

Ethereum's merge may be complete, but cryptocurrencies need to do more than change their code to protect the climate

With the much-debated and long-anticipated Ethereum Merge having finally come to pass, decisively altering the digital machinery at the core of the world's second-largest cryptocurrency infrastructure, already it become a periodic divide in the history of cryptocurrency and digital assets. Developers and commentators are already referring to events taking place either Pre- or Post-Merge.

Temps de lecture : minute

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The importance of this technological revolution cannot be overstated, especially when it comes to transitioning cryptocurrencies away from energy intensive mining practices.

Before the merge, both Ethereum and Bitcoin's network alone consumed more energy than the entire country of Thailand which is host to a population of over 90 million people. Governments and companies alike, citing concerns around the rapidly increasing environmental costs of crypto mining operations, slowly turned their back on the idea of cryptocurrencies being widely used within societies.

However, The Merge has the potential to turn the tables. Ethereum's co-founder Vitalik Buterin shared data that suggested that worldwide electricity consumption would be reduced by 0.2% as a result of Ethereum switch from Proof-of-Work (PoW) to a Proof-of-Stake (PoS)

consensus mechanisms (PoS).

Although the upgrade to this network, which houses a \$30 billion worldwide ecosystem of trading platforms, NFT marketplaces, and other Web3 technologies, will significantly reduce the cryptocurrencies carbon footprint, it is far from a panacea for wider crypto energy crisis.

Here at StrikeX, one of our future goals is to develop our own blockchain. We understand that when it comes round to creating StrikeX's blockchain, we must approach the task not just from a security and stability perspective, but also from an environmental one.

Furthermore, though there is significant promise in PoS, other protocols such as Proof-of-authority (PoA) offer potentially an even more energy efficient alternative to PoS, as there is no competition between validators. However, blockchain developers must not remain complacent following Ethereum's switch to PoS and must continue to push for more innovation around sustainable and efficient consensus mechanisms.

Pushing for stronger ESG policies for Web3 technologies

This move, however, needs to be part of a wider drive within the industry to establish sound ESG policies, frameworks, and standards, reflective of the growing demand amongst investors, governments, regulators, and the wider public.

Over the last few years, we have witnessed a rapid increase in investor focus and demand for company's ESG policies before investing, particularly on their environmental impact, energy efficiency, and supply chain. In addition to this, according to a recent Gallup poll, roughly 41% of investors said that they investigate corporate governance policies, or the social values advocated by company leadership.

Despite this, cryptocurrencies and the wider blockchain industry have been infamously slow to set behavioural standards and codify how they manage relationships with employees, suppliers, customers, and the communities within which they operate.

As the conversation around sustainability continues, blockchain developers have the opportunity to develop stronger and more transparent policies around what the industry should do to ensure that it acts both responsibly and in the interest of future generations of investors.

The start of crypto's green revolution

Ethereum's switch to PoS should be the starting gun in crypto's race to net zero. A clear demand from investors and governments alike creates fertile conditions for green pioneers within the blockchain industry to push for transformative change to the sector's ESG policies.

The effects of climate change are becoming clearer by the day, and if blockchain developers fail to tackle the industry's energy crisis, they risk not only alienating the next generation of retail investors, but also endangering the future of Web3.

Joe Jowett is CEO of [*StrikeX*](#).

Article by Joe Jowett