

This paper examines the relationship between virtual currency, the Bitcoin, and the real economy. In the first part the description of the term virtual currency is provided with special focus on Bitcoin. Also the legal and taxation issues are discussed. In the main part the volatility of Bitcoin is inspected using various models from Autoregressive heteroskedasticity models family. We found that the volatility of Bitcoin differs significantly through time and that this relation is captured best by T-GARCH (1,1) model. Finally the relationship between Bitcoin and real economy indicators is observed to be inconsistent and mostly insignificant in time. Thus we conclude that the independency of Bitcoin cannot be rejected.