Abstract

Bitcoin, a decentralized virtual cryptocurrency, has gained tremendous amounts of attention for its implications on the global economy. An important part in the growth of Bitcoin is the market analysis and research that is conducted on the currency, and to date little research has been done. The purpose of this study was to analyze how Bitcoin is spent and the effects that specific types of expenditures can have on the value of the currency. More specifically, gambling has been a large use case for the currency since its origination in 2009. Previously, calculated estimates show that anywhere between 25-50% of all transactions that occur with Bitcoin are used to gamble on online gambling websites. It was hypothesized that the average percentage of gambling transactions that occur using Bitcoin in the year of 2013 was lower than 35%. To estimate the daily percentage of gambling transactions that occur using Bitcoin, a Python program was written. The average percentage of gambling transactions for 2013 was 19.2%, which was a significantly smaller percentage than previously estimated amounts. Moreover, the data also suggests the percentage of gambling transactions affects the value Bitcoin trades for in United States dollar. This project provides a way for market researchers to know what Bitcoin is used for and what features of this currency are useful or suitable for specific applications such as gambling.