Cryptocurrencies

Cryptocurrencies are decentralized digital assets enabled by an innovative data structure called a Blockchain. Much like the internet, no single company or entity owns or controls a cryptocurrency network. These networks are secured and verified via miners or stakers. Anyone can be a miner. Miners compete to verify blocks (bundles of transactions) to add to the blockchain. In order for a block to be added to the blockchain, 51% of the miners must agree that the block contains only valid information. Miners are incentivized to participate because the first miner to verify a block gets rewarded in the native asset (e.g. bitcoin). This system allows for a trustless decentralized network.

Properties of Cryptocurrencies

- Limited supply
- Disinflationary
- Pseudo anonymous or completely anonymous
- Decentralized (miners are diverse, no single entity controls 51% of miners)

Examples

- Bitcoin
- Ethereum
- Monero

Importance:
This innovation is important because many of the centralized systems we utilize in today's world are better suited in a decentralized environment. One example is the world's monetary system. Currently, over 1 billion people are unbanked. This is a result of poverty, wealth discrimination and failed monetary policy (e.g Venezuela). Cryptocurrency networks enable anyone in the world to be their own bank given that they have access to the internet. In order to send cross-border payments one must use Western Union or other centralized companies. These businesses take 10% of each transaction routed through them. A decentralized network such as Bitcoin has no recognition of where in the world you are sending money and charges no additional fee.

Learn more about Cryptocurrency & Blockchains here:
https://bitcoin.org/en/bitcoin-paper
https://youtu.be/SSo_EIwHSd4