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Original:

<https://www.btcc.com/en-US/academy/crypto-basics/what-is-spot-trading-in-crypto-how-to-get-started-with-spot-trading-a-comprehensive-guide-for-2024>

### What Is Spot Trading In Crypto & How To Get Started With Spot Trading: A Comprehensive Guide For 2024

With the rapid development of cryptocurrency, spot trading, a new trading model in the realm of crypto, has witnessed growing popularity and increasing adoption among crypto traders and enthusiasts. Spot trading in crypto refers to the process of buying and selling digital currencies at their current market prices, enabling traders to own the digital assets they acquire.

In this guide, we will cover all aspect about crypto spot trading, like what spot trading is, how does spot trading work, its advantages and disadvantages, etc. Through this article, you will get a clear picture about this investment strategy, thus making informed decisions when using this investment method.



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## What is Spot Trading in Crypto?

Spot trading usually refers to a trading strategy where traders buy or sell the underlying crypto asset at a current market price, and the transaction is instantly settled. Typically, spot trading in cryptocurrencies means acquiring tokens at a lower price and selling them at a higher price. Nevertheless, profitability is not assured due to the inherently volatile nature of the cryptocurrency market, and the ability to transform trades into profits hinges on an array of diverse factors.

This trading method is frequently preferred by novice traders due to its simplicity and the fact that it allows them to own the digital assets they acquire. The objective of spot trading is to acquire digital currencies at their current market values and then sell them at higher prices, thereby realizing a profit.

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## How does Crypto Spot Trading Work?

In the realm of cryptocurrency, spot trading can be done through a diverse array of platforms that allow traders to engage with digital currencies. These platforms empower traders to buy cryptocurrencies either by utilizing their local currencies or by engaging in trade across several

cryptocurrency pairs.

To embark on spot trading, a trader must first select a reputable platform that aligns with their trading needs and preferences. Once a suitable platform is chosen, the trader must establish an account, which typically involves completing a registration process and verifying their identity for security purposes.

Subsequently, the trader needs to fund their account. This can be achieved by transferring fiat currency from a bank account or debit/credit card, or by transferring existing cryptocurrencies from another wallet into the trading platform's wallet.

With a funded account, the trader can then proceed to select the cryptocurrency pair they wish to trade. The trader then enters the amount they want to trade and places an order. This order is executed as soon as it matches with a corresponding order in the order book, and the trader receives their acquired crypto in their account.

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## Pros and Cons of Crypto Spot Trading

Compared with crypto derivatives, spot trading in crypto is a low-risk financial instrument. However, like any trading method, spot trading in crypto has its advantages and disadvantages. The following chart sets forth the advantages and disadvantages of crypto spot trading:

### Pros of spot trading in crypto

- **Asset ownership:** One of the main advantages is that spot trading allows traders to own the digital assets they acquire. This ownership can be used for various purposes, such as collateral to borrow other crypto assets or to receive yields in decentralized lending pools.
- **Beginner-friendly:** Spot trading is also relatively straightforward, making it an attractive option for beginners.
- **Immediate returns:** Traders can gain immediate returns from the short-term price swings by selling crypto tokens when their market price increases.
- **Low-risk investment:** Spot trading is a low-risk strategy, allowing you to hold onto your investments without much worry.
- **Larger selection of cryptocurrencies:** In general, there are more cryptocurrencies backed by spot trading than margin trading on cryptocurrency exchanges.

### Cons of spot trading in crypto

- **Market volatility:** Spot trading in crypto can be highly volatile due to price fluctuations, leading to significant losses.
- **Low returns:** Spot trading corroborates with a low-risk, low-return strategy, and you invest only what you can afford to lose.
- **No leverage:** Traders cannot add funds to multiply the returns on spot trading.
- **Fees:** Spot trading may involve various fees, including network fees for trading, withdrawing and trading cryptocurrencies, which may affect your overall profitability.

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# Crypto Spot Trading vs. Margin Trading

Margin trading is another popular investment strategy in crypto market. Margin trading allows users to borrow funds against their holdings to create leveraged long or short positions. This significantly enhance both the potential for profits and the risk of losses. Additionally, borrowing these funds necessitates the payment of interest in exchange for having access to leveraged trading. To commence a margin trade, the investor is required to commit some collateral, which is known as the margin.

Comparing with margin trading, crypto spot trading is a simpler process and thus easier to manage in terms of risk. This is because leveraged trading with margin amplifies both risk and reward, which means in the worst case, investors may potentially lose all their initial investment much faster than spot trading. However, a downside to spot trading is the potential gains that investors may obtain are never as much as alternative trading methods offer. Since margin trading offers leverage, the upside is potentially much higher than spot trading.

## How to Get Started With Spot Trading?

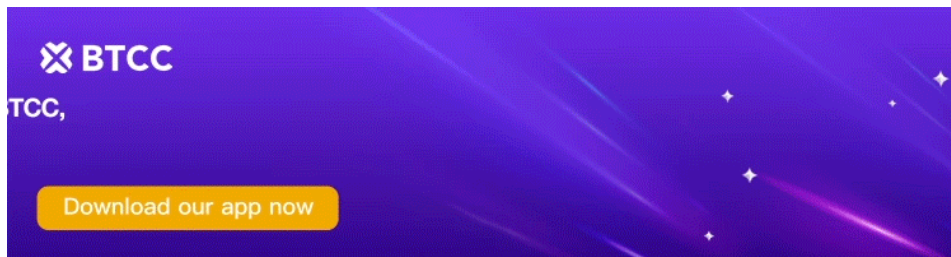
To invest in spot trading in crypto, the first step is choosing the crypto exchange. Here's a step-by-step process to get started with spot trading in crypto:

**Step 1:** Choose a crypto exchange and create an account, and submit relevant KYC documents.

**Step 2:** Deposit money into your crypto wallet.

**Step 3:** Place your spot trading order to buy a crypto token.

**Step 4:** The transaction is done once the order matches the sell order.



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## A Beginner's Guide: How to Start Crypto Spot Trading On BTCC

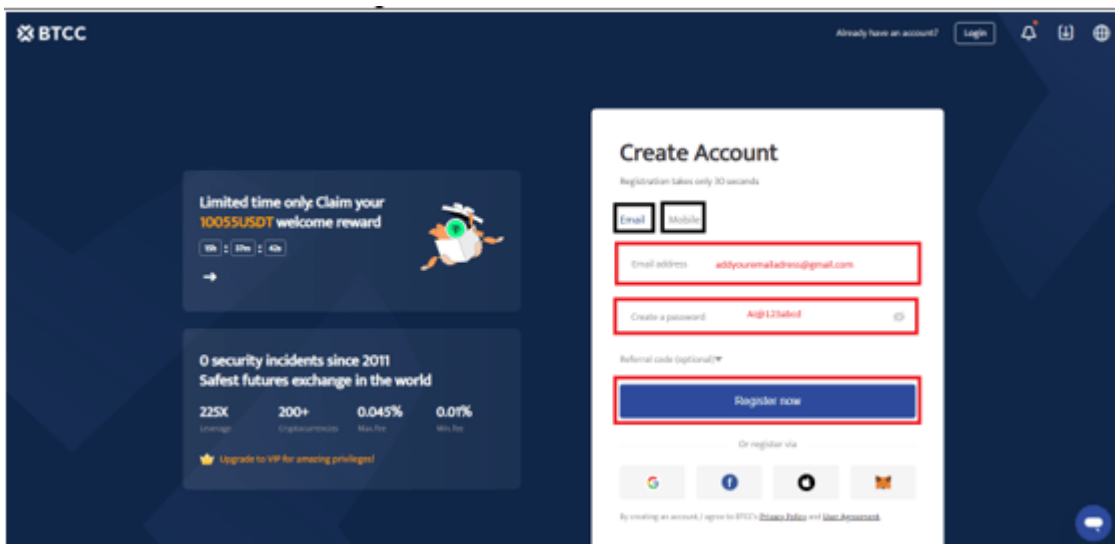
BTCC, one of the longest-running crypto exchanges in the world, offers a variety of advanced trading services, like copy trading, spot trading and USDT-margined perpetual futures contract trading with a leverage up to 225x, etc. If you want to start spot trading, you can start by signing up for [BTCC](#).



The following sets forth a step-by-step guide for starting spot trading on crypto exchange BTCC:

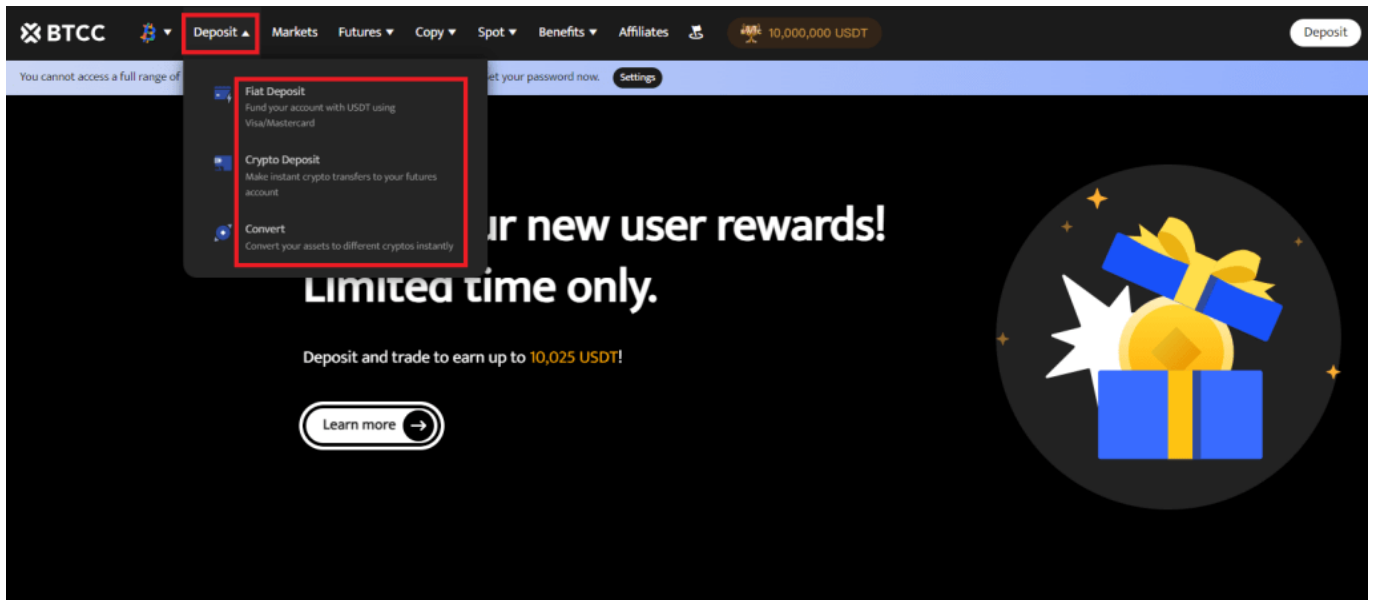
### Step One: Create a BTCC account

Before you start spot trading, you need to register a BTCC account using an Email ID or Mobile Number, then finish KYC verification.



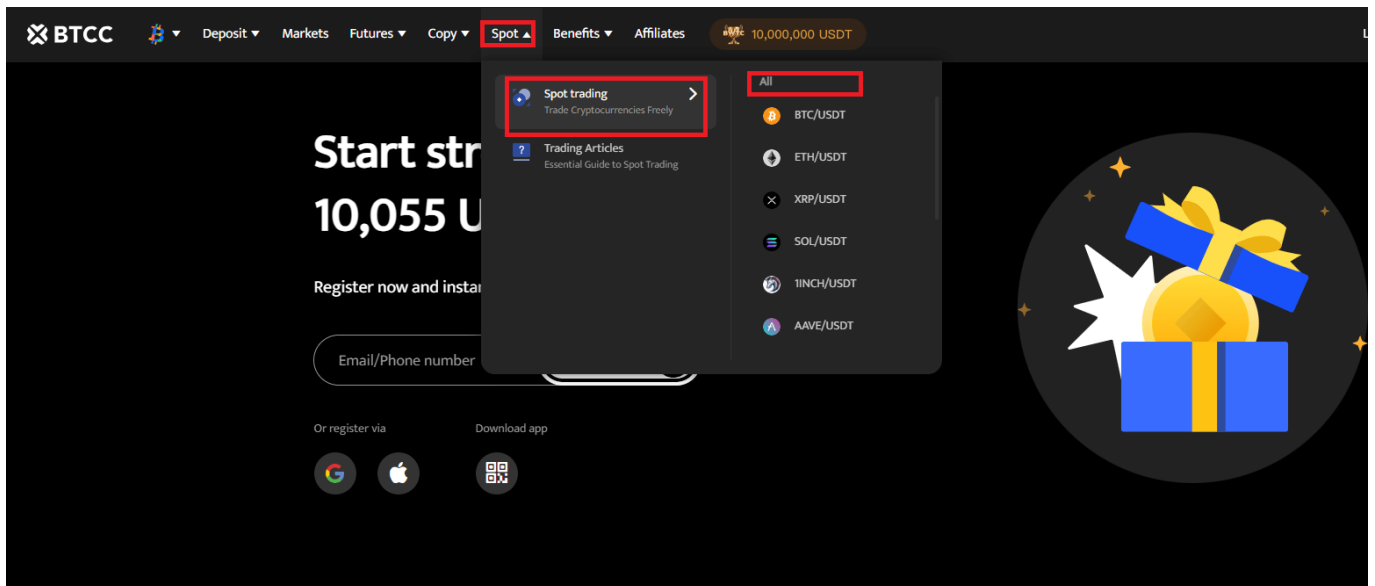
### Step Two: Fund Your Account

After completing KYC verification, the next step is fund your BTCC account. There are three methods available for funding your BTCC account, including fiat deposit, crypto deposit and convert.

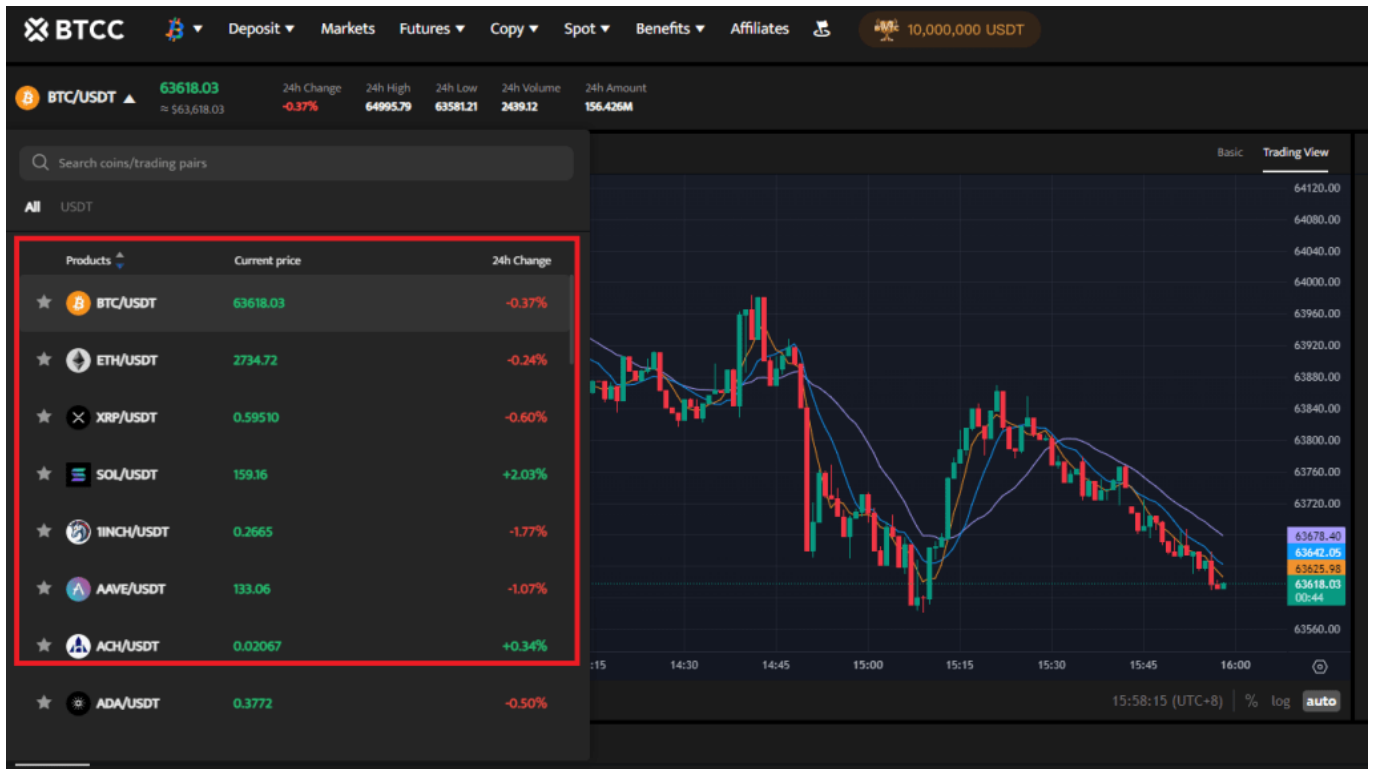


### Step Three: Place Your Spot Trading Order

Go to the BTCC homepage and select “Spot” > “Spot Trading”, then enter the spot trading page.

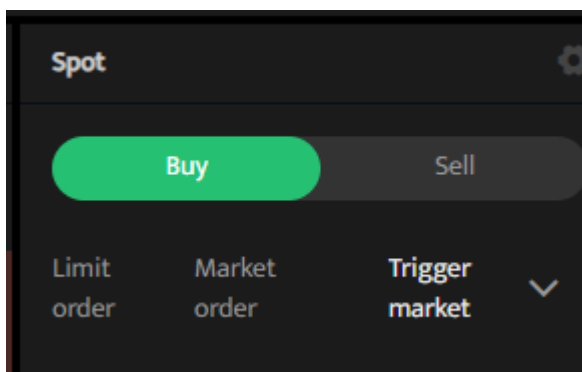


On the left side of the page, hover your cursor on the dropdown beside the trading pair, and you will see all supported Spot trading pairs, along with the Current Price and the 24-hour change percentage of the corresponding trading pair.

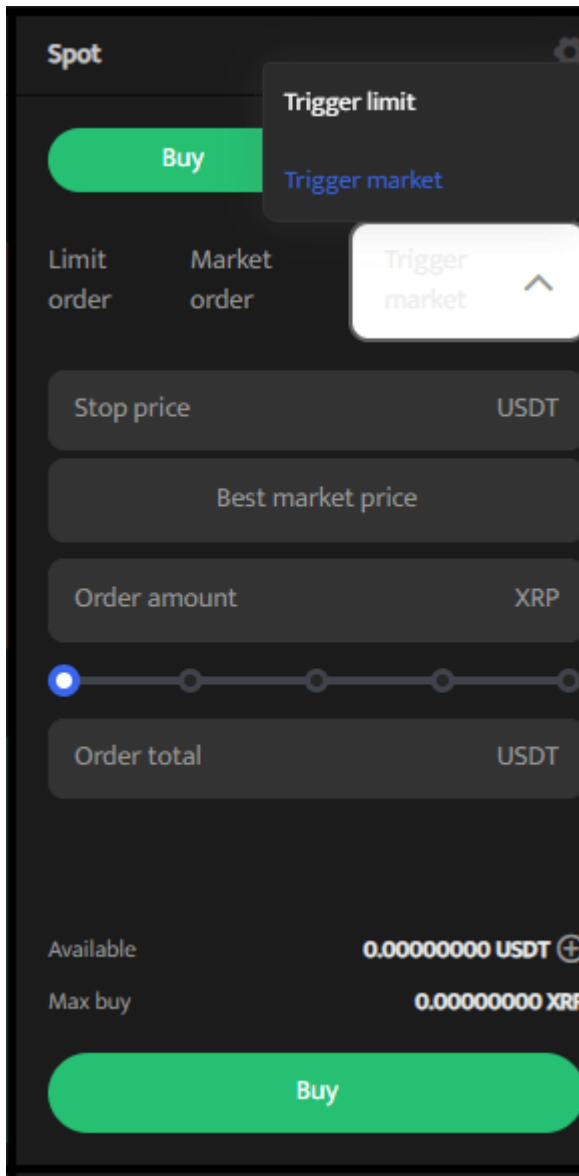


To quickly find the trading pair you desire, please use the search box to directly enter the trading pair you want to view. Then you need to complete all settings for your spot trading order.

Firstly, select **Buy/Sell**



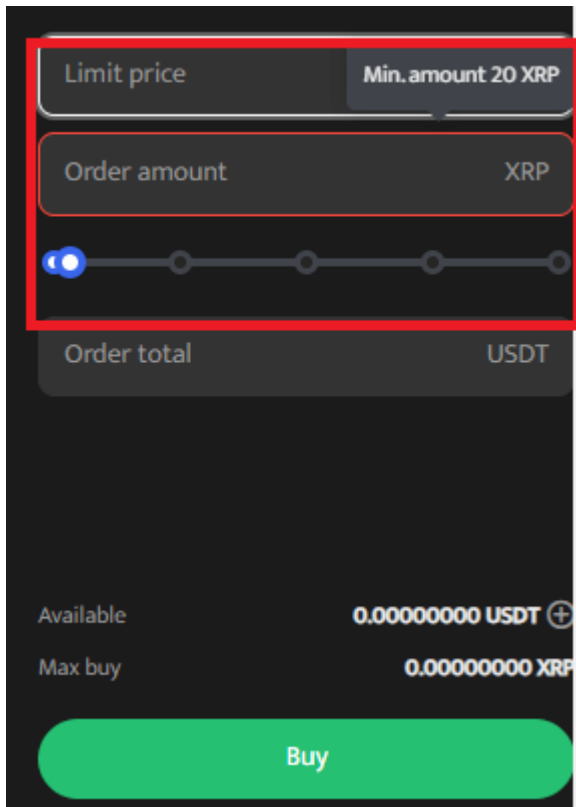
Second, select order type. BTCC Spot Trading provides you with various order types, including Limit Order, Market Order, Trigger Limit and Trigger Market.



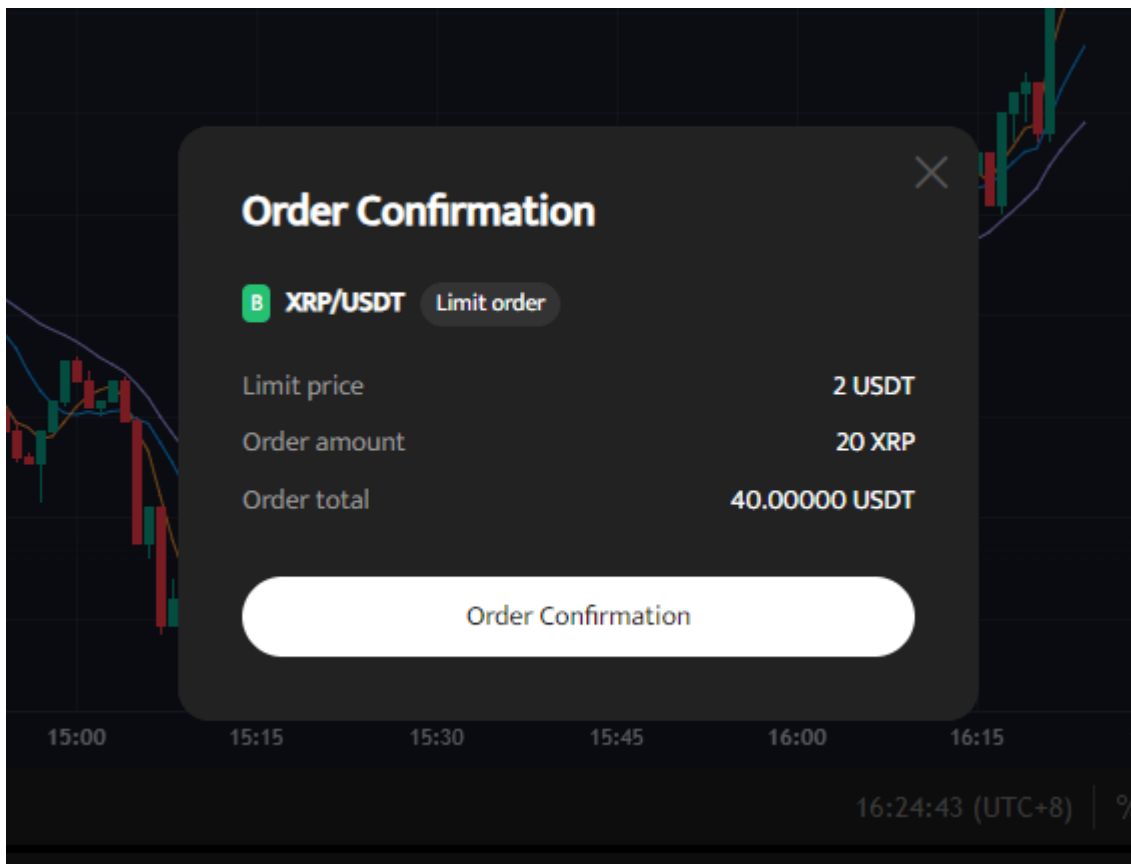
- **Limit Order:** Limit orders are a type of order to buy or sell at a price more favourable than the market price. When you buy at a price lower than the market price or sell at a price higher than the market price, the order will be in the form of a limit order.
- **Market Order:** users place orders at the best price in the current market to achieve fast trading.
- **Trigger Limit:** A Trigger Limit order lets traders set **the stop price, limit price, and order amount for a trade**. When the stop price is reached, the order will be placed automatically at the predetermined limit price and order amount so as to help traders ensure a profit or limit a loss.
- **Trigger Market:** A Trigger Market order allows traders to set the limit price of a stop-limit order to the market price. traders need to define **the stop price and order amount**, and when the stop price is reached, your order will become a market order and be filled instantly.

Third, after selecting the order type, enter the order amount, cryptocurrency amount, and leverage below.

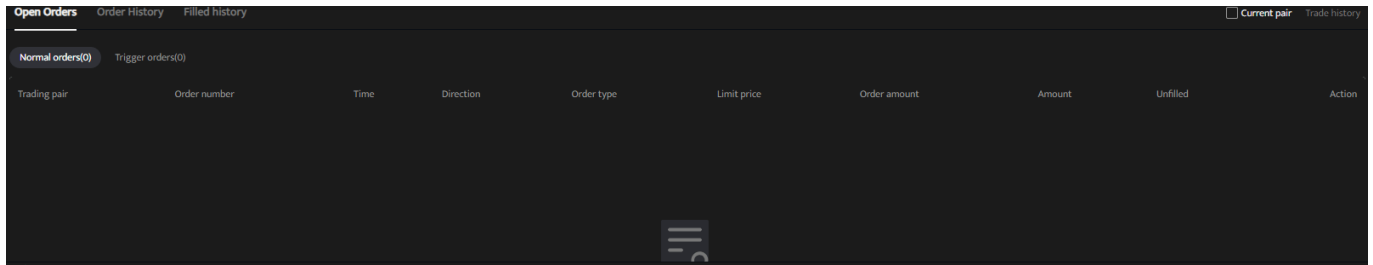




Finally, check all information and confirm your order.



After placing your spot trading order, you can check your order and trading history on the spot trading page.



**Note: Since spot trading feature has been debuted on BTCC on early July, there are more and more tradable pairs supporting spot trading on both BTCC web and app platforms. At present, there are 78 spot trading pairs offered on BTCC platform. If you are interested in spot trading, you can start by registering on BTCC.**

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## Conclusion

Spot trading in crypto represents a renowned strategy traders use when buying and selling the underlying crypto asset wherein the transaction is determined instantly. To gain maximum profits, spot traders buy any crypto token at a relative low price and then sell it at a high price.

However, it's crucial to note that profitability in spot trading is not always assured due to the inherent volatility of the cryptocurrency market. Therefore, novice traders are advised to seek professional financial guidance and invest only what they can afford to lose.



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## FAQs About Spot Trading

### What is spot trading in crypto?

Spot trading in crypto refers to a popular strategy in which traders buy or sell the underlying crypto and settle the transaction instantly. Simply put, traders buy a crypto asset and hold it to sell later at an increased price to gain immediate profit.

### Is crypto spot trading risky?

Spot trading is simple, low-risk, and is a preferred choice for traders seeking short-term gains. It

poses a lower risk than margin or futures trading due to the fact that potential losses are strictly capped at the initial investment amount. On cryptocurrency exchanges, more cryptocurrencies are supported for spot trading than for margin trading.

## **Does spot trading have fees?**

Yes. Depending on your chosen crypto exchange, spot trading can attract various fees, including a joining fee, deposit fee, trading charges, maker and taker fees, and withdrawal fee.

## **Is spot trading in crypto profitable?**

Generally speaking, spot trading in crypto refers to purchasing a token at a low price and selling it at a high price. Nevertheless, profitability is not an absolute certainty due to the extreme volatility of the cryptocurrency market, and the ability to turn trades into profits hinges on multiple factors, , such as market conditions, the timing of trades, and the individual trader's knowledge and experience.

## **Is spot trading in crypto suitable for beginners?**

Spot trading in crypto is relatively straightforward, making it an appealing choice for novices. However, spot trading can be risky due to the volatile nature of cryptocurrency prices. Traders are advised to be vigilant and stay updated with market trends to make profitable trading decision.

## **What are the differences between Spot Trading and Derivatives Trading?**

In spot trading, traders buy a crypto asset and hold it to sell later at an higher price. Crypto derivatives, on the other hand, involve two parties agreeing on a predetermined price for buying and selling crypto tokens.

## **About BTCC**

**BTCC, one of the longest-running exchanges in the world, supports crypto spot trading, copy trading, as well as futures trading for 300+ cryptocurrencies with a leverage up to 500X. If you want to start spot trading strategy, you can start by signing up for [BTCC](#).**

BTCC is among the best and safest platforms for crypto trading. The reasons why we introduce BTCC for you summarize as below:

- **Industry-leading security**
- **High liquidity & volume**
- **Extremely low fees**
- **High and rich bonus**
- **Excellent customer service**

Want know more about BTCC? please read related article: [BTCC Exchange Review 2024](#)

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