What is cryptocurrency?
Cryptocurrencies are unregulated digital assets that have no government backing. They are typically purchased, used, stored, and traded electronically through a digital currency exchange. They can be traded for goods and services, transferred from one person to another, or held for investment purposes. Cryptocurrency does not meet the economic definition of currency.

Types of cryptocurrency
There are over one thousand cryptocurrencies in circulation. The most common is Bitcoin. Others include Ethereum, Dogecoin, Dash, BitConnect, and Litecoin.

Risks of cryptocurrency
Currently, cryptocurrency is not regulated by the federal government or by the State of Oregon. Digital currency is appealing to some people because it is unregulated, and difficult to trace. This creates several risks for consumers:

- Owners typically have no recourse if their cryptocurrency is lost, stolen, or hacked from their accounts at a digital currency exchange. Digital currency exchanges are common targets for cyberattacks.
- Cryptocurrency is not a stable asset and can experience sudden and sharp increases or decreases in value.
- Cryptocurrency holdings are not federally insured. Unlike deposits in a bank or credit union, cryptocurrency is not insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA).
- Businesses are not required to accept cryptocurrencies as payment for goods and services, and very few accept them.

Tips before purchasing cryptocurrency
The Department of Consumer and Business Services encourages Oregonians to follow these tips before purchasing cryptocurrency:

- Do not spend money you need. The volatility of the digital currency market means that you should not purchase cryptocurrency with money that is needed for essential purposes such as food, housing, and gas.
- Treat digital currency like a nonliquid investment similar to oil, copper, or gold. Understand that digital currencies do not have any tangible value and do not pay interest or dividends.
- To transmit cryptocurrency to someone else, use a digital currency exchange that is licensed with the state. Oregon law requires companies that transfer digital currency from one person to another to be licensed as money transmitters. Digital currency exchange companies that only turn cash into digital currency are not required to be licensed.

Resources
- Check the license of a money transmitter
- Check the status of an advisor
- Don’t fall for cryptocurrency stock scams

Be aware:
Converting cryptocurrency back to cash can be difficult.