

Should You Invest in Bitcoins?

Bitcoins

There is a lot of noise in the market place these days about the digital currency Bitcoin. This is a relatively new type of currency that can be thought of as a code. It is mined on computers by users called Bitcoin Miners around the world. One of the most loved aspect of this currency is that it is not owned by any one bank or government.

Bitcoin is the first digital cryptocurrency that is gaining a ton of attention and acceptance by the public and my retailers alike. **Bitcoins** can be used just like other currencies and can be used as a form of payment.

While not all merchants currently accept *Bitcoins*, the numbers for those who do is rising regularly. It is also possible to trade [Bitcoins](#) in a Bitcoin Exchange.

Before you can decide if you should invest in [Bitcoins](#) there are a few things you need to understand and consider.

Bitcoin is totally different to a central bank and even to the MasterCard or Visa Network, there is no central authority running it. Transfers and exchanges of Bitcoin are done directly by users and miners - peer to peer system. This results in much lower transaction fees.

[Bitcoins](#) are created by using a software and computers and this process involves complicated algorithms. Miners are those people who actually create the Bitcoin and they are rewarded for their efforts.

There will be a cap of the number of Bitcoins which are mined. This number will stop at 21 million and it is expected that this number will not be reached until 2140. This means that the value of the Bitcoin will only increase from here on out.

All Bitcoin transactions are recorded in a public ledger known as a Blockchain. Any user can see this record in order to verify transactions and this availability or access to the ledger is what helps keep this currency safe.

In order to obtain Bitcoin you need to mine for it or buy it through an exchange. Many websites have been set up which help you locate local people willing to buy or sell Bitcoin to you.

You need to store your Bitcoin in a Wallet. Instead of an email address your key to your wallet is a long string of letters and numbers. You use this key to send or receive Bitcoin into your wallet.

Once a Bitcoin transaction is verified it cannot be stopped or refunded. Plus if you lose your access to your wallet, your funds will be lost. This is why it is important to protect your wallet or backup it up to another device.

The biggest downside to investing in Bitcoin could be its volatility. The value of Bitcoin fluctuates like crazy on some days, depending on when you invested this could be a good or bad thing. Last year the price quickly went from around \$14 to \$1,200 USD, but it then dropped again to \$632.

Investing in Bitcoin could be extremely worthwhile but you will have to determine if you are

willing to take risks or not.

Words 518

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