

# Cryptocurrency explained for support staff

Cryptocurrency; it's not just a buzzword. In fact, it's the 2nd most popular way to make 'quick cash' among adults in the UK and a quarter of students already own some, with a further 1 in 3 intending to buy.<sup>1</sup>

But, 72% of students feel they lack knowledge about it<sup>2</sup>... And since getting involved with crypto carries financial risk, it's essential that university and college support staff feel they understand and are equipped to have conversations with students about it. Here's everything you need to know.

## What is cryptocurrency?

At a very basic level, cryptocurrency is an internet-based medium of exchange. In other words, it's a type of digital currency that can be bought and sold.

Cryptocurrency is decentralised (not run by a central authority like a bank or government). Records of ownership and transactions sit on a public ledger, supported by [blockchain technology](#).

It's also private. Transactions are publicly recorded but the traders are not - they remain anonymous.



## Why are there different names for cryptocurrency?

'Cryptocurrency' is the overarching term - there are thousands of types of cryptocurrency, just as there are multiple currencies around the world. The top 10 cryptocurrencies by total market value (excluding 'stablecoins' - types of cryptocurrency whose value is tied to an outside asset, such as the US dollar) are:

- Bitcoin
- XRP (Ripple)
- Ethereum
- Polkadot
- Binance Coin
- Dogecoin
- Cardano
- Shiba Inu
- Solana
- Terra

## How do people 'get' cryptocurrency?

1. Buying it (how most students are likely to get involved)
2. 'Mining' it by solving complex mathematical equations online that require a lot of computing power

## What are the dangers of cryptocurrency for students?

### Volatility and the potential to lose big

Crypto has no intrinsic value and relies entirely on supply, demand and the sentiment of those who want to hold it. Its value is hugely volatile - growing and falling by large percentages daily - thus there's the potential to lose big.

### Market manipulation

Cryptocurrency's value is particularly vulnerable to market manipulation - a Tweet or comment by a government or famous person (here's looking at you, Elon Musk) can hugely impact its value. Such activity is illegal in other industries, but not in the world of crypto.

### Lack of regulation and protection

There's zero regulation around how crypto is run, sold and exchanged. If something goes wrong (falling victim to a scam, for example), it's unlikely the FSCS will be able to help. There's also no way of knowing what would happen to individuals' investments if cryptocurrency was banned in the UK tomorrow.

### Fake endorsements and scams

Other dangers for young people include misinformation from '[finfluencers](#)', fake celebrity endorsements and scams.

## Environmental impact

The 'mining' of cryptocurrency is terrible for the environment - it uses an extremely high volume of energy, leaving a ginormous carbon footprint. Getting involved with cryptocurrency, even if not mining it yourself, is contributing to this.

## How can staff spot cryptocurrency in a bank statement?

Like most trading and investment activity, cryptocurrency is bought and sold through an app or website (also called 'exchanges') to which funds need to be transferred. Names to look out for on a bank statement include:

- Coinbase
- Binance
- Revolut
- Robinhood
- Zignaly
- eToro
- Gemini
- Coinjar
- Bitpanda
- CoinCorner
- QuickBitcoin

## What can staff suggest to make sure students who use cryptocurrency are doing so safely?

- Research before spending any money
- Use a reputable exchange
- Learn how to store digital currency safely and recognise scams
- Be aware of additional fees
- Diversify investments to spread risk (don't put every penny into cryptocurrency - perhaps consider traditional stocks & shares too)
- Understand personal risk tolerance and avoid involvement if risk averse
- Prepare for volatility and only invest what you can afford to lose
- Steer clear of [shorting and fast trading](#)



**In summary, cryptocurrency is hugely volatile, unregulated and super risky. But it's not going away - especially among young people.**

**The best thing support staff can do is to help students understand the risks, dangers and the downside so they can make an informed decision.**

Learn more:

[business.blackbullion.com/supporting-students-with-cryptocurrency](https://business.blackbullion.com/supporting-students-with-cryptocurrency)

Got questions?

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<sup>1</sup> [business.blackbullion.com/supporting-students-with-cryptocurrency](https://business.blackbullion.com/supporting-students-with-cryptocurrency)

<sup>2</sup> [business.blackbullion.com/download/students-financial-habits](https://business.blackbullion.com/download/students-financial-habits)