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Are Crypto Infrastructure Investments Safe Bets?

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At Profitable Investing Tips we have always liked the saying that dates back to the days of the California gold rush. When everyone is digging for gold, the best profits come from selling picks and shovels. When there are many companies or other entities competing in a niche, there are commonly only a few winners. Predicting up front who that will be is often a crapshoot, a pure gamble. Those who invest in cryptocurrencies know how volatile these investments can be. And we have seen the devastation wrought by crypto winter. While individual crypto investments may be risky these days, investments in the infrastructure of crypto may not be. What comes mind are DeFi businesses and crypto exchanges like Coinbase. So, are crypto infrastructure investments safe bets?

Investing in a Crypto Exchange

When you think of Coinbase you may think of it as the largest US-based cryptocurrency exchange where you can trade Bitcoin. Or you may think of it as an investment opportunity in and of itself. Coinbase stock trades on the Nasdaq stock market as Coinbase Global, Inc. The key to this kind of infrastructure investment is that Coinbase makes money when people buy and sell cryptocurrencies, no matter where the prices are going. Where they get in trouble is when trading volume drops severely. This is, in fact, an issue with Coinbase today. [Coinbase trading volume](#) has fallen to half of what it was last year at this time. So far this year the stock's value has not been affected.

To the extent that interest in crypto trading goes away, an investment in an exchange like Coinbase would suffer. To the extent that [Bitcoin ETFs](#) become common and bring more investment, a major exchange like Coinbase will see increased trading volume. This would lead to higher profits and a potentially higher share price.

How Safe Are DeFi Investments?

Investing in the infrastructure of decentralized finance can be difficult unless you are an insider. There are lots of businesses that provide services to the DeFi world. Primarily they create applications for folks doing business in DeFi. The problem is they are virtually all small private companies with no stock to buy on exchange. Companies that do a lot of work in DeFi that you can invest in include IBM, Deloitte, and Accenture. These are all big companies and they're all safe investments. However no matter how well IBM does in creating profits in the DeFi realm, that will be a tiny part of their overall business. Thus, their share price is not going to go up because of a lot of successes in decentralized finance products and services.

Investing in Ethereum Infrastructure

It is our option that Ethereum will replace Bitcoin as the crypto entity with the largest market capitalization. To invest in the infrastructure that underlies Ethereum you need to look at the DeFi businesses that Ethereum-

based technology supports. Or you need to look at an exchange like Coinbase or a trading platform like [Robinhood Markets](#). The potential and safety of an investment in Robinhood Markets are much the same as with Coinbase except that Robinhood Markets also has stock trading. So, they could survive the total demise of crypto so long as the stock market does not go away.

Are Crypto Infrastructure Investments a Good Idea?

When investing one needs to look for safety as well as profits. The safety of investing in something like Coinbase comes from the fact that they profit no matter if prices are going up or down. Greater profits would come from a huge increase in interest in crypto and much higher prices which we do not see on the horizon. DeFi businesses are likely where the future of crypto lies. Sadly for the mom and pop investor, these investments are only available on a stock market when the company has grown enough to go public. At this point much of the best profits are gone. However, there have been investment miracles like Microsoft when it went public or Apple when it came back after the return of Jobs to the helm. Finding those in the DeFi world will require some insight but mostly that you pay attention and educate yourself as to the available opportunities.

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