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Potential Analysis of Bitcoin Cryptocurrency as a Future Investment Asset: A Systematic Literature Review

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ABSTRACT

Despite this promising potential, it is important to remember that investing in Bitcoin also involves risk. The price of Bitcoin is very volatile, and its value can change dramatically in a short amount of time. In addition, regulations regarding cryptocurrencies are still unclear in many countries, and regulatory changes could affect the price and adoption of Bitcoin. Security is also an important factor, as Bitcoin can be vulnerable to cyberattacks and theft. This study aimed to conduct studies related to the potential of bitcoin cryptocurrency as an asset for future investment as well as the potential risks that exist in this asset. Literature search efforts are carried out by searching on search engines using certain keywords. Articles that match the inclusion criteria are reviewed in depth. Bitcoin's potential as a future investment alternative is highly dependent on factors such as value growth, institutional adoption, and developments in blockchain technology. Nonetheless, it is important to be aware of the risks associated with investing in cryptocurrencies and to carry out in-depth research and consulting before making any investment decisions.

1. Introduction

In recent years, Bitcoin cryptocurrency has been in the spotlight of the investment world as a promising alternative for the future (Bianchi et al., 2020). Bitcoin, which was developed in 2009 by an individual or group under the pseudonym Satoshi Nakamoto, has attracted the attention of many with its tremendous value growth potential (Fukami et al., 2021). As the first digital currency to use blockchain technology, Bitcoin has several factors that make it stand out as an attractive investment (Bohte et al., 2019). One of the key factors affecting Bitcoin's potential is the growth in value that has been observed over the last decade (Gaman et al., 1980). Despite experiencing high price fluctuations, Bitcoin has recorded

significant gains. Constantly increasing demand from investors, institutional adoption by large companies, and increasing public awareness about blockchain technology have contributed to strengthening its value (Acharya et al., 2014).

The blockchain technology on which Bitcoin is based also provides strong traction (Ghalanos, 2019). Blockchain is a decentralized technology that records transactions securely and transparently. This unlocks the potential for using blockchain in a variety of sectors, including finance, logistics, and elections, which could drive further adoption and increase Bitcoin's value as an investment (Kelly, 2014; Kim, 2021). Institutional adoption has also been an important catalyst in driving Bitcoin's potential as a



future investment alternative. Many well-known companies, such as Tesla and Square, have announced large investments in Bitcoin (Klein et al., 2019). This move gives legitimacy and trusts to Bitcoin as a widely recognized asset. This kind of growth in institutional adoption can also provide market stability and attract further interest from investors (Andersen et al., 1988; Amadeo et al., 2020).

Despite its promising potential, it is important to remember that investing in Bitcoin also involves risks (Kliber et al., 2019). The price of Bitcoin is very volatile, and its value can change dramatically in a short period of time (Andersson-Säll et al., 2019). In addition, regulations regarding cryptocurrencies are still unclear in many countries, and regulatory changes could affect the price and adoption of Bitcoin. Security is also an important factor because Bitcoin can be vulnerable to cyber-attacks and theft (Antonakakis et al., 2013). This study aimed to conduct studies related to the potential of bitcoin cryptocurrency as an asset for future investment as well as the potential risks that exist in this asset.

2. Methods

The literature search process was carried out on various databases (PubMed, Web of Sciences, and Google Scholar) regarding the analysis cryptocurrency of bitcoin as an investment asset in the future. The search was performed using the terms: (1) "cryptocurrency bitcoin " OR " bitcoin " OR" bitcoin for investments" OR" cryptocurrency bitcoin as an investment in future " AND (2) " cryptocurrency " OR " investment assets." The literature is limited to original studies and published in English. The literature selection criteria are articles published in the form of original articles, a study about analysis of cryptocurrency of bitcoin as investment assets in the future, studies were conducted in a timeframe from 2012-2023, and the main outcome was an analysis of cryptocurrency of bitcoin as investment assets in the future. Meanwhile, the exclusion criteria were original articles that were not related to the analysis cryptocurrency of bitcoin as an investment asset in the future, the effect of bitcoin in another aspect, and duplication of publications. This study follows the preferred reporting items for systematic reviews and meta-analysis (PRISMA) recommendations.

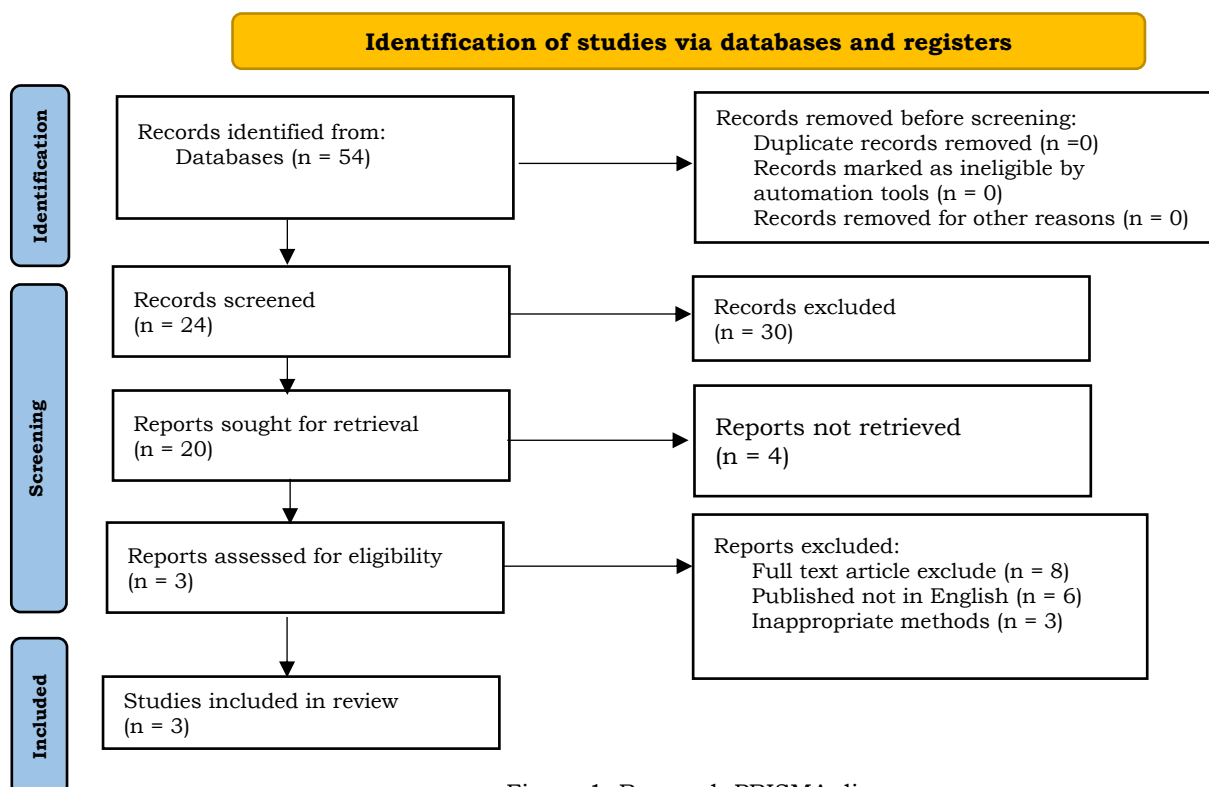


Figure 1. Research PRISMA diagram.



3. Results and Discussion

Value growth potential

The growth potential of Bitcoin's value has been one of the factors that attract many investors (Alotaibi, 2021). Since its launch in 2009, Bitcoin has seen a tremendous rise in value. Bitcoin has a maximum supply limit of 21 million coins. This means that no more Bitcoins will be created after reaching that amount. This concept of limited supply creates a high perception of value and increases the demand for Bitcoin over time (Bauwens et al., 2006; Borradaile, 2021). Bitcoin has attracted the interest and attention of various groups, including individual investors, financial institutions, and technology companies (Bouri et al., 2017). This ever-increasing demand from market participants can drive up the value of Bitcoin due to a limited supply that must meet growing demand (Bouri et al., 2020). Some investors view Bitcoin as a "safe haven" asset or haven from economic and geopolitical instability (Knafo, 2006; Kufeoglu et al., 2019). In situations of high uncertainty or inflation, some people turn to Bitcoin as a potential hedging tool (Boyapati, 2018). This perception can increase the demand for and value of Bitcoin (Breedlove, 2019). Bitcoin awareness and acceptance are expanding worldwide. More people understand blockchain technology and Bitcoin's potential as a digital currency. More and more companies and businesses are starting to accept Bitcoin as a payment method, which has contributed to the growth in the value of Bitcoin (Brownlees et al., 2011; Catania et al., 2019).

Bitcoin is built on innovative blockchain technology

Blockchain is a decentralized system that records and verifies transactions in an open and transparent manner (Cermak, 2017). This technology is the basis on which Bitcoin exists and operates. Blockchain uses a series of interconnected blocks to store transaction information (Chen et al., 2019). Each block contains a number of transactions that have been verified and

recorded. Once a block is completed, it is added to the previous blockchain, forming an immutable chronological order. Therefore, the blockchain becomes a secure and trusted database (Clegg, 2014; Connors et al., 2017). The uniqueness of the blockchain is its decentralized and distributed nature. The information in the blockchain is stored across a peer-to-peer network of computers called "nodes." Each node owns a complete copy of the blockchain and participates in the transaction verification process.

In the context of Bitcoin, the blockchain acts as a ledger that records every Bitcoin transaction that occurs (Corbert et al., 2019; Cunado et al., 2020). Every time someone makes a Bitcoin transaction, the information is confirmed by a network of nodes that work together to verify it (Datta et al., 2010; Davidson et al., 2015). The verified transactions are then added to a new block and integrated into the blockchain. The reliability and security of the Bitcoin blockchain is based on strong cryptographic principles. Every transaction in the Bitcoin blockchain is encrypted using a complex cryptographic key, which maintains the confidentiality and integrity of data. The application of blockchain technology in Bitcoin has brought significant benefits, such as transparency, security, and reliability. Blockchain also has broad potential in many industries and is used for a wider range of purposes besides cryptocurrencies, such as logistics, banking, elections, supply chain management, and many more. Overall, the blockchain technology used by Bitcoin is one of the most revolutionary innovations in the world of finance and technology. This provided a solid foundation for Bitcoin and contributed to the growing trust and acceptance of this digital currency (De Grauwe, 1988).

Institutional adoption

In recent years many large financial institutions and leading technology companies have begun to recognize the potential of Bitcoin. In early 2021, Tesla, the leading electric car manufacturer led by Elon Musk, announced that it had invested around \$1.5



billion in Bitcoin. Apart from that, Tesla also announced that they will start accepting Bitcoin as payment for their cars. Jack Dorsey-led digital payments company Square also recognizes Bitcoin's potential. Square allows their Cash App users to buy and sell Bitcoins, as well as store them within their app. Square has also invested company funds in Bitcoin (Dyhrberg, 2016a; Dutta et al., 2020).

One of the world's largest digital payment platforms, PayPal, has expanded its support for Bitcoin. In 2020, PayPal announced that they would allow users to buy, sell and store Bitcoins within their platform. This provides easier and wider access for users to engage in Bitcoin transactions. Leading business software company MicroStrategy announced in 2020 that they had invested the majority of their company's cash into Bitcoin. Their CEO, Michael Saylor, has been an outspoken supporter of Bitcoin and considers it a superior store of value assets.

In addition to the above examples, there are also traditional financial institutions, such as JPMorgan Chase and Fidelity which have started to see and explore the potential of Bitcoin. This shows a shift in the views of financial institutions towards Bitcoin from initially skeptical to more accepting and interested in this technology. This recognition from major financial institutions and leading technology companies provides a significant boost to the widespread adoption of Bitcoin (Elliott, 2015). This can give investors and the general public confidence in the potential of Bitcoin as a valid investment asset and increase the liquidity and stability of the Bitcoin market (Dyhrberg, 2016b).

Market scarcity

The Bitcoin market has a significant market cap. Bitcoin market cap refers to the total value of all Bitcoins circulating in the market at any given time. Market capitalization is calculated by multiplying the current Bitcoin price by the total number of Bitcoins in existence (Engel et al., 2005). It should be noted that the Bitcoin market cap can fluctuate significantly due

to the highly volatile price of Bitcoin. In addition, as a relatively new digital asset, the Bitcoin market is still relatively small compared to traditional markets such as stocks and fiat currencies. However, despite this, Bitcoin's market cap has increased substantially over the past few years. Since its initial launch in 2009, Bitcoin's market cap has grown rapidly. In 2021, Bitcoin's market cap peaked at hundreds of billions of US dollars. In addition, increasing institutional adoption has also had a positive impact on the Bitcoin market scarcity. Major financial institutions and leading companies that are starting to recognize the potential of Bitcoin have increased liquidity and confidence in the Bitcoin market.

Even though the scarcity of the Bitcoin market continues to grow, it is important to remember that significant price fluctuations are still a hallmark of the cryptocurrency market (Engle, 2002). The price of Bitcoin can experience large changes in a relatively short period of time, so investors must understand and be prepared for this volatility. Apart from that, Bitcoin market capitalization can also be affected by other factors such as government regulations, public adoption, and overall market sentiment. Changes in these factors can affect the liquidity and market value of Bitcoin. In conclusion, Bitcoin market scarcity has increased along with increasing institutional adoption and increasing public awareness. Even though the Bitcoin market is still relatively small compared to traditional markets, significant growth and development have taken place over the last few years. However, it is important to remember that price volatility and external factors still affect the Bitcoin market (Frino, 2011).

Some risks of Bitcoin cryptocurrency investment

The price of Bitcoin is very volatile and can change significantly in a short period of time. This means investors must be prepared for large fluctuations in value and consider potential losses (Fukami et al., 2021). Regulations regarding cryptocurrencies are still unclear in many jurisdictions. Changes in government



regulations can affect the price and adoption of Bitcoin. Investors should pay attention to related regulatory developments before making investment decisions. Due to its digital nature, Bitcoin is vulnerable to cyberattacks and theft. Investors should take appropriate security measures, such as storing Bitcoins in secure wallets and activating available security features (Frohlich et al., 2021).

4. Conclusion

Bitcoin's potential as a future investment alternative is highly dependent on factors such as value growth, institutional adoption, and developments in blockchain technology. Nonetheless, it is important to be aware of the risks associated with investing in cryptocurrencies and to carry out in-depth research and consulting before making any investment decisions.

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