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Introduction:

Vitalik Buterin returns to Bankless podcast at the end of this year to review the cryptocurrency industry in 2022 and share his hopes for 2023. He also shares his views on Ethereum use cases such as currency, DeFi DApps, identity, DAO, and hybrid applications.

2022 in Cryptocurrency

People will remember all the terrible things that happened this year.

Of course, positive events are also important (such as merge).

Merge reduces transaction inclusion time.

There are multiple zk-EVMs launching mainnets in 2023.

Using Ethereum for logins has made significant progress in adoption.

Cryptocurrency payments played a role during the invasion of Ukraine.

Was 2022 an unusual year?

In 2014, the Mt Gox incident was a survival crisis for cryptocurrency.

In 2022, we have a more robust and interconnected cryptocurrency field.

In both cases, there is vulnerability and contagion that can cause cryptocurrency prices to plummet.

Cryptocurrency is no longer in the stage of increasing adoption from 0.1% to 10%.

Cryptocurrency is now in the stage of increasing adoption from 10% to 70%, which requires a different strategy.

People losing money is not the main message we want cryptocurrency to convey.

Will we become a niche market?

In 2011, Vitalik wrote an article comparing Bitcoin to Esperanto, Linux, and the Internet.

Each of these comparisons began as an idealistic movement hoping to replace existing systems with better ones.

Esperanto

Esperanto is an artificial language that aimed to be a universal language. But it failed and remains as a niche interest.

English won out due to too many network effects.

Linux

Linux is an interesting middle case. It is an open-source operating system with successful and failed sides:

It failed on desktop, as it was unappealing to most people.

But Linux has become an important backend for Android, servers, and developers.

Internet

Undoubtedly, the Internet has taken over everything.

Bitcoin

Vitalik's question asked in 2011 was whether Bitcoin would ultimately evolve like Esperanto, Linux, or the Internet. The result is that Bitcoin may eventually be in the middle:

It may be the Linux on the desktop in developed countries.

It may be ubiquitous in developing countries, like the Internet.

Ideas and Suggestions

The use of the term ETH will exceed the use of the term cryptocurrency.

This does not mean becoming an Ethereum evangelist.

The problem is that the crypto space is an ungovernable public space without barriers to entry.

Talking about Ethereum does not mean not caring about the good things happening in other ecosystems.

2022 Industry Lessons

Cryptocurrency only shines when the open and decentralized projects take their core principles seriously.

Open and decentralized projects survive while centralized things are questioned.

Ethereum as a Currency Use Case

There is a contradiction in the Ethereum community because some people want Ethereum to be just a currency while others want it to be more than just currency. These views seem compatible with each other.

Stablecoins are part of DeFi. But they are so simple and direct that most people do not realize they are DeFi.

Most of the applications that appeared in the OG period were applications that genuinely cared about offering real utility.

Newer projects focus on providing liquidity and high yields, regardless of whether it is sustainable.

"Newer things often prove their worth through short-term evidence. And this is a very bad epistemology in the DeFi space, because it's very easy to

sacrifice long-term performance for short-term success." - Vitalik Buterin

Why is Cryptocurrency Important?

Used cryptocurrency as a medium-scale investment and charitable donation fund.

So far, cryptocurrency is the easiest way to send money to people's families.

The fiat currency in many places is unstable.

In these places, cryptocurrency has a clear use case and is expected to succeed in the long term.

"In my country, there is actually hyperinflation. But I can put my money into Bitcoin and ETH and actually protect my savings." - Vitalik Buterin

Thoughts on DeFi DApps

Opportunities for people to create easy-to-achieve success are dwindling.

There are also many opportunities (such as creating a wallet used by billions of people, a stablecoin that survives malignant inflation of the dollar).

Identity Verification

Blockchain identity and identity platforms.

The concept of identity verification: proving the identity you use to sign information/transactions.

In the past decade, Vitalik Buterin noticed that