

Investing in the digital world

1. Investing in the digital world

Every day, we hear more and more about digital investments. But how are digital investments different from traditional ones? And what do you need to know before investing?

Here, we try to demystify digital investments and share some of the basics with you.

2. What is a digital investment?

The term digital investment can be used to refer to many things:

- Initial Coin / Token Offerings (ICOs / ITOs)
- Cryptocurrencies
- Stable coins
- Digital bonds
- Digital shares
- Digital commodities

However, not all of these are actually *investments*. Because of this, you need to do your research. First and foremost, understand what the underlying investment actually is. Look beyond the “branding” and try to understand what you are really getting if you strip away the digital element. Real investments will still give you clear and enforceable legal rights and clear potential returns.

3. Are digital investments safe?

In short, they can be, but, as with any investment, there is no guarantee you will make money. It is important to be aware that certain new types of investments may be uncertain and carry greater risk and volatility in their performance.

Any time you invest, you are at risk of losing your money. Just because an investment is digital doesn't make it any more or less risky. The key thing is to ask questions and understand what you are buying. For example: What is the nature of an investor's interests, rights and claims to property and income under the particular investment.

It is important not to be influenced by hype. Does it sound too good to be true? If so, it probably is.

4. What should I consider?

- Would you invest in the product if it wasn't digital?
- Can you afford to lose the money?
- Do you know what the underlying investment is?

- What is the nature of an investor's interests, rights and claims to property and income?
- Who is selling it to you? Are they regulated?

In short, ask questions and if you don't like the answers, don't invest. As an investor, you have a right to know what you are buying. If the seller isn't forthcoming, or answers in buzz words or unclearly, walk away. There are better investments out there. Digital and non-digital ones.

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