Cryptocurrency : History

Rajesham Gajula

- **Bitcoin history starting point**
- The idea of having a digital currency is not a new one.
- Over 10 years before cryptocurrencies, the concept had been introduced by computer engineer Wei Dai. In 1998, he published a paper where he discussed “B-money”. He discussed the idea of a digital currency, which could be sent along a group of untraceable digital pseudonyms.
- That same year, another attempt by the name of Bit Gold was drafted by blockchain pioneer Nick Szabo. Bit Gold equally looked into creating a decentralized digital currency. Szabo’s idea was spurred by inefficiencies within the traditional financial system, such as requiring metal to create coins and to reduce the amount of trust needed to create transactions. While both were never officially launched, they were part of the inspiration behind Bitcoin.

- Satoshi Nakamoto published the **white paper** called *Bitcoin: A Peer-to-Peer Electronic Cash System*, describing the functionality of the Bitcoin blockchain network. This day in Bitcoin history has carved the path for the events that followed.

- Four month later, Satoshi Nakamoto, whose true identity remains a mystery to this day, mined the first block of the Bitcoin network, effectively piloting the blockchain technology. The first mined block is also known as the Genesis Block.

The start of a cryptocurrency market

- After the birth of Bitcoin as the first cryptocurrency, solutions had to be found in order to trade them. In March 2010, the first cryptocurrency exchange appeared in the name of bitcoinmarket.com (now defunct). In July that year, Mt.Gox was launched as well.
- From 2011 to 2013, Bitcoin managed to reach parity with the US Dollar in February. During this year, a few rivaling cryptocurrencies emerged: By May 2013, the cryptocurrency market counted 10 digital assets, including Litecoin. Another major crypto asset joined in August in the name of XRP (Ripple).

Ethereum and the introduction of ERC-20 tokens.

- On July 30th 2015, The Ethereum network was launched. Currently the second crypto asset in terms of market capitalization, it brought smart contracts to the cryptocurrency world. These allow the Ethereum blockchain to run an entire ecosystem on its blockchain while also hosting its own native currency: Ether (ETH). The smallest unit of Ether is also known as a Wei (0.000,000,000,000,000,001 ETH). If you want to know more about Ethereum, here is an article which explains everything you need to know about the second-largest cryptocurrency.
- Cryptocurrencies that don't have their own dedicated blockchain, but use the blockchain of another crypto asset are known as tokens. The ones that are on the Ethereum network are called ERC-20 tokens. The first-ever ERC token launched back in 2015. That was the crypto asset known as Augur. Since that day, a plethora of tokens have been created on the Ethereum blockchain. There are currently more than 200,000 ERC tokens, which means that there is a huge cryptocurrency ecosystem running on a single blockchain.

distributed ledger

- A ***distributed ledger*** is a type of database that is shared, replicated, and synchronized among the members of a decentralized network. The distributed ledger records the transactions, such as the exchange of assets or data, among the participants in the network.
- Participants in the network govern and agree by consensus on the updates to the records in the ledger. No central authority or third-party mediator, such as a financial institution or clearinghouse, is involved. Every record in the distributed ledger has a timestamp and unique cryptographic signature, thus making the ledger an auditable, immutable history of all transactions in the network.

- **The role of business ledgers**
- In today's connected and integrated world, economic activity takes place in business networks that span national, geographic, and jurisdictional boundaries. Business networks typically come together at marketplaces where the ***participants***, such as producers, consumers, suppliers, partners, market makers/enablers, and other stakeholders own, control, and exercise their rights, privileges, and entitlements on objects of value known as ***assets***.

- Assets can be tangible and physical, such as cars, homes, or strawberries, or intangible and virtual, such as deeds, patents, and stock certificates. Asset ownership and transfers are the ***transactions*** that create value in a business network.
- Transactions typically involve various participants like buyers, sellers, and intermediaries (such as banks, auditors, or notaries) whose business agreements and contracts are recorded in ***ledgers***. A business typically uses multiple ledgers to keep track of asset ownership and asset transfers between participants in its various lines of businesses. Ledgers are the systems of record for a business's economic activities and interests.

Bitcoin Protocols

- Protocols Set of Rules to be used in communication
- Ripple Protocol:
- *Ripple protocol* uses many of the features of *Bitcoin* or *Ethereum*, such as decentralized design, cryptographic hash functions, P2P network, and private-and-public key encryption. However, *Ripple* was designed specifically to facilitate fast and cheap global transfer of money, which necessitates several unique features.

- Hyperledger: