

Blockchain: Beginner Glossary

Asset

Anything physical or digital that can be owned or controlled to produce value. Examples include a house, music, patents, or cash.

Bitcoin

A form of digital currency that uses encryption techniques to regulate the generation of currency (bitcoins) and verify the transfer of funds, all operating independently of a central bank.

Blockchain

An implementation of distributed ledger technology that records blocks of data in chain transactions and exchanges that take place in a peer-to-peer network.

Business network

A group of participants in an economic transaction. Members exchange and verify items of value through a ledger, which each member possesses and whose content is always in sync with the others. A business network can include customers, competitors, suppliers, banks, regulators, governments and others.

Consensus

The process of all participants in a blockchain agreeing to a network-verified transaction. Consensus ensures that shared ledgers are exact copies and lowers the risk of fraudulent transactions since tampering would have to occur across many places at the same time.

Cryptocurrency

A cryptocurrency is an electronic currency, i.e., it does not exist in the form of bills or coins. It is exchanged digitally between buyers and sellers using encryption for security; and is not overseen by banks or supported by governments.

Cryptography

A method for protecting information by transforming it (encrypting it) into an unreadable format, called ciphertext. Only users who possess a secret key can decipher (or decrypt) the message into plaintext.

Distributed ledger technology

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A system of record that is shared among participants in a business network.

Encryption

The act of changing (information) from one form to another, especially to hide its meaning. See cryptography.

Hyperledger

An open-source project from the Linux Foundation to advance blockchain technology by identifying and addressing important features for a cross-industry open standard for distributed ledgers that can transform the way business transactions are conducted globally. Hyperledger serves as the foundation code for the IBM Blockchain products, services, and solutions.

Ledger

A system of recording transactions for a business.

Smart contracts

These are computer protocols that govern interactions with the ledger, and they can allow network participants to execute certain aspects of transactions automatically.

Transaction

A request by a transactor to the blockchain to execute a function on the ledger