

What are “stablecoins”?



Crypro Currencies

A new term has been coined (If you'll pardon the pun!) in the crypto world, “stablecoin”. This describes a crypto coin that has linked itself to the value of an asset such as gold, or a fiat currency such as the US dollar.

This brings crypto full circle, in that to reduce the volatility of the market, they are now linking the value of some coins or tokens to other assets and the very fiat currencies they are attempting to replace!



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One problem in establishing crypto currencies such as Bitcoin as a means of payment is the high volatility of the valuations, which can move percentage points in seconds, making price determination difficult for merchants. Stablecoin is an attempt to avoid that volatility by linking it to a more stable asset.

Some stablecoin implementations intend to move over to a basket of currencies or an index such as the consumer price index in time. This is in the hope of having a currency independent of fiat in the future, which is the primary objective for crypto.

There are currently over 25 stablecoin projects, of which [Basecoin](#) and [Carbon](#) are probably the most well known.

Some constituents of the **Stablecoin Index** can be viewed [HERE](#)

It seems the crypto industry has finally realised the dream of acceptability for crypto coins as an alternative means of payment is not being realised, and they are realigning their focus towards a replacement way of making their offering attractive to merchants.

In conclusion, stablecoin is another step in the evolution of

electronic currencies, and looks to offer the much needed stability that Bitcoin and other coins seeking to become means of payment have so far failed to do.