

Week 3

# Glossary

Stellar Technical Academy



# Glossary

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- **Banking-as-a Service** is an end-to-end process which is restructuring the banking value chain. The banks merge their digital banking services with the products of other non-bank business. Such a digital banking service is available on-demand and operates within a set time-frame.
- **Cross-border payment** is a financial transaction to a recipient's bank account which is not based in the sender's country.
- **P2P (peer-to-peer)** payment is an electronic financial transaction from one person to another person without the use of an intermediary.
- **Stablecoins** are digital currencies, which are pegged to a reserve asset like the US Dollar. This reduces the volatility when we compare it with bitcoin.
- **Off-chain** means that transactions have a relation towards blockchain and don't happen on the blockchain. The transactions are performed, checked and saved e.g., on a sidechain.
- **On-chain** the action takes place on the blockchain. The transaction is directly saved in the history, as soon as the transaction is validated.
- **JSON (JavaScript Object Notation)** is a lightweight data-interchange format.

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- A **fork** is a change or divergence in the software code, the blockchain, or the network consensus. It can result in a hard or soft fork.
- **Hard forks** are a type of fork that is not backward compatible. For changes to the blockchain to be considered, it is mandatory for existing nodes to update their software to establish an understanding between old and new nodes. Hard forks bring special challenges to generating consensus in the network because the incompatibility of the different versions necessarily leads to the network being split. Bitcoin Cash (BCH) is an example of a hard fork. The cryptocurrency has a higher transaction speed and is less decentralized.
- **Soft forks** provide backward compatibility by changing the code. Older versions of the software will still work after a fork and there may be nodes on the network that are compatible with the new software. In the old software with compatible nodes, the opinions of users who chose to use the new software are accepted and compatibility issues can be bypassed. Old and new nodes can therefore continue to work together.

# References

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# Questions?

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