# Blockchain & Cryptocurrency – IT REPORT

## What does it do?

Starting off with the Blockchain, Essentially the Blockchain is a database that is constantly updating an online record of transactions. The Blockchain is mostly used with Cryptocurrency transactions but can be used to store other types of information (InterPlanetary File System – “IFPS” for an example). The way the Blockchain works is that a “Block” of information is sent onto a list called a “chain”, which is then validated by a series of computers. This allows of anonymity and instantaneous data transfer and transactions. (CONWAY, 2020) (TechTerms, 2018)

If you have heard of the Blockchain, you most likely have stumbled across cryptocurrency. If not, a “Cryptocurrency” is a digital currency which is not governed or accessed by banks. The cryptocurrencies use the cryptography technology to secure and regulate transactions and manage the creation of new units (CMC Markets, n.d.). As the cryptocurrency market is still growing at a fast rate, the number of new coins which you can purchase stretch far beyond your traditional currencies which are used today. Since there is many coins that only allow you to [mine](https://www.investopedia.com/tech/how-does-bitcoin-mining-work/#:~:text=Key%20Takeaways,are%20added%20to%20the%20blockchain.) a certain amount, the value of those coins will eventually grow to an exponential amount, take bitcoin for example, Back in 2013 the coin was only worth around $103AUD, but has climbed to $77,500AUD **\*$59,000USD\*** (at the time of writing this report) in this current time. In 3 or more years, who knows what this number could even reach.

Many of these coins have a sort of meaning behind why they can get so valuable. Bitcoin being the founding step for Cryptocurrencies as a whole. Ethereum (ETH) is a cryptocurrency which can also be Developed into tokens and new coins as well!

A new and upcoming ETH token which you most likely have heard of recently is called “NFT’s” (Non- Fungible Token) which Essentially means its unique and cannot be replaced (CLARK, 2021). An NFT is a token which can represent ownership of items on the Ethereum network (Ethereum, n.d.). Just like how people can buy art as a way to invest their money as an asset (or to avoid taxes) people can buy these NFT’s as an asset. These NFT’s can be anything from art, 3D model or even a tweet from Elon Musk. Recently these tokens have been selling for crazy amounts of money, so if these tokens can be formed from developers giving them a meaning, in the future there could be an even more valuable token or coin which could be worth an astounding amount.

At the moment people are seeing Cryptocurrencies as mostly an investment or a way to get a quick cash grab when Elon Musk tweets about it, but as the market is continuing to grow and more technologies are coming out, the possibilities could be endless on what could be made into a currency OR what could be used in the Blockchain.

## What is the likely impact?

Cryptocurrency has already made a huge impact in many different areas, introducing new technologies and innovating already existing ones too. However, with all the good of these new digital currencies there is some environmental impacts that hold people back from getting this technology as a new forefront of the economy. Since some of these coins need to be mined (most notably ETH and BTC) the amount of electricity used to power these mining rigs can be very costly, as of now and to my knowledge, there is no “eco-friendly” solution but as technology is ever growing, a solution to this most likely will develop very soon.

If you were on the internet in the early days (around 2009-2013) there was a lot of people who were skeptical of this new technology, as it came from a pseudonymous developer named Satoshi Nakamoto seemingly out of nowhere. However, people who did research this and saw the potential of how it would grow were greatly rewarded (if they chose to hold their investments) but as you can get decimal amounts of Crypto, you can get 0.0001 amount of a coin and still be rewarded as well. The only people/ecosystem who I think will be affected by anything to do with Cryptocurrency would be environmentalists, as I mentioned in my first paragraph, the way we mine for BTC or ETH can be damaging to the environment, but we can strive for an eco-friendly solution for those impacted.

For now, Crypto has only been recently added by some online retailers and some middleman payment systems (PayPal for example) but a huge development with Tesla has been made to which you can actually use Bitcoin to pay for a Tesla car (SHEAD, 2021). I do not see Crypto taking over any people’s jobs, but I can see it replacing some economic systems in the near future, since I think a lot of people are valuing privacy and anonymity as technology and AI become more smart and powerful.

## How will this affect me?

As of now, I have been investing in Cryptocurrency for around 2 years now. I started mining Bitcoin in my free time but decided I was not going to turn a profit as I was only 18 years old at the time and could not afford a proper mining rig. So, I decided to buy Bitcoin from the Crypto market when the price was around $8,000USD **\*$10,000AUD\***, however I did not have that amount of money, so I only bought a small fraction of that price. I managed to hold this for a year or so and sold in mid-way 2020 when the lockdown for COVID was in full force and I managed to make a profit from holding this amount. However, I managed to get lucky at the time I sold at since the price dropped around $3000 in a matter of days after I sold, if I decided to sell a bit later then I may have not turned a profit.

As many of these coins can be **HEAVILY** volatile, it may be scary for others to come on board but since the more valuable coins (notably BTC and ETH) have actual grounding and a cap on how many coins can be in circulation, it becomes a way stronger investment. Analysts predict that the coin could even hit $500,000 per coin by the end of the decade. (KHARPAL, 2021)

I think we can improve a lot of our technologies with Crypto & the blockchain, and that could put us on path to a future full of ease and convenience.

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