



Trading vs. Investing in Crypto : Which is better?

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Did you know that crypto trading and crypto investment have slightly different meanings?

There's a good chance you may not be aware of this or do not fully understand how to differentiate between them. However, you can know through your intention when buying or selling the crypto and how long it took to make that decision.

Warren Buffet is a good example of a long-term investor who has profited and still benefits from the investments he made over the past 20 years. However, a typical crypto trader can buy bitcoin now and sell it 5 minutes later for some quick profits.

These two strategies have pros and cons as they are quite different from each other. One engages in buying for the long term, while the other does that frequently.

We have outlined the benefits of crypto trading and investing, their pros and cons and how it benefits you.

What is Crypto Trading?

When you understand crypto trading, it will be much easier to know when you are making an investment and when you need a short-term profit.

The meaning of crypto trading is quite simple. It means monitoring the price movement of assets to make a profit.

In other words, you will look at the price of cryptocurrencies in the market, monitor them, and then exploit the market volatility. Market volatility means the up and down movement in the price of crypto assets; Bitcoin can go from \$19,000 to \$30,000 and vice versa.

Crypto traders are often not bothered about the fundamental analysis of an asset when they are trading crypto assets. They are more focused on [technical analysis](#).

In the bid to make a profit, traders can also lose a massive amount of money while trading.

There are different methods by which you can engage in trading; you can engage in [spot trading](#), [futures trading](#), crypto grid trading, [copy trading](#) and swaps.

Pros of Crypto Trading

Avenue for Short-term Profit

The primary reason why people trade cryptocurrencies is to make a good profit within a short time.

When you know how to trade in the crypto market, there's no limit to the amount of money you will get.

Transparent

Trading in the crypto market is quite transparent. There's nothing like hidden fees or any funny terms.

You will see the amount of money you have in your wallet, the transaction fee you paid, and the amount you have as profit or loss.

You have Control of your Money

While trading, there's nobody or an institution that has control of your money. You have the final say in every situation.

Whether you are losing or winning in the market, you are the only one who can decide to leave the trade or continue with the trade.

You can Trade with Little Capital

One of the major pros of crypto trading is that you can trade with a small amount of money.

[With as little as \\$20](#), you can carry out trades and win more money than your capital.

Social Trading

One of the best innovations coming out of crypto trading is social trading. Socio-trading is a situation where you can copy the trades of those who are better than you in the crypto market.

As a beginner, this is a great way to start as you learn from the best instead of making mistakes. Read more about social trading [here](#).

Cons of Crypto Trading

Volatility

The crypto market has volatility, so there are high chances of losing all your money simultaneously.

Losing money in the crypto market is one of the cons of crypto trading; right now, someone is losing all their money in the crypto market.

Hard to Learn

Learning and perfecting your skills as a crypto trader can be very technical and hard.

Except through socio-trading where you are copy-trading from experts, you will find this challenging.

What is Crypto Investment?

Crypto investment is almost the same as crypto trading, but the major difference lies in the time frame. Crypto Investment is buying cryptocurrencies and assets to gain profit over a medium to long period over 3 months to multiple years. In other words, investing in crypto means you will not reap your profit within the shortest possible time.

Here, the technical analysis of an asset doesn't count that much; rather, it is the fundamental analysis of the asset.

A crypto investor may pick out a cryptocurrency currently trading at a low price and invest in it because of its strong fundamentals. For crypto investments, fundamentals analysis matters more than technical analysis.

Pros of Crypto Investment

Profit Oriented

Just like crypto trading, the major reason why many people engage in investing is to make a profit. However, rather than being a short-term process, it is a method used to build wealth in the long run.

Fewer Transaction Fees

You need to pay for the transactions when you are carrying out crypto trading. Since crypto trading happens frequently, the number of transaction fees that may pile up will be huge.

For crypto investments, you may likely incur transaction fees when making multiple buy and sell actions.

Less Risky

Unlike crypto trading, investing and leaving your crypto assets to mature and profit is considered less risky.

Cons of Crypto Investment

Takes Longer time

One of the major cons of crypto investment is that it takes a longer time to get your profits, so you might have to wait longer.

Loss Of Funds

Loss of funds is also possible with crypto investment though many don't realise it. A company may be a good investment option for 2 years and face an issue in the 3rd or 4th year that takes them to go out of business and lose your money.

Difference Between Trading and Investing in Crypto

Investment Time Frame

Within 1 hour, you can enter the crypto market, trade two cryptocurrencies, and come out with your profit or loss.

However, when it comes to an investment, you need to wait for a longer period. In the crypto space, those who leave their assets for longer are called Hodlers.

Risks

Both crypto trading and investing have risks and disadvantages, but crypto trading is riskier since it happens more often.

Analysis

When you want to engage in crypto trading, the most critical indicator and analysis you must use is technical analysis.

But if you look forward to investing in an asset for a longer time, you use fundamental indicators.

Frequency of Trade

Crypto trading demands the trader monitor the cryptocurrencies they're trading.

Since it is a short-term model, one has the chance to engage in it from time to time without any limit.

Costs and Capital

You pay network or transaction fees when buying or selling cryptocurrencies.

Crypto traders must pay transaction fees frequently since they engage in the business often. For crypto investors, you may have to pay those fees only at certain stages since it uses a long-term model.

When it comes to capital, you need very little capital to start crypto trading, while you need a more significant amount of money to see good returns in crypto investments.

Where To Start? Try BingX

Crypto trading and investing are the two major activities that occur in crypto, as many people buy or sell crypto daily.

Although people often interchange these two words, they are different, as you know now. While it only takes a short time to trade in the crypto market, it may take some time for your investment to mature in the market.

Regardless of which you'll use, the best thing is to use a trading platform that understands you and gives you variety to do what you want with your money quickly. BingX crypto social trading platform is a leading global exchange that offers you spot trading, futures trading, crypto grid trading, copy trading and more.

Begin your trading journey with [BingX](#) today.

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