Bitcoin and Crowdfunding

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**Introduction**

A world without a revolution is a world of boredom and distress. The world has various sectors that form fundamental systems in which the world is running. Financial systems are one of the factors that are very vital in the running of the activities of the world. Every currency is a crucial tool that aids in transactions worldwide and aids in the purchase and sale of commodities. The financial developments have emerged from basically batter trade, gold, to paper and coins. Presently the financial sector has evolved to financial technologies that include cryptocurrencies. Use of the cryptocurrencies has been a new move that has revolutionized transactions all through the world. This paper explains the pros and cons of using Bitcoin as a mode of transaction in different organizations.

**Pro and Cons of Bitcoin**

**Pros**

The company also enjoys quality product supply since some raw materials are rare, and intermediaries can interfere with the products they purchase. The company allows only identifiable commodities in its production plants. The raw materials are fitted with chemicals that can be easily traced from the source hence accessing the right products. Wikipedia foundation as emerged as another company that has embraced Bitcoin (Chatterjee et al., 2018). The foundation cooperates with other nonprofit organizations, and Bitcoin emerges as the cheapest mode of transfer. Bitcoin has little legality that is associated with its operations. The Bitcoin currency has emerged as a fair and efficient medium of exchange. This currency has revealed unique pros that have revolutionized the business sector through its unique transaction structure.

First, the companies that use Bitcoin enjoy freedom in payments. Bitcoin allows the company to send and receive money in any place or time in the world. This because the Bitcoin structure is decentralized in its administration hence no intermediaries involved. Bitcoin allows transparent transactions; this is possible through blockchain ledgers that allow all users to view the movement of Bitcoin (Xu et al., 2019). Though one can see the Bitcoin movement, no personal information can be exposed because only public addresses are provided. Transparency is also crucial since transactions can be verified at any time. Through its cryptographic security structure, the transactions cannot be interfered with or manipulated by any third party stakeholder.

The users of Bitcoin also enjoy security in its use and have total control over the currencies. Its security is secured under encrypted ledger account that cannot be infringed by attackers. The users enjoy privacy since their individual information is hidden from the public hence preventing any identity theft. Bitcoin users can conduct business in every risky environment since the transactions are recorded in a general ledger (blockchain). The Bitcoin agents cannot overcharge clients since every transaction is monitored of how the Bitcoin is spent (Sravani et al., 2017). Bitcoin users enjoy low or no charges involved. The Bitcoin gives low charges to all its users allowing conversion of Bitcoin cheaper. These are some of the benefits accrued to the use of Bitcoin as a medium of exchange.

**Cons**

Though there are pros of using Bitcoin, there are some cons that are associated with the use of Bitcoin. One of the disadvantages is that Bitcoin is an infant financial technology hence is not fully modified and exploited as a medium of exchange. It also has poor popularity as compared to other forms of payments, such as pay pal. Many people are still in the dark in Bitcoin usage as a transaction medium (Fosso et al., 2020). Though some companies have adopted the use of Bitcoin, the employees have no adequate knowledge of using Bitcoin. Since Bitcoin uses mining in its operation in assigning identification of Bitcoin may have flaws in its operation. Bitcoin also is very volatile; hence it has an unstable exchange rate when converting the Bitcoin to another currency.

**Popularity**

The transactions are in two dimensions to which Bitcoin operates. Bitcoin has gained popularity in recent years because many companies have adopted this mode of currency. Microsoft, Wikipedia, holster box, AT&T are some of the companies that have adopted this trend. Microsoft adopted this form of currency through project ION that uses Bitcoin's censorship qualities (Fosso et al., 2020). Microsoft adopted this medium of exchange since the company required the customer to enjoy privacy in their transactions. BMW Company has also approved the use of the currency and has enabled the users to enjoy their services more efficiently. BMW automotive company has allowed a decentralized blockchain that enables users to access original BMW resources since they have a unique identification.

**The future use of Bitcoin**

Bitcoin has captured it users since it has restricted the control of intermediaries and a centralized form of administration. Bitcoin is recorded and stored in the block chain, which is a general or a public ledger. Bitcoin transactions are through various nodes that show the users of the Bitcoin (Xu et al., 2019). The transactions are distributed in all blockchain ledger accounts that allow stringent follow up of every Bitcoin being used. The follow up reduces accounting errors of double-spending that mitigates collect business transactions. Bitcoin users use Bitcoin by denoting every Bitcoin an address and the price to which the currency is designated to reach.

**Crowdfunding**

**Introduction**

Lately Crowdfunding has become a popular way to raise funds. Startups pitch their business ideas directly to public/investors to get investments whereas organizations that are already established use it to get funds for development of new products. Crowdfunding is a great way for additional financing, but it is not for every business. It is difficult than it sounds. Entrepreneurs need to have a good business plan, resources, skill, and an impressive idea. Even after the capital rose, they still need to fulfill their promise and deliver return on time. Investors will not invest even a small amount if the business plan sounds vague. As lucrative as it sounds, it’s not for all businesses. Here as some of the pros and cons to look for before making any decision.

**Pros of Crowdfunding:**

* Not too much risk: As there is less to no risk involved, it is a great way to test market. It enables businesses to get an idea on the response on their products.
* Convenient and get fast investment: Crowdfunding does not need any special kind of qualification and it’s not a difficult task to create it either. If it is an excellent idea and the investors are impressed, it is the fastest way to get the investment. Also, startups do not have any previous records, so they don’t usually qualify for the bank loans but with the crowdfunding no past records are required.
* Campaign can go viral: If correctly done, the fundraising campaign can go viral and once the word gets out, it can expose the product to a larger audience which otherwise would have been difficult.

**Cons of Crowdfunding:**

* High scrutiny: Some platforms are easy to deal with while some of them scrutinize every minor detail. Hence, even if the idea is good but the requirements are not met, the campaign can get rejected and never be seen.
* Excessive competition: Crowdfunding is an extremely popular way to raise funds. Therefore, even if the idea gets accepted and the requirements are fulfilled, businesses will face stiff competition. It needs a smart plan to differentiate from the competition and stand out.
* Campaign might fail: Investing all the money and putting in lots of effort does not necessarily mean that the campaign will be a success, it can still fail. And if it does fail, it will bring all the bad press and no money back.

**Popularity**

The rise in crowdfunding and angel investors present enormous benefit to my business in different. As an entrepreneur, securing funding for the business is one biggest challenges that one encounter. The challenge is eliminated with rise of crowdfunding and angel investors, as it will be easier to pitch your idea to different investors who without utilizing travelling costs. As well, crowdfunding is a terrific and cost-effective way to get the word out about your company to a larger, larger audience. Most crowdfunded enterprises are still in the initial phases of development, so substantial above-the-line marketing is really out of their budgets anyhow (Allan, 2017).

**The future of Crowdfunding**

There are different firms offering platform that will grow in future through these platforms. For example, Kickstarter has a great platform that is easy to use and provides smooth fundraising process and experience. The best means would be to partner with Kickstarter, and have them customize their city by city advertisements. Kickstarter has an attractive business model by which they acquire revenue from taking a percentage of the funds of the companies that meet their fundraising goals. Not only this, but Kickstarter also alleviates the difficulty in raising capitals for other start-ups.

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