# Base's on-chain growth challenges Solana's dominance



Base, a Layer 2 network developed by the prominent U.S. cryptocurrency exchange Coinbase, has reported significant growth in its on-chain metrics as it competes with the blockchain network Solana. According to data from blockchain analytics firm Artemis, the number of daily active addresses on Base has surged from fewer than 70,000 at the beginning of January 2024 to an all-time high of three million earlier this week. Moreover, daily transaction figures reached a notable 13.4 million, marking an extraordinary approximately 3,521% increase from the sub-375,000 transactions recorded during the same period last year.

The upward trajectory of Base’s activity can be partially attributed to the rising popularity of the Virtuals protocol, which enables users to create AI agents. These AI agents function semi-autonomously, carrying out various tasks such as processing internet information, engaging on social media platforms, and even executing cryptocurrency trades. The Virtuals protocol's associated cryptocurrencies, including its native token VIRTUAL and AIXBT—linked to the largest AI agent by market cap—have emerged as some of the most actively traded coins on Aerodrome, a decentralised exchange unique to Base. On Thursday, VIRTUAL experienced a price rise, hitting an all-time high of $5.07, which corresponds to a market cap of around $5 billion. Concurrently, AIXBT also reached a record market cap exceeding $650 million according to CoinGecko.

Interest in the intersection of artificial intelligence and blockchain technology has provided substantial momentum for these coins. AI startup Kaito reports that artificial intelligence now dominates over 57% of the crypto users’ attention, suggesting a burgeoning market appeal.

Despite the growth within Base, its metrics remain relatively modest in comparison to Solana. As of mid-week, Solana boasted over five million daily active addresses and a robust daily transaction volume of approximately 56.8 million. These figures significantly exceed those of Base, which highlights the competitive landscape between the two networks.

The competitive dynamics have been further inflamed by public discussions among industry leaders. On New Year’s Day, Jesse Pollak, the creator of Base, posed a provocative question on X (formerly Twitter), asking how he should attract Solana traders to Base. This query attracted criticism, notably from Chase Barker, the former head of the developer ecosystem at the Solana Foundation, who described Base as “a corporate bank with no soul.”

Kevin Sekniqi, co-founder of Ava Labs, suggested that Coinbase should prioritise expanding the broader industry rather than attempting to lure users away from Solana. His remarks align with sentiments expressed earlier by Lily Liu, president of the Solana Foundation. Liu expressed skepticism regarding Base’s long-term competitiveness with Solana, framing corporate-backed Layer 2 networks as "cannibalistic" due to their potential to deplete value from Ethereum's base layer through asset bridging.

These exchanges have ignited significant debate within the cryptocurrency community, along with widespread responses from Ethereum supporters, like Luke Youngblood of Moonwell, who countered Liu’s perspective by highlighting factors that may enhance Ethereum's chances compared to Solana.

As both Base and Solana define their positions in the fast-evolving cryptocurrency market, the implications of their competition may reverberate across the broader industry landscape.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://yellow.com/news/base-emerges-layer-2-powerhouse-record-breaking-year> - Corroborates the significant growth in Base's on-chain metrics, including daily transaction volumes, DEX activity, and total value locked (TVL).
* <https://www.bitget.com/news/detail/12560604457174> - Supports the exponential growth of Base's daily transaction volume, DEX volume, and total value locked (TVL) in 2024.
* <https://nulltx.com/base-emerges-as-the-top-layer-2-network-of-the-year/> - Confirms Base's emergence as a top Layer 2 network, outpacing competitors in key metrics such as TVL, active users, and transactions.
* <https://yellow.com/news/base-emerges-layer-2-powerhouse-record-breaking-year> - Details the developer-friendly and cost-effective nature of Base, attracting both retail and institutional participants.
* <https://www.bitget.com/news/detail/12560604457174> - Highlights the surge in daily transaction volume and DEX volume on Base, indicating strong user engagement and platform activity.
* <https://nulltx.com/base-emerges-as-the-top-layer-2-network-of-the-year/> - Explains how Base leverages Optimism’s OP Stack and optimistic rollup technology to enhance transaction speed and reduce costs.
* <https://yellow.com/news/base-emerges-layer-2-powerhouse-record-breaking-year> - Mentions the growth in canonical assets within Base's TVL, suggesting increasing institutional confidence in the network.
* <https://www.bitget.com/news/detail/12560604457174> - Provides data on the quadrupling of developer engagement on Base, reflecting increased demand for revenue-generating contracts.
* <https://nulltx.com/base-emerges-as-the-top-layer-2-network-of-the-year/> - Lists notable applications and initiatives on Base, including NFT campaigns, DAO tools, and decentralized exchanges.
* <https://yellow.com/news/base-emerges-layer-2-powerhouse-record-breaking-year> - Discusses the competitive landscape between Base and other Layer 2 networks, including Arbitrum and Optimism.