

How Much is Bitcoin Worth: Pricing Differences Across Exchanges and Time

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Motivation

- Price Index exists (coindesk.com/price)
 - Varies across exchanges
- Why?
- Does this gap change over time?

Area of Focus

- Largely USD-BTC focused
- Bitstamp.net
- Coinbase.com
- Localbitcoins.com

Bitstamp & Coinbase

- High-Volume Exchanges
- Low spread between buy and sell prices
 - Prices are for immediate buys and sells
- Must link bank account
 - Reduces anonymity

Localbitcoins

- User-to-user exchange
 - “flea market” for bitcoin
- Lower volume
- Prices vary greatly
 - Prices are offers by buyers and sellers

The Numbers (Buy Prices)

- Bitstamp: \$383.62/BTC
- Coinbase: \$387.22/BTC
- Localbitcoins: \$393.38/BTC
- So why not just only buy from Bitstamp?
 - Or only sell at Localbitcoins?

Price is affected by...

- Payment methods
 - Most important
- Reputation of seller
- Convenience to both parties (especially buyer)
- Volume of trades
 - Higher volume = price is closer to an index price

Payment Methods

- Cash
 - Must meet in person
- Bank Transfer
 - Reduces anonymity
 - Slow, but relatively safe
- Paypal
 - Very risky
 - Chargebacks...

Changes Over Time



Changes Over Time

- Localbitcoins has prices that vary too much
 - Cannot be compared well to the other exchanges