

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



What Is The Ethereum Upgrade?

By: www.ProfitableInvestingTips.com

The Ethereum crypto system is undergoing an upgrade. According to Ethereum, “the **upgrade** aims to enhance the speed, efficiency, and scalability of the Ethereum network so that it can avoid bottlenecks and process more transactions simultaneously.” It appears to us that there is more to the upgrade and part of that might just be the death of the decentralized dream of the world of cryptocurrency. What is the Ethereum upgrade and how might it affect you?

Will The Ethereum Upgrade Create a New Class of Kingpins in Crypto?

According to *Bloomberg*, creation of so-called builders in the Ethereum blockchain system will dramatically change the **power structure** of the crypto network that is most important commercially. The new feature of the Ethereum upgrade is the introduction of “builders.” Ethereum has miners who take transactions out of a data pool and put them into blocks to go into the blockchain. The upgrade will eliminate miners. The reason is allegedly to reduce how much energy the system uses. Once the upgrade is done transactions will be collected in blocks by builders who will send them to validators and the validators will sign off the correctness of the blocks.

More Than a Geek-Driven Change

This might seem like something that only the geeks would be interested in and of no particular importance but such is not the case. The MEV-Boost upgrade has the potential to significantly centralize power within Ethereum. There will be lots of validators as more than four hundred thousand have been lined up so far. But there will only be a few builders of whom the largest is Flashbots. These folks are in the business of making open-source crypto software. Flashbots lets miners get fees from crypto traders by front-running others. This is similar to how **Robinhood** makes money from order flow while providing “commission-free” trades. Because of the concern about a handful of builders exerting too much control of the Ethereum system others are said to be considering becoming builders as well.

The Death of Crypto Decentralization

The crypto dream starting with Bitcoin and then those that followed was to provide a way to operate in the financial realm free from centralized, government, and traditional bank control. A concern is that a digital wallet like MetaMask will become a “kingmaker.” These folks currently let people receive, buy, and sell cryptocurrencies and currently have more than thirty million users. These folks would be able to play favorites with builders or possibly control transaction flow by becoming a builder. Interestingly, MetaMask is owned by the company founded by the same person who co-founded Ethereum! When the company was asked about this, they dismissed it as no problem saying they would never route all of their transactions to one provider or builder. The issue is too few builders which would reduce the ability of the builder-validator split to protect the

system's decentralization and keep too much power from accumulating in the hands of validators.

New Ways to Profit From a Shrinking Pool of Value

The crypto world has taken a beating over the last nine months and there are concerns that the days of Bitcoin and the rest are over. Thus, folks are looking for new ways to make money in this world. Movement into NFTs, DeFi, and the Metaverse make sense as they provide a fundamental basis for crypto value. However, to a degree the Ethereum upgrade simply looks for new ways to profit from a shrinking pool of value. Like Robinhood it appears to be providing value to users but may simply be finding new ways to siphon off profits as users scared by the crypto decline bail out of the system. We hope this negative view of the Ethereum upgrade is wrong but only time will tell.

For more insights and useful information about investments and investing, visit www.ProfitableInvestingTips.com.

FREE training materials.

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.

