

Proof of Stake: Staking as Consensus

Proof of Work

Resource: Computing Power

Selection: Most work done

Security: Energy expenditure

Cost: \$1M+/hour electricity

Proof of Stake

Resource: Staked Tokens

Selection: Stake-weighted random

Security: Economic collateral

Cost: 99.95% less energy

Staking Process

1. Deposit

Lock tokens
as collateral

2. Validate

Propose/attest
blocks

3. Rewards

Earn ~4-5%
APY

4. Penalties

Slashing for
misbehavior

Key Insight: "Skin in the Game"

Validators risk their own capital - cheating = losing staked tokens

Ethereum requires 32 ETH (~\$60K) minimum stake