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## **SECTION 4**

### **FINANCIAL AND MONETARY STRATEGIES IN INTERNATIONAL BUSINESS. BANKS AND THEIR ACTIVITY IN THE WORLD ECONOMY**

## **SECTION 5**

### **INVESTMENT AND INNOVATIVE POLICY OF INTERNATIONAL BUSINESS IN THE GLOBALIZED WORLD**

## **GOLD VS BITCOIN**

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At the age of digital enterprising, it is not uncommon for an individual to purchase or make their payments online. However, recently, a further step in the online payment process has been taken by Satoshi Nakamoto, who created a brand new form of virtual currency known as Bitcoin [1].

Bitcoin offers its users many advantages, but perhaps the most important one is an unprecedented level of freedom. And that freedom comes in many different ways: financial freedom from not having to rely on existing infrastructure, for sure, but also the mental freedom of being in control of your own funds and technology.

When it comes to security, bitcoin causes a lot of discussion. This is due to the fact that the same aspects which give bitcoin its level of freedom also create a security concern for people.

The biggest advantage presented by bitcoin comes in the form of creating a completely transparent trading system.

However, we can't but mention a few potential downsides. They are unawareness and mistrust, risk and volatility. Nevertheless, bitcoin may become the best form of money ever invented due to its advantages.

If we take a closer look at gold, we see that this precious metal has always been in great demand. Gold is considered, first of all, as an investment rather than a speculative instrument and this historical trend is unlikely to be broken.

Gold is the precious metal counterpart to the bitcoin in many ways. Like the bitcoin, gold is to be obtained through mining. But, while gold is obtained through physical mining, bitcoins have to be "mined" virtually through the deciphering of special computer encryptions. Another similarity is that both gold and bitcoins are only available in limited quantities. By analyzing such similarities and their individual market activity over the past few years, it becomes clear why many people believe that bitcoin could ultimately replace gold in terms of value. However, in spite of this evidence, there are a number of reasons why this shift is unlikely to occur. The first reason that the bitcoin will never replace gold is because it still possesses a great deal of financial risk. Despite its recent peaks in market value, the bitcoin continues to experience significant price fluctuations that often result in substantial losses. Furthermore, both the future and the viability of the bitcoin have yet to be determined, leaving many customers wary over the security of their virtual savings in the event that the system becomes terminated or obsolete. With such instability and uncertainty surrounding the bitcoin, it is unlikely that it will generate the customer base to match, much less surpass, gold as an investment asset. Finally, as long as investors believe that gold can generate profits, they will continue to forgo any other potential replacements [1].

### **References:**

1. JM Bullion [Electronic Resource]. – 2016. – Mode of access: <http://www.jmbullion.com/bitcoin-vs-gold-infographic/#>— Date of access: 05.03.2017.