

Cryptocurrency in Everyday Transactions: Hype or Future Reality?

COMPREHENSION • VOCABULARY • DISCUSSION

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Reading Passage

Read the passage carefully. Each paragraph is labelled with a letter for easy reference.

A

In recent years, the word “cryptocurrency” has become a regular part of financial and technological discussions. At its core, cryptocurrency is a digital form of money that uses encryption techniques to regulate its creation and protect transactions. Unlike traditional currencies such as the dollar or euro, cryptocurrencies are decentralized. This means that no central authority, like a government or a bank, controls them. The best-known cryptocurrency is Bitcoin, which was launched in 2009. Since then, thousands of other digital currencies have emerged, including Ethereum, Litecoin, and Ripple. Although originally designed as a new way to pay for goods and services, most cryptocurrencies today are still used more for investment than for daily transactions. One major reason for this is volatility. The value of cryptocurrencies can change rapidly. For example, Bitcoin’s price has gone from a few hundred dollars to over \$60,000 and then dropped again within short periods. This makes many people hesitant to use them for regular purchases, like buying groceries or paying for a coffee. No one wants to pay for a sandwich today with Bitcoin only to find out tomorrow that the same Bitcoin would have been worth much more. Despite this, there are signs that cryptocurrency is slowly entering everyday life. Some companies now accept cryptocurrencies as a form of payment. For example, several online retailers, airlines, and even coffee shops in certain cities let customers use Bitcoin and other digital currencies. In some countries, people use cryptocurrency because their national currency is unstable or because traditional banking services are not available. Another factor that may help cryptocurrencies become more common is the development of stablecoins. These are digital currencies that are tied to the value of traditional money, like the U.S. dollar. Because their value does not change much, stablecoins are considered more reliable for everyday use. In addition, some governments and central banks are experimenting with their own digital currencies, known as central bank digital currencies (CBDCs), which could increase public trust in digital money. Still, many experts believe that widespread use of cryptocurrency in daily transactions is not likely in the near future. There are several challenges that need to be addressed. First, many people do not understand how cryptocurrency works. Without proper knowledge, they may feel uncomfortable using it. Second, the technology required to use and store cryptocurrency—such as digital wallets—can be confusing for the average user. Third, there are legal and security concerns. Governments around the world are still trying to create laws that protect users and prevent illegal activity, such as money laundering or fraud. There is also the environmental issue. Some cryptocurrencies, especially Bitcoin, require a lot of energy to operate. The process of mining, which is how new coins are created and transactions are verified, involves solving complex mathematical problems using powerful computers. This can consume more electricity than some small countries. In conclusion, while the idea of using cryptocurrency for everyday purchases is appealing to some, it still faces many barriers. However, as technology improves and people become more familiar with digital money, it is possible that we will see more cryptocurrency use in our daily lives. Whether it becomes a standard form of payment or remains mainly an investment tool depends on how society chooses to adapt to this innovation.

Vocabulary Glossary

Key words and phrases from the passage. Study them before attempting the exercise below.

WORD / PHRASE	DEFINITION	EXAMPLE SENTENCE
encryption	a way of changing information to keep it secret so only certain people can read it	<i>The app uses encryption to keep your messages private.</i>
decentralized	not controlled by one person or group; power is spread out	<i>The internet is a decentralized network.</i>
volatility	when something changes quickly and unpredictably, especially in value	<i>The stock market's volatility can make investors nervous.</i>
stablecoins	digital money that keeps a stable value because it is linked to regular money	<i>People use stablecoins to avoid the ups and downs of other cryptocurrencies.</i>
mining	the process of creating new cryptocurrency coins by solving difficult math problems	<i>He invested in mining equipment to earn more Bitcoin.</i>
fraud	a crime of tricking someone to get money or something else	<i>The company lost a lot of money because of fraud.</i>
transaction	an exchange of money, goods, or services between people or businesses	<i>I completed the transaction online using my credit card.</i>
investment	putting money into something to make more money	<i>She made an investment in a tech company.</i>

Vocabulary Exercise — Fill in the Blank

Use one word or phrase from the glossary above to complete each sentence. Each item is used only once. Answers are on the final page.

1. Online banking uses _____ to keep your financial information safe.
2. Bitcoin is a _____ currency, meaning no single bank controls it.
3. The _____ of digital money makes it risky for everyday shopping.
4. Many people prefer _____ because their value is more predictable.
5. _____ for new cryptocurrency can use as much power as a small country.
6. They were victims of _____ when they bought fake goods online.

Comprehension Questions

These questions are different from the online practice test. Choose the best answer (A, B, C, or D). Answers and explanations are on the final page.

Question 1

What is one advantage of stablecoins mentioned in the passage?

- A. They are not affected by the ups and downs of the market.
- B. They are controlled by a central bank.
- C. They are used mainly for investments.
- D. They are more energy efficient than Bitcoin.

Question 2

Why might some people in certain countries prefer using cryptocurrency?

- A. Their national currency is stable.
- B. Cryptocurrency is controlled by their government.
- C. Traditional banking services are not available.
- D. Cryptocurrency does not use any energy.

Question 3

What is one reason the passage gives for why cryptocurrencies are not widely used for daily transactions?

- A. They are too easy to understand.
- B. They are too stable.
- C. They require complex technology.
- D. They are accepted everywhere already.

Question 4

What is the environmental concern related to cryptocurrencies mentioned in the passage?

- A. They produce a lot of waste.
- B. They use a lot of energy.
- C. They cause deforestation.
- D. They increase air pollution.

Question 5

What does the passage imply about the future of cryptocurrency use?

- A. It will definitely replace traditional money soon.
- B. It will never be used for daily transactions.
- C. It might be used more if technology improves.
- D. It is already the most common form of payment.

Discussion & Writing Prompts

Each prompt references a specific detail from the passage above. Use for classroom discussion or a short written response (150–200 words).

1. Paragraph 3 highlights the volatility of Bitcoin. How might this volatility affect the economy if Bitcoin were to become a widely used currency?

2. According to paragraph 5, some governments are exploring central bank digital currencies (CBDCs). What do you think are the potential risks and benefits of governments controlling digital currencies?

3. Paragraph 7 raises the issue of energy consumption in cryptocurrency mining. What alternatives could be explored to reduce the environmental impact of cryptocurrencies?

Answer Key

COMPREHENSION QUESTIONS

Q1 A

Q2 C

Q3 C

Q4 B

Q5 C

VOCABULARY EXERCISE

FIB1 encryption

FIB2 decentralized

FIB3 volatility

FIB4 stablecoins

FIB5 Mining

FIB6 fraud

Comprehension Question Explanations

Why the correct answer is right — and why each wrong option is incorrect.

1. What is one advantage of stablecoins mentioned in the passage?

✓ A — They are not affected by the ups and downs of the market.

Stablecoins are tied to traditional money, so their value does not change much (paragraph 5).

✗ B — They are controlled by a central bank.

Stablecoins are not controlled by a central bank; they are linked to traditional money.

✗ C — They are used mainly for investments.

Stablecoins are mentioned as more reliable for everyday use, not just investments.

✗ D — They are more energy efficient than Bitcoin.

The passage does not discuss the energy efficiency of stablecoins.

2. Why might some people in certain countries prefer using cryptocurrency?

✓ C — Traditional banking services are not available.

In some countries, people use cryptocurrency because traditional banking services are not available (paragraph 4).

✗ A — Their national currency is stable.

People use cryptocurrency when their national currency is unstable, not stable.

✗ B — Cryptocurrency is controlled by their government.

Cryptocurrencies are decentralized, not controlled by governments.

✗ D — Cryptocurrency does not use any energy.

The passage mentions that cryptocurrencies like Bitcoin use a lot of energy.

3. What is one reason the passage gives for why cryptocurrencies are not widely used for daily transactions?

✓ C — They require complex technology.

The technology required to use and store cryptocurrency can be confusing for the average user (paragraph 6).

✗ A — They are too easy to understand.

Many people do not understand how cryptocurrency works, which is a barrier.

✗ B — They are too stable.

Cryptocurrencies are not stable; their value changes quickly.

✗ D — They are accepted everywhere already.

Cryptocurrencies are not yet accepted everywhere.

4. What is the environmental concern related to cryptocurrencies mentioned in the passage?

✓ B — They use a lot of energy.

The passage states that mining for cryptocurrencies like Bitcoin consumes a lot of energy (paragraph 7).

✗ A — They produce a lot of waste.

The passage does not mention waste production by cryptocurrencies.

✗ C — They cause deforestation.

Deforestation is not mentioned as a concern in the passage.

✗ D — They increase air pollution.

The passage does not discuss air pollution caused by cryptocurrencies.

5. What does the passage imply about the future of cryptocurrency use?

✓ C — It might be used more if technology improves.

The passage suggests that as technology improves and people become more familiar, cryptocurrency use might increase (conclusion).

✗ A — It will definitely replace traditional money soon.

The passage does not claim that cryptocurrency will definitely replace traditional money soon.

✗ B — It will never be used for daily transactions.

The passage does not state that it will never be used for daily transactions.

✗ D — It is already the most common form of payment.

The passage indicates that cryptocurrency is not yet the most common form of payment.

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