

THE VENDOR'S GUIDE

The Comprehensive
Guide to
P2P Trading
from **Beginner**
to **Advanced**.



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Preface

The Vendor's Guide to P2P Trading covers the fundamentals of getting started as a P2P vendor all the way through to more advanced concepts. This complete guide will help you understand what is needed to get started and how to start making money as a profitable P2P vendor.

While P2P trading is easy, this book aims to clear away some of the mystery of becoming a vendor so you can empower yourself with the knowledge to be on either side of a trade or to take your trading to new heights. If you're a vendor already, we'll cover a range of topics that can help you push your trading to the next level by attracting more trades while making every trade count.

Trading P2P is one of the most popular ways to exchange and continues to be embraced by traders from all walks of life worldwide. However, as more people become comfortable with the idea of trading cryptocurrency, there is a growing need for education to ensure that anyone can get involved.

Start carving out your own niche in the cryptocurrency revolution and leveraging the true power of P2P trading in whatever way that means to you.

Exploring

P2P

Trading



Chapters:

- Introduction to P2P trading
- P2P exchange is all around you
- Getting started trading P2P



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Introduction to P2P Trading

Peer-to-peer (P2P) trading is something that has been around long before cryptocurrency. Yet, even with this new revolution, it has become established as one of the largest and most popular ways to exchange crypto. While it is easy to do, and this is one thing that makes it quite appealing, if you want to become a serious vendor, you can learn to make sure you are best prepared to provide a fantastic service and profit from your endeavors.

What is P2P Cryptocurrency Trading?

P2P trading allows for the exchange of cryptocurrency between two or more parties. Often this occurs on a marketplace like LocalCoinSwap, where escrow protection is provided. Choosing to trade P2P allows you to remove much of the third-party involvement in your trades. P2P trading will enable you to trade with anyone else on your terms.

Why is Trading P2P Still Popular?

When it comes to just about anything, people have different needs. Providing for a broader range of people is where P2P trading excels. Even with the development of countless order-book style exchanges, this more personalized approach to trading has thrived and remained a staple of the cryptocurrency space.

While many platforms make claims about how easy they are to use, they often lack payment method choice and the ability to actually engage with other traders in a way that suits you. For a new trader looking to buy bitcoin for the first time, or a veteran trader that has been involved with cryptocurrency for yours, this form of trading has something for everyone.

How is P2P Different from Other

Trading Styles?

Suppose you're only familiar with other trading types. In that case, you may not be aware of some of the similarities and overlap between P2P trading and other forms of cryptocurrency trading as it can be helpful when learning about P2P exchange to understand the differences and the similarities in different approaches to trading, using, or investing in cryptocurrencies.

Day Trading:

While day trading is a relatively broad term with slightly different meanings to different

people, it generally refers to buying and selling an asset in a shorter time frame. If you buy and sell cryptocurrency throughout the day, you could consider yourself a day trader. Day trading can be combined well with P2P trading as a way to more efficiently be able to add more crypto to your trading account, or better yet, be able to cash out some of your gains after a profitable trade. There is a range of strategies employed by day traders, for example, scalping or swing trading.

Buy & Hold:

Many of us involved in cryptocurrency will be familiar with this type of cryptocurrency trading. It purely involves the accumulation of cryptocurrency, for which your primary intention is to hold for a more extended period. People worldwide are getting involved in cryptocurrency, and many of them are opting for this straightforward approach to getting some crypto exposure. If you become a P2P vendor, you will often come across these types of buyers, many of which can become regular customers. If the market is experiencing significant positive price action, you may see these same buyers return as sellers.

Arbitrage Trading:

While looking at crypto pricing for even the most popular digital assets like bitcoin, you may have noticed that there can be quite a bit of variance between different markets. There's a range of reasons these variations can occur, but whatever the case, arbitrage traders make it their business to trade these price discrepancies. Buying cheaper in one place and selling for a profit is the key to arbitrage, and this has a significant similarity to many of the approaches used by P2P traders, which we'll explore more in-depth later.

Margin & CFD Trading:

While different things, it's common to see traders dealing with one or the other often deal with both. Margin trading involves using funds borrowed against your own assets or other collateral to provide yourself with more trading power. For example, if you have 0.1 BTC and were trading with a 10x margin, price movements would affect your trade similarly to if you had a 1 BTC trade open without margin.

The contract for difference approach to trading is commonly referred to as CFD trading, involving no need to hold the underlying assets. When trading CFDs, you effectively form an agreement to trade against an asset's price with another party, typically an exchange. Both margin trading and CFD trading come with higher risk as you can, in the case of margin lose some or all of your assets if a trade goes against you, or worse, in the case of CFDs, you may lose more than you have in your trading account leaving you with a debt to pay.

Non-Custodial & Custodial Trading

Even if you've been involved in crypto for a while, you may not have heard these terms used before or don't know what they mean. Nonetheless, the importance of non-custodial trading is increasing as the landscape of cryptocurrency is evolving, alongside the lessons that major events in the

history of cryptocurrency like the collapse of Mt. Gox have taught us.

Custodial trading can be found all around you; you've most likely heard of platforms like Coinbase that employ this form of trading. If a platform takes control of your funds, you can consider it a custodial exchange, and the trading you perform on that exchange will be of a custodial nature. Non-custodial exchange is far less common but is growing in popularity. Over time, many more custodial platforms have become insolvent or had other issues that have resulted in the loss of significant funds held on behalf of their users.

P2P trading can be an excellent fit for non-custodial trading. While some legacy platforms have unfortunately been resistant to evolve to fit into this new paradigm, some like LocalCoinSwap have leaped into providing non-custodial trading and wallets to users.

Non-Custodial Trading Checklist:

- Does the wallet or exchange give you complete control of your funds?
- Do you have access to your private keys?
- Are you able to exchange without having to trust the platform with your funds?

If the answer to these three simple questions is yes, you are likely dealing with a non-custodial exchange or wallet. Always do your research to ensure that you are only ever giving up control to information that you are comfortable with, be that control of your assets or any other personal, private, or financial information.

Non-custodial marketplaces typically rely on smart contracts and bitcoin scripts to facilitate trades. Look for transparency when using these services by seeing if their contracts are available in a public space. LocalCoinSwap is a fantastic example of this; both the non-custodial bitcoin trading scripts and the ethereum and token trading contracts are published for open review over on GitHub along with other open-source material provided by the project.

The Benefits of P2P Trading

There's a range of reasons people choose to trade P2P, and there's a range of benefits involved in this being an appealing way to trade. While some of them are relatively obvious, others you may not have yet considered.

Fairness & Equality:

Something arguably lacking in traditional finance is fairness and equality. While that could be a dense topic in itself, when it comes to P2P trading, everyone has equal opportunities to get involved. It doesn't matter who you are, where you're from; P2P trading is a resource you can use to access cryptocurrencies.

Flexibility:

There's a range of ways to trade crypto these days; however, most of them are still quite rigid in how you can use these platforms and services to trade. Most cryptocurrency exchan-

ges offer minimum choices for payment methods to fund your account, often just as few for cashing out your cryptocurrency. A quality P2P exchange can provide you with a vast range of options to explore and an even wider variety of ways to trade.

Set Your Own Terms:

Often you may have specific things you preference or require to be comfortable and able to trade. When dealing with order-book style exchanges or instant exchange platforms, you have essentially no say in how you will be conducting your trades. P2P trading allows you to set your terms and only trade with others that match your requirements, whatever those happen to be.

Escrow Protection:

While some people may wonder why not just trade with people directly without any intervention whatsoever, this is an extremely high-risk practice and one that more often than not results in being scammed. You can trade with a complete stranger safely when using escrow on a P2P marketplace like LocalCoinSwap.

Reduced Platform Risk:

As discussed earlier custodial trading requires you to place trust in the platform you are using. While you may use a custodial platform for years, as many have learned, you can wake up one day and find out that you have lost your funds due to the exchange's actions. Insolvency, fraud, fractional reserves, and other harmful practices aren't exclusive to the dark horses or traditional finance; they are something you need to be just as wary of when it comes to cryptocurrency. At the same time, not all P2P marketplaces offer non-custodial trading, those that do provide vastly reduced platform risk.

Censorship Resistance:

Platforms with non-custodial wallets provide you a safety net from censorship. Provided you can export your private keys even if the platform was to go offline permanently; you could use these keys to access your funds using an alternative wallet of your choosing. Having control of your cryptocurrency is important for many reasons, and one of those is helping you avoid the various kinds of censorship in the modern world.

Increased Accessibility:

Not everyone has access to banking, let alone cryptocurrency. Financial exclusion affects a vast number of people across the world. P2P trading removed barriers to entry that would otherwise block people from services that give them more control over their finances and the ability to exchange value effectively. P2P trading helps provide financial independence and allows people access to modern financial tools through cryptocurrencies.

Is P2P Trading Legal?

While this is a fair question, the answer will primarily come down to how cryptocurrencies are regulated in your region. When being more general about this question, P2P trading is very much legal and a form of trading that extends far beyond just cryptocurrencies. Thankfully, many countries have not placed bans on cryptocurrency usage, but you may find some rules and guidelines you will need to follow.

Take care to ensure when trading, you are remaining compliant with your requirements to avoid legal trouble or other costly problems down the line. With some research, you'll generally be able to find the information provided by your government on what the laws and regulations surrounding the use of cryptocurrencies in your jurisdiction are. If not, you should find a regulatory body you can reach out to for further information.

P2P marketplaces operate under various jurisdictions worldwide; when using them, you will typically be expected to abide by your local laws and regulations surrounding cryptocurrency.

P2P Exchange is All Around You

If you're looking at P2P trading for the first time, there's a fair chance that it feels like something new. However, the odds are incredibly high you've already been engaging in other forms of P2P exchange in your day-to-day life. Let's explore how this style of trading isn't just big in cryptocurrency but permeates well beyond into other aspects of your life as well.

What is Peer-to-Peer Exchange?

Instead of attacking this question in a typical way, it might be interesting to start with what P2P exchange or trading isn't. P2P trading isn't a specific type of payment method, and it isn't a particular trader; it's much more than that. Exchanging P2P gives you extreme flexibility to trade in ways that suit your needs and match your preferences. P2P marketplaces like LocalCoinSwap provide the tools you need to trade safely with other traders in a very direct way, all around the world, using a range of cryptocurrencies, and using a vast number of local currencies and payment types.

Using a reliable exchange and using the escrow process is what makes P2P trading practical. Trading with just anyone you meet online or offline has significant risks, but using escrow on LocalCoinSwap helps mitigate that concern and gives you the freedom to trade your way.

You Likely Already Exchange P2P

If you've ever used eBay to buy a used laptop, or maybe you've used the Facebook marketplace to buy a car from someone nearby you. Likely, you've already been engaging in what is essentially just another form of P2P trading. If you've had trouble understanding P2P trading in the more general sense, you'd likely be surprised to realize that you've probably been doing it in your day-to-day life already. More traditional online marketplaces share

many similarities with the cryptocurrency alternatives you can use to trade P2P.

Another excellent example of a form of P2P exchange outside of cryptocurrency is P2P energy trading. Perhaps you sell your excess solar energy from your home back into the grid to be bought by someone else. Energy trading is also a form of P2P exchange that isn't that unlike buying bitcoin on your favorite P2P marketplace. The difference with crypto is it's usually a little more personal when trading P2P, rather than the automated systems you would typically deal with when selling your energy to energy companies to be consumed by those around you.

The Power of Reputation in the Internet Age

Another thing that can be taken from long-standing online marketplaces like eBay is that reputation is growing in importance. While once the face-to-face with a handshake mentality was prevalent, an increasing preference for the hands-off and often online approach is increasing. Most of you reading this will have likely purchased a product or service online without even knowing the name of the company you purchased it from and merely just checked the account history for the vendor on whatever platform you happened to be using.

From buying homemade items on Etsy to selling bitcoin on LocalCoinSwap, one of the most interesting observations that can be made about the various popular forms of P2P exchange today is that there is less interest in verification, and instead, a shifting focus to reputation. The next time you are buying something online, crypto or otherwise, perhaps reflect on what it was that you centered on when making your decision to buy from a specific vendor. You may be surprised by what you prioritized in reality compared to what you'd suspect you would. The value of reputation over verification is worth understanding on your journey to becoming a P2P trader.

Getting Started Trading P2P

Taking steps to become a peer-to-peer vendor can be far easier if you break it down into a series of smaller decisions. There's no need to get overwhelmed when starting your trading journey, especially if you take a little time to prepare.

What Do You Need to Become a Vendor?

You don't need much to become a vendor buying or selling crypto P2P. Whether you are looking to trade more significant amounts or just a few dollars at a time, P2P trading is something you can easily explore as a side hustle, secondary income, or a full-time business for yourself where you can make money trading

cryptocurrency.

Don't think that just because you don't have access to many resources, you can't become a vendor; all over the world, people are getting involved in trading with only a few dollars or a small amount of cryptocurrency available to them.

Get started with as little as:

- An email address
- Internet access
- A small amount of money or cryptocurrency
- Some basic understanding of how cryptocurrency works
- A computer or smartphone (both is even more convenient)

Choosing the Right P2P Marketplace

In the early days of cryptocurrency, your options for P2P exchanges were somewhat limited. However, while this isn't the case anymore, some platforms have remained relatively static in their development and have not genuinely evolved with the rapidly shifting space of cryptocurrency over the years. Some platforms like LocalBitcoins have even increased restrictions on how you trade and started even taking more extreme measures like removing cash-in-person trading, one of the essential payment methods to provide access to underdeveloped regions or those struggling with economic instability.

Another big consideration to make when choosing a P2P marketplace is whether it provides non-custodial trading. Non-custodial trading is growing more important as people look to retain as much control over their assets as possible. With many incidents associated with fully custodial platforms occurring over the years resulting in huge losses affecting users, looking for a non-custodial option can help mitigate a lot of the trust required when using a marketplace for your trading activities.

Flexibility is also significant to consider when making your selection to ensure that you can access as many potential trading opportunities as possible. Some P2P marketplaces limit themselves to a single cryptocurrency (usually bitcoin). While bitcoin is an extremely popular digital asset to trade P2P, it's not the only one. Interest in [Ethereum \(ETH\)](#), newer cryptocurrencies like [Polkadot \(DOT\)](#) or [Kusama \(KSM\)](#), and even stablecoins are growing, resulting in them becoming more enticing to P2P traders.

While we suggest that you check out [LocalCoinSwap](#), which covers all these elements well, ensure that you do your research and choose the right platform for you. One thing you'll find especially beneficial in selecting LocalCoinSwap as your P2P marketplace is that you aren't required to pre-fund sell offers. This means there's no requirement to have cryptocurrency waiting for trades, which can be hugely beneficial.

Don't just select a platform that suits your needs right now, but a platform that will grow with you into the future as you grow and become an established vendor.

Sourcing your Cryptocurrency When Selling

When you want to sell cryptocurrency for a profit, one crucial thing to consider is where you will get it. Ensuring you get it as close as you can to the market price (or even better below) can help you make good profit margins while offering a competitive price.

Buying on a Centralized Exchange:

Orderbook-style centralized exchanges operate across the world these days, making them often a suitable candidate to source your cryptocurrency for selling P2P. The problem is they have significant limitations in the payment methods they accept. Often you will be stuck with a bank or wire transfer when choosing this route, which is one of the many reasons P2P is still a preferable way to trade by so many people.

If you have access to suitable banking, this can be an option for buying your cryptocurrency close to the market price to then on-sell as a P2P vendor. You can even expand upon this and operate several different exchange accounts to look for the best price at any time you need to fill an order.

Using a More Common Payment Method:

If you plan to offer payment methods where supply is limited or those that demand a higher margin for one reason or another, you can simply opt to buy using a more common payment method. Choosing this approach to sourcing your crypto can help keep things simple as you can perform your full trade-flow on one platform.

One example of this method could be using local bank transfers to buy bitcoin at a relatively low margin, and then you could sell via your own trade offer in return for a much higher margin payment method like PayPal. When using this approach, do your research on the payment methods you plan to use to ensure you are accounting for any particular reasons that the higher-margin payment method is trading at such a premium; for example, PayPal often comes with higher than average chargeback risk.

Mining Cryptocurrency:

If you mine crypto already or are considering doing so, this can be a way for you to source cryptocurrency to sell. While bitcoin mining has a much higher barrier to entry than it once did as it requires expensive ASIC miners, GPU mining (and in some cases even CPU mining) is still popular among many altcoins.

Even if you are mining crypto that isn't commonly traded P2P, you can always exchange that on whatever exchanges you have access to that provide a trading pair with bitcoin or other popular cryptos for P2P trading. Mining can be a relatively passive activity once you're up and running; why not add to your business venture by spending a little of your free time making the most of your mined cryptocurrency.

Selling Goods and Services:

Many people that take an interest in P2P trading are already entrepreneurial types of people. If that sounds like you and you already dabble in other business ventures, you may be able to integrate bitcoin or other cryptocurrencies as payment methods that you accept. In this way, you can combine one revenue stream with another and perhaps increase your profitability for a business or service you provide with tight profit margins.

Get Paid With Bitcoin:

While getting paid in bitcoin isn't always the easiest thing to do, there is a lot of work out there in the growing crypto and blockchain space. If you are a freelancer, you are well-positioned to look for jobs that pay in crypto. If you are lucky enough to have an employer that is crypto-friendly, you may even be able to request to get some or all of your primary wage provided in crypto. With the growing number of blockchain use cases being explored, there's a range of opportunities in the space for you to investigate.

Suppose you do manage to get a job that pays in bitcoin or other cryptocurrencies. In that case, you'll likely be surprised by how convenient it can be, especially if you work for an international business and would usually have to wait on slow bank transfers and other inconvenient traditional payment types.

Explore Your Options

When you start trading, it's a great idea to have a solid think about what options you have to explore. Research which payment methods are prevalent in your region that you could potentially offer. Which cryptocurrencies would you like to trade? Are you interested in providing cash-in-person trades?

Spend some time exploring how you could be the best possible vendor and what you could offer your customers. While there's nothing wrong with getting your first trade offer up fast to get a handle on things, considering everything you can offer and following up a range of trade types you are confident providing can be a huge benefit when you are just getting started.

The more flexibility you can offer as a vendor, the more potential there is for you to grow into a successful P2P trader.

Tips for Getting Noticed as a New Vendor

- ◇ Spend time on your offer terms to show you are organized and serious.
- ◇ Keep your pricing competitive but not unrealistic or too good to be true.
- ◇ If you are only new to a platform but have traded before, import your trade history.
- ◇ Set “trading hours” that match your schedule so when you get a trade, you don’t miss it.
- ◇ Enable your telegram or SMS notifications to help respond instantly to trades.
- ◇ Offer payment types that are in-demand and try and offer a good selection.
- ◇ Be open to trading internationally to reach more potential traders.
- ◇ Verify your phone and email to help your account look more established.
- ◇ Upload a catchy profile picture and make sure your profile looks complete.
- ◇ Complete a few trades with other vendors to build a successful trading history.

Becoming A Vendor



Chapters:

- Risk management for P2P vendors
- Payment methods for P2P trading
- Making P2P trading profitable



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Risk Management for P2P Vendors

Understanding risk management is one of the most important aspects of being a P2P trader, or any kind of trader for that matter. Whether you are investing in crypto in the short term, long term, vending P2P for a little extra money, or making it your full-time job, it is crucial to consider. How averse someone is to risk will always vary, so the essential part is not doing what may be suitable for some people; instead, understanding the primary factors and making some decisions for yourself.

Managing Your Funds to Avoid

Overleveraging Yourself

A common mistake new traders make is overleveraging themselves. While you may think setting your trade limits to the max possible you have on hand provides the most profit potential, it does put you at risk of having failed trades or leaving your customer with a bad experience.

For example, say you had one bitcoin you were trading with, and someone opens a trade with you for a whole bitcoin, that could be great. However, if you accept the trade and don't pause your other offers, you may find yourself getting held up by a disputed trade while another customer is waiting for you to accept a trade. If you want to maximize your trade offer limits, especially early on, either pausing your offers or not accepting trades while you don't have the funds involved in an active trade can help you avoid hassles later.

You could also find yourself in a situation where an unexpected sudden increase in network activity causes an increase in the fees required to move coins quickly. Shifts like this could result in you either having your customer wait a long time or coming up short for your trade. Even worse, after spending more than you anticipated on fees potentially resulting in a failed trade, you can only hope your customer is open to re-opening the trade for a little less.

Don't accept more trades than you can handle, and if possible, try and ensure you have some funds put to the side to help you react to trades with ease, not rely on the hoping that things go to plan. If you are buying your crypto to respond to trade requests instead of ensuring you have adequate crypto on hand, treat your buying power the same way, whether it's stablecoins, fiat in a trading account, or something else. Keeping your trades manageable keeps your stress levels low and your customers happy.

Understanding Volatility

Even though bitcoin has been around for over a decade now, it's still a very volatile asset compared to gold or established stocks. Even though bitcoin's volatility can be an amazing ride, it can cause you problems when trading P2P if you aren't careful. The same can be said for Ethereum (ETH) and newer cryptocurrencies like Polkadot (DOT).

If you are only keeping a small amount of crypto on hand for your next trade or reactively buying your crypto to meet the requests you receive, you will be better positioned to ensure your trading is profitable. The important thing to remember is the crypto market can shift extremely fast, so making sure your trades are completed and finalized quickly can help you make sure that you end up with a profit at the end of your trade.

Monitoring the markets for big news can be helpful. Still, many of us simply don't have the time to have our eyes on the charts and the crypto news all day, but being aware of upcoming forks and other causes for higher than average volatility can help you stay prepared at crucial times. If you are nervous during more extreme market volatility, "holiday mode" can let you sit on the sideline for a little while until you are comfortable to resume trading.

When deciding on your pricing, consider volatility and how it can affect you. If your margins are too tight, you may experience a slight market movement that could turn a profitable trade into a loss, so stay competitive but make sure you aren't putting your profitability at significant risk.

Fast Trading for More Predictable Outcomes

Getting your trades completed quickly and efficiently can help you manage the risk of volatility and help you be ready for trade requests that could come in at any moment. Having your notifications enabled for SMS, Telegram, or email helps to ensure that you will be notified of potential trades as soon as possible. When you are buying your crypto elsewhere, it may be beneficial to have funds ready in that account so that you aren't waiting on an extra transaction while the deposit is processed.

Suppose you are using a platform like [LocalCoinSwap](#), which supports non-custodial trading. In that case, you can even take advantage of integrations like [MetaMask](#) when trading ethereum or ERC-20 tokens to avoid having to send funds to your wallet on the platform, reducing the number of on-chain transactions involved in each trade.

Don't underestimate the value of clear communication when dealing with your customers. When sending important information to your customers, try and provide clear and concise information, especially when sending sensitive data like payment instructions. If it's clear the first time, they know where to send payment without needing to clarify anything later, and you have less chance of dealing with potential mistakes.

There are several practical and straightforward things you can do like this that can improve your average trade time. If you are trading on the move, make sure your phone or laptop is always charged, so you aren't searching for a charger in the middle of a trade. Even elementary things like having all your important sites related to your trading bookmarked in your browser and ready to go can result in time savings that add up over time and might just be the thing that saves you from excessive volatility one day.

After completing your first few trades, look back, and see if there are any areas you could do better in the future. Fast trades are more predictable and help you maintain as much of your profit margins as possible with more consistency.

Tips for Deciding on Trade Limits

- Always assume your last trade could get delayed.
- Consider how frequently you are getting trade requests.
- Design your limits to allow you to have two or more trades in progress
- If you get overwhelmed, pause your trade offers to avoid disappointing customers.
- Account for a margin of error in regards to changing network fees and volatility.
- Lower trade limits for higher-risk payment methods can reduce the impact of charge backs.

Dynamic & Static Pricing Algorithms

If you are a new trader creating an offer for the first time, you may wonder what the difference is between static and dynamic pricing. For most vendors that leave their offers active for longer periods and are reactive to trade requests, dynamic pricing will be the most common choice. However, if you are a more casual trader or would like a specific price for some digital assets you would like to sell (or buy) at a particular price, you can set dynamic prices for your offers.

Static pricing maintains a particular price point; if you've used an order-book style exchange before, you may find this resembles a limit order quite closely. Dynamic pricing is somewhat similar to a market order in that it will shift with the market price, with a preset margin you have added to ensure your offers are always at a percentage above or below the market price you would be happy to sell at, allowing more predictability.

I want to sell my bitcoin at an all-time high?

Set your pricing to static and manually set the price to this price point. If the price exceeds the all-time high, your trade offer will become quite enticing for other traders. Static pricing

is excellent when you would only be happy to sell at a specific price point.

I want to sell crypto on a regular basis?

In this case, unless you want to adjust pricing as the market changes manually, dynamic pricing will be the most suitable to help you remain competitive as the market price shifts. For more advanced traders, you may want to set up a custom pricing algorithm supported by some P2P marketplaces like LocalCoinSwap.

Payment Methods for P2P Trading

Picking a payment method to add to your list of trade offers isn't something to do at random or just based on popularity. It's something that it pays (literally) to put a little time and effort into. Finding the best options for your circumstances and matching your customers' needs helps you grow into a sustainable, profitable P2P vendor.

Access to Almost Any Payment Method

Unlike centralized exchanges that are extremely limited in the ways you can deposit or withdraw funds, P2P trading mitigates this frustrating limitation. While some payment methods like gift cards can be more challenging to manage in this regard, there's a range of region-specific and international payment methods that you can take advantage of while you trade. Not everyone has access to the same payment methods, one of the areas where P2P trading shines.

Things to Consider When Choosing Payment Methods

Choosing the payment methods you will be offering is one of the essential parts of becoming an established P2P vendor. While it may seem difficult given the extensive range of options out there, there's a shortlist of key points you can focus on when helping to create a shortlist or to rule out any specific options you were considering.

Chargeback Risk:

While many payment methods come with the risk of chargeback, some payment providers make this easier than it should be or show a strong bias towards buyers. PayPal is a prime example of this; if you consider offering to allow people to buy bitcoin with PayPal from you,

ensure you are operating at a high enough margin to help account for this risk, and consider lower trade limits. You will commonly see PayPal trade offers with 15% or higher premiums with relatively small trade limits for this reason. If you are willing to provide these higher-risk payment methods as a seller, buyers will frequently be happy to pay the price of convenience for immediate purchases of a small amount of bitcoin.

Proof of Payment:

Some payment methods can be more challenging to deal with if a dispute is raised where a seller claims you haven't provided payment. While some payment methods are quite straightforward as they record transaction history, others aren't so obvious how you can best protect yourself.

A good example of a fantastic payment method that comes with a need to take some extra precautions is cash by mail. When trading cryptocurrency with cash by mail, it's essential to ensure that you keep evidence of you sending payment or receiving payment in the event you need to dispute the contents. If you are buying, you can record yourself sealing up the package and ideally posting it. When selling, it can be a worthy precaution to record yourself opening the package and counting the money inside.

Whatever payment methods you are considering offering, spend a little time ensuring that you can comfortably prove payment receipt. If you need to do anything out of the ordinary, it's better to work that out before running into a dispute down the line. While some payment methods require a little extra caution, P2P trading can be extremely safe if you take a little care in how you transact.

Demand and Margins:

The economics of supply and demand come into play in just about everything, including P2P trading. Optimizing your selection of payment types and the margins you trade them at is extremely important if you want to receive the most trade requests. If demand is high, you can often receive a higher margin for providing specific payment types. If a payment method is relatively common, it'll be more important you can be competitive with those offering similar prices. This is where your margins come into play; circumstances vary between traders, resulting in you not being able to compete with other traders' margins.

There's nothing wrong with offering similar pricing to those with similar trade offers, but if you struggle to compete, you put yourself at risk of a trade that results in a net loss. Slim margins can be significant at higher volumes. Still, it can also be stressful and challenging to maintain profitability if you don't consider your circumstances and what you can realistically provide.

Region Specific Payment Methods:

Some payment methods are only suited to specific regions. For example, Venmo is restricted to US residents, so it doesn't make a lot of sense trading bitcoin with Venmo to someone in the United Kingdom or Australia. Alternatively, some payment methods have very high usage in certain regions. The payment types you've used in the past or see people using around



you in your local area may be very different from what you might see in another region or country. This variance is significant because you can attract more potential trades by offering payment types with higher use rates in your area.

You may also find that you have access to payment methods heavily used in regions that struggle with access to cryptocurrency; you can fill this need. While, at the same time as providing a service to these communities, you can often make a healthy profit as well by being more competitive than alternative sources of cryptocurrency in these areas. P2P trading helps connect the world via cryptocurrency, and more region-specific payment methods can be a valuable tool to help do that for both vendors and those that trade with them.

The Best Payment International Payment Methods

- Swift International Wire Payment
- TransferWise/Wise
- Western Union

Great Payment Methods for Local Traders

- Cash-in-person
- Local bank transfer
- Cash by mail
- Bill payment
- Cash deposit

Higher Risk but Higher Margin

- PayPal
- Giftcards
- Skrill
- Zelle Pay

What Payment Methods Aren't Suitable for P2P

If receipt of payment can be verified, that payment method can almost always be used during P2P exchange. If you are using LocalCoinSwap and find a payment type you'd like to use that isn't currently listed, it can be requested. Payment methods can be reviewed for addition at any time, and if they are verifiable, they can be added to the platform rapidly. If you can prove that you sent a payment to another party, that payment method can likely be used for P2P trading.

Making P2P Trading More Profitable

Profitability is at the core of any good business, and for many, P2P trading is a fantastic business. With the inherent flexibility of trading P2P, there's a range of areas you can investigate when you are looking to enhance your profits. Not every established vendor uses the same techniques; often, it is simply best to find what works best for you while being aware of other possibilities and exploring as you grow your business.

Payment Type Premiums

As mentioned previously, some payment types come with higher average margins. This increased margin is a crucial factor in making your P2P trading the most profitable. Some payment methods with higher margins can come with secondary risks like chargeback. Still, sometimes higher margins can simply be due to these payment types being less commonly accepted in a particular region or due to delays when using them (Swift international wire transfers, for example).

Looking for gaps in what is available around you or in another region you would like to offer your services is an excellent way to increase your profits as a vendor. Increasing your variety is also a great way to improve your volume as a growing vendor.

Regional Arbitrage

While serving your local community as a vendor can be rewarding, so can vending cryptocurrency to other parts of your country and across the world. A growing number of places around the world are suffering from hyperinflation and underbanked populations. Crypto has the power to reduce financial exclusion by giving people alternative modern tools that can put control back in their hands. These areas are often the ones that can benefit the most directly from increased access to bitcoin and other cryptocurrencies like Dash and Dai, which are popular across Latin American, especially in places like Venezuela.

If you live in a region like the United States, United Kingdom, or even somewhere like Australia that has an abundance of choices to access cryptocurrency, you can often make P2P trading of bitcoin and other cryptocurrencies more profitable by extending your reach further into other parts of the world. It's great for the crypto community, and it can be great for your profitability as well.

Recommended Reading:

[Getting Started with Crypto Arbitrage](#)

Making Mining More Profitable Trading P2P

While mining bitcoin has transitioned more to predominantly large-scale farming operations, there's still plenty to do for hobbyists or those looking to dabble with a smaller operation. Whether you purchase an ASIC miner to do some bitcoin mining, have a bunch running, or have a GPU rig at home mining altcoins, there's one great way to make extra money from your mining endeavors.

Depending on where you live and your energy provider, electricity prices can vary dramatically, as can hardware costs. These variables can result in some pretty tight margins depending on your circumstances. However, by putting some time into selling your mined cryptocurrency P2P. You can increase your mining profits or create a secondary revenue stream that you could build even if your sales exceed your mining output. If you are a relatively large miner, the increased margins afforded to you depending on what payment methods you are willing to deal with could net you significant revenue increases. When you have tight margins, it can be a real lifesaver for your crypto mining business.

Help Others & Yourself By Filling a Void

The biggest thing you can do to make your trades as profitable as possible is also the most straightforward. Find gaps that other vendors aren't providing and see if they are possible for you to provide. Where there is a void, there is an opportunity for you to help yourself while helping those who may be looking for the type of trade you are offering. You never know just how many people may be looking for a specific trade type that no one is currently offering. What you do know is all those traders could potentially be exposed to you if you started filling the gaps other traders are missing. Spend a little time exploring what's on offer by other traders, and while you are doing that, focus on what it is that you don't see or can't find at a reasonable rate.

Refer Your Own Clients for Additional Revenue

Are you a P2P trader across multiple platforms, have traded in the past, or are you marketing yourself to potential clients on social media and elsewhere? If so, one way you can increase your trading profits is to take advantage of the excellent referral program offered by LocalCoinSwap. When Referring new users who could turn into vendors themselves down the line, you build up a passive income stream alongside your trading activities.

There's nothing wrong with making the most of your trading and being rewarded for helping connect more trading with P2P trading. When sharing links to your trades on your website or even when sending them to friends who ask about your crypto trading, it's quick and easy to include your referral code so that if they do sign up and trade with you, they'll be

a referral of yours leading to potential bonus revenue in the future.

Trading Tips from LocalCoinSwap Traders

[Flash Interview #1: P2P Trading Tips from BitcoinBabe](#)

[Flash Interview #2: P2P Trading Tips from Bricklecoins](#)

[Flash Interview #3: P2P Trading Tips from Stefanny26](#)

[Flash Interview #4: P2P Trading Tips from Chelsea](#)

Expanding Your Skills



Chapters:

- Cryptocurrency trading laws & regulations
- Growing as a Vendor
- Dealing with timewasters & scammers
- Avoiding problems & dealing with those that happen anyway



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[/localcoinswap](https://www.telegram.me/localcoinswap)

Cryptocurrency Trading Laws & Regulations

Staying a step ahead as a vendor is always a good thing, but sometimes one thing that new vendors can overlook is compliance. While this is one topic that isn't the most fun, knowing where you stand can make you feel a lot more comfortable, which has a lot of value.

Ensuring Compliance with Your Local Regulations

When trading on a P2P marketplace like LocalCoinSwap, it's crucial to ensure that you know the local regulations you face when using and trading cryptocurrency. These regulations vary across the world and can be as volatile as cryptocurrency itself, changing with little warning, but this is beginning to taper off as the world's governments become more accustomed to dealing with cryptocurrency trading.

It doesn't matter what platform you are using, be it a P2P exchange or a centralized order-book style exchange; you'll still be expected to account for your local laws and restrictions. Never assume that just because you can use a platform without oversight that you don't have other obligations or considerations in this regard. In most parts of the world, a little research online through verifiable sources such as government websites will help you understand what the expectations for you are when working with cryptocurrency. Take the time to know where you stand to best prepare for your growth as a vendor.

Some Questions to Research:

- Am I required to collect KYC documents, and if so, what?
- What records do I need to keep, and for how long?
- What do I need to consider when accepting payments?
- Are there some regions I can't legally trade with residents of?

The Basics of Dealing With Cryptocurrency Taxation

The first thing to understand when thinking about cryptocurrency taxation is that hearsay on this topic is incredibly varied and often incorrect. Don't rely on what you hear from others (that aren't specialized in crypto taxation) when planning to deal with any taxation obligations. If you live in a country where cryptocurrency is taxed, it's quite possible that you may be dealing with some form of capital gains tax (CGT), which is the case in places like Australia. If you are dealing with CGT, you may find you can minimize your obligations by holding assets for certain periods or avoiding unnecessary trades between assets.

Assume everything you hear is wrong unless it comes from your government itself or a cryptocurrency taxation specialist operating in your region. There are several benefits to seeking professional advice. You can ensure that you aren't paying any more than you need to and



are claiming any losses or business expenses correctly in a way that saves you money while keeping you compliant with your crypto tax obligations.

The last thing you want to do is not be planning ahead and end up with an unexpected tax bill down the road. Once you understand your obligations, you can work with your accountant, or even on your own with some preparation, to start taking the necessary records as part of your trade flow. Just like ensuring you are complying with local regulations in terms of legality is important, so is taxation. Hence, understanding where you stand is fundamental when starting your trading journey.

Exporting Your Trade History

Whether you are trying to keep track of your profit and loss or other metrics, one crucial thing to do is keep track of your trades. You may not realize that most platforms (like LocalCoinSwap) support this feature as a new vendor. If you are using a secondary exchange as a liquidity source (or several) other than your P2P marketplace, be sure that you regularly export and collate your trade history from all the sources you use.

Having access to data is vital for any type of business. It doesn't matter if you operate a large or small business; utilizing your data correctly can make or break you. Have you been taking into account all the expenses, including any secondary trading fees or withdrawal fees? If not, you may not be as profitable as you think you are, or you may even be taking a loss on thin margin trades. The data is easy to get, make the most of it, and be as informed as you can be about your own business, whether you only perform a few trades a month, or a few trades an hour, understanding your data and making the most of it will help you become a better vendor.

Most platforms will export trade history in CSV format. You don't need expensive software just to work with these files. Whether you opt to use something like Google Sheets, which is free to use with only minimal limitations (primarily on storage), or some open source software like Libre Office and Open Office, there's plenty of options that can allow you to work with your trade history exports without having to spend anything.

Don't fall into the trap of thinking you are required to spend big on bookkeeping software to manage your trades; there's plenty of alternatives out there for just about anything you could need, thanks to the contributions of developers across the world to free and open-source software.

Reporting Fraud & Criminal Activity

Being a P2P vendor puts you in contact with a range of people. Unfortunately, like anything involving people, some of the people you deal with may not have the best intentions. Fraud is always a possibility when money is involved, as are most other forms of criminal activity. It's essential to watch for strange behavior when vending to ensure that you aren't negli-



gent to illegal activity that you could be enabling.

Does the person you are dealing with seem to match the person whose accounts you are interacting with? Is a trader being flakey or showing strange behavior like being unsure of simple personal details or not being able to find the information they should have access to as the account owner? If the answer is yes to either of these questions, you may be dealing with someone committing fraud or other financial crime.

When a trader comes to you with a large order that seems odd to you, pay attention to red flags like preferring to use payment methods with high margins that would result in significant expense for them. If something about a trade seems off, sometimes it's just better to be safe than sorry and opt-out.

Growing as a Vendor

Not everyone is a marketing genius, but that doesn't mean you can't increase your reach as a new vendor or an established one. There are always areas you can increase your efforts to aid in growing your customer base and visibility. You may not have considered many things that could help you take your trading to the next level.

Dealing with Payment Providers

Unless you are making cash trades such as cash-in-person or cash-by-mail, you'll commonly be dealing with payment providers as a vendor. These payment providers can be a significant bottleneck for you if you rely too heavily on one or start to have problems with one of them you are using heavily. Disputed transactions are a time you may need to interact with a payment provider, do your best to minimize disputes as much as possible to avoid this situation. Finding the best payment providers to suit your needs can significantly help you grow as a vendor and reduce headaches and downtime.

Payment providers like PayPal are commonly less than accommodating to cryptocurrency traders. Even just the average cryptocurrency investor wanting to send some money to a centralized exchange to buy bitcoin can have their transactions blocked or accounts frozen by banks. Payment providers, including banks, have been slow to adapt to the existence of cryptocurrency, and if you have to deal with them due to a transaction, it can be problematic. Even when you conduct fully legal transactions, many payment providers and banks will decide to close your account or cause you other issues if it's discovered you are dealing in cryptocurrency, especially as a vendor.

Ways to Avoid Problems With Payment Providers:

- Avoid mentioning bitcoin or cryptocurrency in memos or transaction notes.
- Request in your trade terms that buyers don't mark trades as related to crypto either.
- If you are going to operate under a registered business name, consider something discrete.
- Fully verify your accounts to reduce the odds of being flagged as suspicious.
- Avoid relying too heavily on one payment provider or bank account as you grow by expanding your options, also aiding you in receiving more trade requests.
- Ensure you are compliant with local regulations, so it's less likely to result in account closure if you have an issue.
- Look for crypto-friendly or at least tolerant banks and payment providers.
- Keep records of all transactions and trades, so if required, you can present this later.

Optimizing Your Trading Terms

Creating your terms is something that some new vendors rush through, and this can not just lead to poor conversions and fewer customers but also lead to confusion and time-wasting. The more you can do to ensure that a customer comes into a trade knowing your expectations and how you do things personally can be incredibly helpful in streamlining the process.

Even if you've been a vendor for a little while now and are looking for ways to increase your business or reduce your dispute rate, spend a little time looking back at your terms and see if there's anything you can improve on. Growing as a vendor isn't always about what new things you can do, but what you could be doing better, and one of these things is very often improving your trade terms.

Trade Terms Checklist:

- Is it clear how you are willing to accept payment? (e.g., with PayPal friends and family only)
- If you are performing cash-in-person trades, are your terms for meeting safely clear?
- If there's anything you won't accept from your trading partner, have you made it clear?
- Are your terms concise yet clear?
- Is the formatting pleasant on the eye to help encourage thorough reading?
- Are your spelling and grammar correct?
- Do your terms stand out?

Increasing Your Efficiency

Doing all you can to ensure you are efficient helps you avoid burnout and create a great customer experience that can also generate good reviews. Leaving positive feedback that reads as more than average takes time and effort; this isn't something people are often willing to do unless they have a seamless and positive experience. There's a range of things you can

assess to help you increase your efficiency to help you grow as a vendor in the P2P trading space.

One thing is ensuring that your working hours are times that you are actually able to trade. Do you have specific responsibilities outside of your trading that make you unavailable for several hours? Pause your trades or edit your trading hours. Few things will stop a trader from coming back for the 2nd trade than a slow acceptance or expired trade. First impressions are crucial, so make sure you can commit to the times you specify, at least with a reasonable degree of certainty.

Another way to improve your efficiency as a P2P trader is through templates. As you start clocking up trades, you'll quickly begin to notice that you're repeating yourself a lot when dealing with customers. Are you finding yourself typing out the same information or looking up the same account details to give out again and again? Create some templates. A folder of templates can be a huge timesaver for both you and your trading partner. Having blocks of text to copy and paste into the trade chat at the right moment can have you speeding through trades without risking mistakes or having to fumble through your bookmarks just to grab the same info for the thousandth time.

If you have to write the same thing more than three times, you can probably make a template for it.

Marketing Yourself On & Offline

As you can probably imagine, marketing is quite a broad topic, but nothing is stopping you from exploring this avenue when it comes to your cryptocurrency trading. As a trader, there are two avenues that you can explore when you want to increase your customer base and revenue. In the offline world, there's likely a range of people you know that are getting more interested in buying bitcoin to get involved in crypto but just don't know how to. There's a range of ways (many of them free) you can increase your reach as a P2P cryptocurrency trader when it comes to online.

Expanding Your Reach Locally: When dealing with your local environment, you can, of course, take various approaches both on and offline, so be sure to explore both. However, if you want to focus offline to make some real-world trading connections, you can do a few things. While many of these are pretty basic in nature, you might just be surprised what kind of snowball effect combining a few different approaches can have. When it comes to dealing locally, the most crucial part is getting in front of your local community and showing cryptocurrency in a positive light.

- Start a local bitcoin meetup or cryptocurrency group (or join one).
- Put on small educational events to help others understand bitcoin and cryptocurrency.
- Let your friends, family, and colleagues know about what you do so they can refer people they know talking about buying bitcoin or other cryptos to you.
- Put an advertisement in the local newspaper or community newsletters.
- Advertise your services on local notice boards or in other similar public spaces.

- Become a more significant part of your community by taking part in the various events and community groups so that people get to know you, and in turn, get familiar with your business as well.
- Be a positive advocate for cryptocurrency to those around you.

Growing as a Vendor Online: Just like when trying to get more involved in your local community, the key to increasing your visibility to potential trading partners online is to get in front of those with interest in cryptocurrency. While you can pay for advertising online, many people in the crypto space are suspicious of many forms of advertising, so you may find building a solid reputation may be far more beneficial to you.

- Get active on Twitter and engage with the vibrant crypto community there.
- Join crypto focussed groups on Facebook and get involved in the discussions.
- Be open to sharing your knowledge with those that you see asking questions online.
- Add links to your trading account to your profile bio on any websites you use that allow it.
- Start a small website to talk about yourself and showcase your services.
- Contribute your skills and get involved in the broader cryptocurrency space.
- Don't be afraid to promote your trading online; just take care not to be spammy about it.
- Expand your online presence while using the same username to build broader visibility.

As you can see there's a range of direct and indirect ways for you to engage with other traders, who could make great potential customers later. You don't have to be a marketing expert to get out there and make a little noise in whatever way you feel comfortable. Make waves and make yourself known by expanding your horizons into new areas to help grow your trading opportunities.

Dealing With Time Wasters & Scammers

Just as in any aspect of life, you can always come across people who don't have the best intentions when trading. While these people often merely result in some wasted time for an experienced vendor, they can still be an annoyance, but there are measures you can take to help reduce their impact. Knowing what common scams are out there and how you can best mitigate them or reduce your exposure to them helps you spend more time on customers that want to trade rather than mess around.

Simple Rules to Protect Yourself

Most timewasters and scams can be avoided if you take care to either reduce your exposure to them in the first place or ensure that when you do have to deal with them that they don't affect your ability to perform other trades while delayed by them. Some of these require a judgment call. Using good judgment is one of the best tools you have as a vendor (other than escrow, of course).

- Don't trade outside of escrow. Seriously, never trade outside of escrow, ever.

- Set your trade limits to reasonable amounts so that a timewaster can't have you unable to trade as you have extra liquidity available to you at all times.
- Try and gauge how serious a trader is and ensure that they agree with your terms before committing to going through with a trade.
- If you are uncomfortable trading with a new trader who opens a large trade, ask if they'd be interested in a smaller amount and suggest they open a new trade with you.
- Never release payment to a seller until you have confirmed receipt of the funds for yourself.
- Beware of payment methods with high chargeback risk, especially with new users who don't have a good trade history.
- When trading cash-in-person, don't settle to meet in areas that you don't feel safe just to get the trade.
- Only trade with the payment method set in terms of the trade; if a user wants to use another, suggest they open that specific trade and cancel the current one.

Commonly Attempted Scams

Unfortunately, whenever it comes to money or value exchange in general, there are always those that have bad intentions and look for ways to exploit others. Understanding the common types of attempted fraud that can occur helps you be more aware of what is out there and what to watch out for as a vendor.

Man in the Middle:

The man in the middle attack can occur in a range of ways. However, it comes down to generally thought that the person you are trading with is manipulating someone else to send you payment without realizing what they are actually paying for. In these scenarios, your buyer is attempting to get payment from another person you have no involvement with and will provide your payment information to that person claiming it to be theirs. In a scenario like this, the man in the middle (MITM) doesn't have to worry about accepting the payment themselves and dealing with chargeback and is less likely to be discovered as they can take their cryptocurrency after the transaction only to stop responding to the person that sent the funds. As the seller, you'll likely end up having to deal with a chargeback or other potential issues if you are a victim of this sort of situation.

Ensure that the person you are speaking with is actually the person sending you money, whether you request them to show you an old bill with their name on it being held in front of the trade screen, or you do more intensive KYC, this can help ensure you know who you are dealing with and reduce the risk of unknowingly accepting fraudulent third party payments. If a trader claims this person is their partner, family member, or friends, there's no reason they shouldn't be able to prove they know they are sending the payment to you and know what it is for at any time. Some traders also request a memo attached to payments that describe that they are sending funds to them specifically. However, when dealing with payments, it's usually best to avoid mention of crypto in a way that your payment processor may spot it. However, that doesn't mean you could use specific phrases to make it more difficult to fool someone into paying as the unknowing third party in a trade.

Chargeback Fraud:

As we've already mentioned previously, chargebacks can be a risk you take when dealing with certain payment methods. The most well-known payment method that comes with a higher risk of a chargeback is PayPal.

A common scam or attempt to fraud traders involves simply opening trades with payment methods they know are more likely to initiate a chargeback when requested. A sign of this could be that someone wanted to use a payment method like PayPal that typically has a pretty high margin attached and relatively low trade size limits with most vendors. Still, they want to trade as much as possible yet don't seem concerned about the margins. This type of scam is often performed from unverified throw-away accounts on P2P marketplaces. If a new user is coming to you asking specifically for PayPal trades of a larger size, especially for one of their first trades, this is a sign they may (not always) be attempting chargeback fraud.

Chargeback fraud is hard to combat when accepting these kinds of high-risk payment methods. This risk is why margins are generally so high and limits so small that, on the occasions that a chargeback does occur, hopefully, other trades' profitability will help balance things out and leave the vendor with a net profit.

Escrow Avoidance:

What is easily one of the most commonly attempted scams, if not the most common, are scammers trying to get you to trade outside of escrow. There's never a good reason to trade outside escrow, even with someone you know in real life. The small fee involved ensures that everyone is kept honest and that trades go as smoothly as possible, and if there is an unforeseen dispute, admins with no vested interests can resolve it for you.

There is a range of excuses or bait that scammers will use to try and get you to trade outside of escrow. They may claim that the escrow isn't working for them, that they can offer you far better rates with "direct payment," or any number of other equally absurd excuses that all come back to trying to avoid using the escrow. If you trade outside escrow, you have no protection. Even if you have some information about the person you are dealing with, if they are committing this type of scam, they will likely be providing you false information anyway, so it won't allow you to try and use legal resources to get it resolved with much chance of success.

Fortunately, escrow avoidance is easy to protect yourself from with a couple of simple rules. Never trade outside of escrow. Always confirm that escrow has been funded when you are a buyer. LocalCoinSwap makes this clear when the escrow is funded, making this relatively straightforward. Never agree to send payment outside of escrow; it's almost certain you will be scammed and have no recourse. The scammer may try to rush you or perhaps even make you feel like you don't know what you're doing, but it's all a manipulation tactic to get you to pay without the protection of escrow so they can walk away with your money.

Always report those that try to trade with you outside of escrow. It helps not just protect others on the platform but helps cryptocurrency maintain the positive image it deserves. Every person that gets scammed by one of these people walks away with a bad story to tell.



Don't let anti-escrow scammers ruin your day or anyone else's.

Dealing With Coinlockers

Coinlockers can be a real pain to deal with as a vendor. A coinlocker is a term that describes a nuisance “trader” who, for one reason or another, waits for you to lock up your coins in escrow and either just leave without communication, stops mid trade before payment, or get you to escrow to try and blackmail you into sending them some funds to agree to cancel the trade.

While coinlockers and other time wasters will always be a problem when dealing with people directly from time to time, you can do a few things to minimize the issues you have with them.

1. Ensure you have enough funds to continue with other trades if some of your funds are held up by a coinlocker. Setting reasonable trade limits is key to being able to trade with multiple parties at any given time.
2. If you are extremely averse to coinlockers, you can reduce the odds of dealing with them by limiting the types of users you will trade with, e.g., non-verified users, requiring a minimum number of completed trades, and so on. However, this will limit your exposure to legitimate traders.
3. If someone has gone silent on you without cause and hasn't responded in a reasonable amount of time (use your best judgment based on a case-by-case basis), dispute the trade to have the funds released to you sooner rather than later.
4. Use a platform like LocalCoinSwap that will resolve disputed trades and penalize coinlockers fast. Some platforms have poor dispute resolution times, resulting in long waiting periods and increasing the impact that coinlockers can have on you.
5. Don't accept a trade that you aren't confident about from the start. Sometimes it's better to miss a transaction that doesn't feel right for some reason than to have your time wasted and your funds trapped in escrow.

Red Flags to Watch Out for Trading P2P

- If a new trader, especially one with a lazy-looking username (often a common name followed by random numbers), comes to you with a large trade request, be sure that you have time to deal with a possible dispute before accepting.
- Be suspicious of anyone desperate to get you to chat off the platform via Whatsapp, Telegram, etc. There's no reason to chat off-site.
- If the price is too good to be true, it probably is and will likely result in wasted time or worse.
- Traders suggesting to trade on other platforms than what you are currently using. Sometimes these websites can be completely fraudulent made with the sole purpose of stealing your funds.
- Names associated with payment information that doesn't match other information you

have been provided may be signs of fraudulent third-party payments.

- Claims that the escrow isn't working, refusing to fund escrow, or pretending they already have.
- Proof of payment screenshots or even videos that look suspicious, always confirm receipt of payment yourself to ensure you don't release the escrow to find out later that the images were modified/fake.
- Look out for inconsistencies or strange behavior. If something feels off, it quite possibly is.

Avoiding Problems & Dealing With Those That Happen Anyway

Sometimes, no matter what you do, problems can arise. Thankfully when you are trading on Local-CoinSwap, you don't have to worry so much as you have the escrow process to protect yourself even in the event of a dispute. It's vital to use escrow when trading P2P so that whether the trade goes well or you run into a disagreement, you can rest easy as long as you are holding up your end of the transaction.

Minimizing Dispute Rates

As a growing vendor, disputes are just something that you can expect to deal with from time to time. It doesn't matter what business you're in; it's just the nature of dealing with people on a personal level. When money is involved, this only amplifies the potential for disagreements, but you can do a few things to reduce the chances of a dispute to help save you time and focus on completing trades rather than solving problems.

Focus on Communication:

One thing that always has a chance to result in a dispute is miscommunication. Whether you are sharing payment information that is incomplete and resulting in a failed transaction or a user getting confused by your directions, this is a crucial part of the trade that can result in issues. Pay attention to the pain points in your initial trades, even small ones, and look at ways to better communicate with your customers.

The Importance of Clarity:

We've discussed how important it is to get your trade terms right. Ensuring that you have your trade terms clear and ensuring that they cover all potential areas that a customer could get confused or have expectations outside of what you are willing to offer can help reduce problems. Regularly review your trading terms and do the best you can to get across all the critical elements of a trade that require specific agreement. The clarity in your terms can not

just help you avoid disputes, but it can also help get them resolved in your favor quicker if a buyer is going against the rules that you have set out for a trade.

Be Patient:

Rushing your customers is an easy way to get people confused, especially those newer to cryptocurrency. There's nothing wrong with wanting to be prompt in your trades but if you can tell a trader is struggling, do what you can to assist as it will likely pay off in repeat business and reduce the chance of disputes caused by mistakes. Sharing your knowledge as a vendor is not just great for your customers. It's a great way to stand out and passively market yourself via positive feedback and word of mouth. Some of the most prominent vendors are well known for their top-tier customer service, and this is likely reasonably correlated with how they become great large volume traders in the first place.

Providing Proof of Payment

Providing proof of payment is important, and sometimes (depending on the payment method), it's crucial to prepare this in advance and always assume you could need it. One excellent example is cash by mail trades; this is one type of trade growing in popularity among P2P traders; however, it requires some additional attention to detail to become great at providing. Filming yourself packaging the cash and ideally posting it can protect you against claims of non-payment, especially when you have marked the package in a unique way that shows it is indeed the same package.

Many digital payment methods allow for easy proof of payment, but not always. If your account gets blocked, restricted, or flagged due to cryptocurrency trading by anti-crypto payment providers, you could find it hard to provide payment proof of a recent trade when required. Getting in the habit of recording evidence in screenshots or, better yet, video is an excellent way to help protect yourself from payment providers that may decide to restrict your account without warning.

While proof of payment won't always be necessary during a trade, it's one of those things that are vital when a problem arises, or in the case of a slower payment method, can help comfort a customer while they wait for the payment to be received. Look at the payment methods you provide (or are considering providing) and ensure that there is a practical way to record proof of payment for those times you do need it and provide peace of mind even if you don't.

Sometimes the Best Thing to Do is Ask for Help

Now and then, as a vendor, you may run into a situation that you haven't experienced before and aren't sure how to resolve it or what the best way to proceed may be. While resources are abundant online about bitcoin and other cryptocurrencies, finding quality information as a P2P trader can be difficult for some specific circumstances.



If you run into an issue that you can't seem to resolve, it's important to acknowledge when you may need a little help. There's nothing wrong with asking for help when you need it, and an excellent P2P marketplace will offer support to help you deal with problems that you can face as a vendor. What you may see as a complex problem may very well be a situation that the team at a P2P marketplace may see regularly and have some advice to help you get it resolved.

When it comes to getting support, finding community, and obtaining help when you need it, this should play a key part in deciding which platform you choose for your P2P trading. LocalCoinSwap offers customer support that very much exceeds the standards of other popular marketplaces where you can frequently see concerned users online dealing with extensive wait times and robotic responses. While you can contact support anytime, you can also pop into the [LocalCoinSwap telegram group](#) and get help from staff and helpful advice from the active community loaded with traders.

Sometimes part of becoming the best possible vendor you can be is knowing when to seek advice, and if you've chosen LocalCoinSwap as your P2P marketplace, that's easy to do.

Keeping Records So You Can Rest Easy

When running any kind of business, it's important to keep records of your transactions. You never know when you may need some critical data, and finding out you've lost track of it can cause various headaches depending on the circumstances. Whether you are trying to prepare for taxes, dealing with a payment provider that has reached out requesting information about a specific transaction, or law enforcement wanting assistance regarding potential fraud, it's vital to keep records of your interactions and, of course, your transactions.

Spreadsheets are a fantastic tool for not just doing things like dealing with trade history exports but for keeping track of the traders you deal with and those trades' specifics. Logging information like accounts you've deposited funds into, dates, and anything else you can easily record can be a metaphorical lifesaver when a situation arises that can be managed with the correct information at hand. Centralized exchanges also have a habit of only storing your trade history for a certain period, so be sure to regularly export and manually gather anything that isn't included, as you may log in one day to find that you lost information you needed to record.

It doesn't matter if it's for taxation, working out your profit and loss, or dealing with a disputed payment; records are one of the keys to becoming a large and efficient vendor who can solve problems when they arise.

The Key to Getting Help Fast is Providing the Right Information

When solving a problem as a vendor, information is king. As we've just discussed, recording information is crucial, especially as you grow in scale, but so is providing the correct information when you require assistance.

If you lodge a support ticket, are dealing with a dispute, or anything else that requires you to submit some information about your problem, reducing the recipient's requirement to ask further questions can significantly reduce the back and forth needed to get your problem solved. For example, lodging a ticket with a payment provider or your P2P marketplace that merely describes the problem you have will likely result in you waiting for a response asking for the details of the specific case you are dealing with at the time.

Take the time when you need help or are providing information to be specific and thorough. Every response you can reduce when getting a problem solved is more time for you to focus on completing trades and less time you have to spend solving problems.

You'll also typically find that support staff can be far more efficient at their jobs when provided with more information. There's nothing wrong with giving a little too much information even if they turn out not to need it to help you with your situation. There are limits to this, such as when dealing with payment providers, it can be beneficial to avoid mentioning cryptocurrency where possible; however, if you suspect that someone you are dealing with will just ask you for further information, and that information is acceptable to provide, why not just provide it initially.

Bonus

Content



Chapters:

- Getting Back Into P2P Trading
- Cryptocurrency market analysis for beginners
- Advanced P2P trading techniques
- Peer-to-Peer trading glossary



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Getting Back Into P2P Trading

If you haven't been trading for a while or only trade at certain times, you may be wondering what you have to look forward to and what to watch out for as you get started again. With P2P trading being very well established in the crypto community, many prominent vendors have come and gone over the years, but getting started again on your trading journey doesn't have to be daunting or difficult.

What's Changed?

Are you considering getting back into P2P trading but are worried that some things may have changed in recent years you don't know about? Thankfully, the core principles of P2P cryptocurrency trading have remained the same, but there are a few things that are worth knowing if you've been out of the loop for a little while (or a long while).

Old Platforms Losing Their Spark:

If you're a P2P trader from the earlier days of cryptocurrency, it's almost certain you've heard of LocalBitcoins. While once a shining light of the P2P trading scene, it has grown to become a cumbersome overburdened pain to deal with. Support times have grown to be incredibly slow, cash trading has been removed from the platform, and multi-tiered KYC requirements have made it extremely difficult for those struggling with access to necessary identity documentation and traditional finance resources even to use the platform. Modern alternatives like LocalCoinSwap have not just upheld the ethos of P2P trading but have continued to adapt to the changing landscape of crypto.

Peer-to-Peer Trading is Expanding:

Over the years, we've seen numerous cryptocurrencies come and go, but not many have made a significant impact on P2P trading. However, with the popularity of ethereum and other projects growing, there's more interest to trade these digital assets outside of centralized exchanges. If you've only traded bitcoin in the past, consider exploring ethereum and other popular cryptocurrencies available for trading P2P on a marketplace like LocalCoinSwap.

Regulations Have Increased:

If you've been out of the loop for a while, you may notice that cryptocurrency laws and regulations have begun to evolve as it has broken more into the mainstream and grabbed the attention of regulators. If you were trading in the early days, you might not have needed to concern yourself with much when trading so-called "magic internet money," but these days, it could be quite different depending on where you live. Just be sure to spend a little time getting up to speed with the latest crypto regulations in your region, and you'll generally have no trouble getting back into the swing of things.

Payment Method Variety:

There's been an increase in payment methods worldwide in recent years, which strongly affected the P2P trading space. While many mainstays, such as cash-in-person trading, have remained highly prevalent, many newer payment methods have also grown in popularity. If you look around, you may find new options for payment methods that would suit you that you could offer to your customers. If payment can be verified in one way or another, it is generally suitable for P2P trading. With LocalCoinSwap able to rapidly add payment methods upon request and review in usually less than a single day, the options are broader than ever before.

Importing Your Reputation

If you've traded P2P in the past, you likely have some accumulated trade history that can be highly beneficial when getting started again. Showing your experience will help draw initial customers faster, even when you are new to a platform. Having zero trades on a new account won't stop you from building up trades, and many vendors, of course, start this way, but if you do have some trade history to take advantage of, why not.

Contact the LocalCoinSwap support team, and you can have your trade history imported from any other P2P marketplaces you may have used in the past. Better yet, thanks to the support times, this can usually be achieved in less than 24 hours, so there are no lengthy waits and back and forth required to complete this simple import process. Just one of the many reasons more traders, both old and new, are moving to LocalCoinSwap as their marketplace of choice. If you've traded on a platform in the past you aren't sure is supported, just ask!

The process is straightforward and merely involves adding some specific text to your profile on other accounts to prove ownership of them, something anyone can do in just a moment.

Find Out How to Import Your Trade History:

[Import your Trading History on LocalCoinSwap](#)

Refresher Checklist

- Are you familiar with the latest payment methods you could offer?
- Have you gotten caught up with recent changes in laws and cryptocurrency regulations?
- Is your trade history ready to be imported or in the process of doing so?
- Are you alerting any old trading partners you still have contact with that you are back?
- Have you made sure all your accounts that you intend to use have up-to-date information?

Cryptocurrency Market Analysis

for Beginners

Leveraging your knowledge of the crypto market can be helpful when planning your trades. What liquidity you want to have on hand, what size transactions you are open to accepting can be affected by your current sentiment towards the market. Suppose you're bearish on short-term bitcoin price. In that case, you may likely wish only to maintain holding smaller amounts of bitcoin liquidity for your trades or just commit to smaller trades, so the damage is minimal if the market does turn against you in the middle of a trade.

Trading Under Any Market Conditions

Unlike some forms of trading cryptocurrency, the market conditions don't have to affect you when trading crypto P2P significantly. While the always exciting bitcoin bull run can be a great time, there are always bearish times in the market to prepare yourself for.

If you aren't trading from cryptocurrency that you already hold and topping it up, or aren't someone like a miner that sells the crypto they produce from their mining operation, and there's a simple solution. Buying your cryptocurrency in response to trades on centralized exchanges or via whatever means you have at your disposal can avoid you having to deal with market movements over extended periods (with payment methods that don't require too long to clear). You don't have to be a bitcoin holder or cryptocurrency investor at all to be a P2P trader.

Sourcing your crypto for trades either at regular intervals or as soon as you accept a trade can not just make your expected margins more predictable. Still, it can also ensure that you can trade no matter what the market is doing or whether it is going up or down.

You can even use P2P trading as a way to reduce your exposure to bitcoin or another cryptocurrency to essentially short a cryptocurrency without leverage and while still making a profit. Bear or bull, it doesn't matter when trading P2P.

Technical Analysis

While some traders consider technical analysis not much better than witchcraft, others value it highly and incorporate it into their trading process. As a P2P trader, it's absolutely not something you need to understand to be a vendor, but you may find it helpful to gauge market conditions if you hold some crypto over longer timeframes.

At its core, technical analysis is just an approach to analyze trends using things like volume,

support and resistance, and other popular indicators like Bollinger bands or RSI. There's no "right" way to do technical analysis, and what works best will vary depending on who you are talking to at any given time.

If someone ever suggests that you need to understand technical analysis to trade bitcoin, that's simply not the case, especially if you trade P2P. However, there's nothing wrong with using all the data at your disposal to make an informed decision, so you may find learning the basics of technical analysis can help you better understand what those around you may be doing and allow you to better respond as a vendor to the needs of your customers as the market cycles through various stages.

Fundamental Analysis

Another type of market analysis you may have heard of is fundamental analysis. As a vendor, fundamental analysis doesn't have a significant bearing on you at all, especially if you're trading bitcoin, which has a strong history and a proven market value. Fundamental analysis is a process of looking into the various information available about a cryptocurrency to determine how realistic its current market share is and where it could go in the future based on its potential.

Fundamental analysis can help you as a vendor when you are exploring alternative cryptocurrencies to offer for trade. If you are considering adding a token or coin you aren't familiar with to your trading rotation, you may want to have a little understanding of the project. Looking at their goals, how active the project is in the various aspects (development, community, general progress), and exploring any other additional information you have available to you, can help you determine your potential risk in trading and holding the crypto in question. If a project was to collapse while you were holding some of the tokens or coins, you could potentially be out of pocket and potentially even unable to sell them in more extreme cases.

Liquidity & Volume

Understanding the basics of liquidity and volume can be helpful as a P2P trader. When you become a vendor, you may find yourself using centralized exchanges and other sources to acquire your cryptocurrency when selling if you aren't holding a stack that you trade back and forward. If you attempt to buy crypto from a low-volume exchange (or trading pair) with minimal orders on the books (low liquidity), you'll find slippage can occur, resulting in you paying more than the market price.

Slippage can be brutal if you aren't careful. It can throw your margins off entirely and result in you struggling to profit on a trade. However, avoiding this is relatively easy if you understand the basics. When trading on an order-book style exchange, you can visibly see the activity, and you can typically view the history of trades in real-time and see all the public orders waiting for matches. If you are buying bitcoin and using an established exchange,

you are unlikely to deal with many issues buying moderate-sized amounts of bitcoin at any time. However, if you require significant amounts, you can mitigate the problems associated with slippage by splitting your order over a few exchanges. Having a few accounts can help you deal with large orders and take advantage of the price variation or spread between the different exchanges. It will usually be pretty tight with more liquid exchanges for large cryptos like bitcoin, but even a small percentage can add up to more profit for you.

When trading newer or less liquid cryptocurrencies, placing limit orders rather than market orders can help you get a predictable price. However, if the price moves against your order and doesn't fill, you won't have the crypto you need immediately. Market orders that fill immediately will often be preferable, but try and look at how far down the order-book your order will go until it is filled to understand better the price you can expect to get.

Trading Pairs

Trading pairs are essential to understand when sourcing your cryptocurrency outside of your P2P marketplace. While you can buy from other vendors, many vendors choose to buy their cryptocurrency from other sources like centralized order-book style exchanges.

A trading pair includes two different currencies or assets that are traded against each other. Just like when trading forex, you could be looking at AUD/USD, USD/GBP, and so forth. You'll see similar pairs regularly in crypto, for example, ETH/BTC or XMR/ETH. What trading pairs do is show you the value of one asset in another. If you were looking at ETH/BTC, you'd be looking at the value of ETH in BTC or using the same pair to establish the reverse value of BTC in ETH. If ethereum were trading at 10% of bitcoin's price, you would see the value of 0.1BTC per ETH on a BTC/ETH pair.

One of the most valuable ways to exploit trading pairs as a vendor is to simplify your trades and reduce unnecessary transactions or exchanges. If you need some ethereum but you only had some monero laying around, you could find an XMR/ETH pair and sell your monero for ethereum, just as you could trade between ethereum and bitcoin on an ETH/BTC pair if you needed to convert one to the other.

Another valuable part of using trading pairs is when liquidity is lacking. Suppose you are trying to trade a less active asset. In that case, you may find that it's dominantly traded on one pair, even if it's available on two or more on various cryptocurrency exchanges. If you were to trade on the less popular pair, your order may cause slippage due to low volume and affect the price you can complete a buy or sell order. Many cryptos can be found trading against both ethereum and bitcoin, but sometimes you may find one with a lot more activity than the other. In this case, understanding how to use different trading pairs can help save you money and retain your profitability as a P2P vendor.

Using trading pairs effectively can help you offer more cryptocurrency options on P2P exchanges like LocalCoinSwap that support multiple cryptocurrency choices. If you primarily hold bitcoin, for example, but would also like to trade ethereum when requested, you could simply swap some bitcoin for ethereum as needed.

Supply & Demand

When you are at the grocery store, paying someone for a service of some kind, or buying or selling just about anything, supply and demand play a significant part in not just what you pay but how hard it is to get. While some payment methods come with issues that result in traders demanding higher premiums (like the chargeback risk associated with PayPal), some can command a higher premium simply due to rarity or availability. If it's common for traders to want a specific payment method (especially one that isn't available in all regions) and you are the only vendor offering it, you control the supply and have the ability to name your price. Of course, if your margin exceeds what people with demand are willing to pay, it will affect your ability to secure trades, but it's worth being aware of when looking for trading opportunities.

A good vendor will be able to look for gaps in service and help fill those to expand their business and increase their revenue. Providing rare payment methods, or even just cryptocurrency to regions with high demand and not enough supply can be hugely beneficial not only for you as a vendor but also for those you are serving. Access to cryptocurrency can change lives in extreme circumstances, and being a great vendor that helps provide for the demands of your customers can make for great business for you as well.

Advanced P2P Trading Techniques

Increasing your proficiency as a peer-to-peer vendor or even as a casual trader gives you access to better deals, more volume, and more opportunities. Don't let complacency stop you from exploring what else you could be doing to push your trading to the next level and increase your profitability. With more advanced trading techniques comes more flexibility, one of the best traits for a P2P trader.

Breaking Language Barriers

If, like many people, you only speak one language, this doesn't have to be a limitation as a vendor. You don't have to spend months (or years) learning multiple languages either just to serve those who don't speak the same language you do.

There's a range of free translation services you can use to help you work with customers who speak languages that you don't. Google translate, one of the most well-known translation services, can be used from a web browser or even a standalone mobile app. Bing translate and many others are also wonderful alternatives. Just keep in mind that translating payment information could result in mispayment if the information is changed from the original

text.

Suppose you need to double-check a translation quickly. In that case, translation apps like Google translate sometimes support using your phone or tablet camera to translate the text by pointing the camera towards the trade chat on your computer or second device. Obviously, this limits your ability to respond, but if you are second-guessing something and want a quick way to double-check, it can be a beneficial feature to be aware of and use.

When trading with those from other countries, it's best to use international payment methods or those you are very familiar with already. While translation will help you most of the time, it isn't perfect. On occasion, you may need to clarify something or make an educated guess as to what someone means, but modern translation software for many languages is surprisingly good. If in doubt about something, feel free to clarify, and if you are really having trouble understanding someone and aren't comfortable proceeding, you can always decline the trade.

You'll find some languages translate to others more clearly, so as for what works well, that will be up to you to explore. For example, grab some text from a Spanish website and translating it to (again, for example) English could help you attain how easy it is to read once converted. Experiment a little to see how comfortable you are with translation. If you find that you can work with other languages, consider creating trade offers in different regions to help spread your business to more parts of the world.

Cryptocurrency breaks barriers and with a little extra effort, you can too.

Trading Automation

Growing as a vendor can result in you looking for ways to increase your ability to handle more trades or reduce the time cost associated with managing the number of cryptocurrency trades you deal with already. Some more advanced cryptocurrency P2P traders opt to look at automating some of their trading processes.

Some P2P marketplaces have an API (application programming interface). An API enables you to interact programmatically and more directly with your account without using the website or app you usually would need to use when performing specific tasks.

LocalCoinSwap offers a highly [well-documented and flexible API](#) and is one of the many reasons a growing number of more prominent P2P traders are making a move. Learn even more at the [LocalCoinSwap API Examples GitHub Repository](#). The documentation includes examples for engaging with each endpoint using either Python, Javascript, or even Bash Scripting.

Using the API, you can produce (or have created for you by contracted developers) everything from simple scripts to automate tasks that can take a few moments. For example, consistently modifying several trades all the way to fully customized graphical user interfaces and customized dashboards. You may find it difficult to find much in the form of projects

to use as your own as many vendors pay for the development of these out of their own pockets, so as you can imagine, they will want to make the most of that edge they can provide.

Examples of Cryptocurrency Trading Automation or Trading Bots:

- Autoresponders
- Trade offer managers (pause, modify, change margins, batch processing)
- Process payment automatically
- Chatbots that answer common questions
- Arbitrage bots
- Third-party cryptocurrency wallets
- Custom dashboards
- Accept or reject trades basic with set conditions (rating, trade count)
- Automate triggers for pausing offers based on market conditions
- Look for specific types of trades that trigger alerts
- Automatic release when payment is received
- Automate pricing adjustment with niche or custom pricing algorithms

Combining Multiple Liquidity Sources

[Arbitrage trading with cryptocurrency](#) is still a popular form of trading for a good reason; prices vary across exchanges, even for established cryptocurrencies like bitcoin. For this reason, as vendors become more established or are looking for more advanced ways to increase their margins, they often look to take advantage of these price variations.

Combining several sources for buying or selling your traded cryptocurrency is a good way to ensure that you are always getting the best possible price. So, in turn, you can provide more competitive cryptocurrency prices to your customers as well. While you can do this manually when you need to buy or sell crypto by price checking across your various accounts or using a site like [CoinMarketCap](#) or [Nomics](#), you can also take advantage of the same tools used by arbitrage traders. You can even use [cryptocurrency portfolio trackers](#) to monitor cross-platform pricing if you wish.

Avoiding using just one source for managing your crypto liquidity can help you trade as close to market price as possible while still making worthwhile margins for yourself. Small percentages do add up and, over time, can add up to a significant windfall. If you are a high-volume trader, you may even be able to negotiate a smaller fee with a centralized exchange so they can try to retain your business or avoid you spreading your volume to competitors.

You can even take advantage of your personal cryptocurrency holdings if you want to trade with the trends and reduce or increase your exposure during certain market conditions. Becoming a more advanced vendor is best achieved by increasing your adaptability and flexibility in ways that can be beneficial to you, so explore what options you have available and do what is well suited to your circumstances.

There is no one size fits all solution to finding the right ways to source liquidity or manage

your liquidity as a vendor.

Accepting Credit Cards & Other Advanced Payment Types

Some payment types are more challenging to accept or manage, but that doesn't mean you can't investigate offering them to your customers. Even if you are purely a cash-in-person trader, it doesn't hurt to explore what else is out there and educate yourself on some of the more advanced payment methods that vendors are less commonly accepting.

Credit Cards:

While credit cards can be difficult, some traders trade with them and provide a valuable service for those looking to use credit or debit cards to buy bitcoin and other cryptos. A third-party trusted payment processor is typically used, and you should never be required to directly hand over credit card or debit card numbers to someone as this can result in theft or fraud. While many credit card payment processors are not cryptocurrency-friendly, vendors can use a range of workarounds depending on what is available to you.

If you are struggling to find a suitable approach, look at other vendors around you and see what methods they seem to use to give you some avenues to investigate. For example, some vendors opt to use PayPal "donation" links to accept credit card payments without the buyer even having their credit card associated with a PayPal account.

Gift Cards:

Trading bitcoin for gift cards can be easy, but doing it well at scale can be a little more complex for a vendor. Ensuring that you are getting unused cards and minimizing your risk of disputes can be difficult. Building a solid reputation and track record for yourself can help you significantly when trading with more advanced payment methods like gift cards. When accepting gift cards, ensuring you can lock in or use the balances before releasing the escrow is essential as the buyer will still have the code for the gift card.

Many popular gift cards for trading bitcoin allow you to add the balance directly to your account; this way, you can transfer the gift card's balance before confirming receipt of payment. These are much more preferable as they are easier to secure. Other types may require you to quickly use them to purchase something so that you can confirm you had access to the balance, and it can no longer be used by the crypto buyer you are trading with at the time.

Bill Payment:

While this is a less complicated payment type to offer, where it does get advanced is ensuring that you record you paying the bill requested by a customer in one way or another. If you aren't familiar with the company you are paying a bill with, recording a video of you pa-

ying and confirming payment can help you keep a record in case of disputes. If you do offer bill payment, it can be both a convenient service for sellers but it can also be quite lucrative as a vendor as it can be quite an in-demand type of trade.

The key to offering bill payments for bitcoin is to understand that you will be dealing with a range of companies that can vary in how they accept payment. However, you can reduce the issues involved in this by screening and putting together a list of popular places in your region that you will take these trades for (e.g., phone companies, power companies, other utilities) and then including this list in your terms. Just beware that the more you limit these types of trades, the more you risk missing out on trading opportunities, so try and find a good balance between what you are willing to offer and what you don't.

Custom Pricing Equations

Sometimes dynamic pricing isn't enough, and you want to take things a step further. A common way that vendors do this is by using custom pricing equations. Using this approach allows you to fine-tune your trade offer.

If you're trading on LocalCoinSwap, you can set your own custom equations for pricing your trade offers, which are easily modified at any time by editing your trade offer.

Understanding Custom Price Equations: [How to use Pricing Equations?](#)

Peer-to-Peer Trading Glossary

Whether you've been trading for years or only just started trading, from time to time, you'll likely run into phrases or terms you aren't familiar with yet. When it comes to cryptocurrency, there's a wide variety of slang and technical terms you could benefit from knowing as you browse through offers from other traders or start to craft your own.

Altcoin

As bitcoin was the first major cryptocurrency to become popular, all other cryptocurrency projects are commonly called altcoins. While this is becoming less common to hear, it's a term that has stuck around and likely isn't going anywhere soon.

Block Explorer

If you are looking for an Ethereum or ERC-20 transaction using a TXID, you can find it easily using Etherscan. If it's a Bitcoin transaction, you can find that using an explorer for the bitcoin network such as Blockchair, which supports a range of other cryptocurrencies as well.

Centralized Exchange

Sometimes referred to using the abbreviation CEX or CEXs (plural), this type of exchange platform is typically operated in a fully custodial manner and operates hot and cold wallets for user deposits and withdrawals. Most large order-book exchanges are fully centralized.

Chargeback

The term chargeback is an important one to understand when dealing with higher-risk payment methods that require extra care, such as PayPal. Chargeback risk is only a concern when you are on the sell-side of a trade. Higher margin payment methods are sometimes a sign of chargeback risk.

Custodial

Wallets or exchanges that are considered custodial have control of your funds while using the platform or wallet. Some older P2P exchanges are fully custodial, while newer exchanges like LocalCoinSwap are moving further away from this model by offering non-custodial trading options across the platform.

Double Spending

When a cryptocurrency is unconfirmed or only confirmed a minimum amount of times, you run the risk of a double-spend where a transaction can be performed twice. This is one reason that unconfirmed or single confirmation transactions are rarely accepted on the bitcoin network (or just about any blockchain). As confirmations increase, the transaction's security and immutability are typically increased, especially when dealing with something with a large established network like bitcoin (BTC).

Escrow

When trading P2P, the part of the process that ensures both parties keep their end of the deal is called escrow. Typically the cryptocurrency is placed in escrow until the buyer has either verified that they've successfully received payment or a dispute is raised, and a moderator steps in to release the crypto to the rightful party.

To Learn More About P2P Escrow: [Buy Bitcoin safely: How The Escrow System Protects You](#)

Fiat

A term that is commonly thrown around in the crypto space, but something that you may not have heard used before if you are relatively new, is fiat. Fiat simply refers to cash or legal tender in your (or another) region. For example, you may hear a cryptocurrency enthusiast refer to them not liking to accept fiat as payment and instead prefer crypto.

Gas

For users that are new to transacting with ethereum, this is a common cause of confusion but one that you can easily remember once you know what it means. Gas is the “fuel” used to perform a transaction on the ethereum network. This could be sending ETH to someone else or interacting with a smart contract. All these things require gas, which is paid for using ethereum.

Gas Limit

Like gas, thus referring typically to ethereum transactions, and in terms of gas limits, this is the maximum amount you are willing to spend on a transaction. When performing different types of transactions, you may require a higher gas limit to have the TX performed successfully.

Gas Price

When performing an ethereum transaction, the other term you will come across related to gas is the gas price. This is measured in Gwei, which is the amount of Ether/ETH you are willing to pay for every unit of gas that you require. A higher gas price is often what controls how quickly your ethereum or token transactions are confirmed.

Find out the current recommended gas prices by checking out [ETH Gas Station](#)

Liquidity

When it comes to liquidity, this metric helps establish how much cryptocurrency can be bought or sold without dramatically affecting the digital asset’s market price. If you were buying a coin with low liquidity, you might find that even a small buy or sell order can dramatically affect the current market price on the exchange you are using. Liquidity is most important to consider when using order-book exchanges or DEXs like Uniswap rather than P2P exchanges like LocalCoinSwap.

MFA/2FA

Multi-factor authentication (MFA) and 2-factor authentication (2FA) refer to using extra protections on your accounts. It’s a great measure to take for any of your important accounts to enable MFA or 2FA where supported. Common forms of additional authentication methods can include email verification, SMS codes, or using authentication apps like [Authy](#) or [Google Authenticator](#) to generate a one-time password (OTP).

Non-Custodial

The opposite of custodial wallets or exchanges. Non-custodial wallets and exchanges leave you with far more control over your cryptocurrency. Trading in a non-custodial way reduces your exposure to platform risk and ensures you have as much control of your crypto as possible.

Oracle

An oracle is a term you are starting to hear more and more from in the crypto space, but unless you have researched it personally, it can be quite easy not to know what it is or means. The purpose of a blockchain oracle is to connect information or data sources from things that are external to blockchains.

If you'd like to learn more about blockchain oracles, check out our article: [Breaking Down Blockchain Oracles](#)

Over the Counter

Most frequently, this term will be used as the abbreviation OTC. Over-the-counter trading is a form of exchange that isn't performed using order-book style exchanges but rather is performed in a P2P manner. Types of OTC exchange vary, but the primary goal is typically for larger traders to buy and sell at high-volumes without having to worry about available liquidity and price slippage with their large order sizes.

Private Key

A private key is used to sign cryptocurrency transactions. It is important to never share your private keys with anyone as anyone who has them can sign transactions on your behalf. Backing up your private keys safely and securely is incredibly important.

Public Key

When you are requesting cryptocurrency from someone, you will often provide them with your public key. However, during P2P exchange, this isn't necessary as it is handled by the platform as the funds go into escrow rather than directly into the buyer's wallet. Public keys can be safely shared, but beware that doing so does provide the recipient information about who owns a particular wallet, so consider this when handing over a specific public key. A public address is similar to a public key, except this version is a hashed equivalent of the public key, which you can use to request and receive payments to your wallet.

QR Code

Arguably made more popular by cryptocurrency, these square barcode-looking labels are machine-readable addresses. They are often used to share wallet addresses that can be scanned by many popular mobile wallets to allow for fast transactions without manually copying an address.

Tokens

When referring to tokens, you will generally be talking about a digital asset that leverages another primary blockchain to operate. The most common example of this you are likely to come across is in the form of ERC-20 tokens on the ethereum blockchain. Some tokens on Ethereum that are popular include [Tether](#) (USDT), [USD Coin](#) (USDC), and [Dai Stablecoin](#).

(DAI).

Trading Pair

Currency exchange pairs are common in not just cryptocurrency but the traditional finance markets as well. Just as you could see a trading pair for the Australian Dollar against the US Dollar (AUD/USD), you can find a trading pair for Ethereum against Bitcoin (ETH/BTC); these are trading pairs. When it comes to crypto, you will see cryptocurrency paired against other cryptocurrencies, but also against a fiat pair such as BTC/USD.

Transaction ID

Commonly called a TXID for short, a transaction ID is an identifier for a specific on-chain transaction. For example, you could provide a TXID of a bitcoin or ethereum transaction to show that the transaction has occurred on the network. Commonly a TXID is useful when showing someone that you have indeed sent crypto while waiting for a confirmation or receiving help from the support team of a P2P exchange if you have an issue with a specific transaction.

Unconfirmed

Usually, in reference to a transaction (TX) that has not been confirmed on the blockchain. If you have just sent a transaction that is yet to be confirmed, you could simply call it an unconfirmed transaction.

Volume

This term refers to the amount of cryptocurrency being traded. Volume is a good indicator of liquidity, so if there is a large amount of volume, you will often find adequate liquidity in the same place.

Vendor

A vendor is a trader that creates trade offers to buy or sell cryptocurrency on a P2P exchange. Typically these are traders that do this with a relative consistency as opposed to the casual trader.

Wei

The smallest measurement of Ether is called Wei. It's used to help when dealing with tiny amounts of Ether to avoid huge numbers with excessive leading zeros.

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