

Reading time: 8 minutes

Introduction

In the past decade, cryptocurrencies emerged as one of the passive income generators that attracted millennial and Generation Z investors. Since then, we have been frequently acquainted with cryptocurrencies such as Bitcoin and Ethereum.

However, due to our mutual love for memes, alternative coins (Altcoins) known as memecoins gradually came to light. We all know they exist, we all know they are valuable, but the question is why? Although memecoins are well-known, the means to define their existence and the value they bring as part of our investment portfolio often leaves us puzzled.

To find out, FLY Malaysia's Journalists, Hurriya Irfan, Faith Tan, and Andi Halilintar spoke to the Chief Operating Officer (COO) and Co-Founder of CoinGecko - Bobby Ong to gain insights on the classification of cryptocurrencies alongside memecoins, as well as pieces of advice by the COO on crypto-investing for youths and beginner investors.

CoinGecko

CoinGecko is the world's largest independent cryptocurrency data aggregator, with over 8,000 different cryptocurrencies being tracked across more than 400 exchanges worldwide. CoinGecko's mission, as Bobby Ong explained, is to democratise the access of crypto data and empower users with actionable insights.

Cryptocurrency

So what exactly is cryptocurrency and the intention behind its birth? Bobby denoted that cryptocurrencies are created with the intention to replace the money that we use on a day-to-day basis or act as a store of value.

"The whole crypto industry was born after the creation of Bitcoin. And this category is mainly filled with projects that compete with Bitcoin."

Another term on the rise is 'Non-Fungible Tokens (NFTs)'. Bobby defined NFTs as unique digital assets that are non-interchangeable, unlike cryptocurrencies. They represent digital ownership that grants its holder full autonomy of the asset. Some examples of NFTs include art pieces, university certificates, and land titles.

Next, let us discuss the immense value cryptocurrency entails. The value of intangible assets such as cryptocurrencies are often priced at costly rates. How accurate then, is this value? Does this value depend on the actions of the public? How much influence do high-end investors have over it? Bobby stated that cryptocurrencies have a unique market structure as retail traders play a large role in this market. The provision of high leverage on several crypto derivatives platforms is one major factor giving retail traders an outsized role in the space. The downside of this

provision is that the high leverage may not be suitable for many retail traders who might not be aware of the risks involved.

“They risk having their entire portfolio liquidated without proper risk management.”

Additionally, there are hedge funds that trade actively in the crypto market similar to hedge funds in the traditional space. However, Bobby argued that institutional traders constitute a smaller percentage in the crypto market as compared to traditional markets.

Memecoins

As news of Dogecoin, Cum Rocket, and Shiba Inu flooded social media with astronomical gains in a matter of days, the question on everyone’s mind remains, are memecoins the future or simply a fad? Are social media trends the sole reason for their popularity?

Bobby believed that memecoins gain traction from their absurdity, in which its influence is also ubiquitous across the internet. Undeniably, this phenomenon captures the zeitgeist of today’s society. As the currency itself is a belief system, Bobby explained that memecoins will remain relevant as long as it remains a viral topic. Whereby the more the people who believe that a certain currency has value and are willing to trade it with other items, the more it rises in price. Thus, the currency will retain its value as long as there are believers. Nevertheless, Bobby warned against investing blindly into memecoins, as the very foundation of their popularity is based on viral tweets, and not actual utility. Above all, investors are advised to do their homework before jumping on the bandwagon.

Advice to New Investors & The Youth

Prior to the pandemic, Bobby stated that many have disregarded cryptocurrencies as scams. In spite of this, the COO instilled that due to the recent rise in the market’s popularity and prices, the interest of many youths have been garnered to consider investing in cryptocurrencies.

Contrary to popular belief, Bobby then clarified that cryptocurrency is a new form of asset and differs from investing in stocks. While stocks represent the rights governed by security laws such as the rights to cash flows generated by a company, cryptocurrency - also known as tokens, represents anything coded by smart contracts. Nonetheless, the rights of a token holder are presently debated and experimented upon.

With a large variety of cryptocurrencies available on the market, it must be overwhelming for one to begin their investing journey. Bobby suggested investing about 1-10% of your net wealth towards cryptocurrency; either making an entire purchase upfront or implementing a dollar-cost averaging strategy where one would purchase a fixed amount each month. Bobby also advised investors to safely store and hold these purchases for a long period of more than five years in a hardware wallet. For reference, the COO posted a thread on his [twitter](#) account detailing further on crypto-investing.

Lastly, Bobby speculated that volatility in cryptocurrency will surely decline over time, but will never be stable. Similar to that of financial markets, Bobby mentioned that large-cap cryptocurrencies such as Bitcoin and Ethereum will face a lower volatility in contrast to medium and low-cap cryptocurrencies which will face higher volatilities. Hence, he recommended that it is not suggested to look into other cryptocurrencies beyond the likes of Bitcoin and Ethereum.

Wrapping It Up

“Cryptocurrency is not a good investment because it does not have (its) fundamentals”. Does this statement sound familiar? Bobby wishes to debunk this popular myth for potential investors. While he admitted that many coins may not have utility, there are many coins such as Decentralised Finances (*DeFi*) and Non-Fungible Tokens (*NFTs*) that aim to change the workings of financial systems by making financial services more transparent and accessible. Bobby recommended checking out CoinGecko’s book titled ‘[How to DeFi](#)’ to learn more.

As a last nugget of wisdom for the youths and beginner investors, Bobby advised to:

“Always focus on learning and do your own research. Never trust any information that is given to you, but always question and strive to find out the truth. Understand the difference between gambling and investing.”