BITCOIN

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Cryptocurrency is a medium of exchange that uses digital technology to control the flow of monetary units. Basically, it is a form of virtual money. There are a wide variety of forms of cryptocurrency, but perhaps the most well-known of all is Bitcoin. It was created by Satoshi Nakamoto and publicly launched in 2009. One bitcoin equals $58,989.40 US dollars – as of December 1 – and an estimated 46 million Americans own Bitcoin. While the price of one bitcoin is extremely high, users can also buy fractional shares of it to limit the cost.

Nakamoto originally created Bitcoin as a way to make virtual currency a reality. However, since its release it has become a controversial topic of conversation, and many experts have voiced their opinions on the positives and negatives of this cryptocurrency.

There are four main positives and four main negatives of buying into Bitcoin. The pros include accessibility and liquidity, user transparency, independence from authority, and high return potential. Since it only takes a few minutes to transfer bitcoins, this form of cryptocurrency is extremely accessible. Bitcoins can also be easily sold at any moment. Plus, it is a bonus that they have little to no fees applied, making it pretty user friendly. In addition to this, Bitcoin does its best to ensure the safety and security of all its users. Although not completely anonymous, Bitcoin users are identified by numerical codes and can have multiple public keys. This ensures there's no public tracking, and transactions can't be traced back to the user. Despite the transactions being permanently viewable they are still kept safe from fraud due to the blockchain technology. The last two positives that draw people to the cryptocurrency are the fact that Bitcoin is not tied to any governmental institutions, and there is also the chance to make a significant amount of money if invested properly. While all of these things are good in theory, it is also important to be aware of the drawbacks to Bitcoin.

Bitcoin is very volatile, which means its value can change rapidly and unexpectedly. Since Nakamoto set a limit of 21 million bitcoins that could ever exists, its price is determined heavily by how much of a demand there is for it. News coverages can also influence the price of bitcoin, which is the same concept surrounding most investment outlets. Also, bitcoins are not backed by the government or any institution, so there is nothing to guarantee their value besides the proof established within the system. "The reason why Bitcoin is worth money is simple because we, as people, decided it has value," said Dillan Smith (12). While it is a good thing that Bitcoin is free of central control, it is also a bad thing. In a way, it is a paradoxical trait.

In addition to this, the last two cons are its limited use and irreversibility. Since Bitcoin transactions are anonymous and unregulated, there is little room for error. Transactions done through Bitcoin are irreversible and final, so nothing can be done if the wrong amount is sent or if it is sent to the wrong recipient. When asked about how she felt about this, Claire Boykin (11) said, "I would be pretty upset if my money went somewhere it wasn't supposed to, and there was nothing I could do about it." There is also an issue with where you can use bitcoins. Even though there's a growing number of companies that accept Bitcoin, it is still not widely accepted. This puts a limit on where you can spend your money, unlike using a credit or debit card.

So, should people really invest their money into Bitcoin? The simplest answer is maybe. As Morgan Walberg (10) said, "Each individual has to be educated on where they put their money, as well as how much risk they are willing to take." In a very real sense, Bitcoin is like a single stock, and advisors wouldn't recommend putting a sizable part of your portfolio into any one company. At most, planners suggest putting no more than 1% to 10% into Bitcoin if you're passionate about it. However, it is always important to know what one could potentially be getting themselves into before investing money anywhere.