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Gaming and cryptocurrencies — what future awaits us?

Like many industries, crypto - and by implication blockchain technology - were touted to revolutionise gaming. Whilst this disruptive potential has proved false for many areas of business, the coalescence of gaming and crypto is showing itself to be stronger than most.

What is GameFi?

The name GameFi is a combination of two words: “game” and “finances”. In most cases, this means an offer to play and receive a cash reward if you win. You can recognize a GameFi product by the following “markers”:

Utilization of blockchain technology;

Business model called “Play-to-Earn” (where a reward is most commonly a cryptocurrency or an NFT);

Possible utilization of the decentralized finance (DeFi), such as yield farming, liquidity mining, and staking (which is also an additional opportunity to increase your earnings).

How does GameFi work?

GameFi offers not only cryptocurrencies as a reward but other assets as well. These include virtual land, weapons, or avatars; the specific reward depends on the game you choose. The system in most of the games provides rewards for completing tasks or battles with other players, as well as creating monetised structures on the virtual land.

The uniqueness of the GameFi model lies in the use of in-game assets, which run on the blockchain and can be used on NFT marketplaces. This gives users certain advantages, as well as even greater rewards and prizes. Players can also receive passive income either from staking (the process of storing funds on a cryptocurrency wallet to support all transactions of the blockchain), or via renting their game assets to other players.

Most GameFi projects require the purchase of tokens and in-game NFTs. Requirements differ depending on the specific game, but you should carefully assess the potential income and all possible risks associated with losses.

What are ‘blockchain games’?

This can be broadly defined as a blockchain technology that ensures that everyone has a copy of what they are playing, not just one entity. Actions on the blockchain are regulated by a smart contract. Blockchain games use the same technology as cryptocurrencies, meaning they include Bitcoin and Ethereum. Blockchain technology allows gamers to make their characters unique.

The most popular games in 2022 include *Decentraland (MANA)*, Axie Infinity (AXS), The Sandbox (SAND), Gala (GALA) and WAX (WAXP). For example, in the virtual world of Decentraland, you can create and develop an avatar. Thanks to its NFT market, you can buy various items and clothes for tokens.

What is going on inside the game industry?

Over the past decade, mobile gaming has outpaced the growth rate of the vast videogame market and is estimated to generate $136B this year, compared to a total of $86B for PC, console, and handheld games.

Thus, mobile games have become a big driver of the entire market. Developers of traditional console and PC games decided to copy their “golden” business

model: free games through in-game purchases. Now games like “Fortnite” and “Call of Duty” are built around this strategy.

The trend for in-game purchases is organically linked to crypto technology. Several major game developers (such as Square Enix and Ubisoft) have announced their intention to use NFT in their games to allow players to win, earn, and trade unique items within the game.

This idea is not popular with all gamers, especially because many consider crypto tokens a wasteful use of energy. This is due to the immense computing power needed for their functioning. However, with game publishers clearly stating the upcoming convergence of games and NFTs, and already spending money to make it a reality. This is likely to become a reality, especially considering recent developments with the Ethereum network upgrade – *‘the merge’* – which promises 99% more energy efficiency.

The gaming industry is set to grow regardless. Most gamers are looking forward to the products of Unreal Engine 5, a game engine that is a step forward in terms of creating geometry, lighting, and animation. It has been confirmed that several games, both high-profile and lesser known, are already using the platform. Another factor that contributes to the growth of the gaming market’s share is cloud gaming technology. The cloud platform is used to store and stream games. Thus, computers can access it with less memory and processing power. Thanks to the use of cloud-based games, it will be possible to play on any device.

How can blockchain affect gaming?

Improved user experience. Gamers will have more control, will be able to participate in digital transactions more efficiently, securely, and transparently with the help of blockchain technology.

Receiving rewards and resources. While traditional games reward players with points that have no monetary value in the real world, GameFi offers real profit.

Assigning value to intangible assets. People project the value of intangible assets. The future belongs to the industries that catch up with this trend.

Integrated profiles. Users can create a single profile for different platforms, making it easier to navigate between games and purchase items.

P2P transactions. Blockchain allows players to trade virtual assets in the game.

More efficient monetization. Developers will access monetization of their game services efficiently by using blockchain, which will also provide fast and secure

payment networks.

Virtual events and competitions. Decentralized and secure transactions between users and automatic monitoring of data from any network give players an easy way to get the most out of blockchain gaming.

Greater involvement. It is impossible to unilaterally shut down your blockchain DApp game or change it without the consensus of the player community. The technology will allow players and developers to collaborate more closely.

Conclusion

Blockchain creates a facilitating environment for game developers and entrepreneurs, as well as helps to control the purchase and sale of assets. Blockchain can truly transform the gaming industry. This is contributed by a secure environment, the protection of trading platforms, and untraceable resources. It also includes an improved user experience, integrated profiles, and rewards.

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