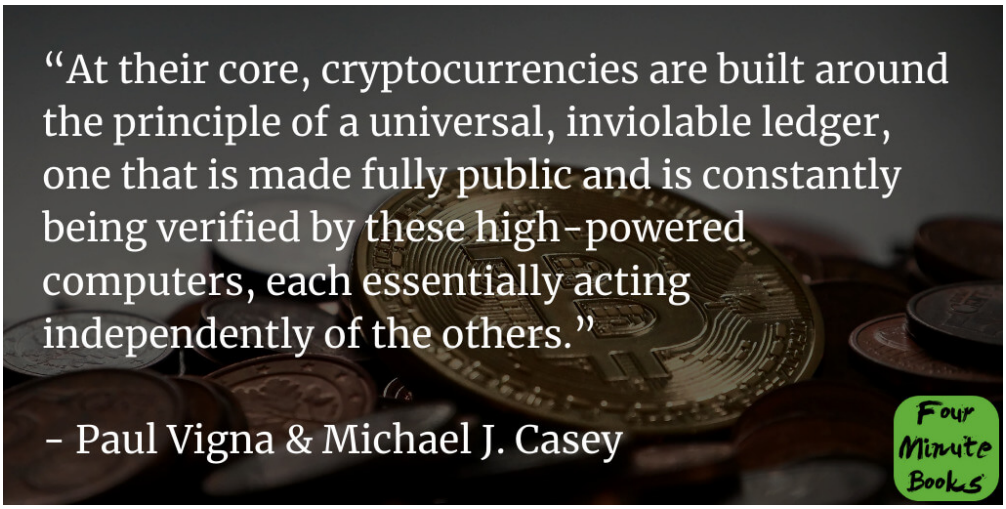
The Age Of Cryptocurrency Summary

fourminutebooks.com

1-Sentence-Summary: *The Age Of Cryptocurrency explains the past, present, and future of Bitcoin, including its benefits and drawbacks, how it aligns with the definition of money well enough to be its own currency, how it and other cryptocurrencies will change our economy and the entire world.*

Read in: 4 minutes

Favorite quote from the author:



What gives money value? I mean, if you look at the bills in your wallet, they're just paper, right? So what gives that particular piece of paper value that you can use to buy goods and services?

For any money to have value, there needs to be a shared agreement that it will be a medium for exchange. This was a simple idea when money was gold and silver because those things had value on their own. But nowadays, the foundation of money is in the trust that it will hold value.

You've no doubt at least heard a little bit about the new type of currency taking the world by storm known as Bitcoin. Maybe you're confused about how it works or unsure of how you can trust that it will hold its value. Don't worry, because in *The Age of Cryptocurrency: How Bitcoin and Digital Money Are Challenging the Global Economic Order* by Paul Vigna and Michael J. Casey, they answer all of your answers about Bitcoin and more.

They give a comprehensive guide on the history and nature of the popular cryptocurrency and explore what money really is. They also explain the dramatic impact Bitcoin is going to make on our economy and the world as we know it. So you can rest easy next time Bitcoin

comes up at the dinner table. By the end of this book, you'll finally understand how it all works.

Here are 3 of the most insightful lessons about Bitcoin from the book:

1. Because we can use Bitcoin as a way to exchange goods and services, we can consider it to be money.
2. Bitcoins come from solving complicated math problems and its code includes the blockchain, which is a public record of all transactions using Bitcoin.
3. Anonymous transactions are just one of the many benefits of Bitcoin, but there are some drawbacks.

Ready to discover the details about the currency of the future? Let's get right to it!

Lesson 1: Money and Bitcoin are equivalent because we can use both to exchange goods and services.

Some people have a hard time viewing it as "real" money because they can't see it.

But those people just need to do their research to see that it already has proven itself as a viable currency. **It works for the same reason cash does– people have trust in its value**. As it becomes more widely accepted as a form of payment, people are trusting it even more.

We can see this increased trust if we look at Bitcoin's rising price. In the first three months of 2013, it rose a staggering 800 percent in value from $129 to $1,165. One of the reasons for this trust is because Bitcoin isn't run by a central bank like other currencies, so it can't be controlled or manipulated.

So is it real money? The answer is yes because many places now take it as a form of payment. But it did take some time to build trust enough for people to accept it.

In the first year of Bitcoin, a coder named Lazlo Hanyecz owned about half of the existing Bitcoin. The only problem was that no one would accept it. So when he wanted to buy two Papa John's pizzas he had to turn to his Bitcoin buddies and pay one of them 10,000 Bitcoin to buy them for him with a credit card.

At the time that amount of Bitcoin was worth about $41. Now those 10,000 Bitcoin would be worth $5 million. Many retailers now accept Bitcoin and that number is growing all the time.

Lesson 2: To "mine" a Bitcoin, you have to solve a complicated math problem, and every Bitcoin transaction is within the blockchain.

You may be wondering where Bitcoins come from because not just anyone can create them or they'd be worthless. Like gold, Bitcoin has to be "mined." But unlike mining gold, you don't need pickaxes, you need a powerful computer.

Computers mine Bitcoins by solving ultra-complex math problems. Solving these problems takes a huge amount of computational power. After solving the math problem, a Bitcoin is given as a reward and a new problem is issued.

So the faster and more powerful your computer is, the more likely you will be able to mine a Bitcoin. Only 21 million Bitcoin will ever be released, so there is incentive to mine as many as possible before they run out. Estimates say that all Bitcoin will be mined by 2040.

Every time a new Bitcoin comes out, the blockchain gets an update. The blockchain is a public record of all the Bitcoins that exist and all of the transactions ever made.

Every transaction is completely public so people can trust Bitcoin's authenticity. Each Bitcoin is associated with an encrypted number assigned to its owner in the Bitcoin network. When you spend an amount in Bitcoin, the network registers your request to send that amount from your address to whomever you pay.

Lesson 3: Bitcoin has a lot of benefits, but there are some drawbacks we must consider as well.

So what are the advantages of Bitcoin compared to traditional currency? With a credit card, every time you use it, credit card companies take a little bit off the top. Using Bitcoin eliminates middlemen who profit from transactions and transfers making them both cheaper and more efficient.

Because of their status as middlemen who hold and transfer our money, banks have a ton of power. They even influence our politics through lobbying.

In contrast, Bitcoin gifts the power back to the people. Because of the blockchain that provides full transparency, no one person can control it.

Pretty great, right?

But of course, there are downsides. The software behind Bitcoin is still new so it's far from perfect. This means the price can be volatile. In 2014, people discovered a bug that allowed unwarranted payments, causing a drastic temporary drop in value.

There are also problems that come from its distributed network. Rather than one CEO running it, it runs on a network of computers shared across the web. This means there is no one to punish for wrongdoing.

Criminals can use Bitcoin for their unlawful purposes, such as buying or selling illegal substances and pretty much any other illegal activity you can think of. Silk Road, an anonymous online marketplace where people trade illegal substances uses Bitcoin. **Because Bitcoin has anonymous users, it is almost impossible for law enforcement to track down and investigate criminals.**

The Age Of Cryptocurrency Review

Bitcoin is complex, fascinating, and here to stay for a while. If you want to understand it, *The Age Of Cryptocurrency* is one of the best places to start. The book explained this usually complicated subject in a way that anybody can understand.

Who would I recommend The Age Of Cryptocurrency summary to?

The 22-year-old who is just getting into investing, the 65-year-old who doesn't get Bitcoin but is curious to know what the craze is all about, and anyone that wants to get a basic understanding of the currency of the future.