

Swot analysis of bitcoin: do strengths outweigh its weaknesses?

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Is Bitcoin a scam? This question remains in the minds of anyone who first learns about cryptocurrency.

How can there be a currency where the value is decided by the people, rather than an institution? Who should invest into it? How does it even work? And most importantly: Do people really make money off Bitcoin or is it all a bunch of hearsay?

All of these questions are answered in this SWOT analysis of Bitcoin. But, to quickly answer that last question — yes, people do make money off Bitcoin.

The currency was introduced by Satoshi Nakamoto nearly ten years ago. Initially, the value was one step above worthless. But as it became more well known and more used, the value shifted. People started making hundreds, even thousands, of dollars just by letting their Bitcoin sit and collect digital dust.

But is it still that simple to profit off Bitcoin? Read below to find out.

Bitcoin strengths: cryptocurrency can't be tracked or stolen.

Bitcoin uses blockchain (a peer-to-peer) network between the sender and the receiver. Only these two parties are involved. It's unlike any other method of transferring currency — which involves a third party, like a bank. A middleman is prohibited from Bitcoin transactions.

And since that pesky third party doesn't exist, it makes Bitcoin a tax-free currency. The government doesn't control or regulate Bitcoin.

For most Bitcoin users, this is an insane positive because it's not folly to economic turmoil. Bitcoin's worth is agreed upon by the sender and the receiver. Not an institution. Even if the economy crashes, Bitcoin can survive.

Surprisingly, this isn't why Bitcoin's popularity skyrocketed within the last few years.

The real strength is the secrecy.

Every person in the Blockchain network has a private wallet address. Trading Bitcoin is fully anonymous. It's 100 percent untraceable. Unless you decide to make your wallet address — but the majority of users don't. Because the anonymity makes your financial data fully hidden.

A unique PIN number assigned to each Bitcoin masks the identity of the seller. Once the Bitcoin is sold, the PIN changes anew. At this point, only the buyer knows the PIN. It's irreversible, unless the current owner decides to change the ownership back.

Although this means nothing can be done once the Bitcoin is sent, it also means you can't steal this currency. You can steal your physical wallet. You can steal credit card info and hijack your online bank account. But you can't steal Bitcoin.

It's because of this increased security that pushes people towards cryptocurrency.

Bitcoin weaknesses: crippling slow transactions and accessibility loss.

Bitcoin transactions aren't as fast as they were a few years ago. This is one of the downsides of Blockchain: the more people use it, the more Blockchain limits your transactions speeds.

Basically, the blocks get bigger the more it's in use. Making the whole process clunky and slow. Until this problem is resolved, it's unlikely Bitcoin currency will usurp conventional credit card usage.

The system isn't the only issue.

Don't forget about the Bitcoin wallet password problem. Since the transactions are encrypted, recovering a lost password isn't possible. You'd be surprised how often people forget their password and lose access to their Bitcoins. In fact, one man bought a few Bitcoin years ago when it was dirt cheap. Now it'd be worth millions... if only he could find his password to his wallet.

And what about the survivability of Bitcoin?

The value of Bitcoin has shifted relentlessly over the years. And despite the rocky nature, the media pushes out stories claiming Bitcoin is the future of money.

It's just like stocks, however; unpredictable and unreliable. Tomorrow, the value could skyrocket. The day after, it may plummet. The reliability of this currency is too questionable to replace traditional money.

Bitcoin opportunities: Safety from compromising data breaches

As a society, we're moving away from physical money in favor of cashless currencies. In fact, big names like Amazon are already accepting Bitcoin as payment for their goods. If companies the size of Amazon are recognizing Bitcoins' viability, it's safe to assume others will follow.

And what about the growing hostility between the public and the banking institutions?

People are looking for safe, secure, and practical means to avoid using banks. Data breaches, involving customer data, is consistently occurring with brands like Facebook and Wells Fargo. How long until the breaches steal credit card info?

No one wants to find out. And others are moving towards Bitcoin. Even with the hang-ups, it's safe. Anonymous. And doesn't involve third parties.

And the opportunities don't stop there.

The blockchain is a phenomenal technology with much promise. The blocks may be able to keep data like criminal records, birth certificates, and public records private. It may pave the way for impenetrable encryption. That's something the masses are leaning towards for data protection.

Bitcoin threats: the anonymity against governments and banks.

Anonymity is a benefit. An opportunity. But it's also a problem.

In the wrong hands, anonymous buying is dangerous. Knowing the transaction is untraceable will attract the attention of criminals. Because let's be honest: the more people accept Bitcoin, the more it'll likely be used for more nefarious reasons.

It'll also be a problem for the government or law enforcement, after all. If more criminals adopt Bitcoin into their illegal purchases, law enforcement will face a challenge in finding and prosecuting these criminals.

As such, we may see more policies and laws regarding cryptocurrency. Although it may be difficult to enforce thanks to the anonymity, the government will still try.

People fear the consequences of these bills. New tech policies miss the mark. Not enough government officials understand the implications of using Blockchain and cryptocurrency. Instead of learning, they're more likely to slap on a bill and hope for the best.

Bitcoin isn't the only cryptocurrency on the market. After its rise in popularity, alternatives like Ethereum and Peercoin hit the markets. If the value of these alternative skyrockets, Bitcoin may be in trouble. To be honest, the overall value of cryptocurrency and lack of reliability is a threat to Bitcoin and its competitors.

And just because cryptocurrency appears infallible now, doesn't mean it will in the future. As more information about it surfaces, the holes will reveal themselves. People, such as criminals, will take advantage of the issues ASAP.

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