

## The Popularity of Bitcoins

Trying to come up with alternative currencies is not a new concept at all. Many countries and people have tried but none have gained the popularity that Bitcoin has.

The Bitcoin genesis began back in 2009 and by the middle of 2013 it was estimated that the value of bitcoins in existence was 400 Million USD. The exchange rate of the Bitcoin fluctuates and has seen huge extremes. This makes it a good or bad investment for some people. If you purchased Bitcoin early you will have likely seen a huge return on your initial investment.

As of January 2014 numerous merchants and retailers are now accepting Bitcoin as a payment method. Namecheap made the news earlier in 2013 when they first started to accept this digital currency. This was due to the increasing number of requests from their customers.

Bitcoin has no borders, which is also part of its appeal. You do not have to pay those high conversion fees as you would with a regular bank. Plus a Bitcoin transaction is not reversible, this is due to the verification process. This helps prevent fraud and un-necessary returns on purchases.

It is possible to exchange Bitcoin into your local currency whenever you wish.

Bitcoins are so popular that dedicated websites are being set up that allow you to purchase in Bitcoin. One of these websites caters to high end luxury products.

What Does the Future Hold?

Of course, there are those people who are just waiting for the Bitcoin bubble to burst. People are wondering if there is a weakness in the system that will cause it to eventually crumble. Or can it be hacked or corrupted by dishonest users?

The biggest issue with the Bitcoin system would be keeping the private keys a secret. People have accidentally lost their private keys or leave them displayed on their home computers, without thinking.

While users are advised to protect and encrypt their wallets, they do not always do so. Some users suggest splitting your private keys into shorter sections and storing them on different devices.

One good way to help protect the privacy of your keys is to back them up to an offline website such as Drop box or onto a USB device.

While there is a cap set on the number of Bitcoins that can be mined. There are no set rules on how each bitcoin can be broken down. The possibility of new units appearing is real. Currently each Bitcoin is broken down into 100 million units.

If you have paid any attention to the exchange rate of the bitcoin you will see that it is very volatile. Rates can increase and decrease by as much as 50% in one day. This can certainly discourage some people from using Bitcoins altogether.

The general way of thinking is that as more people accept Bitcoins and start using them, the rates will start to stabilize more.

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