

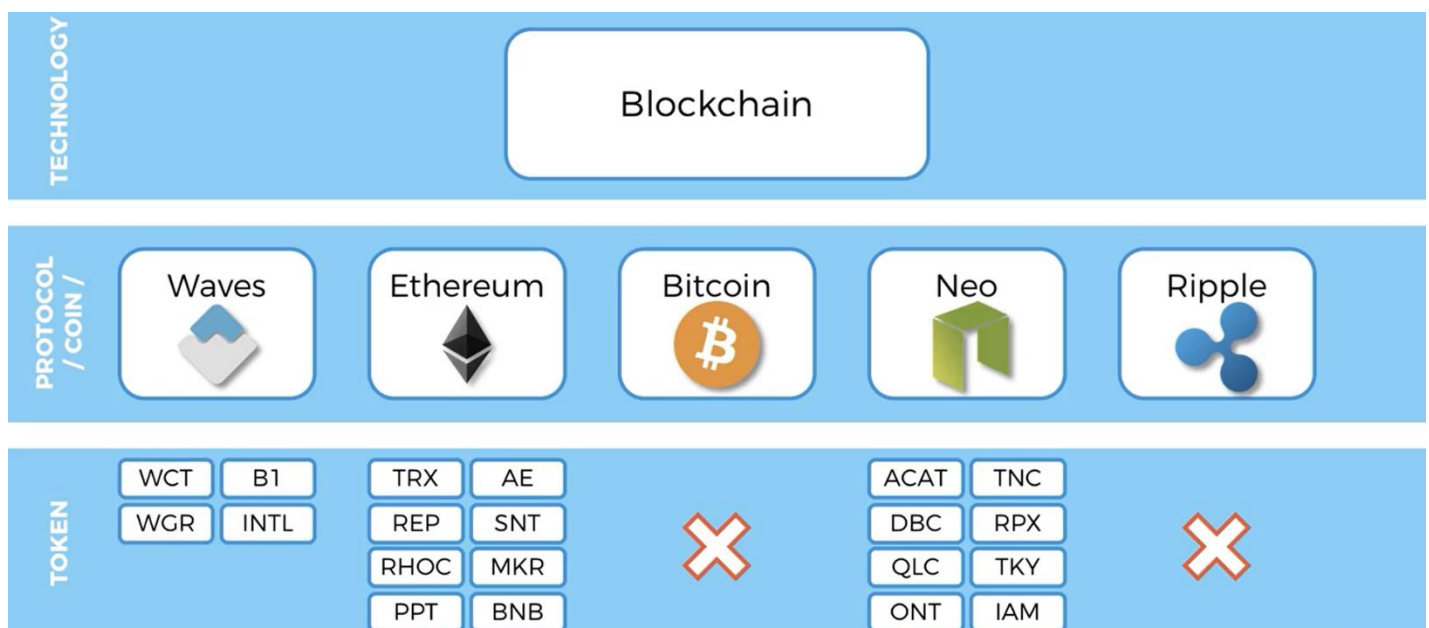
What is Bitcoin?

Hello and welcome back.

And in this literally when you talk about bitcoin What is Bitcoin. Moreover we're actually going to create a very clear understanding of different things like blockchain Bitcoins protocols coins tokens and things like that because there's a lot of confusion out there.

There are a lot of misleading terms. We're going to clear that up once and for all so we lay a very very good foundation for us to move forward with the rest of this topic. All right so let's dive straight into it in the crypto world.

There are three very important layers.



Layer one is technology. There two is protocol and also includes coin and layer three is token.

And this is going to be our roadmap of how where everything fits in how the puzzle comes together at the top. Then in Layer 2 in the protocol there we have things like Bitcoin and it's very important here to understand that Bitcoin is not just a coin.

It's not just a currency it's an actual protocol. And what is a protocol ,protocol is a set of rules that participants over a network communicate with each other.

Those are all protocols because they allow participants of networks to communicate with each other the IP port of call is the internet Protocol allows us all to participate in the Internet.

For example the protocol dictates how they should come to consensus of things we've talked about that before the protocol also dictates how public keys and signatures should be used for authentication. The protocol also dictates on how they agree on updates to the protocol itself and lots more other things that are required in order for this whole network to function correctly.

There's also other protocols in the world of crypto for example. There is a protocol. You may have heard of Ethereum very famous protocol. Of course there's also Ripple is Neo there's waves and there's lots and lots more others

Now the next step is that protocols actually contain within them an important feature and that feature is called the coin each one of these protocols has its own coins. Bitcoin has the Bitcoin.

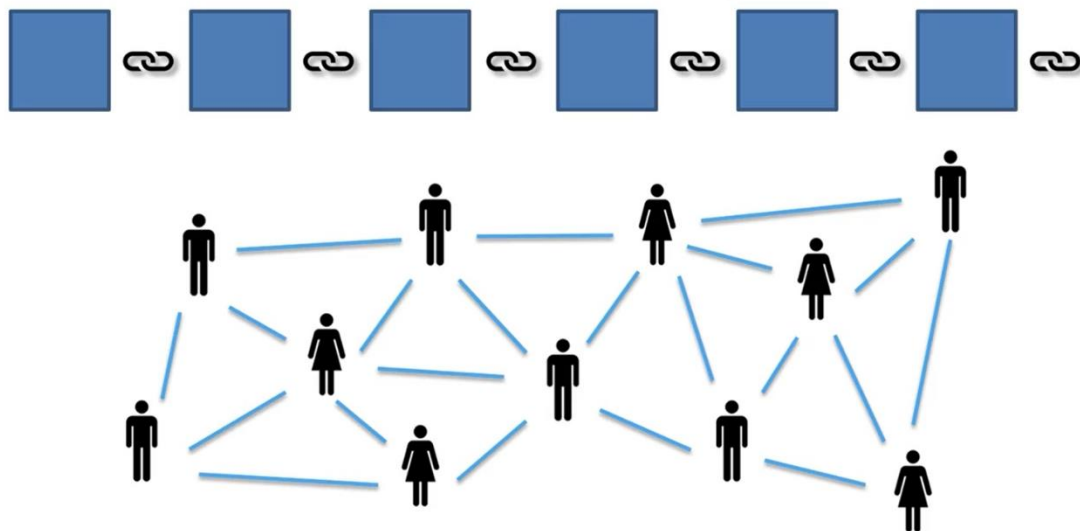
But there's only one coin attached to every particle every particle has a coin attached to it and the coin is an innate asset of the protocol which facilitates the interaction of players which is used to reward people for mining the block chain and adding clocks is also used for people to be able to purchase things from each other and so on. So that is the coin.

Next we move on two way or three and layer three is the token and a token is when you hear the term I see your initial coin offering. It's a very very misleading term. It's a great term but it's misleading because ICAO is actually about tokens.

Check out the link given below.

<https://coinmarketcap.com/>




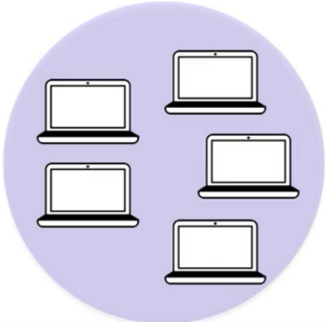
So that's now all of a sudden they don't need intermediaries between them that even though they haven't never met each other they can still trust each other because they trust the technology behind it and that pulls out all of the different intermediaries such as banks from the system.



So that layer 2 is about creating a protocol of helping people transact an inherent component of transacting is exchange of value. we know that blotching can be used for many different things from healthcare to media distribution to logistics. Pretty much any industry you think of it can be used. and that's where the tokens come and that's the next or three when we disrupt other industries .

And in Layer 2 it's about creating this system where people can transact with each other and as a part of it removing the banking intermedius because an important component of transparency is exchange of value. And finally the Bitcoin ecosystem includes the falling participants there are nodes and it's not a term for people it's a term for rather the devices that people use that participant and which are not mining the network.

The Bitcoin Ecosystem:

- Nodes 
- Miners 
- Large Mines 
- Mining Pools 

So just people who were devices of people who want to transact with each other on this network there's miners and prove following the tradition from mining one which is going to keep representing minors with a laptop and these are participants who actually help the block chain itself grow by mining it by adding transactions into blocks and blocks into the block chain. There are large miners we'll see examples of those.

These are miners with lots and lots of power lots and lots of devices and equipment which have a lot of make a contribution to the growth of the chain. And they are mining pools that's when miners get together to work together on the mining process. So there we go. That is what's been causal about that's the Bitcoin ecosystem and probably the most important thing to remember is that Bitcoin is a protocol it's just a coin it's a protocol that facilitates that long

technology and makes it come to life. Just one of the Protocols is multiple different.

And on that note here is a suggestion for additional reading:

Additional Reading:

Bitcoin: A Peer-to-Peer Electronic Cash System

By Satoshi Nakamoto (2008)

Link:

<https://bitcoin.org/bitcoin.pdf>

