

# The Advantages and Disadvantages of Using Bitcoins



Whether you're a consumer or a business owner, it's important to keep an eye out for [cryptocurrency trends](#). There are a few changes expected to happen in the next few years and, therefore, you need to understand how cryptocurrencies work. Let's start with the most popular: bitcoins.

## What Are Bitcoins?

Bitcoins are the first cryptocurrency ever created. We don't want to overwhelm you with computer engineering terms, so to put it simply: [Bitcoins are a form of digital money](#) generated by high-performance computers.

Unlike dollars and euros, there is nothing for you to hold in your hands. It's just computer code with monetary value. [However, you can exchange bitcoins for cash](#). On May 1st, 2018, bitcoin started the day worth \$9,244.32.

While some find it too risky to invest in digital money, bitcoin's complex algorithms are designed to prevent fraud and hacking attacks. [Satoshi Nakamoto](#) first introduced bitcoins in 2009 and while no one has ever discovered Satoshi's true identity, there are many theories about it.

## Pros And Cons Of Bitcoins

Now that you know a little bit more about bitcoins, you're probably wondering if it's something you would use. To help you make a decision, here's a list of some of the [advantages and disadvantages of using bitcoins](#):

### Advantages:

- Bitcoins can be stored offline on your own hardware.
- Bitcoins are not created by banks, nor are they regulated by any government.
- You remain anonymous and free of taxes imposed by banks.
- There is a limited supply of bitcoins controlled by an algorithm.
- Bitcoin's value is increasing fast. [If you had purchased \\$100 of Bitcoin in 2011](#), you would be a millionaire today.

### Disadvantages:

- If your hard disk or other hardware gets permanently damaged, you'd lose your bitcoins.
- Your money is gone once a transaction is made. The process is irreversible.
- Governments are discussing [bitcoin taxation](#) more and more. Banks aren't happy with the bitcoin boom. We'll probably hear some news about it in 2018 and 2019.
- Bitcoins are still considered a risky investment. It's common to see the value flux drastically by hundreds of dollars in one day

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