

Building of Wealth in the Cyber World: Secrets of Digital Investment

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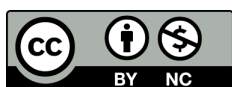
Abstract. Over the past decade, digital assets have transformed from a niche technological experiment into a mainstream financial instrument, attracting institutional investors, governments, and retail traders. With the increasing adoption of blockchain technology, cryptocurrencies are reshaping traditional financial systems, offering new mechanisms for wealth creation, transaction efficiency, and decentralized financial services. This article explores the profit opportunities and risks associated with the cryptocurrency market, highlighting its rapid evolution and significant impact on the global financial landscape. A key focus of this study is the investment potential within the cryptocurrency sector. It examines various opportunities, including short-term gains driven by market volatility, long-term asset appreciation, passive income through staking, and innovative financial models within decentralized finance (DeFi). However, the cryptocurrency market is fraught with substantial risks alongside these profit opportunities. Extreme price fluctuations remain a defining characteristic, often leading to significant losses for uninformed investors. Regulatory uncertainty poses another challenge as governments worldwide struggle to develop clear frameworks, with potential legal restrictions impacting the market's stability. Security vulnerabilities, including exchange hacks, smart contract exploits, and phishing attacks, add another layer of risk, making cybersecurity a crucial concern for market participants. Furthermore, the lack of consumer protection mechanisms means that investors may have little recourse in cases of fraud, theft, or technical failures. By analyzing these factors, this article provides a balanced perspective on the potential rewards and dangers of investing in digital assets. The study is supported by academic research, industry reports, and real-world market trends, offering valuable insights for investors, policymakers, and financial analysts. As cryptocurrencies evolve, understanding their opportunities and risks is essential for making informed financial decisions in this rapidly changing landscape.

Keywords: cyber world, investment, cryptocurrency market, decentralized finance, digital services.

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Створення багатства в кіберсвіті: секрети цифрових інвестицій

Анотація. За останнє десятиліття цифрові активи перетворилися з нішевого технологічного експерименту на основний фінансовий інструмент, залучаючи інституційних інвесторів, уряди та роздрібних торговців. Зі збільшенням впровадження технології блокчейн криптовалюти змінюють традиційні фінансові системи, пропонуючи нові механізми для створення багатства, ефективності транзакцій і децентралізованих фінансових послуг. У цій статті досліджуються можливості прибутку та ризики, пов'язані з ринком криптовалют, підкреслюється його швидка еволюція та значний вплив на світовий фінансовий ландшафт. Ключова увага в цьому дослідженні зосереджена на інвестиційному потенціалі ринку криптовалют. В роботі розглядаються різні можливості, включно з короткостроковими прибутками, спричиненими нестабільністю ринку, довгостроковим подорожчанням активів, пасивним доходом отриманим через ставки та інноваційні фінансові моделі в рамках децентралізованого фінансування. Однак, ринок криптовалют пов'язаний зі значними ризиками. Екстремальні коливання цін залишаються визначальною характеристикою, що часто призводить до значних втрат для необізнаних інвесторів. Регуляторна невизначеність створює ще одну проблему, оскільки уряди в усьому світі намагаються розробити чіткі рамки, а потенційні правові обмеження впливають на стабільність ринку. Вразливі місця в безпеці, включно з хакерськими атаками бірж, використанням смарт-контрактів і фішинговими атаками, додають ще один рівень ризику, роблячи кібербезпеку ключовою проблемою для учасників ринку. Крім того, відсутність механізмів захисту споживачів означає, що інвестори можуть мати мало прав у випадках шахрайства, крадіжки або технічних збоїв. Аналізуючи ці фактори, ця стаття пропонує збалансований погляд на потенційні винагороди та небезпеки інвестування в цифрові активи. Дослідження підкріплюється академічними публікаціями, галузевими звітами та реальними ринковими тенденціями, пропонуючи цінну інформацію для інвесторів, політиків і фінансових аналітиків. Оскільки криптовалюти розвиваються, розуміння їх можливостей і ризиків є важливим для прийняття обґрунтованих фінансових рішень у цьому швидко мінливому ландшафті.

Ключові слова: кіберсвіт, інвестиції, ринок криптовалют, децентралізовані фінанси, цифрові сервіси.

INTRODUCTION

Modern organizations are rapidly adopting new technologies, and as a result, they struggle with the security challenges these technologies bring. Despite the increasing complexity of cyber threats, investments in cybersecurity are on the decline. This shift forces companies to rethink their security strategies and maximize the value of their existing resources. Traditional cybersecurity approaches rely on reactive, alert-driven methods. The main drawback of this model is the overwhelming number of alerts, many of which are false positives. This leads to excessive escalations, delays in response times, inefficient use of human resources, and an increased risk of overlooking real threats. Organizations must embrace automation and adopt a proactive security strategy to tackle these issues. Automating security processes allows teams to shift toward a risk-based approach, enhancing security performance management (Rainer, 2020). The digital transformation of the global economy has drastically increased the volume of data creation, transfer, and storage. At the same time, cyberattacks have become more sophisticated and widespread. As a result, cybersecurity has become a top priority for businesses and governments worldwide.

LITERATURE REVIEW

The introduction of Bitcoin by Nakamoto (2008) revolutionized digital finance, paving the way for blockchain-based investment opportunities. Early studies questioned whether Bitcoin could function as a legitimate currency (Yermack, 2013), while later research focused on its financial properties and market volatility (Harvey, 2018; Zohar, 2021).

Catalini and Gans (2017) explored the economic mechanisms of blockchain, emphasizing its role in reducing transaction costs and enabling decentralized financial networks. However, concerns over price volatility and regulatory uncertainties remain central to cryptocurrency investment strategies (Rainer, 2020).

Greer and Allen (2020) examined the future of finance concerning cryptocurrency adoption, arguing that digital assets could reshape traditional financial markets. Similarly, Liew (2019) guided cryptocurrency investment, highlighting the potential for high returns alongside significant risks.

The metaverse has emerged as a new digital economy in which virtual properties and assets function as investment vehicles. Narowski et al. (2025) analyzed virtual real estate's valuation and speculative nature, particularly within platforms like Decentraland. Their

study highlighted the difficulty in establishing intrinsic value for digital land, making these assets highly susceptible to speculation.

Bagattini and Piazza (2025) reported that artificial intelligence is increasingly integrated into investment funds, shaping strategies for portfolio management within metaverse-related assets. However, concerns remain regarding market stability and the legal frameworks governing virtual property ownership.

DeFi has introduced new financial models, eliminating intermediaries and providing investors with alternative lending, borrowing, and yield-generation mechanisms (Catalini & Gans, 2017). Liew (2019) analyzed DeFi investment opportunities, discussing the risks associated with smart contracts and regulatory challenges.

Imanov (2022) investigated the role of cryptocurrencies in trade, assessing entrepreneurs' attitudes toward digital assets. His findings suggest that regulatory clarity remains a significant concern while adoption is increasing. Additionally, Zohar (2021) examined the risks associated with crypto assets, emphasizing the importance of security measures in DeFi platforms.

RESEARCH OBJECTIVE

This study aims to conduct a bibliometric analysis of research on cyber investments, identifying key trends, influential publications, and potential future directions. Reduction of losses due to cyberattacks measures the balancing of investments in security to maximize their returns. The objective is to find the optimal level of security investment because this significantly reduces losses. However, the costs associated with insurance premiums, which depend on the expected loss, must be considered in the optimization process.

RESULTS AND DISCUSSION

Today, the world stands at the threshold of a new industrial era-Industry 4.0-which is driven by automation, artificial intelligence, and smart manufacturing. This revolution integrates cyber-physical systems into production, enabling interconnected, autonomous, and highly efficient industrial ecosystems. Just as past industrial revolutions redefined economies and societies, Industry 4.0 is set to reshape the future of work, global competition, and economic structures. Analyzing these historical transformations shows that technological and economic advancements are part of an interconnected process rather than isolated events. The journey from agriculture to Industry 4.0 reflects humanity's continuous drive to innovate and adapt, paving the way for an increasingly digital, automated, and interconnected future. The cyber world has significantly reshaped the global economy through technological advancements like the internet, artificial intelligence, blockchain, and big data. These innovations have transformed business models and labour markets and created new sectors. The internet has enabled global commerce, fueling the rise of e-commerce platforms such as Amazon and Alibaba while also giving rise to the gig economy through services like Uber and Fiverr. In manufacturing, automation, AI, and the Internet of Things (IoT) have

streamlined production, improving efficiency and reducing costs. Smart factories and supply chains have become commonplace, enhancing global competitiveness. Similarly, the rise of digital currencies and blockchain technology challenges traditional financial systems, providing decentralized, secure, and transparent financial transactions. On the development front, digital transformation opens up new economic opportunities for developing countries, allowing them to leapfrog traditional industrialization. Mobile banking and digital services are boosting financial inclusion in regions that lack access to conventional banking. However, the rapid growth of the cyber world brings challenges such as data privacy, cybersecurity, and the digital divide. Addressing these issues is crucial to ensuring that the benefits of the cyber world are shared equitably while minimizing its risks. In conclusion, the cyber world is fundamentally transforming the economy, creating new opportunities and challenges for businesses, governments, and individuals alike.

Profit opportunities and risks in the cryptocurrency market

Cryptocurrency trading platforms are online marketplaces where traders can buy and sell digital assets using various fiat and cryptocurrencies. Similar to traditional stock exchanges, these platforms connect buyers and sellers, enabling transactions based on market and limit orders (Imanov, 2022). When a trader places an order, it is added to the platform's order book and remains there until a matching offer is found. Once the price aligns, the trade is executed automatically. These platforms charge transaction fees for each trade, which vary depending on the platform and trading volume. To start trading, users must register on the platform and verify their identity through a Know Your Customer (KYC) process. Once verified, users can deposit funds into their accounts using various payment methods, including bank transfers, credit/debit cards, checks, or even gift cards, depending on the platform's policies. When exchanging cryptocurrencies, traders use public and private keys stored in digital wallets. While commonly referred to as "wallets," these do not physically store cryptocurrencies. Instead, a wallet holds a private key that proves ownership of a certain amount of cryptocurrency associated with a public key. Losing the private key means losing access to the cryptocurrency. There are two main types of wallets: hot wallets and cold wallets. Hot wallets are connected to the internet, making them more vulnerable to cyberattacks. Cold wallets, on the other hand, are offline storage solutions that provide better security against hacks. Due to the risks of exchange failures, hacking incidents, or insider fraud, traders are advised to transfer their cryptocurrencies to personal wallets after purchasing them on an exchange. As interest in cryptocurrencies grows, numerous international exchanges have emerged, allowing users to trade digital assets like Bitcoin. One of the most well-known exchanges is Coinbase, founded in June 2012. Coinbase provides a secure platform for trading cryptocurrencies such as Bitcoin,

Ethereum, and Litecoin. Backed by reputable investors and serving a global customer base, Coinbase is widely recognized for its security, ease of use, and insurance coverage on stored funds. However, it also has drawbacks, such as limited payment options and restricted availability in certain countries.

Is it possible to invest in next-generation assets?

In today's world, investors can invest not only in traditional assets but also in next-generation assets. These include cryptocurrencies, tokenized real estate, decentralized finance (DeFi) projects, non-fungible tokens (NFTs), AI-driven investments, and even fractional ownership of valuable assets such as art and collectables. With the advancement of blockchain technology, access to digital assets has become easier than ever. For instance, cryptocurrencies offer new investment opportunities, while tokenized real estate allows investors to own a fraction of a property, enabling investment with smaller amounts. DeFi projects provide the ability to lend, borrow, and conduct financial transactions without the need for traditional financial intermediaries (Narowski et al., 2025). Meanwhile, NFTs ensure unique ownership of digital artwork and collectables, emerging as a new investment sector. AI-driven investment platforms analyze market trends and offer optimized portfolios for investors. Additionally, fractional ownership of art and other valuable assets allows investors to participate in high-value markets with smaller investments. However, it is important to note that next-generation assets can be more volatile and subject to regulatory uncertainties than traditional investments. Therefore, conducting thorough research and assessing risks before investing in these assets is essential.

Virtual Ownership and New Market Opportunities

Virtual property has emerged as a key element of the digital economy, creating a dynamic marketplace where users buy, sell, and trade digital assets within virtual worlds. Unlike physical real estate, virtual properties exist entirely in digital environments, taking the form of land, buildings, islands, and decorative objects found in online games, metaverse platforms, and entertainment ecosystems. The value of virtual real estate is largely influenced by the popularity of the platform to which it belongs. As a game or virtual world gains traction, demand for its digital properties increases, often driving up prices. Likewise, launching a new virtual world or introducing exclusive properties can attract investors and users, further fueling the market.

Specialized platforms facilitate the buying and selling of virtual real estate, where market prices are shaped by supply, demand, and the overall appeal of the digital environment. In some cases, virtual properties hold real-world financial value, with collectors and gaming enthusiasts willing to pay substantial sums for rare or prestigious digital assets. However, the virtual property market remains highly dependent on game developers' and platform owners' policies and decisions. Changes in availability, in-game economies, or platform rules can significantly impact the value of

digital assets, making this a volatile but intriguing sector for investors and players alike.

AI-Based Investment Strategies

Investor enthusiasm for artificial intelligence (AI) is reshaping financial markets, particularly in industries poised to benefit from AI-driven advancements, such as robotics, big data, and automation. The excitement surrounding AI's transformative potential in sectors like healthcare, finance, and manufacturing has fueled demand for investment opportunities tied to its growth. This growing interest has led to the emergence of specialized market indices designed to track AI-related companies, offering investors a systematic way to capitalize on AI's long-term economic and technological impact. Fund managers also use these indices as benchmarks to gauge portfolio performance, similar to how traditional sector indices function. While many technology-focused indices exist, some have been developed specifically to provide targeted exposure to AI companies. These indices offer a more balanced investment approach than those weighted by market capitalization, ensuring that no single company disproportionately influences the index. Typically, the largest company in these AI-focused indices holds a weight of around 4-5%. The top 10 companies collectively account for approximately 37%, starkly contrasting the Standard and Poor's 500 Information Technology Index (S&P 500 IT Index), where the top firms make up nearly 78% of the total weight. Traditional market-capitalization-weighted indices, such as the S&P 500 IT Index, have become increasingly concentrated around a handful of dominant tech giants (ESMA, 2025). Companies like Apple, Microsoft, Amazon, Alphabet, Meta, Nvidia, and Tesla—often referred to as the “Magnificent Seven”—have played an outsized role in shaping market trends. As of October 2024, these firms were responsible for 50% of the index's total annual gains, highlighting their significant influence on the broader market. As large technology companies emerge as key players in enabling, engaging with, and adopting artificial intelligence (AI), they have driven sector-specific indices and the broader stock market upwards. However, concerns have surfaced regarding the sustainability of these rising valuations in the face of uncertain earnings. To gain valuable insights, examining how European investments are being directed toward AI-related growth opportunities is essential.

In order to do this, we evaluate the proportion of EU investment fund portfolios allocated to stocks of companies significantly involved in AI. We identify AI exposure based on the expertise of leading index providers, who design benchmark indices to track specific market segments. We pinpoint AI-related companies by analyzing the 198 constituents of seven AI-focused indices. Excluding the 115 companies that appear in only one index, we define AI stocks as the equities issued by the remaining 83 companies, which are part of at least two indices. This approach provides a broader view of the AI sector, encompassing not just megacap stocks but also large- and mid-cap firms that

benefit from AI development and integration. Using Morningstar's portfolio holdings data from January 2021 to June 2024, which covers 10,370 equity investment funds domiciled in the EU, we analyze how these funds are exposed to AI stocks. During the sample period, the funds held 780,000 distinct securities, among which we identified AI-related stocks through a detailed name-based matching process. As of June 2024, more than half of the market value held by EU funds is concentrated in the largest companies, including six of the "Magnificent Seven" tech giants. These companies, which are also more frequently included in AI-focused indices, have invested heavily in AI development. While the remaining companies hold a smaller individual share of the funds' investments, their stocks collectively account for a significant portion of the market value, reflecting that EU investments are spread across diverse stakeholders within the AI sector.

Investment Security and Risk Management

Diversification involves spreading investments across different asset classes, industries, and geographic regions. This approach reduces the impact of poor performance in one investment on the overall portfolio. For example, instead of concentrating on a single stock, investing in stocks from various industries and other assets like bonds and real estate is recommended. Asset allocation involves distributing investments among various categories, such as stocks, bonds, and cash equivalents. This distribution should align with the investor's risk tolerance, financial objectives, and investment horizon. For example, conservative investors may prefer bonds and cash equivalents, while younger investors may lean towards stocks. Due to market changes, a portfolio's asset allocation may shift over time. Portfolio rebalancing ensures that the portfolio returns to its target allocation by periodically buying and selling assets. This strategy helps maintain the investor's risk tolerance and can exploit market fluctuations. Stop-loss orders are tools that automatically sell an asset when it reaches a certain price. This mechanism helps protect investors from significant losses and prevents emotional decision-making. It is advantageous in highly volatile markets.

The financial services industry is inarguably the most important sector of the economy, leading the world in earnings and stock market capitalization. Large conglomerates dominate the sector, but it also includes various smaller companies. The financial services industry is also important for its role in the health of a country's economy. Financial service providers include banks, investment companies, insurance, leasing, brokerage, and many other companies (Ibrahimov & Babayev, 2024). Staying updated with financial news, attending webinars and seminars, and consulting financial advisors can help investors make well-informed decisions. This approach aids in understanding market trends and economic indicators. Different investment types carry different risks. For example, stocks are subject to market risk, bonds are subject to credit risk,

and real estate carries liquidity risk. It is essential to assess the specific risks associated with each type of investment and apply appropriate management strategies.

CONCLUSION

The cyber world has fundamentally transformed global investment landscapes, opening up vast opportunities across various sectors such as blockchain technology, artificial intelligence (AI), digital finance, and e-commerce. The rapid advancement of these technologies has led to the emergence of new financial instruments, decentralized financial systems, and innovative business models reshaping traditional economic structures. Investors now have access to a wider range of digital assets, automated trading algorithms, and AI-driven investment strategies, enabling more efficient and data-driven decision-making.

Blockchain technology has played a particularly significant role in this transformation by introducing cryptocurrencies, decentralized finance (DeFi), and smart contract-based applications. These innovations offer alternative financial solutions, reduce transaction costs, and enhance transparency in global markets. Similarly, AI-driven financial models have improved risk assessment, fraud detection, and personalized investment strategies, making financial management more accessible and efficient. Additionally, e-commerce platforms have expanded beyond traditional markets, integrating digital payment solutions, NFTs, and virtual economies, further revolutionizing online trade. However, the cyber world presents considerable risks alongside these promising developments. Market volatility remains a critical challenge, particularly in cryptocurrency, where prices can fluctuate dramatically within short periods. This unpredictability makes it difficult for investors to maintain stable returns and increases exposure to financial losses. Cybersecurity threats, including hacking, data breaches, and fraudulent schemes, further complicate the investment landscape as malicious actors continuously develop new techniques to exploit digital vulnerabilities.

Regulatory uncertainty is another major concern, as governments and financial institutions worldwide are still in the process of establishing clear legal frameworks for digital investments. Sudden regulatory changes, such as restrictions on cryptocurrency exchanges or increased compliance requirements, can significantly impact market stability and investor confidence. Furthermore, the lack of standardized global policies creates inconsistencies that make cross-border investments more complex and risky.

Given these opportunities and challenges, we aimed to analyze effective investment strategies in the digital era comprehensively. This study equips investors, businesses, and policymakers with the necessary insights to make well-informed financial decisions by examining potential gains and associated risks. Understanding the evolving dynamics of the cyber economy will be crucial in navigating this rapidly changing landscape, mitigating risks, and maximizing investment potential.

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