

# Supporting students with... Cryptocurrency

\* blackbullion

# Who are we?

**Blackbullion is the fintech company for education, championing financial wellbeing for students.**

We partner with universities and colleges to equip students with the financial skills and confidence to create a money-smart future, and help deliver financial support to students in need.

40+ partners across the UK, Australia and New Zealand.

**[business.blackbullion.com](https://business.blackbullion.com)**

# What we'll cover

- What is crypto?
- How does it work?
- Why are young people getting involved?
- What are the dangers?
- Spotting crypto in bank statements

# What is crypto?

It's the blurred line between gambling and investing which makes cryptocurrency so confounding.

### Cryptocurrency is:

- **an internet-based medium of exchange – a type of digital money that you can trade**
- **decentralised (not run by a central authority) – it operates on a peer-to-peer network**
- **reliant on blockchain technology. Records of cryptocurrency ownership, and transactions are recorded on public ledger**
- **anonymous – transactions are publicly recorded but the traders themselves are not**

- There are thousands of different types of cryptocurrencies

BITCOIN

ETHEREUM

XRP

DOGECOIN

TETHER

BINANCE COIN

LITECOIN

CARDANO

- There are two ways to 'get' crypto
  - You can buy/sell and trade crypto like other assets
  - You can mine it – by solving complex mathematical equations
- Bitcoin cannot simply be created – it must be 'mined' via computational means. There are only 21m in total – as of February 24, 18.638m bitcoins have been mined so there are 2.362m yet to be introduced into circulation.

# Crypto and young people



I'll either be rich, or wrong.

24% of students own crypto.

A further 1 in 3 intend to buy within the next 3 months.

- 1 million UK adults bought/traded crypto assets for the first time during the pandemic<sup>1</sup>
- Crypto is the 2nd most popular way to make quick cash<sup>1</sup>
- 59% of those investing admitted they may not have the means to withstand a significant financial loss<sup>1</sup>
- 40% do not view 'losing some money' as a risk of investing
- 78% claim to rely on 'gut instinct and rules of thumb' to know when to buy and sell
- 27% of those aged 18–34 prefer bitcoin over stocks<sup>3</sup>
- 40% believe that cryptocurrency will replace traditional currency<sup>2</sup>
- 37% believe cryptocurrencies are a scam<sup>2</sup>



## In students' own words



I couldn't understand crypto any less if I tried.

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I invested in coinbase when it IPO-ed and the share price tanked.

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I spent all of my money on Crypto.

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I spend 80% of my wages on crypto every week.

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I invested in crypto when it crashed and now I'm worried it won't go back up.

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## Why are students so keen on crypto?



- **Acquiring traditional assets is hideously expensive for young people**
- **Crypto offers the possibility of beating the system by feeding into a lack of faith in existing financial paradigms**
- **'Thrill' and 'status' are driving young people to crypto investment, says the Financial Conduct Authority**

## How are students trying to make money on crypto?



- **Buy and hold** – riding the rollercoaster and cashing out when prices have risen enough to make a good return
- **Shorting** – a bet that the price will fall
- **Fast trading** – frequently trading to take advantage of short-term price movements

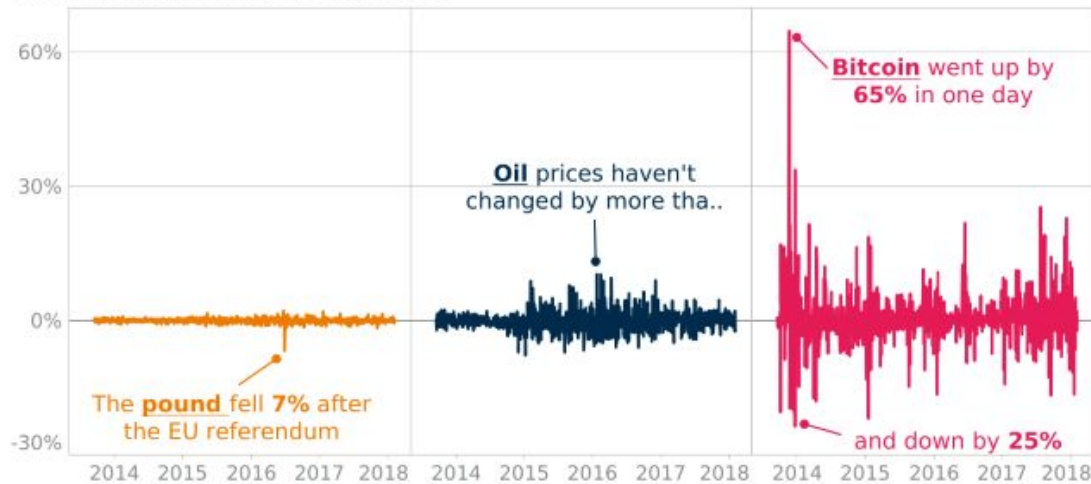
# What are the dangers?

## What are the dangers? *Volatility*

- The digital currencies themselves are highly speculative, very high-risk investments – you can easily lose all your money
- Crypto has NO intrinsic value – it's all about supply and demand

### The **Bitcoin** rollercoaster

% change in price from the day before



- **The sector is unregulated – though they are regulated in the UK for money laundering purposes**
- **It's unlikely FSCS would be able to protect you if something went wrong**
- **Regulators the world over don't like crypto – neither do governments**
- **Market manipulation trying to artificially influence cryptocurrency prices**

## What are the dangers? *Other problems*



- **It's flat out terrible for the environment with an enormous carbon footprint – 40% believe it's bad for the environment<sup>2</sup>**
- **Scams are rife;**
  - **fake celebrity endorsements on social media**
  - **bogus exchanges**
  - **phishing scams designed to steal keys to cryptocurrency digital wallets**
- **Hard to spend – very few sellers will accept cryptocurrency as payment and ones that do can change their mind overnight**

# Spotting crypto trading in a bank statement



- Like all trading and most investment activity, the primary mechanism is via an app. Funds need to be transferred to the platform.
- The most common apps are:
  - Coinbase
  - Binance
  - Zignaly
  - eToro
  - Gemini
  - Coinjar
  - Bitpanda
  - CoinCorner
  - QuickBitcoin

# Doing it safely



**Bitcoin will do to banks what email did to the postal industry.**

Rick Falkvinge  
(Swedish entrepreneur and founder of the Swedish Pirate Party)

**Investments always have a component of risk but cryptocurrency is one of the riskiest out there – they are also some of the hottest commodities:**

- **Research exchanges – understanding how it all works**
- **Know how to store your digital currency**
- **Diversify your investments**
- **Prepare for volatility**
- **Understand your risk tolerance**

Remember if you want to buy and/or sell crypto – there will be fees (usually cost a few percent of the total transaction value) such as:

- transaction fees
- deposit fees
- withdrawal fees
- trading fees
- escrow fees

# In conclusion

Crypto is volatile, unregulated and super risky.

There are also a lot of people (seemingly) making a lot of money so FOMO is high and not going away.

More likely than not, crypto is here to stay – the best thing we can do is support students to understand the risks, the dangers and the downside so that they can make an informed decision!

# What's next?

- 22.06.21 – Day trading and investing
- 06.07.21 – Gambling and betting
  - With Kev Clelland, Young Gamers & Gamblers Education Trust
- 20.07.21 – The impact of financial risk on mental health
  - With Dr Dominique Thompson, GP and UK's leading expert on student mental health

*CPD certificate for all who attend at least 4 of the 6 sessions!*

If you want to find out more:  
[hello@blackbullion.com](mailto:hello@blackbullion.com)

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