

Virtual Economies — Part 1: Definition and Digital Currencies, from Marginal Experiment to Financial Revolution *by Pierre Vercueil — Updated Edition 2025–2026*

Hello everyone and welcome to a new episode of EconoMag. Today, we return to the fundamentals of virtual economies—a topic we explored years ago when Bitcoin was still a curiosity reserved for technology enthusiasts. Ten years later, the landscape has changed dramatically, and what was once marginal has become a pillar of the global financial system.

What Is a Virtual Economy?

Let us begin with the basics. In any economy, goods or services are exchanged for a currency.

A virtual economy works according to the same principle, with one essential difference: the goods, services, and the currency itself have no physical existence. They exist only within a digital environment—such as a video game, an online platform, or a blockchain network.

A virtual good can be a sword in a role-playing game, a piece of land in a digital world, or even a work of art in the form of an NFT (non-fungible token).

A virtual currency is any digital medium of exchange—from coins earned in an online game to Bitcoin, or even the digital euro currently under development.

The defining feature of these exchanges is simple: neither the buyer nor the seller needs to deliver a physical product. The entire transaction takes place online.

Bitcoin: From Experimental Curiosity to Institutional Asset

Launched in 2008 by the mysterious Satoshi Nakamoto, Bitcoin was originally designed as a system allowing two individuals to make payments directly to each other without a banking intermediary—much like paying in cash, but on the internet.

Bitcoins are created through a computational process called mining, which involves solving complex mathematical equations using powerful computers.

For many years, Bitcoin suffered from an ambiguous reputation, often associated with online black markets, such as the Silk Road platform, which was shut down by U.S. authorities in 2013 after enabling anonymous purchases of illegal goods using bitcoins.

But the situation has changed radically.

After remaining below one dollar until 2010, Bitcoin surpassed \$100,000 in early 2025 and even reached an all-time high of around \$126,000 in October 2025.

This spectacular trajectory can be explained by several factors that have fundamentally transformed the nature of this asset.

The Historic Turning Point: The Arrival of Bitcoin ETFs

What truly changed everything was the decision by U.S. financial regulators to officially integrate Bitcoin into the traditional financial system.

In the United States, the Securities and Exchange Commission (SEC) clarified its position: Bitcoin and Ethereum are now considered commodities, similar to gold or oil, rather than securities.

Bitcoin and Ethereum exchange-traded funds (ETFs) were approved, attracting billions of dollars in inflows within just a few months.

By the end of November 2025, assets under management reached nearly \$115 billion for major Bitcoin ETFs and \$17 billion for Ethereum ETFs.

In 2024, nearly 2,000 institutional investors had exposure to Bitcoin ETFs. Assets under management increased from \$13 billion in the first quarter of 2024 to more than \$33 billion by the end of the year.

Before the creation of ETFs, institutional investors had to navigate native cryptocurrency exchanges, manage their own wallets, and secure their private keys, which introduced significant security and compliance risks.

Today, asset managers can allocate capital to Bitcoin through regulated financial products, relying on their existing brokerage relationships.

Massive and Unprecedented Institutional Adoption

Since January 2025, institutional investors have acquired more than 545,000 BTC, while the newly issued supply from the network did not exceed 97,000 BTC during the same period.

Institutional demand therefore far exceeds new supply.

Strategy (formerly MicroStrategy) alone holds nearly 600,000 BTC, financed through equity sales and convertible bonds. The company firmly believes that Bitcoin represents a long-term store of value superior to gold.

The administration of President Trump, widely perceived as supportive of cryptocurrencies, has even established a “strategic Bitcoin reserve” and pledged to make the United States the “undisputed Bitcoin superpower.”

A remarkable shift for an asset that governments once viewed with deep skepticism.

Global Regulation: From Suspicion to Supervision

One of the most significant developments in recent years has been the gradual establishment of clear legal frameworks, which have contributed greatly to the legitimization of cryptocurrencies.

In Europe, the MiCAR regulation came into force in January 2025, imposing strict standards on crypto platforms regarding transparency, governance, and investor protection.

In the United States, Congress adopted a regulatory framework for stablecoins, known as the GENIUS Act, in mid-2025.

In Asia, financial centers such as Hong Kong, Singapore, and Japan are positioning themselves as regional hubs with innovation-friendly regulatory frameworks.

China, by contrast, remains more restrictive but is actively developing its own digital currency, the digital yuan (e-yuan).

Real Risks Still Remain

Despite this new level of maturity, the risks associated with cryptocurrencies have not disappeared.

The entry of major asset managers such as BlackRock and Fidelity, which hold large quantities of bitcoins, raises concerns about market centralization, potentially contradicting Bitcoin's original decentralized philosophy.

Bitcoin also remains highly volatile: daily price fluctuations can still exceed 10%, and sudden events—such as cyberattacks, political decisions, or economic crises—can have a major impact on its price.

Moreover, although Bitcoin is now less associated with black markets thanks to regulation, fraud and hacking risks still exist, reminding investors that caution remains essential.

Conclusion

After surviving several dramatic boom-and-bust cycles, Bitcoin has significantly improved its reputation among mainstream investors.

A more regulated cryptocurrency sector is gradually leading to broader global adoption, less volatile markets, and larger capital inflows.

Today, wealth managers can legitimately advise their clients to include Bitcoin in their portfolios as a diversification asset.

The virtual economy is no longer a parallel universe reserved for insiders. It has become a fully integrated component of the global economy—a transformation that would have seemed almost unimaginable just ten years ago.

Join us for the next episode of EconoMag, where we will explore in greater detail the market for virtual goods in video games.

Vocabulary:

Virtual economy – Économie virtuelle

Virtual currency – Monnaie virtuelle

Bitcoin – Bitcoin

Ethereum – Ethereum

NFT (Non-Fungible Token) – Jeton non fongible

Digital euro / e-euro – Euro numérique / e-euro

Mining – Minage

Blockchain network – Réseau blockchain

Asset – Actif

Institutional investors – Investisseurs institutionnels

Exchange-traded funds (ETFs) – Fonds négociés en bourse

Commodities – Matières premières

Securities – Valeurs mobilières

Private keys – Clés privées

Wallets – Portefeuilles numériques

Regulation – Réglementation

MiCAR (EU regulation) – MiCAR (réglementation européenne sur les crypto-actifs)

GENIUS Act (US regulation) – GENIUS Act (loi américaine sur les stablecoins)

Digital yuan / e-yuan – Yuan numérique / e-yuan

Market volatility – Volatilité du marché

Cyberattacks – Cyberattaques

Fraud – Fraude

Diversification asset – Actif de diversification

Capital inflows – Entrées de capitaux

Boom-and-bust cycles – Cycles de hausse et de chute

Decentralization – Décentralisation

Strategic Bitcoin reserve – Réserve stratégique de Bitcoin

Trading platforms / exchanges – Plateformes d'échange

Financial revolution – Révolution financière

Global adoption – Adoption mondiale