



Cryptocurrencies are gaining popularity as one of the fastest growing modes of payments and investments worldwide. Therefore, investing in them might seem lucrative. However, it's important to know what cryptocurrency is and how it works.

# WHAT IS CRYPTOCURRENCY?



# WHERE IS THIS CURRENCY STORED?

- **Cryptocurrency is a digital and decentralized form of payment that can be exchanged online for goods and services.**
- **A lot of companies these days issue their own currencies called as tokens. You need to pay for them using real money.**
- **To simplify it further, you could compare them to the coins that you buy at a gaming arcade using real money, the primary difference being cryptocurrency is not tangible.**
  
- **Cryptocurrency is present in a digital format, therefore it is not available in any physical form like currency notes, cards or coins.**
- **This currency is stored online, in a digital wallet. Users can buy or sell these through an online exchange. You could, however, store your wallet on a hard drive or a USB drive as well.**
- **Whenever a transaction occurs, it is recorded on a decentralized ledger known as blockchain.**



XRP was originally developed in 2011 by developers David Schwartz, Arthur Britto and Jed McCaleb. Subsequently the company has changed its name to Ripple.



Bitcoin was invented in 2008 by an unknown person or group of people going by the name Satoshi Nakamoto. Largest by market capitalization.



Binance Coin was launched in June 2017 by Changpeng Zhao-owned Binance. As of 2021, it has the third highest market capitalization.

# WHAT ARE THE MOST COMMON CRYPTOCURRENCIES?

Tether was originally named "Realcoin" and was founded in July 2014 by co-founders Brock Pierce, Reeve Collins, and Craig Sellars.



Invented in 2013 by Vitalik Buterin, Ethereum is the second largest cryptocurrency by market capitalization.



Invented in 2011 by Charlie Lee, a Google employee. Litecoin has a market cap of US\$11.9 billion as of 2021.



1. While a lot of people buy and sell cryptocurrencies, they can also be 'mined' by solving complex puzzles. Mining is nothing but generating new coins.
2. Cryptocurrencies are built using a technology called Blockchain, which is secured using complex encryption techniques.
3. Coders can solve complex mathematical puzzles that help to verify currency transactions. As compensation for this work, the miners get paid with cryptocurrency.
4. The first miner to crack a code authorizes the transaction, after which the data is added to a ledger, called the blockchain. Blockchain is basically an algorithm that secures and encrypts cryptocurrencies.
5. These files where data is recorded are called blocks. It can be compared to a page of the ledger where data is permanently stored. Each time a block is completed, it gives way to generate a new one.
6. When cryptocurrency came into existence, mining was very profitable but now due to increased competition for tokens, it is very difficult to mine currency.
7. Increased competition means miners need high-performance computers. The energy costs could also be substantial depending on the miner's location and the hardware used.
8. These days, a lot of miners work as a group to increase their profitability. These groups pool their resources and then distribute profits evenly. The most common type of pools are proportional mining pools, pay-per-share pools and peer-to-peer mining pools.





There are over 5000 types of cryptocurrencies in the world today and new ones are being introduced everyday!



The cryptocurrency market is extremely volatile and values swing dramatically everyday



The first bitcoin commercial transaction took place in 2010 when a man paid 10,000 bitcoin for two pizzas!

# DID YOU KNOW?



Dogecoin, which is now a serious currency was actually started as a joke in 2013!



Almost 4 million bitcoins have been lost so far!



China accounts for about 65% of cryptocurrency mining in the world



Cryptocurrency cannot be physically banned

Sources:

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