

# 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