



TRENDING
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Bucks to Bitcoin: Top Exchange Platform Fees Compared

Yessi Bello Perez (@yessi_kbello) | Published on February 24, 2015 at 17:20 BST FEATURE

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UPDATE (26th February 16:26 GMT): Bitstamp has announced it will implement a [new fee structure](#) on 2nd March.

Whether you fancy trying your hand at trading the digital currency for the first time, or want to use it as an easy, cheap and fast method of payment, you're going to have to buy some bitcoin.

That will likely mean using one of the many online exchange and trading platforms that are vying for your custom. But how much do these companies charge to swap dollars for bitcoin? And how do the various services compare?

CoinDesk looked at seven of the biggest USD bitcoin exchanges/trading platforms to find out just that.

Breaking down the fees

We started off with an imaginary buyer, Alice, who wants \$1,000-worth of bitcoin.

After compiling the data on the fees of all seven platforms, we put together this comparative chart showing the fees typically incurred by a \$1,000 transaction.



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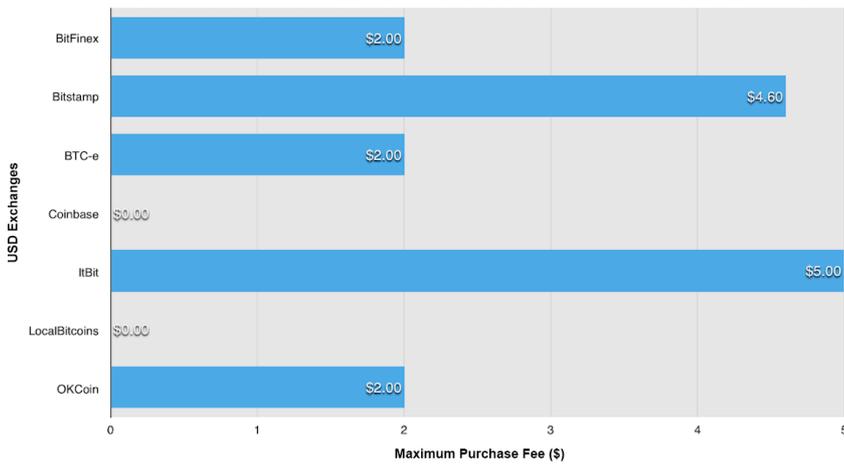
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As can be seen, for buyers that incur the maximum 0.5% fee, IBit proved to be the most expensive out of all the exchanges surveyed. It was closely followed by Bitstamp. Bitfinex, BTC-e and OKCoin were all considerably cheaper, while Coinbase and LocalBitcoins were free.

It should be noted that Coinbase plans to charge a fee from 1st April, however.

Exchanges at a glance

Bitfinex

This bitcoin trading platform is currently available in beta and is owned and operated by iFinex Inc.

The platform, which is being prepared to operate under a fully licensed model, offers **three main functions** with three different types of wallets that work together.

At the time of press, the exchange had a trading volume of 1,557,657 BTC for the last 30 days.

Users are able to trade bitcoins by placing a buy or sell offer in the Bitfinex orderbook. The order will then be executed once it is matched against an appropriate offer. The exchange wallet is used for this feature.

Fees are up to a maximum of 0.2%, depending on the order type and amount.

Bitfinex's margin trading feature allows users to borrow funds from peer liquidity providers to trade bitcoins. Traders must note that they are always held responsible for the accrued interest, at the rate in effect for the loan(s) involved in each position they take.

The liquidity feature works in conjunction with the margin trading feature, but offers safer investments to non-traders, by allowing them to use their deposit wallets to provide liquidity in the form of bitcoins and/or dollars.

Alistair Milne, an Altana Wealth portfolio manager, said:

"Bitfinex is the trader's choice, unless you want to use futures or far higher leverage. Their fees are quite low and without tiers."

Arthur Hayes BitMEX co-founder and CEO, said: "Bitfinex is my preferred spot exchange because they are the most liquid globally for bitcoin/USD."

Bitstamp

The Bitstamp exchange, which is run by prominent bitcoiner and CEO Nejc Kodrič, was originally set up in Slovenia, but shifted its operations to the UK two years ago.

The was founded as an European-focused alternative to the then-dominant exchange Mt Gox, which has since collapsed.

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- What is Bitcoin?**
:s a decentralized digital currency
- Why Use Bitcoin?**
:s fast, cheap to use, and secure
- How Can I Buy Bitcoins?**
:rom an exchange or an individual

[Bitstamp](#) had the third largest trading volume at press time (504,328 BTC).

Milne said:

"Bitstamp is good, as it has some simple functionality for non-traders who are not worried about limit orders and such. However, their fees start at 0.5%, much higher than elsewhere. They also take 0.1% on deposits."

The exchange also asks its users to note its policy regarding fee calculation.

It states:

"As our fees are calculated to two decimal places, all fees which might exceed this limitation are rounded up. The rounding up is executed in such a way, that the second decimal digit is always one digit value higher than it was before rounding up."

The exchange was [hacked](#) earlier this year, resulting in the loss of approximately \$5.1m-worth of bitcoin. It has since said it will reimburse users who lost funds.

BTC-e

The popular and secretive European exchange, rumoured to be based out of Bulgaria, is one of the largest bitcoin and cryptocurrency exchanges.

Milne said:

"We don't use BTC-e due to the cost of getting money onto the exchange. Even when making a wire transfer, the cost is at least 1%. This is one of the reasons bitcoin prices on that exchange are usually a little lower than elsewhere."

Users who trade less than 500 BTC, are subject to a 0.20% fee.

The platform also offers percent allocation management module ([PAAM](#)) accounts, effectively allowing site traders to become money managers for other users, and enabling them to follow a trading strategy.

The exchange suffered a powerful distributed denial of service (DDoS) [attack](#) against its servers in April last year.

Coinbase

San Francisco-based Coinbase is a bitcoin wallet provider, as well as an exchange service. It was founded by Brian Armstrong and Fred Ehrsam.

[Coinbase](#) users are able to buy and sell bitcoin at the current market rate with bank transfers both in the United States and 18 European countries.

Credit cards are supported for some users.

The company aims to make the process easier for non-technical customers to send and receive bitcoin payments by offering a user-friendly wallet service (online and app) for storing, sending and receiving bitcoin, along with merchant services that enable businesses to accept bitcoin payments online and fee-free payments between Coinbase accounts.

A Coinbase spokesperson said:

"Trading fees will be cancelled until 30th March and re-instated as of 1st April. From then onwards, trading fees will be based on a maker/taker model whereby takers

will incur a 0.25% charge."

ItBit

The bitcoin exchange, co-founded by CEO Charles Cascarilla, an early bitcoin adopter with more than 15 years of experience in financial services, opened its first office in 2012.

In November 2013, the exchange expanded globally and now has offices in two key global financial markets, New York (HQ) and Singapore, and employs 32 people.

The [platform](#) has an average daily trading volume of 2,000 - 3,000 bitcoin and accounts for 5-8% of the global market share.

There are two possible scenarios in terms of transaction fees, which would depend on the trader's intentions and the current market price.

In this instance, there would be a \$5 charge if the trader places a bid at or higher than the current offer price. However, the trader would actually receive a \$1 credit if he or she placed a bid lower than the current offer price.

If this is not the only trade that the trader makes within a 30 day period, the fees could decrease (or the rebate could increase), if the trader's overall trading volume was higher than this one single trade.

Fees are up to a maximum of 0.5%, depending on the order type and other factors.

LocalBitcoins

Founded by Jeremias Kangas, a programmer and entrepreneur, this Finland-based company is a peer-to-peer marketplace, rather than a trading platform or exchange. The service matches users wanting to buy or sell bitcoin and had a trading volume of 65,760 at press time.

Bitcoins are stored in the [LocalBitcoins](#) web wallet, for which there are fees ("0.0001-0.0004 BTC per outgoing transfer").

Trades are conducted without fee. However, prices are set by the sellers and may be above or below the going market rate.

LocalBitcoins was [hacked earlier this year](#), resulting in the distribution of malware and a loss of some customer funds.

This is not the first time that the marketplace has experienced security-related problems, including an [incident](#) last year when a hacker gained access to its servers for a brief period of time. Despite this, LocalBitcoins said that no customer data had been lost.

OKCoin

OKCoin is a digital currency trading platform and exchange based in Beijing.

It was founded in June 2013, and by 2014 it had grown to become the largest bitcoin exchange in China.

Fees are up to a maximum of 0.2%, depending on the order type.

Additionally, OKCoin has a minimum withdrawal amount of \$15 and all withdrawals are subject to a 0.1% fee. Individuals are allowed to withdraw a maximum of \$50,000 at a time.

Emily Shanahan, international marketing manager, said:

"We do not charge any deposit fees, other fees that are applicable are merely bank fees. In both cases, both charges are borne by the customer."

OKCoin's chief technical officer Changpeng Zhao recently [announced](#) his departure from the company, citing a difference of direction as the impetus for his decision.

Correction: The X axis on the graph has been modified to say "maximum purchase fee" instead of "withdrawal fees". The article previously stated that ItBit was the most expensive out of the exchanges surveyed. This has now been amended to specify that for buyers that incur the maximum 0.5% fee, ItBit is the most expensive. The text now also specifies ItBit's maker-taker model.

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Gorry James · a month ago

This article is very misleading.

It's all fine and good to compare exchange fees, but that's only part of the picture of "bucks to bitcoin". What about the fiat currency deposit side of the transaction? If you start off with a hypothetical individual wanting to get \$1000 of bitcoin, they don't just magically have their \$1000 in some account balance at a given exchange. There's a whole set of hurdles and fees to even get to that point, and this varies greatly depending on exchange, country, fiat currency, the individual's bank, etc... For this hypothetical case, comparing only the exchange trading fees will leave people with incorrect information about the true cost and ease of obtaining bitcoins from fiat currency.

8 ^ | v · Share



RealAmerican212 → Gorry James · a month ago

Very true, check the Kraken article "What Does it Really Cost to Buy and Sell Bitcoins?" for the real figures. A trade isn't "free" when one side is charged a fee.

1 ^ | v · Share



Orchideric · a month ago

Cool article....Additions...

Circle is like Coinbase, but free.

Houbi is also free if you use the Chinese site for trading. I find it one of the easiest, most informative platforms too btw.

4 ^ | v · Share



Jeff · a month ago

 Thank you for the comprehensive post regarding the fees at exchanges. I feel better about being able to make an informed choice because of this!
3 ^ | v · Share >

 **dnokes** · a month ago
I'm not certain of Yessi Bello Perez's circumstance or criteria, but I just opened an account with Coinbase, spent my first 50\$ and was charged 1% on my purchase of Bitcoin. It was definitely not free.
1 ^ | v · Share >

 **Keith Horwood** Mod → dnokes · a month ago
Are you using the new exchange? <https://exchange.coinbase.com/>
1 ^ | v · Share >

 **dnokes** → Keith Horwood · a month ago
The new exchange is not available in my state. Hence, a bit of clarity on "free" would be in order.
^ | v · Share >

 **Wang Core** · a month ago
loving you, is anything but beautiful... do pe do pew dew, ahahahhaaaafaiy
1 ^ | v · Share >

 **Wang Core** → Wang Core · a month ago
Sorry, I thought this was karaoke!
^ | v · Share >

 **Intrepid** · a month ago
What a terrible article! In addition to ignoring the deposit and withdrawal fees of some of the exchanges, he also ignores consistent discrepancies in the BTC:USD exchange rates offered. For example, the price charged for BTC at Coinbase is consistently higher than at Bitstamp, which is in turn consistently higher than at BTC-e. I think LocalBitcoins may usually be most expensive due to seller mark-ups.
^ | v · Share >

 **cedrictrade** · a month ago
Or you can trade on sfox and not worry about all the differences since they integrate with all of the exchanges.
^ | v · Share >

 **DMichaelElkins** · a month ago
No mention of Circle? Maybe not large enough yet to make the list but they are free and have insurance in place for their users.
^ | v · Share >

 **barfor** · a month ago
Seriously? Circle is not on this list?
^ | v · Share >

 **Gunsta** · a month ago
When is bter going to allow altcoin withdrawals?
^ | v · Share >

 **Orchideric** → Gunsta · a month ago
They won't be allowed to do anything until the bankruptcy hearing.
^ | v · Share >

 **BitWorldCoin** → Orchideric · a month ago
Do you think this industry needs regulation?
^ | v · Share >

 **Orchideric** → BitWorldCoin · a month ago
Short answer:
In the form of minimum security requirements, sure.
I could write a novel on it, seriously.
With digital currency, you can never have too much security.
1 ^ | v · Share >

 **Caledar** → Orchideric · a month ago
He's asking about regulation.. not hacks. Interesting/impressive list

though.

^ | v · Share ›



Orchideric → Caledar · a month ago

Ya I was driving home that the main feature of "Regulation" is meeting minimum security requirements. There's a VERY short list of exchanges that have NOT been hacked.

^ | v · Share ›



Orchideric → BitWorldCoin · a month ago

uuh here's a list of known hacks...you tell me!

- Stone Man Loss
- Ubitex Scam
- Stefan Thomas Loss
- Allinvain Theft
- June 2011 Mt. Gox Incident
- Mass MyBitcoin Thefts
- MyBitcoin Theft
- Bitomat.pl Loss
- Mooncoin Theft
- Bitcoin7 Incident
- October 2011 Mt. Gox Loss
- Bitscalper Scam
- Andrew Nollan Scam
- Linode Hacks
- Betcoin Theft
- Tony Silk Road Scam
- May 2012 Bitcoinica Hack

[see more](#)

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