

BITCOIN 101

What Is Bitcoin?

- ✓ Bitcoin is a type of digital currency that is produced and held electronically
- ✓ Bitcoin transactions are sent from persons to persons without a third party like the conventional centralized banking system
- ✓ All transactions carried out are absolutely transparent
- ✓ The mining of Bitcoin is difficult, and as it stands, the demand for it is very high hence it's rapidly increasing exchange rate
- ✓ Bitcoin and other digital currencies like Ethereum and The-Billion-Coin also fall in the monetary category known as cryptocurrencies

What is Cryptocurrency?

- ✓ Cryptocurrency is a general term used to describe digital currencies created to enable the medium of exchange using cryptography
- ✓ Bitcoin is the first ever decentralized cryptocurrency created
- ✓ This decentralized cryptocurrency is based on a software developer called Satoshi Nakamoto's proposition
- ✓ He proposed that an electronic payment system currency, independent of any central authority, transferable electronically with low transaction fee and ease be produced

Why is Bitcoin Trending - why is it so popular?

- o It is believed to be safe and appreciative which has helped to grow its value
- o Payment methods involving high-risk fraud have drastically reduced to its barest minimum with its usage unlike those done through credit and debit cards
- o Some parts of the world where the no-VAT ruling is practiced, e.g., Europe, has also helped to increase its popularity
- o The future of cryptocurrency is fast taking over from other online payment methods such as PayPal, credit and debit cards

Benefits of Bitcoin

- o Interruptions by third-party do not exits
- o Users of Bitcoin can pay for their transactions made online with ease
- o Very low transaction fees
- o No taxation
- o Speed of Transaction
- o Bitcoin cannot be stolen
- o No tracking

Concerns about Bitcoin

- ✓ Bitcoin is the first decentralized digital currency. This lack of control by central authorities is the primary reason governments, and other financial authorities are worried about the crypto world

- ✓ If Bitcoin and other digital currencies become well adopted, governments fear that the banking systems all over the world would become irrelevant and possibly extinct
- ✓ Some people are concerned that untraceable illicit transactions involving crime such as terrorism, money laundering, drug trafficking, prostitution, tax evasion and other subversive activity will increase

Ways To Make Money With Bitcoin

- ✓ There are several ways to venture into the crypto-world and make a good living with it
 - o Bitcoin Mining
 - o Cloud Mining
 - o Buy, Hold and Sell Bitcoins
 - o Microtask for Bitcoin
 - o Day-Trading with Bitcoin
 - o Market Trading in Bitcoin
 - o Sell Goods and Services Using Bitcoin
 - o Gambling Using Bitcoin
 - o Bitcoin Faucets
 - o Bitcoin Blogging

Bitcoin Vocabulary You'll Need to Know

- ✓ Address: The Bitcoin address is similar to the usual email address you are probably familiar with
- ✓ Bit: This is the common unit used to designate a subunit of a Bitcoin

- ✓ Block: This is a record in the Blockchain that contains and confirms many waiting transactions
- ✓ Blockchain: Blockchain is a public ledger or record of Bitcoin transactions in sequential order
- ✓ BTC: This is a common unit used to represent one Bitcoin
- ✓ Confirmation: This represents a single transaction that has been processed by the network and is not likely to be reversed
- ✓ Cryptography: This is the branch of mathematics which aids the creation of mathematical proofs that provide high levels of security
- ✓ Double Spend: This refers to instances where some dubious users try to spend their Bitcoins on two different recipients simultaneously
- ✓ Hash Rate: This is the unit for measuring the processing power of the Bitcoin network
- ✓ Mining: This is a process that involves making computer hardware perform mathematical calculations for the Bitcoin network to confirm transactions and secure it
- ✓ P2P: The acronym means Peer-to-Peer
- ✓ Private Key: This is a secret piece of data that affirms your qualification to spend Bitcoins from a specified wallet through a cryptographic signature
- ✓ Signature: This is a mathematical mechanism that gives someone proof of ownership to a wallet
- ✓ Wallet: Bitcoin wallet is loosely equivalent to the physical wallet or bank account on the Bitcoin network

Best Practices/Pros and Cons of Bitcoins

✓ The Potential of Bitcoins

- o Protection from Payment Fraud
- o Reduced Possibility of Identity Theft
- o Lower Transaction Fees
- o Access to Inaccessible Markets
- o With the advent of Bitcoins, access to unexplored markets is beginning to go into full swing

✓ Limitations and Risks of Bitcoins

- o High Risk of Loss
- o Illegal Financial Activities
- o Excessive Volatility