Cryptic Chain- Block Chain – Blockchain for Beginners

I am a technically market challenged. But I want to make some money investing. Someone tells me invest in Crypto-currency, its gained 200% this year, down the line you are going to be a billionaire, as each coin would cost 10000$ in 2020. That’s a reasonable figure what I have jotted down here. I read, it will go up to 100,000$ per bitcoin. Is that realistic enough? Can I believe that?

As I invest like 2500$ a bitcoin and down the line I listen to my head saying it is going be 100,000$. Well that’s way off the graphical representation where I see only upward trend in my head without a downside to it.

You know the multiplier effect, a social media thingy? I share, you share and we all share! Well, that’s exactly how crypto-currency market is explained in simple terms according to me.

Is that me being against the whole idea of crypto currency? Right now, Yes. But would I hold my statement for 5 years down the line? Absolutely not.

The whole paparazzi behind bitcoins/Etherum is stood by Blockchain as everyone know it. But now is it the cryptic currency or is it the whole idea of a blockchain which people are going gaga about? Well, crypto currency is what I explained the multiplier effect to be where as Blockchain, it’s just for nerds. When I say it is just for nerds, do not judge me on that, as I had a hard time understanding what is blockchain and its technology and how Bitcoin stands on Blockchain which I still do not understand.

Steve Hordman compares Bitcoin to the game of Monopoly just to make it more understandable. Assume we are a bunch of 5 playing the game of Monopoly in where, one is the banker and all others are going through this one banker to buy and sell houses/hotels, so there is one person whom you give all your money to and the same person gives the money to a third party but the money has to go through him.

Now assume there is no banker, we ourselves are bankers. I give the money directly to the seller instead of going via the bank. But now who knows that you have done the transaction? How would everyone know that now the property belongs to the other guy and not the guy who actually owned it in the beginning? This data is encrypted with a hash and stored in the block. Only the person with a right key can go and look on the further details.

So here are the key points I gathered from what I understood, all haphazardly placed below. It might not cover everything, but just would just scratch the itch.

* Blockchain is a simplest form of shared ledger with no central authority, i.e a distributed system, basically a storage device which is not attached to one common central processor
* It keeps track of the money sent and money received (Note: Various other fields can use this
* Multiple record keepers have identical copies of the same spreadsheet, so even out of 100 people one person drops out in between the rest of them can continue to work without getting interrupted.
* More like a database where you can create and read but not update or delete.
* The data in Blockchain is stored in text

Privacy:

The whole point is block chain allows the data to be transparent, anyone can read it but O’reily publishers compare this with a home address. It’s like anyone can view what your home address is but you will need a private key to go into your private home. It’s just that now you own the address and nobody else can own it as it is already owned by you! Like you already have your signature on it but only hold the private key to secure the data which only you can access it.

Ability for a duplication?

* The whole bitcoin is based on a decentralized scheme, meaning no central authority which enables its nodes to continuously and sequentially record transactions on a block which is publically available by creating a chain which is unique.
* Each successive block contains a unique ID, just like your fingerprint which is unique to that of the previous block or code to secure the information and removes the need for the third party to be involved
* The combination of this crypto + blockchain technology together would make it highly impossible to record a duplicate transaction

Well these are the few things I have gathered upon block chain and bitcoin, like I said it is an endless chain on technology for which I continue to explore and write about. Refer the other articles on Beginners tab to get more intricate details on investing in the Crypto market.

(Courtesy: Steve Hoberman, O’Reily, wiki)