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Ethereum Merge Upgrade: May Be ETH's Chance to Outpace Bitcoin

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Ethereum Merge is the most significant upgrade since its launch. Researcher says The Merge may be the chance for ETH to outpace Bitcoin.

Ethereum's upcoming shift from a [proof-of-work \(PoW\)](#) to a [proof-of-stake \(PoS\)](#) consensus mechanism will change its monetary policy, and could make ETH scarcer than Bitcoin (BTC).

Ethereum researcher, Vivek Raman, is convinced that Ethereum's imminent transition to a [PoS](#) system will allow it to take over Bitcoin's position as the most prominent cryptocurrency.

"Ethereum does have, just from an economic perspective and because of the effect of the supply shock, a chance to flip Bitcoin," Raman said in an exclusive interview.

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The Merge, a long-awaited upgrade that will complete Ethereum's transition to a [proof-of-stake](#) system, is set to take place in [September](#). In addition, The Merge will transform Ethereum's monetary policy, making the network more environmentally sustainable and reducing ETH's total supply by 90%.

"After The Merge, Ethereum will have lower inflation than Bitcoin. Especially with fee burns, Ethereum will be deflationary while Bitcoin will always be inflationary. Although, with every halving, the inflation rate goes down," pointed out Raman.

While Bitcoin will retain its function as digital gold, according to Raman, Ethereum will still have “a larger adoption space” as the base layer of the decentralized finance (DeFi) economy.

The Merge will not reduce Ethereum’s [high transaction fees](#), which remain the main issue preventing Ethereum from [scaling](#). According to Raman, that is not an issue as Ethereum will rely on layer-2 scaling solutions to support the activities of most users:

“Users need to learn that all of their activities should be on layer 2 and then layer 2s ultimately will use Ethereum as a base layer 1 for settlement and security and decentralization.”

Some analysts pointed that the Merge is already priced in. It’s been in the works for seven years, and many big-time investors have put money on Ethereum with the expectation that the Merge would be successful.

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