**CRYPTOCURRENCY**

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**Introduction**

**Currency is regarded as means of exchange for goods and services and that differs in the differentcountries. It is stated as the money that we use and that is required by us to fulfill our different needs. The advancing technology has given rise to new types of currency and that is named cryptocurrency. It is a currency that is not available physically but it is a digital currency.**

**Cryptocurrency is a set of binary data and that is used as a medium of exchange for goods and services. The record of every coin in cryptocurrency is being stored in the digital ledger cryptographically in a secure way so that no changes can be made in the transaction data. The people get the authority of the token according to the amount they have given for stake in cryptocurrency. It is stated as the centralized currency after it is issued by a single user. Later when it is stated as decentralized, its options are available on the digital ledger of every connected user in the blockchain(a system in which a record of transactions, especially those made in a cryptocurrency is maintained across computers that are linked in a peer-to-peer network).**

**History of Cryptocurrency**

**DavidChaum anAmerican cryptographer was the first one to create electronic money or cash in theyear 1983. This was brought into use by him in the year 1995 in form of Digicash. The earlier from ofelectronic payment required the use of software and encrypted keys for continuing any kind of transaction.Later, there was the invention of ‘B-money’; a distributed electronic cash system in the year 1998 by WeiDei Bitgold was further discovered by Nick Szabo. It was also an electronic currency system in which proof of work function was essential for all the users to cryptographically publish the same. Bitcoin that is regarded as the first decentralized cryptocurrency was then developed in the year 2009 by Satoshi Nakamoto.**

**It required a cryptographic has function and the proof of work scheme. Namecoin, Litecoin and Peercoin were subsequently developed thereafter in the year 2011.The United Kingdom in the year 2014 ordered its financial department to conduct a study on cryptocurrency and also state the impacts that it can make on the nation’s economy. Recently in the year 2021, the government of china, which was stated as the largest market for cryptocurrency got crashed as the country declared all the cryptocurrency transactions illegal. This incident also banned the working of intermediaries and miners in China.**

**Classification of Cryptocurrency**

**The first developed decentralized cryptocurrency was Bitcoin. It has attained great popularity and is being used in the different nations of the world. The credit for the invention of this cryptocurrency goes to Satoshi Nakamoto in the year 2009. Various other cryptocurrencies have been designed after the emergence of Bitcoin and all are specific in their functions. There are more than 7000 cryptocurrencies in the world till November 2021. The other cryptocurrencies expect Bitcoin are termed Altcoins. They are Litecoin, Peercoin, Namecoin, Ethereum, Cardano, etc. The expected value of all existing cryptocurrencies is about 1.5 trillion dollars.**

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**Increasing Trend of Cryptocurrency in the World.**

**The adventof cryptocurrency is a great innovation in technology. The invention of the blockchain is the basis of the working of cryptocurrency. It is because of this technology that cryptocurrency is made decentralized. Bitcoin was the first decentralized cryptocurrency invented in the year 2009. Thereafter many such cryptocurrencies have evolved. In the beginning, this innovation did not get any importance but is gaining more attention at present.**

**Although, there are many countries that have not encouraged its use but many of them have started taking interest in this digital currency. Recently, countries like japan and Australia have made it a legal tender. Moreover, many investors and businessman are taking interest in accelerating their businesses by using cryptocurrencies.**

**How does Cryptocurrency affect Society and the Economy?**

**The cryptocurrency or digital currency is gaining popularity at present.  The data of transactions of the cryptocurrency is recorded and stored in the blocks of blockchain technology. The advent of cryptocurrency and its use in the future will be changing the mode of utilization of money by the people. The new ways will develop for the exchange of the currency for goods and services as it is a digital currency and is decentralized.**

**The use of cryptocurrency will result in making society a better one. It is because the transaction process in this system is more efficient and secure. This will help in reducing the errors, frauds, and cheating taking place in the transactions and paper works. The record of every transaction is available in the blocks and making changes or tampering of records is impossible. This in turn will also have a positive impact on the economy of the nation.**

**Future Scope of Cryptocurrency**

**The future of cryptocurrency totally depends upon the regulatory measures and framework given by different countries in the world. At present, there are certain challenges in operating this currency in different countries of the world. The most important issue is security and regulation and overcoming the challenges might help this form of currency to flourish in the future. Many people fear investing in such currencies that are not having any central authority for control. The people investing money in this are mainly with a motive of earning money. They do not prefer this technology for doing transactions and other works.**

**Blockchain technology has blocks of record linked together. Such technology can be devised in the banking and commercial sectors to know the details of every step of the transactions. This will help in reducing any kind of illegal transactions that are happening by the use of digital currency. Recently the finance minister of India has also stated that there will not be a complete ban on cryptocurrencies in the nation. Several studies and experiments will be conducted by the assigned people in the government to move forward in embracing this technology.**

**Conclusion**

**Cryptocurrency is well designed by using every modern technique like the internet and developed software. The invention of cryptocurrency has been greatly helpful in fostering digitalization. The control and management of cryptocurrency by the blockchains are encrypted and this is a boon for investors and businessmen. The countries have to make regulations to get more clarity about the use of cryptocurrencies and blockchains. The establishment of specific rules and guidelines by the government will aid in reducing the limitations of this wonderful technology. This will enable digital currency to become more eminent and successful in the world in the coming future. I have tried to provide the details of this topic in a very easy format.**

**References**

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