

Digital currencies
when creating them.
for instance,

[Business](#), [E-Commerce](#)



Digital Currencies and rapidly Developing Technology Technology is modifying vital activities across the globe. Technological advancements have enhanced production, transportation, education, and communication efficiency. Although the impacts of technology in the commercial sector have been phenomenal, some of these effects have introduced legal complications and ethical issues.

A good example of such a technological advancement is the emergence and rapid growth of digital currency. Digital currency is a medium of exchange that is purely electronically based ¹. In this respect, digital currency is only available in a digital form, unlike the conventional national currencies that are available in physical forms such as banknotes and coins. Commonly, most people refer to digital currency as electronic money. Recently, there has been an emergence of a new form of digital currency known as cryptocurrency. Cryptocurrency is a digital currency that has a security feature, which uses cryptography to protect it from being forged ². Cryptocurrencies include digital currencies such as Bitcoin, which is the most popular.

Others include Litecoin, Namecoin, Swiftcoin, Peercoin, and Emercoin. In practice, digital currencies are privately issued electronic units that circulate on the internet ¹. It is crucial to note that this form of currency is not a legal tender.

Therefore, it is not controlled by nations' central banks. Consequently, digital currencies do not have a specific unit value. Each digital currency has a unique value attached to it by its creators. Digital currencies' operators attach physical assets to digital currencies when creating them. For

instance, renowned assets such as gold, silver, and dollars back these electronic currencies¹. However, some digital currencies such as Bitcoin are backed by computer processing power. The concept of digital currency was implemented into the financial markets due to its efficiency in transaction and security. The emergence of Bitcoin in 2009 increased the popularity of digital currencies.

Then again, Bitcoin is not the first type of digital currency. In fact, the history of digital currency dates back to 1983 when researcher David Chaum proposed the ideology of digital cash. To market his ideas, Chaum created a company called Digicash, which specialized in electronic cash. After this initial suggestion, it took more than a decade for individuals with or without prior banking experience to introduce a new digital currency into the consumer market¹. The emergence of Bitcoin in 2009 refined the idea of digital currency. Bitcoin introduced a unique security feature that utilized cryptography technology to warrant its security. This distinctive security feature makes cryptocurrency highly secure.

This security feature enables dealers to trade using digital currencies anonymously. The anonymous trading of digital currencies raises ethical, policy, and security issues. With their rapid rise to fame, there are uncertainties on the future of digital currencies.

This paper evaluates how advancements in technology have promoted the growth of digital currencies. Additionally, it assesses the impacts of digital currencies on the financial sector and the future. To address these objectives, this paper hypothesizes that technology has significantly contributed to the

growing use of digital currency, therefore, enhancing transaction efficiency in the commercial sector. Related Works Technology and the Growth of Digital Currency Technology played an influential role in the emergence and growth of digital currency 3. Communication technology such as the internet facilitates the existence of digital currency. Digital currency exists in electronic form. For that reason, technology is instrumental in the creation and survival of digital currencies. Moreover, information technology is vital in fostering effective and secure communication channels between digital currency traders 3.

Information technology advancements in the last few years led to a substantial increment in the number of digital currencies in the global commercial sector. In particular, the improvement in networking and mining technologies played a significant role in the spread of cryptocurrencies 4. In reality, modern digital currencies require not only an advanced technological platform but also a secure one. Due to the high financial value attached to the modern decentralized digital currencies such as Bitcoin, they have become prime targets of cyber-attacks 5.

Because of this vulnerability, the current high-value digital currencies such as Bitcoin utilize an advanced technology known as blockchain 6.

This technology creates a secure platform, ledger, and database where digital currency traders store and exchange values without intermediaries such as banks or governments. Impact of Digital Currency on the Commercial Sector The effects of digital currency on the global commercial sector are contentious. However, it has introduced a new dimension of conducting

commercial activities that are efficient and cheap 7. Digital currencies promote the provision of digital banking services and electronic transfer of money.

These electronic banking and money transfer services are cheap, efficient, and fast. Moreover, digital currencies such as Bitcoin have proved that it is possible to transact online safely and securely without being traced. In this respect, the existence of digital currencies serves as a model of enhancing service delivery in the conventional financial sector 8. The survival and success of digital wallets such as Apple Pay are instrumental in directing the adaptation of new payment measures in the contemporary banking sector.

However, the prevalence of digital currencies has introduced complications in the global commercial sector. Particularly, the use of decentralized digital currencies such as Bitcoin has already introduced an economic policy crisis. The use of decentralized digital currencies for commercial activities weakens central banks' abilities to control economic policy, and money transfers 9 10.

The Future of Digital Currency Digital currency faces the same survival uncertainties that the internet faced when it was created.

When the internet was launched, a significant percentage of people believed that it would not last long. To their surprise, the internet continues to advance. Just like the internet, digital currency is here to stay. In fact, there is a possibility of this type of currency replacing conventional banknotes and coins as the primary unit of commercial transaction 11. The present-day world relies heavily on technology. The close connection that exists between technology and digital currency serves as its

safe-path to the future 12. However, the realization of this forecast depends on the implementation of effective policy measures to regulate and monitor the use of digital currencies. Methodology This study utilized a qualitative research method entailing a content analysis of scholarly sources relating to the topic of study.

However, before conducting the data search of the scholarly sources, a comprehensive background research was conducted to gain insight on the critical issues and terminologies required to complete this study. This background study entailed reading recent articles on digital currency on the internet. This background study was instrumental in developing the study objectives, hypothesis, and the subsequent literature research. The scholarly sources used in this study were subjected to a well-structured inclusion criterion.

Firstly, this study only used scholarly materials published from 2015 onwards. The use of contemporary scholarly information ensures that the study utilized recent insights from experts to address its objectives and hypothesis.

Secondly, the study utilized keywords such as digital currency, bitcoin, financial policy, and blockchain technology in its search process. These keywords were instrumental in streamlining the database search process.

They ensured that the materials obtained were within the scope of the research objectives and hypothesis. Subsequently, the scholarly materials were classified into three pools. The first pool entailed sources that focused on the relationship between technological developments and the

rapid growth of digital currency. The second group focused on the effects of digital currency on the global commercial sector.

Finally, the last group of scholarly resources focused on the future of digital currency. After conducting this process, ten scholarly sources entailing books and articles were selected. Each of these sources was then critically analyzed based on the sub-section of the study it addresses, and its findings and conclusion noted.

The deliberations of all the ten sources were analyzed and used to test the research objectives and hypothesis of this study. Subsequently, the findings of this analysis were then used to structure the discussion and conclusion sections of this study. Results and Discussion Technology plays an influential role in the continuing rise in popularity of digital currencies.

Currently, the term digital currency is synonymously used to refer to cryptocurrency. However, it is essential to note that cryptocurrency is one of the many types of digital currencies that exist today¹. Regardless of their diverse natures, all digital currencies rely on technology for their existence. The dependency on technology separates digital currency from the other conversational currencies such as banknotes and coins, which are produced and managed by the government through the central bank.

The content analysis revealed that each digital currency, centralized or decentralized, relies on a specific form of information technology. It was also noted that the decentralized forms of digital currencies such as cryptocurrencies or what is referred to as virtual currencies utilized an

advanced form of technology compared to the rest. The advanced technology is vital in ensuring that all the transactions are conducted anonymously. In fact, it was established that it is impossible to trace cryptocurrency traders.

However, this trade is highly secure from fraudulent acts such as double-transactions, which are witnessed in the digital banking activities of conventional banking systems. For instance, Bitcoin uses blockchain technologies that are difficult to monitor. Additionally, it was noted that most of the digital currencies emerged in the early 21st century. During this period, the world experienced intensive research, innovation, and advancement in information technology systems.

It is logical to argue that this intensive development of information technology facilitated the creation of digital currencies. As the information technology improved, more digital currencies emerged. For instance, the emergence of Bitcoin in 2009 prompted the arrival of what experts term as altcoins. Altcoins are alternatives to Bitcoin and include cryptocurrencies such as Litecoin, Ethereum, and Zcash. For that reason, a positive correlation exists between the spread of digital currency use and technological advancements. Furthermore, this study established that digital currency usage positively affects the global commercial sector. Digital currencies enhance financial transaction efficiency. They also support the growth of e-commerce through providing stable and secure payment options.

Digital currencies destroyed the transaction barriers that were imposed by national currencies. For instance, customers had to convert their local currencies to international currencies such as the Euro or the United States

dollar before making an international payment. However, digital currencies have eliminated these transactional barriers by embracing a universal perspective. In a survey conducted by Statista 2016, 90% of the responding banks admitted that they were interested in using blockchain or distributed ledger technology in payments, therefore, suggesting the long-term use of digital currency. The findings of this survey are illustrated in the figure below.

Source: <https://www.statista.com/statistics/647935/blockchain-distributed-ledger-bank-interest/>

In recent times, there have been efforts to regulate the use of digital currencies such as Bitcoin. As witnessed in the content analysis, nations hold differing opinions on the legality of decentralized digital currencies. For instance, China illegalized trading using Bitcoin. In contrast, the United States allowed Bitcoin trade despite subjecting it to taxation policies. The advanced technology employed by most digital currencies lowers the ability of the central bank to regulate their use through economic policies. A significant percentage of economic players maintain that the widespread use of digital currencies will affect the global economy adversely 9.

However, there are professionals who argue that policymakers can apply the advanced technology used by digital currency to formulate effective financial policies 11. In this regard, the commercial sector, particularly the banking industry needs to imitate the key attributes of digital currencies to enhance its services 8.

Differing opinions exist on the long-term fate of digital currency. Some people argue that digital currencies will not last while others

claim that they are the future of the global currency. Amid these debates, this study observed that the future of digital currency is promising.

Actually, there is a possibility of digital currencies replacing national currencies in the future. This observation is based on two perspectives. Firstly, it is based on the closer relationship between technology and digital currency (7, 8, 10). Secondly, it is founded on the argument about globalization effects (5). On the first perspective, there is a close relationship between technology and digital currency.

As technology improves, so does the use and popularity of digital currency. The present-day society relies on technology for most of its activities ranging from production to commercial transactions. For that reason, there is a likelihood of the commercial sector favoring digital currency over conventional currencies due to the efficiency entailed in its transaction.

Secondly, globalization is increasingly eliminating national barriers to international trade. It has increased the interconnection between nations. Thus, countries will prefer to use neutral currencies in their trading activities. This move will favor the utilization of digital currency. However, for this move to materialize, there is an urgent need to revise the current financial policies to align them with the ongoing technological advancements. In fact, the current inability of the financial policies to regulate digital currencies is a sufficient proof that the laws need revision. With improved laws, digital currency is a more efficient tool for commercial transaction compared to the conventional national currencies due to its universality and transaction

efficiency. Conclusion The contemporary society relies on technology in all of its activities.

The enhanced reliance on technology has spread the use of digital currency. Although this use has not been adopted in the formal sector, e-commerce activities are actively promoting the popularity of digital currencies. Then again, the effects of the growing use of digital currency on the commercial sector are unexploited. After conducting a comprehensive content analysis of the relationship between digital currency, technology, and the commercial sector, this paper concludes that a positive correlation exists between technological advancements and the increasing use of digital currency. The reviewed scholarly materials revealed that digital currency requires a stable and secure technological foundation to thrive. Moreover, the increasing use of digital currencies such as Bitcoin is beneficial in improving the inefficiencies of the existing financial policies. The inability of the current financial policies to regulate the use of digital currency motivates policymakers to develop comprehensive policies that accommodate the technological changes that are modifying the financial industry. Finally, it is plausible to conclude that the use of digital currency is likely to increase in the future.

This view is based on a thorough analysis of the relationship between digital currency, technological advancements, and globalization effects. Nations should develop policies that promote the use of digital currency because it provides an efficient and secure means of financial transaction.