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DESIGN REGULATION AND RAMIFICATION – STABILITY IN CRYPTOCURRENCY, INVESTMENT IN CRYPTOCURRENCY, BENEFITS, RISKS, TIPS OF INVESTMENTS IN CRYPTOCURRENCY (STABLE COINS)

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ABSTRACT

In today's world, technology based on financial systems and payments is rapidly evolving. Stable currencies want to stabilize the value of large currencies in the crypto-asset market. Both the emergence of ledger technology (DLT) and the rapid development of the centralized system drive the technological limit of money and payments. This paper describes the often complex functioning of different types of stable currencies and raises the tax on stable currency systems. These practices are associated with secret 'solid-coins': crypto currencies with a value tied to a flat currency or other assets. Stable currencies - potentially "stable currencies" such as Facebook's Libra proposal - pose many challenges from the perspective of financial authorities around the world. It relies on the framework of the novel - their classification according to the most important dimensions for crypto-assets, namely (1) Decreasing responsibilities (2) accountability of suppliers, and (3) what supports the value of assets. Currency analysis shows the trade-off between the new consolidation method used in the action and its ability to maintain a stable market value. We consider this question to be the isomorphic one in, "what keeps random exchange rates fixed on stable currencies"? . Premiums due to the role of stable currencies as a safe haven, showing, for example, premiums larger than 100 basic points during the COVID-19 March 2020 crisis; consequences and collateral concerns

Keywords: stable currencies, crypto-currencies, crypto-assets, blockchain, distributed ledger technology, currency.

I. INTRODUCTION

Crypto currency is a virtual currency, operating through a low-level network using blockchain technology. Users recommend a fast, secure, private and smooth processing system. As the block chain is still distributed and public, it makes duplication or impersonation impossible. Cryptocurrency is not considered a common asset, and trading is illegal in some countries. As a result, it is a highly fragmented legacy. The price movement of cryptocurrensets within a single day of trading, also known as internal price fluctuations, can be very high. Uncertain price movements also mean that trade flows may be among the short-term fluctuations that make cryptocurrencies unsuitable for everyday use by commercial or non-professional investors. Crypto currencies are not asset classes but money. They should be a value store, which means their value should be stable for a long time. An investor needs to be. Rest assured that the purchasing power of money will inform you or keep you in the future. The amount of flat money is guaranteed by the government and can only be issued by a central bank in the region. Their value is often attributed to other assets, such as forex reserves, or items like gold, that can act as collateral for lenders. That is why, in general, a highly regulated monetary debt is considered the safest asset. However, cryptocurrencies are issued by the government, which means that there must be other ways to tighten prices. Crypto-currency cannot be controlled by authorities or institutions such as major banks. Differences in demand and supply cannot be offset by financial intermediaries. To control the inflation trend of crypto-currency , the user must make sure that he or she uses tokens instead of storing them. Stable coins strengthen the stability of this gap between the strength of the flat currency compared to crypto currency.

II. STABLE COINS

Stable currency is a new class of cryptocurrensets that try to provide price stability and are supported by fixed assets. Stable currencies are crypto-currencies that try to add their marked value to other external indicators. Stable coins may be denominated in currencies such as the U.S. dollar. Or the price of goods like gold. Stable coins achieve their price stability through co-operation (support) or by using algorithm methods to buy and sell reference or acquired assets. Stable currencies refer to the range of cryptocurrensets that derive their market value from a particular external indicator. Stable coins can be categorized on the basis of their crypto-collateralized, algorithmic, and flat - collateralized operations.

A. TYPES OF STABLE COINS

Types of stable coins
1.Fiat-collateralised stable coins
2. Crypto-Backed Stable coins
3. Non-Collateralised Stable coin
4. Commodity-backed stable coins

Fiat-collateralised stable coins

These are the most common types of solid currency backed by a 1: 1 ratio, which means that a stable single coin can be exchanged for a single unit of currency. Fiat stable coins are supported, or affiliated with, fiat currencies such as EUR, USD, or GBP. For each stable coin available, there is a fiat money stored in the treasury to return it. The goal is to recover stable money with real fiat in real bank accounts. Although this stable income is very simple, it is medium, too. The medium business acts as a fiat custodian and is in charge of the whole process of issuing fiat-supported tokens and accepting new fiats.

Benefits

- The stable financial structure supported by Fiat is simple.
- Fiat is considered stable, ensuring low flexibility.

Bad

- One structure makes room for hacks and cracks.
- It requires trust from the issuer.
- You need regulations and audits.

Crypto-Backed Stable coins

Cryptocurrencies are used to retrieve stable currencies. A stable crypto currency coin operates just like fiat stable currency supported by fiat; however, instead of using fiat as collateral, cryptocurrensets are locked into securities that support crypto-stable stable currency. The token used to recover a fixed amount uses a 'security deposit' to cover the depreciation charge. Since the token is unable to hold its pin, it does not have a 1: 1 crypto rate; for example, a crypto-supported token deposited in an American dollar wallet will have approximately $ 2 pins per fixed coin issued.

Benefits

- Divided, as it is based on the blockchain.
- You do not need a manager.
- No regulations or tests are required.

Bad

- Crypto's stable financial structure is even more complex.
- Relying heavily on integrated crypto.

Non-Collateralised Stable coin

This stable currency uses the Seigniorage Shares system to maintain the stability of the price of a token tied to an asset, which can be a real asset as gold or fiat currency similar to the American dollar. Unused fixed currencies rely on a process algorithm (or smart contracts) to offer or sell tokens if the price drops or exceeds a specified asset.

Benefits

- Shared midway as no collateral required.
- Wise contracts to build a reliable system.

Bad

- A more complex approach than any other stable currency.
- Meeting high demands is not always guaranteed.

Commodity-backed stable coins

Flexible assets, such as precious metals, reclaimed coins. The most common asset used to recover these stable coins is gold — but, in some cases, it is also supported by housing, oil, or other precious metals. The deposit is usually kept in the room of a trusted third party. Stable coins give the right to buy to redeem a coin with assets.

Benefits

- Real assets return each stable coin of the asset.
- The price of goods is stable.
- Commodity tokens bring inflation to the market.

Bad

- Medium, which increases the risk of potential hacks due to a single point of failure.
- You must perform an audit to verify its validity.

Global payment and remittance

Financial institutions such as Wells Fargo and JP Morgan view stable currency as a viable solution to global payments. Border coin transactions with faster currencies are faster, cheaper, and work better than traditional SWIFT or Western Union methods. Current methods are not only expensive but also take days to clear a single overseas payment. That has a lot of unnecessary weight and billing fees, which can be made easier with stable money.

Protecting cryptocurrency traders

Stable currencies protect traders and investors during the volatile market. In the bear market, traders can protect their position by incorporating Bitcoin, Ethereum, or other cryptocurrencies into a stable currency within a split second. Traders can also increase their crypto capture by entering or exiting the market using stable currencies without converting them into fiat currency.

History of Stable coins

Since the advent of the internet, there has been a need to take fiat, make it digital, and reduce its licenses. Entrepreneurs or institutions have tried the idea of building a digital dollar and embarked on a journey by introducing BitUSD.

The first stable currency: BitUSD

Launched in the early days of cryptocurrensets, in 2014, BitUSD was the first stable currency issued as a token on the BitShare blockchain. The stable pioneer coin was the opinion of two famous people in the blockchain industry, Charles Hopkinson and Dan Larimer. The token was backed up by BitShares' main token, BTS, and was tied to a list of other cryptos - all locked in a smart contract to act as collateral.

III. FUTURE OF STABLE COINS

The purpose of a fixed coin is more than just a financial agreement. It is the emergence of a traditional payment system. It is a new form of digital currency that is algorithmically controlled instead of a central authority and offers the same financial benefits as fiat currencies. Stable coins have the potential to open new doors to the common acceptance of digital assets in everyday life. Although they have great potential to change the structure of global payments, stable coins are still in its infancy, and it may take some time before we see them used in digital spac

A. BENEFITS OF INVESTMENTS IN CRYPTOCURRENCY

Cryptocurrency has been the talk of the town for the past few years. But most people still look at the topic with caution and have little understanding of what it is. It can be fun to read about it, in the same way as listening to news from a distant land. However, most people do not think about trying to invest or trade in crypto currency.

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Meanwhile, recent history shows that frequency can be a very good idea. After all, cryptocurrency is risky - just like any other high-yield investment. However, there are obvious benefits, which we will discuss in this article.

- **Incredible returns**
- **Independent alternative**
- **Your money is yours alone**
- **High liquidity**
- **Simplicity**
- **Favourable forecasts**

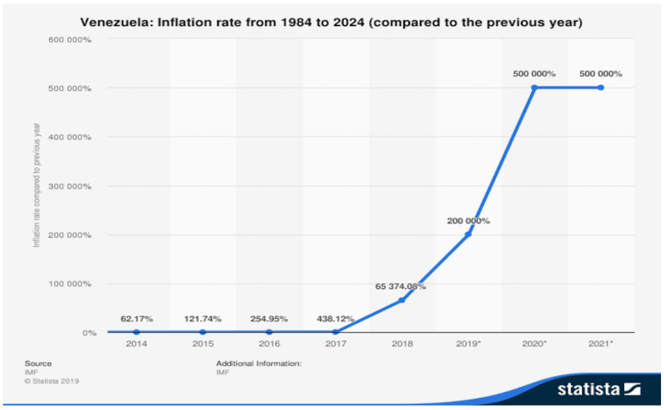

Figure1

B. RISKS OF INVESTMENT IN CRYPTOCURRENCY

The risks of cryptocurrensets are mainly related to its flexibility. They are very risky and speculative, and it is important that you understand the risks before you start trading.

- **They are volatile**
- **They are unregulated**
- **They are susceptible to error and hacking**
- **They can be affected by forks or discontinuation**

Risks of crypto currency spread bets and CFDs

With CMC markets you can sell bitcoins and ethereum with a live bet or a CFD account. This means that you face a slightly different risk compared to buying these crypto currencies directly

- **They are high-risk speculative products**
- **They can be affected by gapping**
- **Charges may be greater than with other asset classes**
- **Pricing variations**

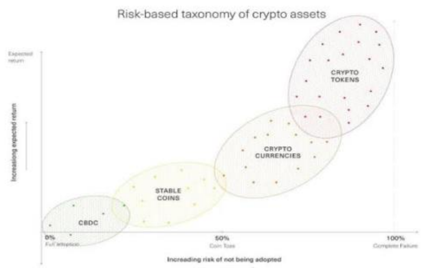

Figure2

C. REASONS OF LOSS MONEY IN CRYPTO-TRADING

Crypto trading is one of the best ways to “make money” today if done right. To avoid failures, we've given you guys 5 reasons to look out for yourself and why people are losing money by trading crypto hacking.

- Social Media Tips

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- FOMO
- No Precise Trading Strategy
- HODL
- Leverage – Not Understanding The Calculations And How Fast They Get Liquidated

D. CRYPTO-TRADING TIPS

Invest before you know the risk

There are always the dangers associated with crypto trading even if you are aware of it. Therefore, you should calculate the percentage of risk and how much it could have a negative impact on the capital. Also, if the risk is well calculated and you agree to carry the risk, then such traders can go for this type of trade.

Put your investment in different coins

Warren Buffet had previously quoted - "don't put all your eggs in one basket", and that's certainly true in the cryptocurrency market. Therefore, you should invest in different coins and avoid investing in only one coin to avoid major risks.

Every trade cannot guarantee a profit

Since cryptocurrency is almost identical to other CFDs such as forex or commodities, there is also a chance of losing it again, and no one can promise to benefit from every trade.

Avoid fear and greed factors

Fear and greed are two emotions that need to be eliminated by all means because these two are dealing with bad trade. Still, it is impossible to eradicate these things.

Trade with a plan only

Failure to plan is planning to fail "is a popular saying used in the crypto trading market as well. You need to use a precise, accurate step-by-step system to get the best results while trading crypto currencies.

Use the risk mitigation tools TP/SL

There is a risk reduction plan across all platforms where you can lock the risk and profit. If you only buy crypto currencies, then you have the option to wait, or you can use it for your own purpose, but if you sell speculative, you will have to have entry prices and exit points. By following this, it helps you to recover and keep in the trading business

E. COMMON MISTAKES TO AVOID

Unrealistic profit expectation

There is a risk reduction plan across all platforms where you can lock the risk and profit. If you only buy crypto currency, then you have the option to wait, or you can use it for your own purpose, but if you sell speculative, you will need to have prices and exits. By following this, it helps you to recover and keep in the trading business

Misinterpreting risk

There are always risks in such trading as the market price is not a cent for any party because the market power assigns it. Most vendors do not have arithmetic risk and control strategies.

Untested trading plan

In many cases, few traders get caught up in profitable trading schemes, leading to huge losses in the end. Therefore, you should know the trading strategy of your choice, before starting on a live account.

Believing rumors

There is some news light in the market, which is not real, and traders get caught while entering or exiting a trade.

Unappropriated guidance/reference

The best counsel-or always makes the best results. However, if our reference or the seller is not well equipped to trade, then it may bring you loss. Therefore, you should only look for official and authentic links.

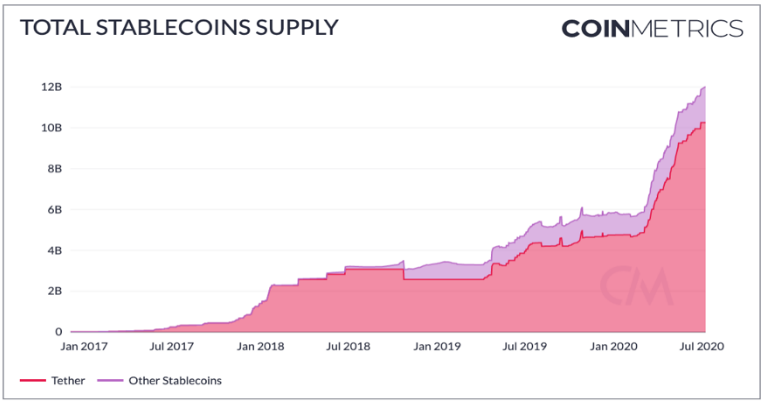

Figure 3: Total stable coins supply

IV. CONCLUSION

New sustainable financial systems are being developed, implemented and tested on a regular basis. Some of them offer new ideas that can be used one day to create real money with digital currency. Existing fixed coins may not be available at the moment, but with the emergence of a stable, well-designed and well-used framework, the world can look forward to integration into mobile technology, daily payments, and all other digital transactions with significantly reduced discounts. Stable currencies that may be initially accepted are those such as JPM Coin, due to their significant reserve rate compared to the balance of their entire institution; however, it is doubtful whether JPM Coin actually offers any benefits generated by cryptocurrency or a stable currency (Bloomberg, 2019). JPM Coin, for example, can be easily exchanged with a standard distributed system that does not use a blockchain or cryptocurrency. In addition to stable currencies from financial institutions, there is little acceptance of stable currencies, especially by criminals or organizations seeking to curb regulatory regulation, or by cryptocurrency investors who want to keep their value in the balance of volatility. Critical issues exist for any potential financial stability; A lot of money, effort, and research goes to building ways to prevent or prevent those issues. Problems close to weakness are overcome daily with the increase in smart contract research services, problems with malpractice are overcome by course studies designed to ensure the accuracy of white papers, and increased integration of spending and day-to-day technology, such as the built-in Samsung Galaxy S10 for crypto curren sets (Liao, 2019). The methods discussed throughout the paper hope to facilitate the provision of cryptocurrency for all three relevant currency functions: the stock store, the unit of account, and between exchanges. There are various levels of success in this regard: the most stable fixed currencies are in doubt, with many stable currencies that have seen very large acquisitions become obsolete and lose pins. In fact, many of these problems may be more extreme than they appear - but they are affected by the high level of investment within the blockchain / cryptocurrency sector.

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