

# [Coinbase raising usd 50 million](https://assignbuster.com/coinbase-raising-usd-50-million/)

Renowned Bitcoin start-up Coinbase is looking forward to another funding round, which could add $50m in new capital even before it finishes.

Some sources informed that the company is facing some obstacles in the fundraising process, which might limit the total amount they will raise.

It was announced that Bitcoin start-up Coinbase is raising $50 million of new capital. It hasn’t even been 1 year that they raised $25m in their financing led by Andreessen Horowitz.

This funding round will make Coinbase the best-capitalized Bitcoin start-up once again, after the recent $30 million funding rounds for BitPay and BlockChain.

Although the amount has increased impressively within this short period sources informed that Coinbase began planning for a more ambitious goal during their fundraising process.

They initially wanted to gather up to $150 million.

The plan changed as Coinbase has faced headwinds, because of regulatory overhang in the United States. Queries about the bitcoin’s volatility due to the recent decline in crypto currency price were another reason.

As far as the regulatory side is concerned, there has always been uncertainty about how different governments will handle crypto currencies.

This however never seemed to stop investors from spending their money into Coinbase or the other Bitcoin based companies.

However, according to some sources from within the Bitcoin community, Coinbase is being inspected closely by some state and federal regulators in the United States.

This also explains why the company expanded to 13 European countries recently. It is true that each of these new countries bring along different regulatory challenges but it also help reduce some of the risk of being dependent on users in any one market by being available in more locations.

Bitcoin volatility could have been another reason behind Coinbase’s ability to close the massive funding round. A few months ago, the crypto currency was trading around $600 but the price has fallen since then.

The price of Bitcoin has lowered by almost 50 percent as it now trades at a price around $380.

Most of the investors choose to invest their money on Bitcoin for the long term and it is easier to believe in the investment in a Bitcoin company when the price is rising, not when it is falling dramatically.

There is a link between the value of Bitcoin and public interest in the crypto currency. As the price of Bitcoin rises, an average person seems to pay more attention to it.

This interest then leads to a higher engagement in the Bitcoin industry.

When bitcoin’s price is low, it can be understood that there is a slower influx of new Bitcoin users. This also means that there are less Companies fighting for the top position of the market niche.

Whether Coinbase can raise more or not, with $50 million as fresh capital, the company can continue its geographic expansion with a very good stance.

If it will help the company secure a leading position in market is another question.