What the Future Holds for Bitcoin Under the Biden Presidency

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The future of Bitcoin and cryptocurrencies is under scrutiny following the success of Joe Biden in the recent U.S. presidential election. Outgoing President Donald Trump was outspoken in his views on cryptocurrency, famously declaring himself “not a fan” and notably included many other Bitcoin skeptics among his appointees.

Biden, however, is more favorable towards digital currencies, hence hopes are running high in the cryptocurrency world right now.

What do we expect to see under the new administration, and will regulations regarding these currencies be amended to encourage greater use?

An opportunity

The executive director of the Blockchain Association, a body that represents the cryptocurrency industry, is Kristin Smith. Smith has commented that Biden appears more willing to accept the future involves Bitcoin and has shown signs of interest by installing Gary Gensler as one of his team members overseeing plans for Wall Street.

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Gensler is a notable name. Not only an ex-Goldman Sachs banker who is now a financial regulator, but he also teaches digital currencies at MIT Sloane School of Management. Having such a name in the position is certainly a positive move for the cryptocurrency industry.

Gensler is also knowledgeable about the laws and regulations surrounding cryptocurrency, an area that is a significant problem facing the industry as traditional bankers and lawmakers are well-versed in the area. “He is very familiar with crypto and blockchain and hopefully can put the right team of regulators together that will be more willing to work together to advance policies,” Smith said of Gensler’s appointment.

Regulations are clearly the obstacle that the industry needs to address, so let’s talk about how cryptocurrencies are currently regulated.

Cryptocurrencies and regulations

One of the main problems facing the cryptocurrency market is that of regulation. Along with a widespread lack of knowledge of the subject among the traditional banking industry, this leads to a lack of stability in Bitcoin and other such currencies.

Vertex.Market, a peer-to-peer crypto platform, recently posted a report into the relevant regulations and their application and the effect on cryptocurrencies. The report covered many areas of regulations relating to cryptocurrencies with some interesting outcomes.

It deduced that any new regulations would harm the price of Bitcoin and cryptocurrencies.

The research, published in a reputable journal, *Research in International Business and Finance*, looked closely at more

than 100 news events surrounding regulations and reported by leading news outlets such as the *BBC*, *Reuters*, and *Financial Times*, among others.

The findings included the discovery that anti-money laundering regulations lead to a reduction in the value of Bitcoin and other cryptocurrencies, as did the introduction of revised exchange regulations.

Conversely, where regulations were lessened, the opposite occurred. The cryptocurrencies rose in value.

Why is this important in the world of Bitcoin? Because freedom is an intrinsic element of cryptocurrencies and their usage, and because the industry is still young and growing, there are likely to be, as the article states, many more regulations covering cryptocurrencies and their usage in the future. Should we be concerned?

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What the future holds

Users and traders in cryptocurrencies should not be worried about the future but should be cautious and aware as changes will be made. In its report, Vertex.Market has shown – by a survey conducted in December 2020 among its clients – how peer-to-peer exchanges are a growing trend in the crypto world, and they showed how this, unlike crypto purchases, is not conditioned by regulation or political events.

As we stated at the beginning of this article, the Biden administration is likely to be more open to digital currency but will also be cautious in getting to know what it’s all about. The appointment of Gensler is a major positive to take note of but doesn’t mean the U.S. is suddenly going to open up to cryptocurrencies.

The advice for traders is, as of now, to keep a close watch on regulatory changes. These will affect the value of cryptocurrencies, but it is difficult to predict the direction of that effect.

While some will result in a loss of value, others may boost the price of Bitcoin and cryptocurrencies.

There is no doubt the Biden's victory is a major boost for the industry, but we must remember these are still early days. The industry needs to prepare for the regulatory changes that will come – even though we don't want them – and find ways to comply without losing the appeal and overall point of Bitcoin and the hundreds of other cryptocurrencies.

A close eye on what happens following Biden's inauguration should be the first point to remember.

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