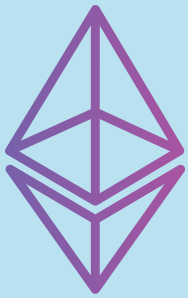
INTRODUCTION - DIGITAL ASSETS

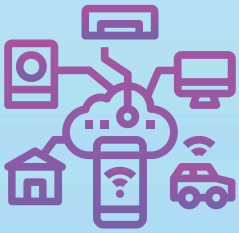
Digital assets are anything created and stored digitally that has or provides value. They include a wide range of items from photos, documents, and videos to cryptocurrencies and tokenized assets. Digital assets have become increasingly important as technology integrates more into our personal and professional lives.

Digital Assets

Cryptocurrency
A digital currency in which transactions are verified and records maintained by a decentralized system using cryptography, rather than by a centralized authority.



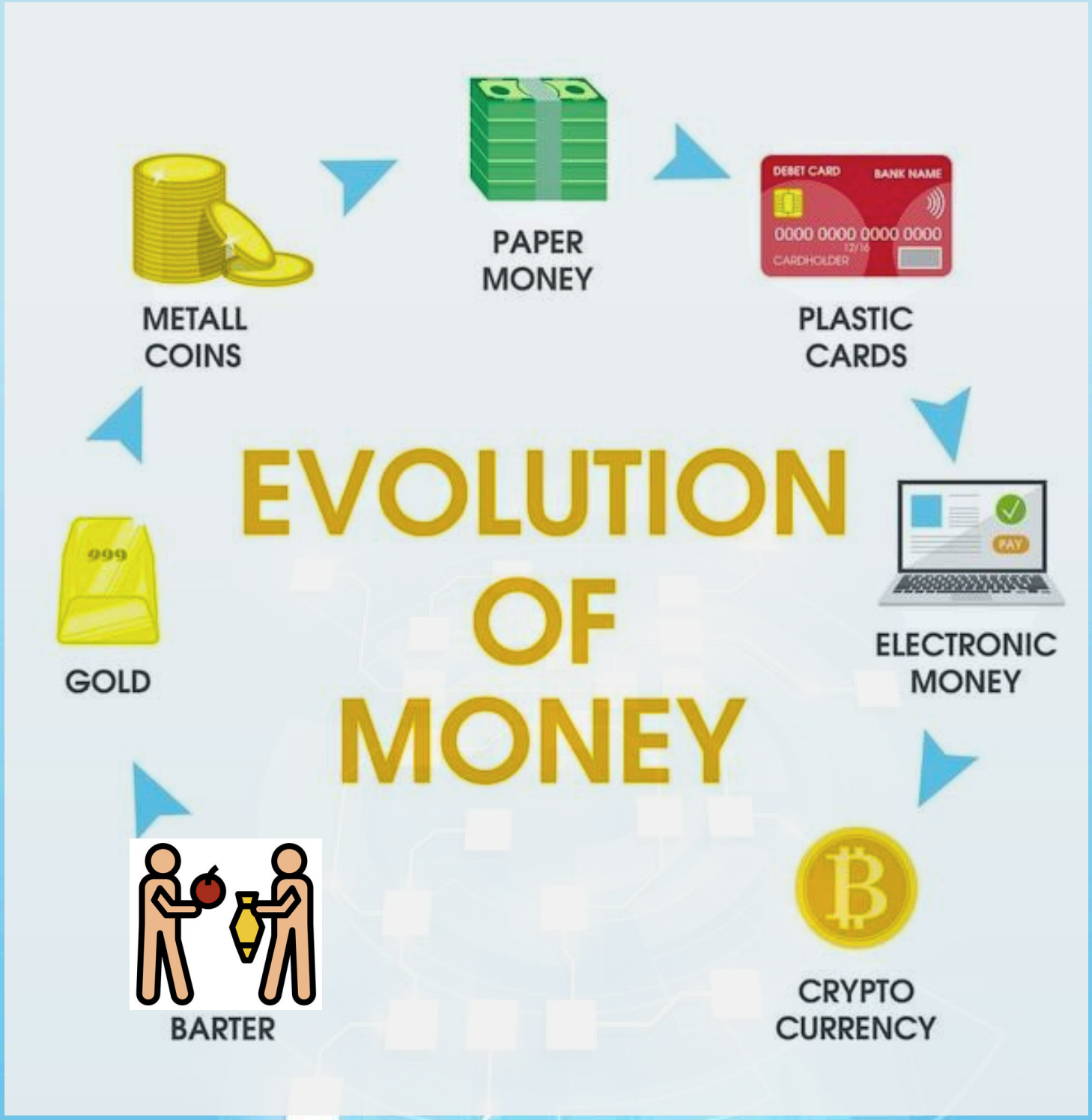
Platforms
Consists of many services, representing a unique collection of software or hardware services of a company used to deliver its digital strategy.



Decentralized Applications
Any application software that can be used by a computer, mobile device, or tablet to perform useful tasks.

Non-Fungible Tokens (NFTs)
A digital file whose unique identity and ownership are verified on a blockchain.

EVOLUTION OF MONEY



MAIN TYPES OF CRYPTOCURRENCIES

Presently, there are thousands of cryptocurrencies out there, with many more being started daily. While they all rely on the same premise of a consensus-based, decentralized, and immutable ledger in order to transfer value digitally between parties

- PAYMENT CRYPTOCURRENCY
- UTILITY TOKENS
- STABLECOINS
- CENTRAL BANK DIGITAL CURRENCIES (CBDC)

PAYMENT CRYPTOCURRENCY

The first major type of cryptocurrency is payment cryptocurrency. Bitcoin, perhaps the most famous cryptocurrency, was the first successful example of a digital payment cryptocurrency. The purpose of a payment cryptocurrency, as the name implies, is not only as a medium of exchange but also as a purely peer-to-peer electronic cash to facilitate transactions.

UTILITY TOKENS

The second major type of cryptocurrency is the Utility Token. Tokens are any cryptographic asset that runs on top of another blockchain. Ethereum network was the first to incorporate the concept of allowing other crypto assets to piggyback on its blockchain.

As a matter of fact, Vitalik Buterin, the founder of Ethereum, envisioned his cryptocurrency as an open-sourced programmable money that could allow smart contracts and decentralized apps to disintermediate legacy financial and legal entities

A Utility Token serves a specific purpose or function on the blockchain, called a use case.

Ether's use case, as an example, is for paying transaction fees to write something to the Ethereum blockchain or building and purchasing Dapps on the platform

Some cryptocurrency projects issue Service Tokens that grant the holder access to or allow them to perform something on a network. One such type of this service token is Storj, an alternative to Google Drive, Dropbox, or Microsoft Onedrive. The platform rents unused hard drive space to those looking to store data in the Cloud.

Another example of a token is Binance's Binance Coin (BNB), which was created to give the holder discounted trading fees. As this type of token grants access to a cryptocurrency exchange, you will sometimes hear it referred to as an Exchange Token.

Tokens are most commonly sold by Initial Coin Offerings (ICO), which connects early-stage cryptocurrency projects to investors. The ones that represent ownership or other rights to another security or asset are called Security Tokens, a type of fractional ownership.

STABLECOINS

Given the volatility experienced in many digital assets, stablecoins are designed to provide a store of value. They maintain their value because while they are built on a blockchain, this type of cryptocurrency can be exchanged for one or more fiat currencies.

So stablecoins are actually pegged to a physical currency, most commonly the U.S. dollar or the Euro.

The company that manages the peg is expected to maintain reserves in order to guarantee the cryptocurrency's value. This stability, in turn, is attractive to investors who might use stablecoins as a savings vehicle or as a medium of exchange that allows for regular transfers of value free from price swings.

The highest profile stablecoin is Tether's USDT, which is the third-largest cryptocurrency by market capitalization behind Bitcoin and Ether. The USDT is pegged to the US dollar, meaning its value is supposed to remain stable at 1 USD each. It achieves this by backing every USDT with one US dollar worth of reserve assets in cash or cash equivalents.

CENTRAL BANK DIGITAL CURRENCIES (CBDC)

Central Bank Digital Currency is a form of cryptocurrency issued by the central banks of various countries. CBDCs are issued by central banks in token form or with an electronic record associated with the currency and pegged to the domestic currency of the issuing country or region.

Since this digital currency is issued by central banks, the central banks maintain full authority and regulation over the CBDC. The implementation of a CBDC into the financial system and monetary policy is still in the early stages for many countries; however, over time it may become more widely adopted.

Like cryptocurrencies, CBDCs are built upon blockchain technology that should increase payment efficiency and potentially lower transaction costs. While the use of CBDCs is still in the early stages of development for many central banks across the world, several CBDCs are based upon the same principles and technology as cryptocurrencies, such as Bitcoin.

Examples of CBDCs

Sand Dollar: The CBDC of the Bahamas. It's available to all citizens of the Bahamas.

Digital renminbi: China's CBDC.

e-Naira: The CBDC of Nigeria.

JamDex: The CBDC of Jamaica.

Digital Rupee (e₹): India's CBDC, issued by the Reserve Bank of India. It's the digital version of the Indian rupee.

Digital Ruble: The CBDC of Russia.

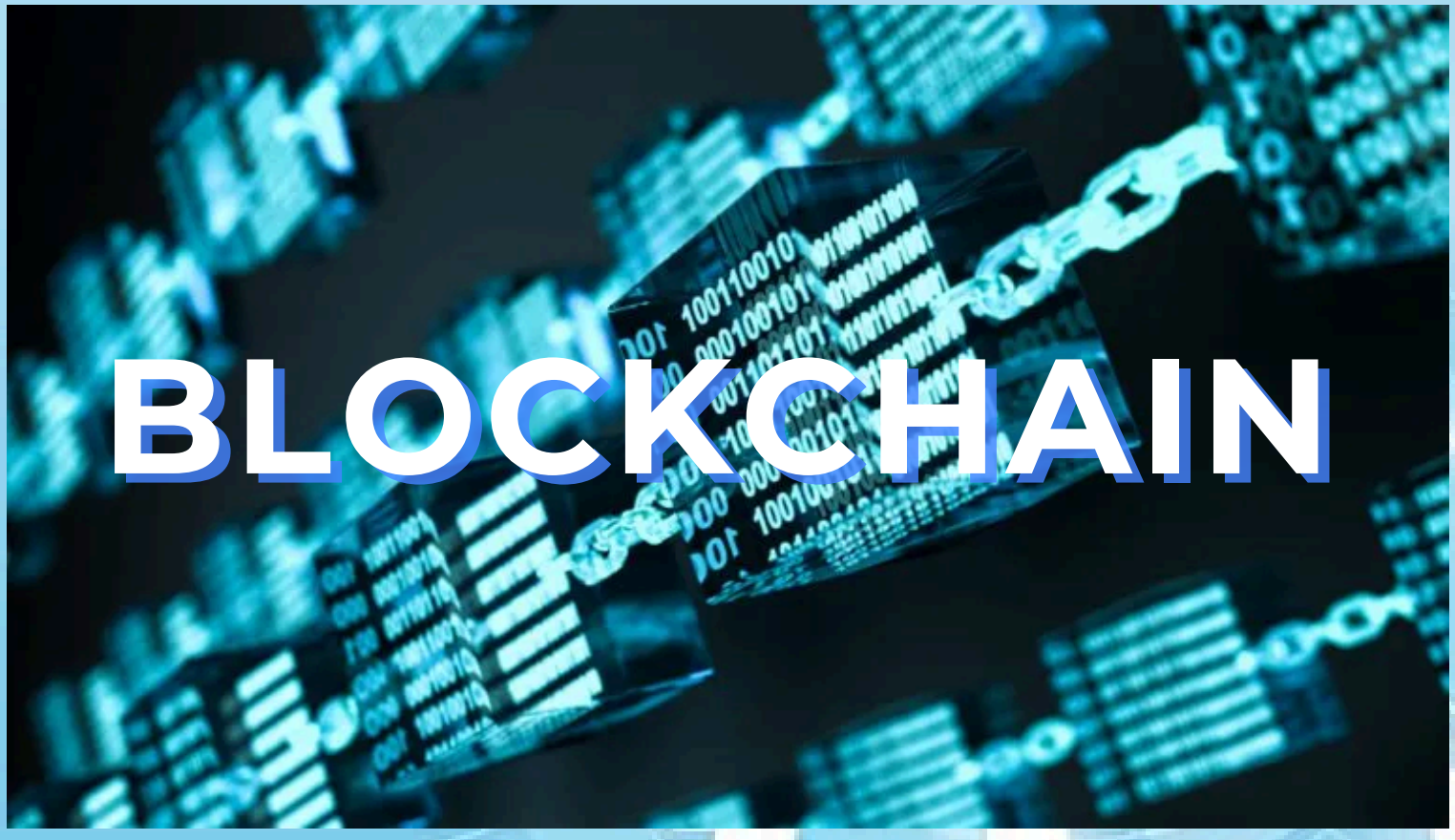
BLOCKCHAIN

A blockchain is digital database of transactions that is maintained by a network of computer servers, who can all easily verify and agree on the contents of the database in a way that makes it difficult for anyone to hack or change.

Each one of these users, called a node, stores a copy of the blockchain database (also called a digital ledger). Any new entries to this digital ledger must be first agreed upon before being added to the blockchain. Any blocks that are not agreed upon will not be added to the blockchain and discarded instead.

Once added, new version of the digital ledger is sent to all nodes. As the digital ledger is held by all nodes, it makes it very difficult to tamper with the blockchain and even harder to go back.

The technology was developed to allow a secure way for two parties to deal directly with each other without the need for a third party in between to intermediate. As there isn't a centralized party, such as a bank or financial institution, that keeps the sole copy of the ledger, you will also hear that blockchains are known as distributed ledgers.



PEER-TO-PEER (P2P) CRYPTO TRANSACTIONS

It allow users to buy, sell, and trade cryptocurrencies directly with each other without a third party.

P2P exchanges offer more privacy and support many payment options.

How do P2P crypto transactions work?

- **Users connect directly with each other**
- **Users set their own terms**
- **Users maintain more control over their transactions**
- **P2P exchanges hold funds securely during transactions to prevent fraud and disputes**
- **P2P exchanges automatically release funds upon successful payment confirmation**

POPULAR P2P CRYPTO EXCHANGES

A P2P platform that offers a variety of cryptocurrencies, including Bitcoin and Ethereum

A popular P2P exchange that supports over 900 payment methods

Note- This document is for knowledge & awareness purpose only. Investments in Digital Assets such as crypto is subject to decentralized market conditions, make your own decisions after thorough research and analysis .