



Bitcoin & Digital Currency

What is Bitcoin?

Bitcoin is a new currency that was released in 2009 by an unknown person using the alias Satoshi Nakamoto. Transactions are made with no middle men – meaning, no banks!

Bitcoin can be used to book hotels on Expedia, shop for furniture on Overstock and buy Xbox games. But much of the hype is about getting rich by trading it. The price of bitcoin skyrocketed into the thousands in 2017.

What is Bitcoin?

Bitcoin

1. A digital token
2. The name of the payment network on which the Bitcoin digital tokens are stored and moved.

Bitcoin (Network)

Bitcoin network is not run by a single company or person. The system is run by a decentralized network of computers around the world that keep track of all Bitcoin transactions, similar to Wikipedia.

What is Bitcoin?

Who is Satoshi Nakamoto?

- No one has been confirmed as the real Satoshi.
- Communicated by email and social messaging.
- Created the original rules of the Bitcoin network and then released the software to the world in 2009.
- Satoshi largely disappeared from view two years later.
- Anyone can download and use the software, and Satoshi now has no more control over the network than anyone else using the software.

Why Bitcoins?

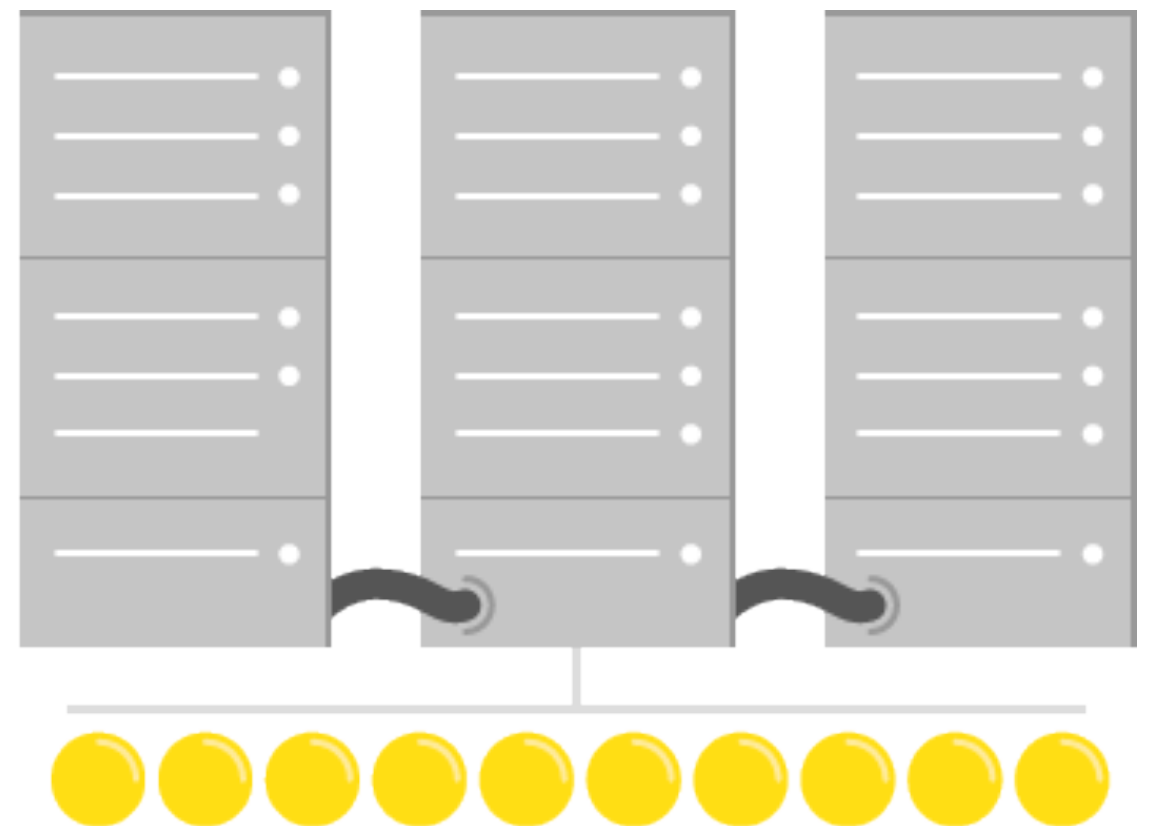
Bitcoins can be used to buy merchandise **anonymously**. In addition, international payments are easy and cheap because **bitcoins are not tied to any country or subject to regulation**. Small businesses may like them because there are no credit card fees. Some people just buy bitcoins as an investment, hoping that they'll go up in value.



Acquiring Bitcoins

1. Mining

People compete to “mine” bitcoins using computers to solve complex math puzzles. This is how bitcoins are created. Currently, a winner is rewarded with 12.5 bitcoins roughly every 10 minutes.

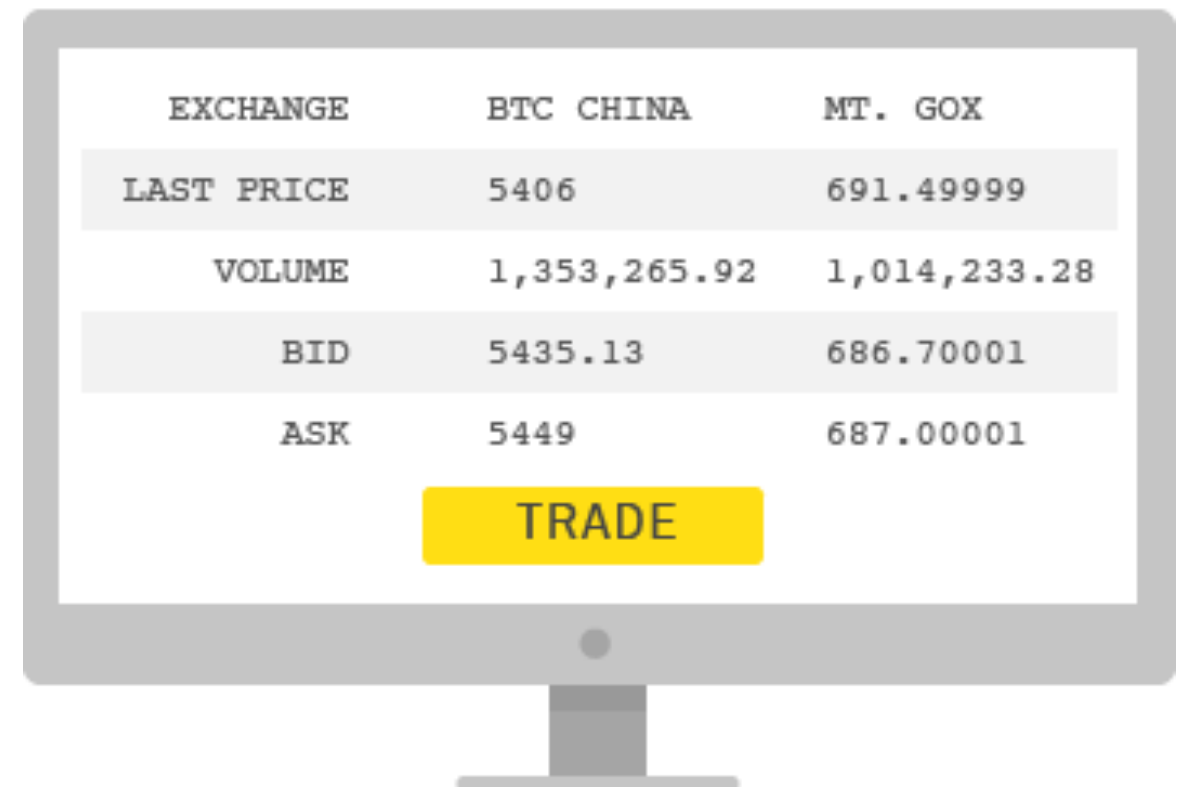


Acquiring Bitcoins

2. Buy on an Exchange

Many marketplaces called “bitcoin exchanges” allow people to buy or sell bitcoins using different currencies.

Coinbase is a leading exchange, along with Bitstamp and Bitfinex.



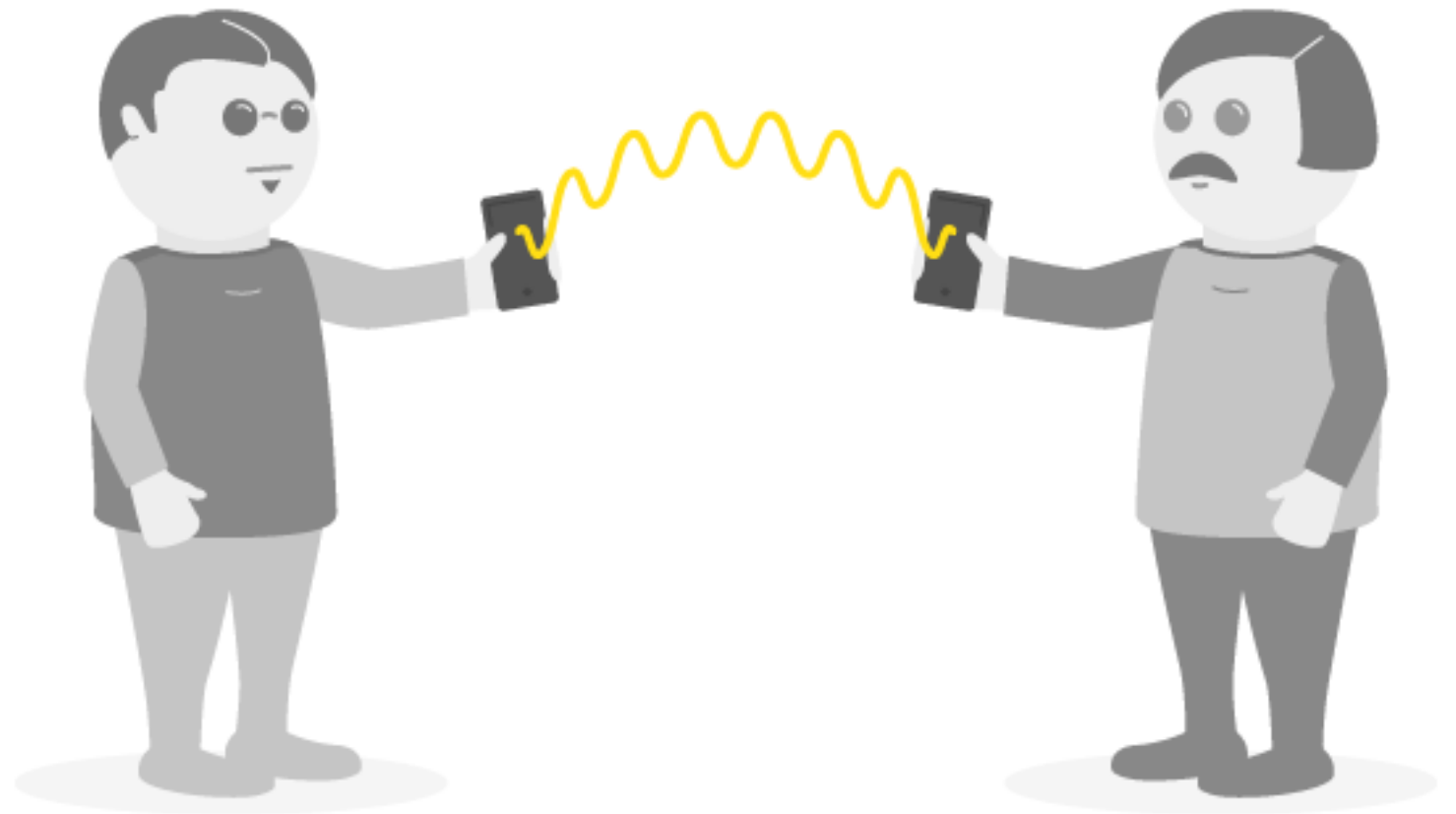
| EXCHANGE | BTC CHINA | MT. GOX |
|------------|--------------|--------------|
| LAST PRICE | 5406 | 691.49999 |
| VOLUME | 1,353,265.92 | 1,014,233.28 |
| BID | 5435.13 | 686.70001 |
| ASK | 5449 | 687.00001 |

TRADE

Acquiring Bitcoins

3. Transfers

People can send bitcoins to each other using mobile apps or their computers. It's similar to sending cash digitally.



Owning Bitcoins

Bitcoins are stored in a “**digital wallet,**” which exists either in the **cloud or on a user’s computer.** The wallet is a kind of virtual bank account that allows users to send or receive bitcoins, pay for goods or save their money. Unlike bank accounts, bitcoin wallets are not insured by the FDIC.



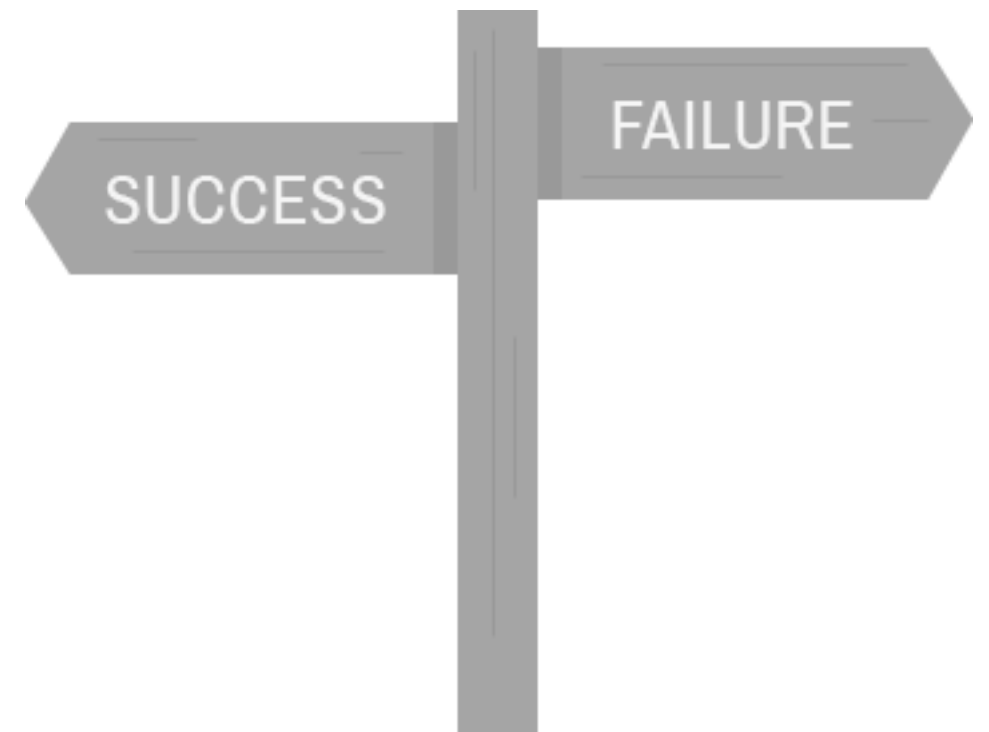
Bitcoin's Anonymity

Though each bitcoin transaction is recorded in a public log, **names of buyers and sellers are never revealed – only their wallet IDs.** While that keeps bitcoin users' transactions private, it also lets them buy or sell anything without easily tracing it back to them. That's why it has become the currency of choice for people online buying drugs or other illicit activities.



Future

No one knows what will become of bitcoin. It is mostly unregulated, but some countries like Japan, China and Australia have begun weighing regulations. Governments are concerned about taxation and their lack of control over the currency.



Sources

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