

Cryptocurrency

Hami Finance Club - 4/22/2021



What is cryptocurrency?

- A type of *virtual currency* that is protected by cryptography
 - Virtual currency: unregulated currency that is only available electronically
 - Cryptography: securing information in a way such that only the sender and recipient can access it
- Cryptocurrencies differ from other currencies in that they are *not* distributed by governments and central banks, so they aren't regulated
- The combination of cryptography and blockchain make it nearly impossible to counterfeit, double-spend, or steal cryptocurrency



Blockchain



- Blockchain is a type of database, or more simply, a means of storing information
- It's unique in the way it functions: "blocks" of information are "chained" together
 - For example, a block could be one Bitcoin transaction, and it would be chained to the most recent Bitcoin transaction before it
 - Information stored is *immutable*, which means it is permanent and cannot be changed
- Blockchain is also *decentralized*, so no single entity has control over it or can regulate it

Examples of Crypto

- There are many cryptocurrencies in circulation, most notably Bitcoin and Dogecoin
 - These can be and already are used in place of government-issued currency, and their usage will continue to grow as more people begin trusting them
- Other crypto-assets are also available, including NFTs such as NBA Top Shot
 - NFTs: Non-Fungible Tokens, exist on a blockchain like cryptocurrencies, but can represent real-world items/events (e.g. a painting or a dunk in an NBA game)
 - Each NFT is considered "unique," so you can't trade or exchange them as you could with money or Bitcoin (this is why they're called "non-fungible")



Is Crypto Good or Bad?

- It's both. As with almost anything else, there are advantages and disadvantages associated with cryptocurrencies and crypto-assets
- Good:
 - Easier transactions between two people/groups of people
 - Lower costs and fewer restrictions needed for transfers
 - Available 24/7, unlike banks, which are limited to certain hours
- Bad:
 - Because of how anonymous/private crypto is, it can be very useful for illegal activities like money laundering or tax evasion
 - Very volatile value, since the worth of a cryptocurrency is unregulated and determined solely by its supply and demand

How to invest in Crypto

- Most people buy and sell cryptocurrency on exchanges such as Coinbase
 - Let you buy cryptocurrency with a debit card
 - Function similarly to stock brokers (e.g. Schwab)
 - At this stage, all exchanges charge fees for cryptocurrency transactions
- ATMs are also starting to become a more popular, in-person option for buying cryptocurrency
- You'll also need a crypto wallet
 - Software wallets: like checking accounts, make it easy to access currency but slightly less secure
 - Hardware wallets: physical drives that store your currency, more secure but less accessible



Thank you for coming!

Feel free to stay on and ask questions