

HW2: Bitcoin, Bitcoin Cash, and Bitcoin SV

CSE528: Introduction to Blockchain and Cryptocurrency

Mihir Chaturvedi, 2019061

Bitcoin

- Bitcoin (BTC) was the first cryptocurrency and blockchain, launched in 2009 by Satoshi Nakamoto.
- While conceptualized to be a medium for peer-to-peer payments through the digital currency, Bitcoin is now valued more for its store of value aspect.
- The maximum block size prior to 2017 on the Bitcoin blockchain was 1MB.
 - Due to small block sizes which limited number of transactions per block, network congestion and fees increased and has been on the rise.
- In 2017, a soft fork of the Bitcoin blockchain was carried out that introduced SegWit
 - SegWit's introduction increased the block size by reducing transaction information from the header.
 - This increased transactions per block and, to an extent, reduced network fees, congestion and increased transactions per second.

Bitcoin Cash

- Bitcoin Cash (BCH) is a hard fork of the Bitcoin blockchain that was made in August 2017.
- This fork was made with intention to solve Bitcoin's scalability problem and make its primary use-case as peer-to-peer transactions - "designed to be spent, rather than store-of-value"
- It increased the block size from 1MB to 32MB.
- This increased max transaction per second to >100 and significantly reduced transaction fees and network congestion.

Bitcoin SV

- After disagreements with the path that was being taken by Bitcoin Cash, Bitcoin SV was hard forked from Bitcoin Cash in 2018.
- The leaders of this fork included Craig Wright who has claimed to be Satoshi Nakamoto, but these claims have been widely and publicly refuted.
- The fork aims to “bring back to true vision of Bitcoin” which Satoshi Nakamoto had at the genesis of Bitcoin, and hence the name Satoshi Vision (SV).
- With this fork, the block size was increased to 128MB, that could house thousands of transactions together.
- Bitcoin SV can process thousands of transactions per second, with very little network fees and congestion.

Differences

- While the two hard forks had similar motivations - to solve Bitcoin's scalability problem and bring their cryptocurrency into mass use as medium of exchange rather than store of value - they have vast differences.
- Technologically, the three blockchains have different block sizes -- BTC: 1MB, BCH: 32MB, BSV: 128MB.
- Due to the differing block sizes, the networks fees and congestion are vastly different with BTC having the highest network costs, network congestion and lowest transactions per second, then BCH and finally BSV.
- Adoption of the hard forks have been less, which is evident from the trading volume and price of BTC vs BCH and BSV. BTC is currently trading at 65,826.72 USD, whereas BCH at 698.46 USD and 179.40 USD.