



## Bitcoin or Coinbase: What's the Difference?

### Description

Bitcoin has been highly popular lately as it's made investors a tonne of money. So it's understandable that there would be a lot of interest in **Coinbase Global** ([NASDAQ:COIN](#)), the cryptocurrency exchange that just went public.

Coinbase offers exciting potential because it combines two things investors love most. A high potential tech IPO and the rapidly growing cryptocurrency industry.

The industry is growing rapidly and making investors a lot of money. However, investments in [cryptocurrencies](#) are still some of the highest risk investments you can make, if not for anything but the volatility alone.

This makes it not only crucial to [research](#) and understand what you're buying. But you'll also don't want to invest too much of your money in cryptocurrencies, as it's important to have proper diversification and own stocks in several other industries.

So which is the better buy for exposure to the cryptocurrency industry, Bitcoin or Coinbase?

### Coinbase

Coinbase is an intriguing pick and one that's gotten a lot of attention since it went public. It's the first opportunity investors have to get a piece of a major crypto exchange. In fact, Coinbase is the largest cryptocurrency exchange in the United States by volume.

There is a tonne of potential with cryptocurrency, as investors have seen over the last year. And as more investors continue to jump on the cryptocurrency bandwagon, Coinbase will see more volume on its exchanges.

So there is a tonne of potential for Coinbase to grow as Bitcoin and the rest of the cryptocurrency industry continue to gain popularity. However, as much potential as there is for cryptocurrency exchange businesses like Coinbase, there is also a tonne of competition too.

There may only be a few large exchanges it competes with, but there are also several other smaller exchanges and cryptocurrency onboarding apps, making the space highly competitive.

Not only that, but there is also uncertainty about how these exchanges will perform when the industry inevitably goes through consolidation.

Right now, while the crypto industry is full of coins with potential, it's also full of coins that aren't worth anything, offer no technological benefits and have no use-case, meaning they will eventually go to \$0.

When this happens and the industry consolidates, the risk for investors is that exchange volumes may drop off. Even if more investors hold more cryptocurrencies in their portfolios, if the volumes being exchanged falls, these cryptocurrency exchanges will have a tough time.

So Coinbase may offer some growth potential over the next few years as the industry continues to grow in popularity. However, it remains to be seen how the [growth stock](#) can perform long-term or even differentiate itself from other exchanges.

## Bitcoin

On the other hand, Bitcoin is also more of a bet on the popularity of the industry. The technology of Bitcoin and its capabilities has been well known for a while. And while there are several positive developments of Bitcoin, which is why it became so popular in the first place, there are also many drawbacks to its technology.

This is unsurprising given it was the first cryptocurrency developed. So although it has some drawbacks to its technology, it will likely always have value because it's the first cryptocurrency.

Being the first and most popular has also made it the main trading pair for thousands of smaller coins. So often, when you get into crypto investing, the first thing you have to buy is Bitcoin before you can buy other lesser-known coins.

For this reason, I would much rather own Bitcoin or investments with direct exposure to Bitcoin rather than Coinbase.

Not only does Coinbase face an uncertain future as the industry consolidates, but it also has a tonne of competition in the space.

Bitcoin, on the other hand, continues to offer tonnes of growth potential for years. That's why it's one of the top assets to buy for the long term.

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## Author

danieldacosta

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