

**What to do with a million free funds – is  
the investment  
in the cryptocurrencies more profitable  
than investment in bank deposit?**

---

**Bartosz Binięda**

# **Aim of my project**

Main aim of my project is to calculate and decide which investment brings more profits: In cryptocurrencies or in bank deposit

## **Thesis**

Investment in cryptocurrencies is more profitable than investment in bank deposit

# Plan of work

1. Make research and get some informations about investments in bank deposit and cryptocurrencies.
2. Choose three different cryptocurrencies
3. Analyse their diagrams
4. Calculate profit on bank deposit investment and on cryptocurrencies
5. Decide what is more worth to do
6. Describe everything and answer the main question

# What is cryptocurrency?

Cryptocurrencies are sort of virtual money which we can invest in. Their price is changing every second and you can buy and sell it whenever you want. Every crypto is different. Some of them can gain value really fast and become worth hundreds or thousands of dollars and be really expensive, some can be worth only a few cents but have really big dynamic and one day they can grow value by about 50% and second day drop by 100%. And every crypto have different price, dynamic and popularity. The most famous cryptos now are for example Bitcoin or Ethereum.

# Three cryptocurrencies

As I said I chose 3 cryptocurrencies and I am going to calculate profit of every single one of them

Cryptocurrencies that I chose are:

Bitcoin

Ethereum

Dogecoin

I am going to use diagrams from website [Investing.com](https://www.investing.com)

# BITCOIN



## Short term investment



This is 5 year diagram of bitcoin. The most expensive and in my opinion the most popular cryptocurrency. Price of Bitcoin is changing with every minute and If we look at the scale of 5 years its price growth was really big and some people gain a lot of money

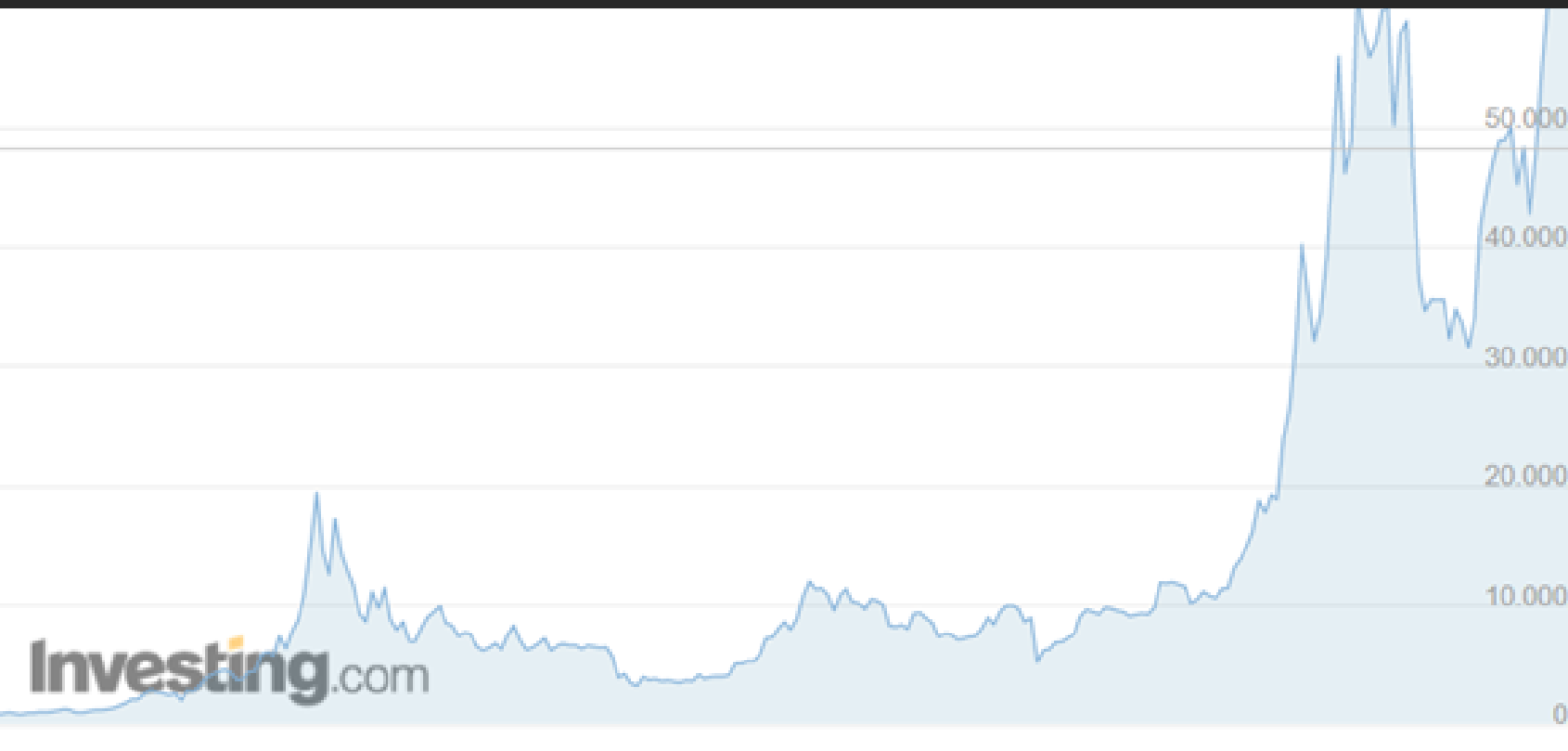
Current price of Bitcoin is 48318,70\$ which seems very expensive but how we can notice Bitcoin had higher and lower prices. 07/11/2021 Bitcoin was worth 64398,60\$ which was peak of price of this crypto. So If I would invested one million dollars a the peak of the price of bitcoin I would have lost 250 thousands of dollars, because price of Bitcoin dropped by about 25%. I get to this using this calcultions

$$\{(48318,7-64398,6):64398,6\} * 100\% = 24,97\% \text{ what gives about } 25\%$$

# BITCOIN



## Long term investition



Here the situation is a little bit different, because we are talking about 5 year investition  
As we can see Bitcoin get a huge growth of price since 2017 where one Bitcoin cost around 888,9\$ and nowadays it cost around 48318,7\$

So as we can calculate profit that we would made If we invested one milion dollars at the 01/01/2017 that would be around  $(48318,7 : 888,9) * 100\% = 5435,8\%$  so  $1000000 + 5435,8\% = 54\ 538\ 000\ \$$

# ETHEREUM



Ethereum is one of the greatest competition to Bitcoin. Current price of this cryptocurrency is something about 4041,71\$ and 5 years ago it was about 9,84\$. And why Ethereum is so special? It's because of how much money people gain.

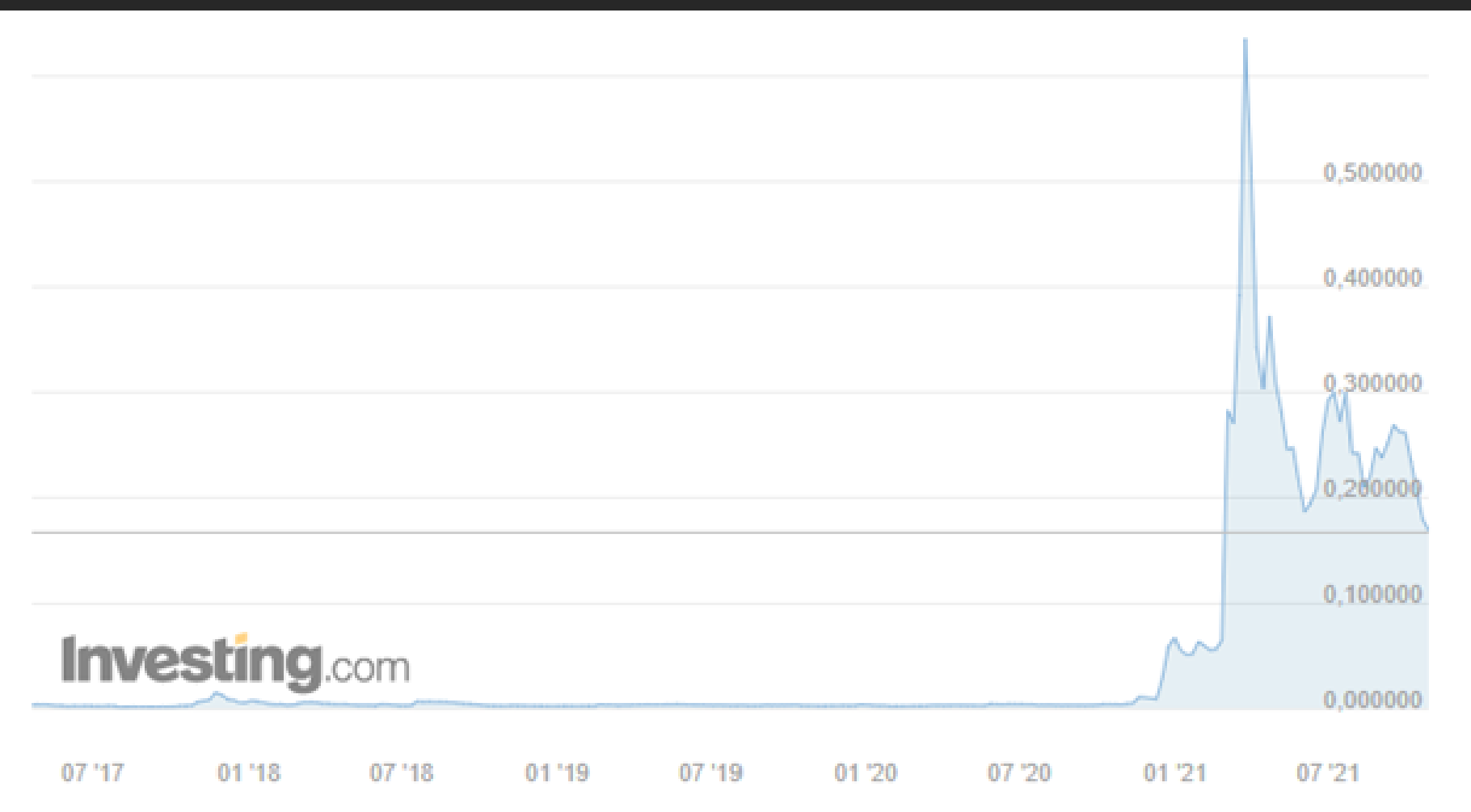
Percentage growth of Ethereum is:  
 $(4041,71:9,84)*100\% = 41074,3\%$ .

So as we can observe:

If we invested 1 milion dollars 5 years ago at Ethereum we would today have 1000000 + 41074,3% = 410 743 000\$ so a lot more than in Bitcoin.



# DOGECOIN



What is so special in Dogecoin is that we can clearly see how much external factors had influence about price of this cryptocurrency. When Dogecoin get into NASDAQ market it's price slightly increased but after that some celebrities heard about Dogecoin and start supporting Dogecoin for instance American rapper like Snoop Dogg or Lil Yachty.

But the biggest influence had Elon Musk and his post on twitter where he said that "Doge might be my fav cryptocurrency. It's pretty cool." and after that price has increased to 0,63\$ where 5 years ago it was worth only 0,0032\$. So if we calculate everything we get:

$$(0,63: 0,0032)*100\% = 19\ 687,5\% \text{ so } 1000000 + 19\ 687,5\% = 196\ 875\ 000\$$$

# Bank Deposit Investment

Now we are going to calculate profit on bank investment using formula on compound interest

$P (1 + r/n)^{(nt)}$ , where  $P$  is the initial principal balance,  $r$  is the interest rate,  $n$  is the number of times interest is compounded per time period and  $t$  is the number of time periods.

With interest rate in USD in bank about 0,25% a year

$$1000000 (1 + 0,0025/1)^{(1*5)} = 1\ 001\ 2500 - 1000000 = 12500 - 19\% \text{ of tax} = 12500 - 2375 = 10\ 125\$ \text{ of clear profit after tax}$$

# Conclusions

After all we can come with conclusion that investing in cryptocurrencies is much more profitable than in bank deposit, because at investment in bank deposit we made around 10 thousands of dollars in 5 years and investment in cryptocurrencies in some cases gave us millions of profit like in Ethereum where we made above 400 millions of dollars in 5 years. But with every investment in cryptocurrencies came risk of losing money like in example of Bitcoin where in short term investment we lost 250 thousands of dollars, but in long term we gain above 50 million dollars of profit. So we have to be patient and don't get carried by emotions. To earn on cryptos we have also to follow public opinion and celebrities opinion like in Dogecoin opinion where opinion of one celebrity let Dogecoin gain a lot on price.

# BIBLIOGRAPHY

<https://najlepszelokaty.pl/ranking-lokat-walutowych>

<https://www.coindesk.com/markets/2021/02/16/how-dogecoin-became-so-popular/>

<https://www.thecalculatorsite.com/articles/finance/compound-interest-formula.php>

<https://pl.investing.com>

**THANK YOU  
FOR YOUR  
ATTENTION**

**BARTOSZ BINIĘDA 2A**