5 types of passive income on cryptocurrencies

People's interest in cryptocurrencies is growing every year. As well as to the platforms where they can be traded. After all, experienced traders earn significant amounts of money on a daily basis. But trading is a skilled job that requires certain knowledge and skills. The high volatility of this market opens up opportunities for quick earnings for everyone without exception. Even for inexperienced investors. They can also earn passive income from cryptocurrencies without making any special efforts. Here are the tools that allow you to do so.

- Trading bots

Trading bots are programs that monitor the market around the clock and automatically execute trades on behalf of the user. They scan the market using various indicators and make their own decisions about entering or exiting it based on how they are set up. Their goal is the same as that of any trader - to buy crypto coins cheaper and sell them for more.

Bots can be different. There are modern programs with flexible settings that can be customized to fit your own strategies. For traders familiar with programming, more complex options are also available, such as scripted trading robots. Here, you take open source code and edit it for yourself. Such fine-tuning/development can bring you even closer to the desired result. However, this is unlikely to be suitable for novice investors.

For them, there are easier-to-use, but also quite effective trading bots with a minimal set of settings. They allow all investors to make money without exception. An example is a trading grid bot built into the Bybit crypto exchange ecosystem that uses a grid trading strategy. Its essence is to regularly buy an asset at a predetermined price, followed by selling it after its growth.

- Copy trading makes it possible to copy the trades of more experienced, successful traders - the so-called "masters". In other words, a beginner can earn money using the knowledge and skills of those who have already eaten more than one dog in trading and have proven it with their results.

This is beneficial for all participants in the process. In addition to his own profit, the master receives a percentage of the profit of each of his subscribers, plus he earns the authority of his profile on the exchange where he trades, and advertises his trading strategies. Therefore, it is in the trader's interest to earn as much as possible for himself and his subscribers to keep them satisfied.

In addition to the benefits for the wallet, subscribers get the opportunity to learn by watching their more experienced colleagues. They become motivated, they have the time and desire to learn the intricacies of trading without "filling their own bumps."

Only a successful trader who passes the exchange's verification process can become a master. For example, on Bybit, before applying for a master account, you need to pass KYC verification. The exchange will also check the percentage of successful trades. Over the past 2 weeks, it should be at least 60%. This prevents random people with low qualifications from becoming masters who may let their subscribers down.

Staking

Staking is an alternative to such a well-known way of making money on cryptocurrencies as mining. The latter is used for currencies that operate on the proof-of-work protocol, where coins are mined through complex mathematical calculations using computer power - Bitcoin, Ethereum, and many others. Its disadvantage is that you need to buy expensive equipment, create farms from it that require constant

supervision: troubleshooting, fire safety (because mining is an energy-intensive activity).
Staking is used for currencies created on another protocol - proof-of-stake (PoS). The most popular coins are Solana and Cardano. With PoS, the reward comes not for solving mathematical problems but for storing coins in your wallet. To receive a staking reward, your assets are fully or partially blocked in a liquidity pool. This stimulates system participants to engage in the staking process and thus ensure the blockchain's performance.
The advantage of this type of earnings is that it does not require large initial investments in computing power, which, by the way, quickly become obsolete, cheaper, and less liquid. Stacking is automatic. The user does not have to intervene in the process in any way. Their only task is to control the accrual of income to their wallet.
You can join such a pool of investors directly on the project, through crypto exchanges or market makers.
Crypto landing
Crypto-landing is another type of passive crypto earnings that is similar to a bank deposit. The idea is that a cryptocurrency holder lends his or her funds at an interest rate. It can be done through an intermediary (crypto exchanges or special crypto landing platforms) or directly (P2P platforms).
The safest option for crypto landing is lending to exchanges, which then lend these funds to their users who trade with leverage. The deposit of a trader who uses leverage is the guarantee of repayment. Therefore, the investor who provided the crypto does not risk losing it.
All that is required from the investor is to register on the platform and deposit money into the account. The coins will then work independently. You only need to check the income accrual.
- Holding.
The name of this method of passive income speaks for itself. The essence of holding is to enter an asset for a long time and hold it until the "best of times", until its value increases significantly compared to the purchase price. The goal of holding is not to be affected by short-term and long-term price fluctuations of the coin.
A classic example of the holding is investment in Bitcoin. The period of late November and early December 2021, when bitcoin was at its peak and cost $67,800, was a record for the number of investors who woke up. People sold their coins and held them for 7-8 years, which increased the size of their investments thousands of times.
The main risk of the holding is a mistake in choosing an asset. If you make a wrong guess with a coin, an investor can suffer a loss instead of a profit. If its price against money or other cryptocurrencies does not rise but falls. However, this risk can be minimized by investing in several currencies rather than just one, forming a portfolio. In this case, the drawdown in some currencies will be compensated by the profit in others.