



**UNIVERSITI TEKNOLOGI MARA**

**FACTORS AFFECTING THE VOLATILITY OF  
BITCOIN PRICE**

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Final Year Project Paper submitted in fulfillment  
of the requirements for the degree of  
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## **AUTHOR'S DECLARATION**

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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## **ABSTRACT**

Bitcoin is a peer to peer electronic currency system first described in a paper by Satoshi Nakamoto in 2008 but whose identity has never been established. Bitcoin are not issued or governed by a central authority. It is created in a process called mining. Bitcoin mining is an activity which consists of creating new coins which are later put into circulation. The bitcoin price keeps fluctuate. The price of bitcoin is fluctuating because the consumers of bitcoin are actively taking part in its economy. Buying and selling was unavailable due to high traffic likely caused by the drastic fluctuations become one of the issues. A major problem for bitcoin is its extreme volatility, which is a cause of concern for many investors. Volatility measures the variance of the price of a certain financial instrument within a certain period. It is commonly associated with the risk level of the instrument. A highly volatile instrument is regarded as risky and a less volatile instrument as less risky. Bitcoin is the most liquid coin, its order books show the deepest sell and buy offers, therefore a big trade will have a smaller price impact, hence a smaller price volatility. Bitcoin is, however, still more volatile than any fiat currency pairs. This research aim is to study the factors affecting the volatility of bitcoin price in United States. It specifically studies in United States. This research is based on data obtained from secondary data and it is covers from year 2011 to 2017.

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