GQX Capital: Why Stellar?

How To Use This Guide

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- When Someone Asks “Why Stellar Over Other Cryptocurrencies?”
  - When someone signals that they are interested in investing in crypto and possibly Stellar, the question will come up “Why should I invest in Stellar and not Bitcoin?” This document is meant to give an extremely high level understanding of Stellar and why it’s superior to other cryptos.

What is Stellar?

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- Stellar is an open-source network for currencies and payments.
- Stellar makes it possible to create, send and trade digital representations of all forms of money - dollars, pesos, bitcoin, pretty much anything.
- Stellar's designed so all the world's financial systems can work together on a single network.

Why Stellar? Open & Flexible

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- Open-Source
  - Stellar is an open-source network for currencies and payments. Stellar makes it possible to create, send and trade digital representations of all forms of money—dollars, pesos, bitcoin, pretty much anything. It's designed so all the world's financial systems can work together on a single network.
  - **Stellar has no owner; if anything it's owned by the public**

- Currency-Adjacent
  - Stellar is "Cryptocurrency-adjacent". Whereas, say, the Bitcoin network was made for trading only bitcoins, **Stellar is a decentralized system that's great for trading *any* kind of money in a transparent and efficient way.**

Why Stellar? No Cheating

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- No Central Authority - Everyone Is Checking & Verifying
  - Instead of one central authority controlling the system (like banks) **Stellar is a system without a central authority—meaning no one can stop the network or secretly adjust the numbers to his liking.** A network of independent computers (nodes) check and re-check that the correct balances were debited and credited, and each node makes sure every other node sees and agrees to the transaction. This ensures that no one is fraudulently changing numbers to their own personal advantage.

Why Stellar? No Cheating, Cont'd

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  - So, when you send someone a token on a Stellar-built app, the nodes check that the correct balances were debited and credited, and **each node makes sure every other node sees and agrees to the transaction.** The current Stellar network is verified by hundreds of nodes across the globe; the nodes and how they communicate is public information, and anyone can install the Stellar software and join the consensus process. This is different than how accounting works at, say, a bank, **where a single corporation unilaterally decides what happens, more or less in secret.**

How Stellar Works

- XLM
  - The Stellar network has a native digital currency, the lumen (XLM), that's required in small amounts for initializing accounts and making transactions (paying transaction processing fees). But, beyond those requirements, Stellar doesn't privilege any particular currency. **It's specifically designed to make traditional forms of money—the money people have been spending and saving for centuries—more useful and accessible.**

How Stellar Works, Cont'd

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- How You Use Stellar
  - An example: You can create a digital representation of a U.S. dollar—on Stellar you'd call this a "dollar token"—and you can tell the world that whenever someone deposits a traditional dollar with you, you'll issue them one of your new tokens. When someone brings that "dollar token" *back* to you, you promise to redeem it in turn for one of the regular dollars in that deposit account. **So while people hold the tokens, they can treat them just like traditional money, because they know that they're exchangeable for traditional money in the end.**

Why Stellar? SPEED & COST

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- **Bitcoin:**
  - **How long does a transaction take to complete?** 10 to 45 minutes
  - **Cost Per Transaction?** $3-$4 on average right now

- **Ethereum:**
  - **How long does a transaction take to complete?** 10 to 20 seconds
  - **Cost Per Transaction?** $20-$50 on average right now

- **Stellar:**
  - **How long does a transaction take to complete?** 3 to 5 seconds
  - **Cost Per Transaction?** 0.00001 XLM ($0.00000337 currently)

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