



**Ethos**  
The future is for **everyone.**

## **Lecture 1: What is a Cryptocurrency or Crypto Token**

### **Lecture Transcript**

Hello and welcome to the first lecture, what is a cryptocurrency or crypto token!

In this lecture 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?

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

#### **What makes a cryptocurrency unique?**

For starters, there is no central authority. Where in fiat, or government backed currency, the rules governing the supply, transmission and distribution of value can be unclear, in cryptocurrencies, all rules are transparent and are part of public record.

Second, balances are often recorded and held on a massive global ledger called the blockchain. We will go more in depth on this in lecture 4 when we talk about Bitcoin.

Third, balances are held entirely electronically with no physical counterpart like paper money or gold.

Fourth, cryptocurrencies have a total, verifiable, supply and a price which can let you derive a "market capitalization". The market capitalization represents the total theoretical value of all tokens in existence.

#### **Why is crypto so exciting?**

Crypto is freely tradable and can be transferred anywhere in the world very quickly.

Second, there is no trusted parties. Unlike banking systems, there is no clearinghouse or trusted parties who can block or freeze transactions.

Finally, it is extremely low cost and efficient to move value. Miner transaction fees are low cost and don't scale with amounts making cryptocurrencies very effective and efficient store of value. Crypto has been growing extremely quickly which has put the investment spotlight on it. We will talk more about why it is growing in the next lecture.

So to summarize the comparison, fiat or government backed currencies have:

- 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

Whereas cryptocurrencies have:

- 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 active research and development

This is another chart from the Residence Group showing the “buying power” of a dollar over time. This is due to inflation.

We will be giving you a checklist that you can use to analyze any cryptocurrency you want. By the end of the course, you will understand all the items in the checklist and will be equipped with the tools to navigate the space.

This concludes the first lecture, what is a cryptocurrency or crypto token. Thanks and we hope you found this lecture helpful!