

The Best Crypto Exchanges for Trading Bitcoin (BTC) for US Dollars (USD)

The US dollar is still considered by many a [global reserve currency](#) and was the first fiat currency used to trade in Bitcoin (BTC). Because of this fact, the US dollar (USD) is listed as a fiat currency on most cryptocurrency exchanges that list traditional currencies.

The first negotiation on a price for Bitcoin was started on [May 17, 2010](#), in the Bitcoin forum [Bitcointalk.org](#), by a user named [Laszlo Hanyecz](#), over the price of two pizzas after the first Bitcoins were mined. The bitcoin user forum thread and the subsequent transaction is now part of the annals of Bitcoin lore. Laszlo exchanged 10,000 BTC for 2 pizzas, and it was calculated that the exchange was valued at \$41, or \$.0042 per BTC at the time.

There is a [Bitcoin Pizza Index](#) that now keeps track of the value of 10,000 BTC, the amount Laszlo paid for those pizzas. There are fortunately exchanges that will offer Bitcoin traders a better exchange rate than what Laszlo was able to negotiate at the time. These four exchanges are who the editors here at tokenspace.com believe to be the most reliable for buying Bitcoins with USD:

- [Coinbase Pro](#)
- [Kraken](#)
- [Bitstamp](#)
- [Gemini](#)

Here are the reasons we believe these are the best exchanges for trading USD/BTC.

Liquidity

An exchange's volume usually represents its liquidity. Still, it does not always represent the accurate liquidity in US dollars being traded on an exchange. As pointed out by blogger [Bitfinex'ed](#), exchange - volume tracking sites like CoinMarketCap.com do not measure volume accurately because many of the cryptocurrency exchanges that do not have USD listed have no USD volume. Their volume for USD is \$0, even though volume data may be displayed in US dollars. The only cryptocurrency sites that can claim any USD volume are ones that have USD listed as a fiat currency. They must use USD in a trading pair with a cryptocurrency.

There is also the issue of cryptocurrency exchanges that have been recently suspected of inflating their trading volumes. Investor, trader, and blogger [Sylvain Ribes](#) recently completed some statistical analysis on different cryptocurrency exchanges. He found an inordinate amount of slippage in price when selling \$50K of cryptocurrency on the different exchanges. This led to the realization that there are several high-ranking exchanges on [CoinMarketCap.com](#), that may not be accurately representing their actual volume.

The larger the volume of an exchange, the more liquidity an exchange has, and generally speaking, the lower the fees will be because of the exchange's economy of scale. Also, it's easier to get in and out of a position. There are more buyers and sellers to match orders, as well as closer spreads between the currency pairs. This can reduce risk and also create more price stability. Not to mention, the inflated volume can inaccurately represent the actual value of the currency.

Liquidity is one of the most important factors when considering any exchange. The four exchanges listed above have been consistently ranking in the top 25 exchanges for 24-hour volume on CoinMarketCap.com. Two of them are ranking in the top 10, Coinbase Pro and Kraken, at the time of this writing.

That all being said, there is another side to this err... coin, as well. Reduced price spreads can also cut both ways. If a trader is looking for and can pull it off, then a smaller price spread might reduce [arbitrage opportunities](#). More risk equals more reward, but also more chances to lose the shirt off your back.

Regulation

There are new technologies created almost daily in the blockchain space it seems. But, unless you are dealing with some type of secure decentralized exchange, working with exchanges with some form of regulation is good. That means sticking with doing business with exchanges that are located in countries with a healthy regulatory environment. All the exchanges on our list are located in the US and Europe. This provides traders with the confidence they will avoid the pitfalls of working with exchanges that inflate their volume, do not use proper accounting practices, are not insured, do not take adequate or effective security measures, or enforce AML and KYC protections.

Reputation

As [Cole Diamond](#), CEO of Coinsquare, pointed out recently, the cryptocurrency space has got a reputation. People think they are shady, and in a lot of cases, they are correct. At this point, probably the best way to ascertain an exchange's reputation is to follow them on Twitter, Facebook, Medium, Telegram, and Reddit. See what people are saying about them and see how many followers they have.

With the meteoric growth of cryptocurrency in 2017 and many exchanges got overwhelmed. Most people will be able to find horror stories about customer service, long wait times, and accounts being shut down. Token enthusiasts would be mindful to assess how the companies respond to these issues and take note of what steps the difference exchanges took to correct them.

Exchanges that take traditional fiat currency deposits, and in particular, USD, are going to be more reputable. The reason is that they will have to adhere to all the regulations of taking deposits unless they want to be shut down by a governmental agency. Additionally, the majority of exchanges are going to be FDIC insured on fiat balances where there is a robust regulatory environment. However, that does not hold true for cryptocurrencies. FDIC insurers will not insure any cryptocurrency that you have in your account. So, check to see if the exchange does, and see if it has a history of refunding users' accounts who get hacked or defrauded.

Moving Your Money

When looking for an exchange that is trading USD/BTC, make sure the exchange makes it easy for their users to move their money in and out of the exchange. If trading with USD, that means using an exchange that lets their users transferring their funds to and from their bank accounts and cryptocurrency wallets.

The reason for wanting to be able to move your money seems simple enough; you want to have access to your money when you want or need it. However, exchanges at this point in time can not be considered secure. Once you finish with your trades, we suggest moving your money out of the exchange immediately, either to a bank account or to cold storage.

We think it's best to look for exchanges that offer mobile applications for their customers, so you can track prices, move funds, place trades on the go, and then get your money off the exchange. Currently, three of the four exchanges on our list offer mobile phone applications:

- [Coinbase Pro](#)
- [Bitstamp](#)
- [Kraken](#)

The fewer barriers between you and your money, the more secure it will be, and the more quickly you will be able to respond to the volatility of the cryptocurrency markets. Now that you are done reading our picks for the best crypto exchanges for buying Bitcoin with US dollars, do you agree? Do you have different criteria? Do you think there is another exchange we left out that deserves mention? If so, why? Let us know in the comments. We also suggest you check out the 4 exchanges we picked out to investigate them further to find the one that best suits your needs. Hopefully, this article has at least pointed you in the right direction.