Crypto Bots

Trading with Bots
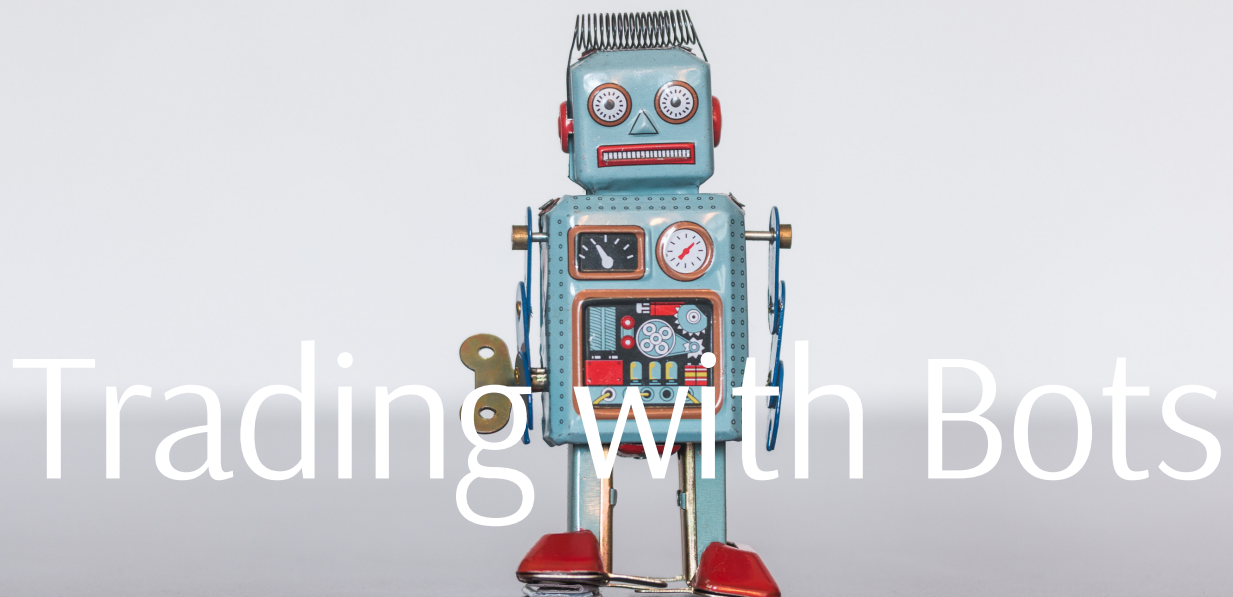
Crypto trading bots are automated software designed to monitor, analyze and execute trades across cryptocurrency exchanges using predetermined inputs. They operate by connecting to your exchange account and tracking cryptocurrency prices. When a cryptocurrency hits the price you choose, the bot will purchase or sell it on your behalf. Essentially, bots use technical indicators to make decisions. Automated crypto bots need access to the wallet and exchange you want it to trade on. This means linking the bot to your platform of your choice via it's API key. To make decisions, crypto trading bots analyze market performance and the potential risk of a trade. It will then execute on trades it deems low-risk, and avoid high-risk options, unless you ask it to do otherwise. Bots are executing trades without human intervention. Considering the fact that the crypto market runs constantly, traders like to set up bots to work while they are not available to tend to their portfolio.

Crypto trading bots are designed and built by financial institutions with an algorithm so advanced that most don't understand exactly how the bots operate. Bots can help experienced and novice trainers alike.

Experienced traders can utilize their own personal strategies in the bitcoin universe without needing to track devices for hours on end. Bots can mirror the viewpoints of the trader in question autonomously and it could do so on multiple exchanges on a 24/7 basis.

New traders or inexperienced investors now have the chance to obtain a bot from a third-party company with a full range of automated pre-build trading strategies to choose from.

If you think that an automated bot sounds perfect, it can be very helpful. But it is not without cons.

Advantages

Humans can only process so much information at once. Robots do not have a limit, they don't get tired, they don't error, and make wise decisions based on the data they are presented.

Bots also are not swayed by emotions, so they are not swayed by emotions when it comes to making trades, all decisions are data based.

Bots are efficient in builing wealth over time. The efficiency of trading bots allows them to execute hundreds of trades within an hour if there is enough trading volume and volatility for the asset being traded by the bot. This is also achieved by setting the take-profit percentage low for the bot to consistently enter and exit trades. This is essentially dollar-cost averaging (DCA) on a much smaller time frame — profits are compounded over time, leading to continuous growth of the crypto portfolio.
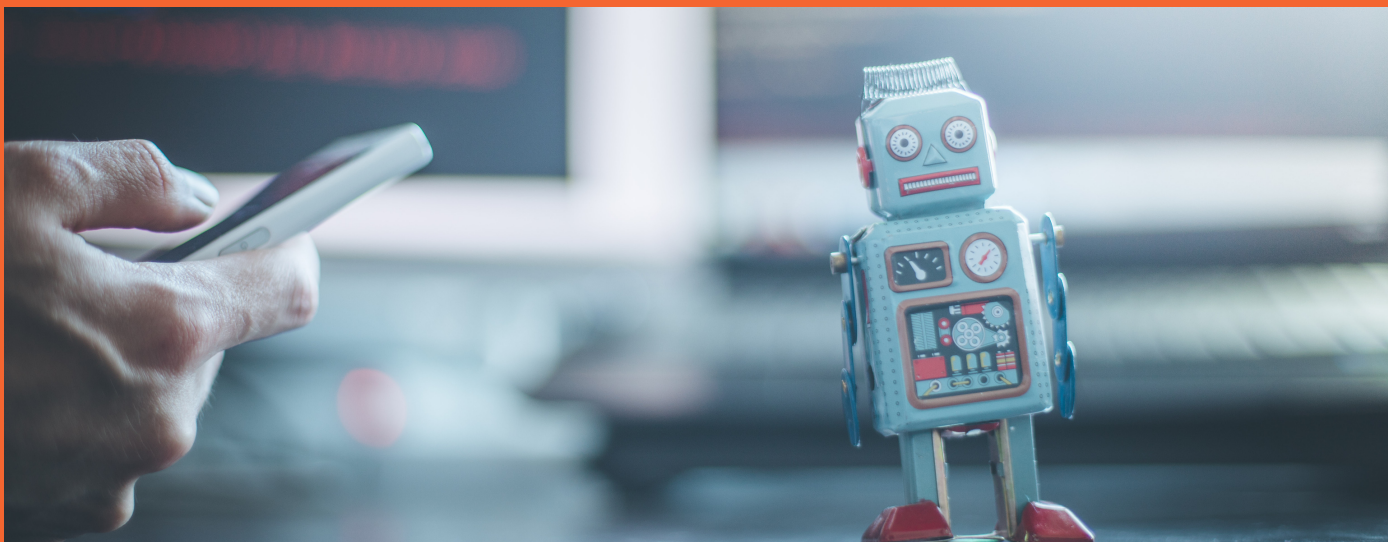
Disadvantages

Crypto Bots are super helpful tools, but there are two major risks: market conditions and security.

Considering the crypto market is so volatile, it is important to note that it is impossible to perfectly program trading bots to always act the way they should in a trade. If there is a significant market crash or a scenario a robot hasn't been programmed for, it could make the wrong decision and put your portfolio at risk. Crypto bots aren't generally used for massive profits. Instead, they used to generate a series of smaller profits. It is never a good idea to put your entire portfolio in the hands of a robot.

Security risk potential is high, the potential for the API key to be hacked or compromised, opens the potential for an attacker to gain access to the users account, steal their funds or sensitive information. Another risk is it is possible for unauthorized users to access the users account to make unknown trades or trades made without the users consent. By sharing API keys you are opening yourself to a third party to access your crypto exchange accounts. If they get hacked users risk losing all of their funds.

BOT ATTACKS
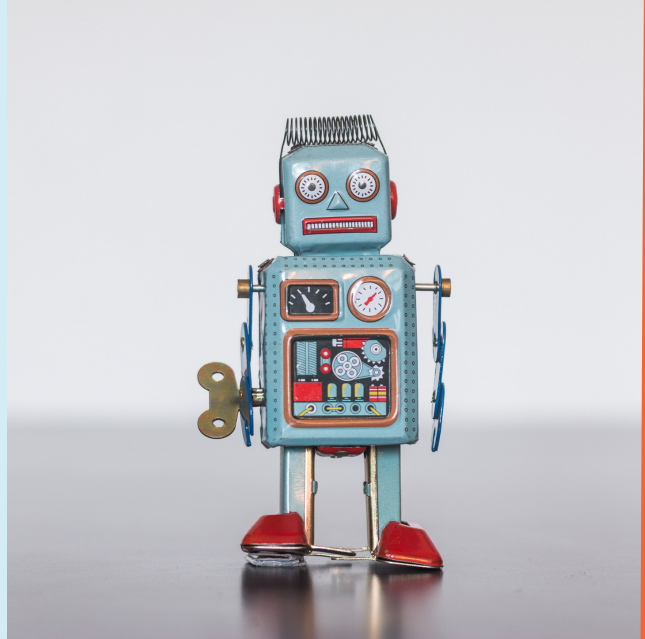
Cyber-attacks can come in many forms. Breaches in security are a huge concern in the crypto world, because of the decentralized nature of the funds.

API attacks have exploded in the last 3 years as malicious bots continue to invade the internet. Bot attacks pose major threats, there has been a reported increase of 41% in attacks on internet connected systems.

Bot mining is the use of malignant software to hijack a device's central processing unit to mine cryptocurrency. Hackers deploy a malware program that carries out the cryptocurrency mining work and sends it to the bot-herder, who is the remote attacker. The word "botnet" comes from the words Robot and Network.
Botnets that target cryptocurrencies are called botnet miners. These systems allow their creators to mine cryptocurrency at the expense of unsuspecting device owners who have no idea that their device has been compromised.

A botnet system is similar to standard computer malware, but are automated programs developed as lines of code by their creator to sneak onto a users device to steal cryptocurrencies.
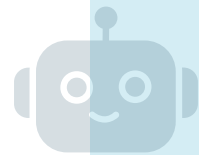
Choosing the Right Bot For You

— **There are many bot options, here are some that are very popular**
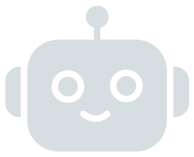
Cryptohopper is the current most popular platform at the moment. This platform caters to all experience levels, and allows beginners to build their own bot. A preprogrammed bot based on your proven strategies.
It is also supported by 9 exchange platforms.

GunBot is a highly comprehensive bot that is best suited for those of you with experience in coding. While the platform provides a large amount of flexibility, it only offers 1-5 exchange options, depending on the plan.

LiveTrader is a platform that allows users to install over 250 different indicators into your pre-built bot. Users are able to choose how many bots and strategies are active at any given time.

Key Takeaways

Trading bots are one way to begin investing in cryptocurrency. A bot can send signals to its user or execute trades automatically, and lightning fast. A crypto trading bot can take the emotion out of trading in cryptocurrencies — which usually have a higher degree of risk than traditional investments.

While crypto trading bots can be profitable for users, like with any form of automated trading, there are always risks involved. Therefore, it is important to consider whether or not using a trading bot is the right decision for you.