ABSTRACT

Following the COVID-19 pandemic, global monetary policy dynamics experienced two extreme phases: Quantitative Easing (QE) in 2020–2021 and Quantitative Tightening (QT) in 2022–2024. Changes in the Federal Reserve's benchmark interest rate (Fed Funds Rate) as the main monetary policy instrument have the potential to influence the performance of various asset classes, including highly volatile crypto assets such as Bitcoin. This study aims to analyze the effect of the Fed Funds Rate, the market Volatility Index (VIX), and Bitcoin price on Bitcoin trading volume on the Binance exchange during the 2020–2024 period.

This research employs monthly time-series data over five years, with the dependent variable being Bitcoin trading volume (USD) on Binance and the independent variables being the Fed Funds Rate, VIX, and Bitcoin price. Data were obtained from the Binance API and the Federal Reserve Economic Data (FRED). The Autoregressive Distributed Lag (ARDL) model was applied to estimate both short-term and long-term relationships among these variables.

The results indicate that in the short run, the Fed Funds Rate does not have a significant effect on Bitcoin trading volume, while the VIX has a significant positive effect and Bitcoin price has a significant positive effect. In the long run, the Fed Funds Rate has a negative but insignificant effect, while the VIX and Bitcoin price have significant positive effects. Simultaneously, the three variables significantly affect Bitcoin trading volume on Binance.

Keywords: *Federal Reserve Funds Rate, Bitcoin, Trading Volume, Volatility Index, Binance*