because of its pioneering status, investors often consider Bitcoin as the reserve currency of the cryptocurrency market, similar to the USD in the global stock markets.

Furthermore, many cryptocurrency trading platforms do not propose crypto to fiat trading due to compliance and regulatory measures of their countries. As such, a large number of investors initially invest in Bitcoin to trade it for altcoins and try to make profits thereafter.

Most pure crypto traders never even compare altcoins' prices to fiat currencies. Instead, they compare their value to BTC, as it's the market pair that matters the most to them.

As such it's completely understandable to see the entire market prices drop when Bitcoin's market sentiment plummets.

Conclusion

Bitcoin is the original cryptocurrency that jumpstarted the entire industry. This pioneering status has enabled it with a multi-billion userbase which in turn helped skyrocket its price and provide the most secure network in the ecosystem.

It's important to understand that Bitcoin often has the final

word when it comes to market sentiment. Experienced traders and investors always check Bitcoin before buying or selling their altcoin position. Hopefully, our article managed to give some light on the reasons behind this phenomenon.



About the Author: *Being in love with communications and human relations I found myself in Journalism. Another passion of mine is the crypto world and I believe in the crypto future. So I have spent the past 8 years studying as much as I can and sharing my own experiences with people. I am writing now about new trends – how crypto keeps changing the world, businesses and our future.*