



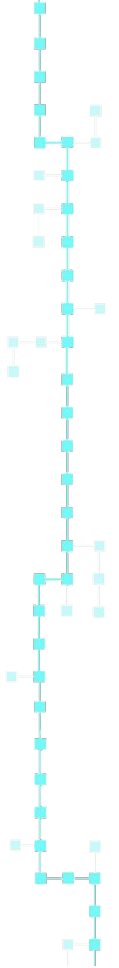
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Lecture 1: What is a Cryptocurrency or Crypto Token?



What You Will Learn

- What makes a cryptocurrency?
- What is unique about cryptocurrencies?
- What properties do they have which make them exciting?
- How are they different from traditional currencies?





Cryptocurrency

A cryptocurrency uses encryption is to verify the transfer and ownership of digital coins across a network of computers

What Makes a Cryptocurrency Unique?

- No central authority
 - Rules are set and transparent unlike traditional fiat (government backed) currency
- Often balances are held on a massive distributed ledger called the blockchain
 - More on this in Lecture 4
- Held entirely electronically often with no physical counterpart
- Have a total supply and a price which lets you derive a “market capitalization”
 - Market Capitalization represents the total theoretical value of all of the tokens in existence



Throughout this course you will understand how to use the checklist to analyze any cryptocurrency!

Why is Crypto so Exciting?

- Freely Tradable
 - Nothing stopping anyone from transferring cryptocurrencies anywhere in the world
- No Trusted Intermediary
 - Fiat currencies often require clearinghouses and trusted third-parties to move large sums
- Low Cost
 - Miner transaction fees are low cost and don't scale with amounts making cryptocurrencies very effective and efficient store of value



Most attractive of all, cryptocurrencies are experiencing hyper growth! More on why they are growing in Lecture 2

Fiat vs. Cryptocurrency Comparison



Fiat

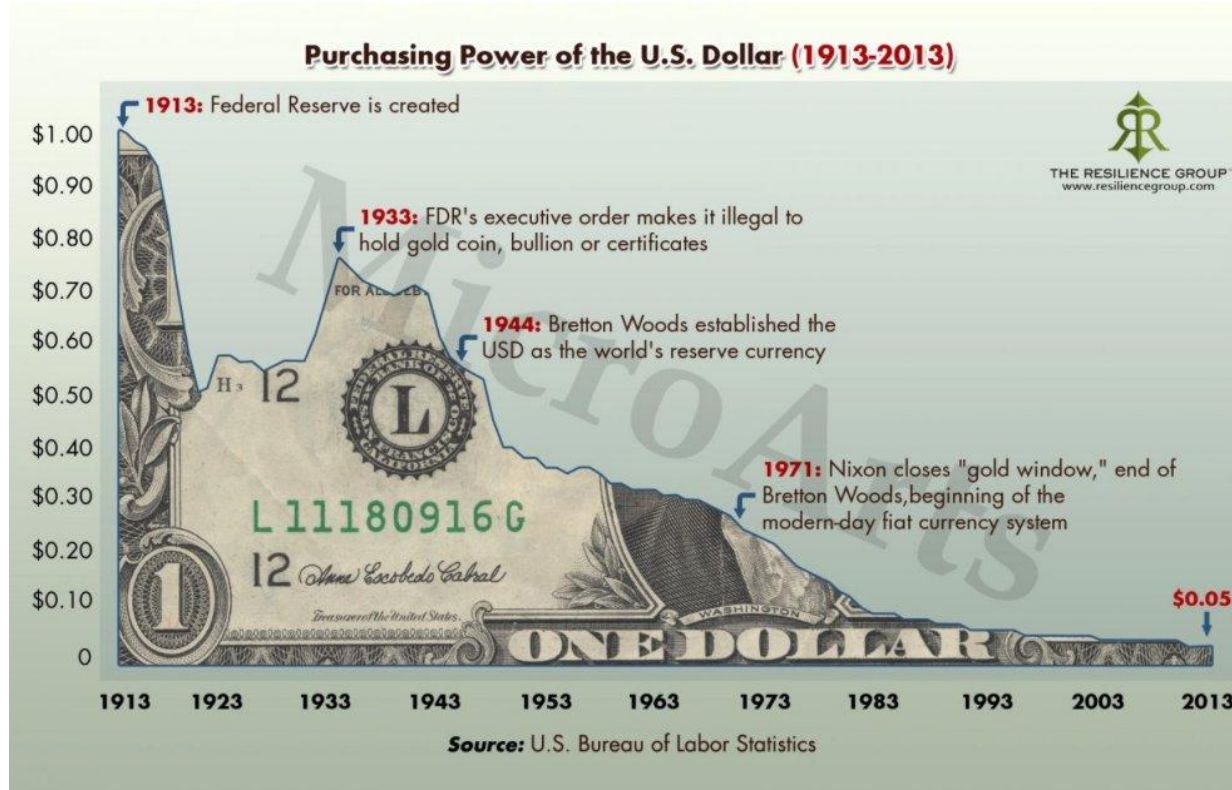
- Centralized authority
- Rules are not set
- Supply can be manipulated
- Almost always inflationary
- Requires trusted intermediaries
- Widely accepted payment method
- Infrastructure for high transaction throughput



Cryptocurrencies


- No centralized authority
- Rules are set and verifiable
- Supply cannot be manipulated
- Some inflationary, some deflationary
- Trusted intermediaries not required
- Not widely accepted as payment
- Blockchain scaling still area of research and development

Why crypto is appealing over fiat...



Understanding and Analyzing any Cryptocurrency

- Checklist Available
- By the end of the course you will understand all the pieces of this checklist
- You can use this checklist to very quickly analyze and understand any cryptocurrency

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The future is for **every**one.

Analyzing Cryptocurrencies: One Page Checklist

Coin Statistics

- ☐ **Supply**
 - ☐ Capped or Uncapped? Circulating vs. Total?
 - ☐ Current Supply?
 - ☐ Emission and Inflation?
 - ☐ Fair distribution?
- ☐ **Market Capitalization, Trading Volume and Liquidity**
 - ☐ Check www.coinmarketcap.com
 - ☐ Ratio of Daily Trading Volume to Market Cap
- ☐ **Algorithm**
 - ☐ Block time and Confirmations?
 - ☐ Proof of Work, Proof of Stake or something else?
 - ☐ ASIC resistance?

Coin Quality Analysis

- ☐ **Technological Underpinnings**
 - ☐ How strong is the technology?
 - ☐ Are there any bugs, network issues or vulnerabilities?
 - ☐ How good is the codebase?
- ☐ **Usefulness**
 - ☐ Does the token solve a problem?
 - ☐ Does it do something better than something else?
 - ☐ Is there demand for a token that does what it does?
- ☐ **Development Team**
 - ☐ Does the token have a dedicated development team?
 - ☐ How strong are their credentials? Commit history?
 - ☐ How are they getting funded?
- ☐ **Community**
 - ☐ Is there a passionate community behind the project?
 - ☐ Is the community active in improving the token?
 - ☐ Are they friendly and helpful to newcomers?
- ☐ **Governance**
 - ☐ How is the project run? Open source?
 - ☐ Company/VCF/Foundation backing?
 - ☐ Voting? Community sway?

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