
Bitcoin, Blockchain, & Crypto:
A Complete Guide
Presented By:
CRYPTO SCORES

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Introduction

If you turned on the news in 2017, then you most likely have heard about a new technological development known as “the blockchain.” But what is this mysterious new invention? How does it work? And most importantly, what is Bitcoin? After the price of Bitcoin skyrocketed from about $1,000 per coin at the beginning of 2017 to all-time highs of over $20,000 by the end of the year, there’s no wonder why the media went crazy over the so-called “cryptocurrency phenomenon.” When blockchain technology was introduced into the mainstream media, it brought in new investors and more capital along with it, thus causing the entire market to climb exponentially. But since then, the hype around this new technology has simmered down, and the cryptocurrency market crashed as a result in 2018.

Scared to invest in these cryptocurrencies after hearing this? It’s easy to be intimidated by market corrections, but as long as you take the time to educate yourself about blockchain technology and the fundamentals of Bitcoin, you will have a leg up on other traders. This book was written to help you gain an in-depth understanding of blockchain technology, cryptocurrencies, and Bitcoin as a whole, and by the end of this book any reader should have a complete comprehension of ”the blockchain”. Additionally, this book will touch up on some basic fundamental and technical strategies which can help give you the tools to make smart and informed purchases in this nascent cryptocurrency market. If you want to find out how to safely invest in this exciting and new space, or are just curious and want to learn about the inner workings of blockchain technology, make sure to give this eBook a thorough read, and don’t forget to visit CryptoScores.org for more information about specific coins and investments strategies as well.

Cryptocurrencies Overview

History of Bitcoin

Bitcoin, not to be misconstrued as blockchain technology, is the world's first cryptocurrency. Bitcoin is also the first digital asset to use blockchain technology as a means of governance, which is why many confuse the two as the same thing. While the two terms have been used interchangeably, this is not correct. Bitcoin operates on the blockchain, but the blockchain is not Bitcoin; it merely validates the concept of trustless verification. There are a number of other projects that operate on their own blockchains, but those will be discussed later in the book.

Bitcoin was first brainstormed in 2008 by an anonymous developer, or developers, identified by the pseudonym "Satoshi Nakamoto". That year Satoshi published a whitepaper to a small mailing list of cryptography enthusiasts, explaining how a cryptocurrency would work. This whitepaper laid the blueprint for blockchain technology, and essentially drafted the outline for a decentralized project that could be forever owned and improved by the public, without the need for a central leader or banking system. Satoshi created Bitcoin during the same time period as the 2008 financial crisis took place, and many view the development of Bitcoin as a direct response to centralized banks and power structures. In 2009, Satoshi Nakamoto mined the first Bitcoin, and the whitepaper itself had grown into a working cryptocurrency. Embedded in its code was the text, "The Times 03/Jan/2009 Chancellor on brink of second bailout for banks," which was the headline of New York Times that same day. This was to ensure a proof of the exact date that the coin was mined, as well as a shot at the withering and outdated financial system.

After the first Bitcoin was mined, it had to also be tested. Shortly following the initial mining, the anonymous Satoshi sent a Bitcoin to Hal Finney, a fellow cryptography enthusiast with whom he shared common interests. The transaction was a massive success, and thus began the Bitcoin phenomenon. Nearly ten years later the creator of Bitcoin remains anonymous, despite numerous attempts at unveiling their identity. The alias of Satoshi Nakamoto has not been publicly seen or heard from since 2011, which was the last time any known account was still actively recruiting programmers and volunteers to help evolve Bitcoin. While there are theories about the identity of the mysterious creator, it is still, to this day, a mystery as to who Satoshi Nakamoto actually is.

Bitcoin began its lifecycle with two years of sluggish growth, but eventually, a real (albeit cynical) first use-case for Bitcoin was formed through a deep web marketplace called Silk Road, which provided an abundance of goods and services for sale that was not necessarily legal by any means. Due to Bitcoin's anonymous nature (at the time), transactions were processed with untraceable payments through blockchain technology, and Bitcoin became one of the primary currencies used in the Silk Road and other illegal marketplaces. During the lifespan of the Silk Road, over 1 million transactions were processed utilizing 9.5 million Bitcoin, which equated to an estimated USD valuation of $1 billion in Bitcoin transactions on the site. The FBI has subsequently shut down the website, but during Silk Road's peak of success, Bitcoin established itself as a currency that functioned anonymously and fulfilled its purpose of cutting out the middleman. The bust of Silk Road was all over the news, but the name of Bitcoin began spreading, although it was also somewhat tainted in the eyes of the public for its use with drug dealing and other illegal activities. Although Silk Road is permanently closed, there are many other online black markets utilizing cryptocurrencies to this day, and the public association between cryptocurrencies and criminal behavior has remained prevalent to some as a result.

What is Bitcoin?

Like any cryptocurrency, Bitcoin is just another digital asset that can be used to facilitate transactions without the need to physically exchange cash. However, unlike others, Bitcoin can legitimately claim itself as the world's first decentralized cryptocurrency. In turn, Bitcoin receives the most recognition in the mainstream media while also experiencing some of the most publicized and criticized historical returns. In addition to being the world's first cryptocurrency, Bitcoin is also the standard median currency for transactions between the US Dollar and virtually any other cryptocurrency around the world. When investors buy or sell other altcoins, they most likely facilitate that transaction with Bitcoin, which has caused the value of the coin to eskyrocket. Outside of crypto-to-crypto transactions, Bitcoin is currently the global leader in e-commerce and local business acceptance of cryptocurrencies and is considered the basis for blockchain technology worldwide. Ultimately, Bitcoin is the original and most prominent cryptocurrency in the world and is a form of decentralized digital currency that can be exchanged for goods and services.

For a Bitcoin Basics video, please click the above image and redirect to Youtube.

Fundamental Analysis of Bitcoin

Strengths

Since Bitcoin was the first cryptocurrency to be adopted by millions, it is under the most scrutiny by the mainstream media, skeptics, and enthusiasts. In order for cryptocurrencies to be considered for mass adoption, Bitcoin must first survive all scrupulous examinations. In turn, this book will provide a brief analysis of Bitcoin and the technology itself, and also provide some insight into what the future could hold for cryptocurrencies.

The biggest advantage Bitcoin has over other cryptocurrencies is that it was the first cryptocurrency, meaning that it has the first-mover advantage. Due to its timing into the market and its initial use in black market activity, Bitcoin was able to establish itself as the main player in the cryptocurrency space. To date, it still carries over 40% of the overall market capitalization of cryptocurrencies. It is, therefore, the most recognizable cryptocurrency and has become synonymous with blockchain technology. In order for other cryptocurrencies to thrive, Bitcoin must set the standard.

Bitcoin was also created to serve as a peer-to-peer electronic payment system that can be accessed anywhere in the world, as long as you have an internet connection. As result, a single Bitcoin transaction takes an average of a few minutes to be completed and costs less than traditional money transfers. The transaction is incredibly secure and anonymous by banking standards. The advantages Bitcoin possesses over other wire transferring services are clear, as domestic transfers through a bank account typically take 24 hours and international payment transfers can take days and sometimes cost more than $20 per transaction.

Despite these clear benefits, Bitcoin is still only in the early stages of public adoption, even after gaining mass exposure through the media during the bull rush of 2017. As firms

offering payment and money transfer services battle for a competitive advantage with their rivals, they will recognize that accepting Bitcoin is a new avenue to attract and retain business. We have seen Bitcoin ATMs introduced around the world, and subsequently, vendors for various services across the globe are beginning to accept it. Bitcoin's adoption rate is the most important factor in determining the long-term success of cryptocurrencies, and although global adoption has remained low from a consumer perspective, the number of businesses accepting Bitcoin continues to grow with each passing quarter.

Weaknesses

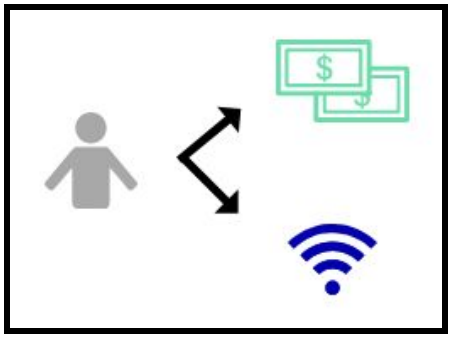
Currently, Bitcoin's greatest weakness is its volatility. A currency needs to be able to serve as a reliable store of value as well as a medium of exchange, and with Bitcoin averaging over 4% in daily volatility, it does not offer stability for the average investor. While that volatility can be great for speculators and traders, Bitcoin will need to eventually find a stable ground if it is ever to be seriously considered a currency.

Bitcoin is unregulated and decentralized, and because of this, the cryptocurrency environment has seen many examples of price manipulation, fraud, and scams. Price manipulation occurs when a large holder sells a major stake to lower the price so that they can buy more at the lower price point and earn profits from the accumulation. Large-scale adoption of the cryptocurrency will likely take place when there is some kind of governing body to regulate the cryptocurrency market, but once there is any kind of regulator, the question is, is Bitcoin still Bitcoin? Central banks were founded to help stabilize prices and prevent the volatility that is experienced in decentralized cryptocurrency markets, so only time will tell if the decentralized system can stabilize without governing support.

Bitcoin has also been on the hot seat for a long time due to its various use cases involving money laundering, dark web transactions, and even the financing of terrorism. However, it can also be argued that Bitcoin and other cryptocurrencies cannot be blamed for these transgressions because people are using them in an unlawful or immoral way. In the end, cash and other currencies are used for illegal activities as well, cryptocurrencies just happen to be a convenient store of value for criminals at this point in time.

Opportunities

Bitcoin possesses the opportunity to revolutionize global payment systems. With a decentralized, borderless way to exchange value, economies who were previously held back because of their limitations in access to stable capital must only gain an internet connection to become a part of this inclusive crypto-economy. There are countless examples of nations around the world whose people have no access to capital, or who can only get a loan with astronomically high-interest rates due to economic pressures. There are also countries such as Venezuela and Zimbabwe that establish poor monetary policies. The result of the poor monetary policy is often hyperinflation, where money inflates uncontrollably until it is virtually worthless, which occurred in both of those countries. Either way, a stable cryptocurrency could stimulate developing economies worldwide by allowing citizens to pay and be paid in a global currency.



Those held back by currency inflationary issues must only possess an internet connection to gain access to the stable and safer world of cryptocurrencies.

In terms of trading, Bitcoin is already known as one of the fastest growing investments in the 21st centuries, growing from fractions of pennies in 2009 to as high as $20,000 in 2018. While Bitcoin has been around for almost ten years now, the fact that it is still considered in its early stages of adoption still gives this digital asset ample space and time to grow in value and usefulness. Less than 30 million people worldwide own bitcoin, so as long as the pool of investors continues to grow, the opportunity for growth from a trading perspective will remain positive as well.

Threats

Besides its irrational volatility, Bitcoin is at a disadvantage to some of its competitors. Since it was the first cryptocurrency ever, newer cryptocurrencies are tackling more than just payment issues. On top of this, these new coins are able to perform more transactions in a shorter amount of time, for a fraction of the cost. Litecoin, for example, has a faster and cheaper transaction process when compared to Bitcoin. Monero is another potential competitor, and has a completely anonymous transaction process, making it 100% untraceable in any aspect. Ethereum, the world's second largest cryptocurrency, features a platform for smart contracts and runs digital applications. A perfect example of how the Ethereum blockchain creates utility through digital applications is a game called "CryptoKitties." This game may have been

short-lived in the limelight, but it was a perfect example of how blockchains can be built to create additional applications beyond the transfer of funds. This is just a small sample size of rival cryptocurrencies, and many of them threaten to steal thousands if not millions of users through their advantages held over Bitcoin. In the end, Bitcoin will remain an open-source project, so there is always the potential for a new cryptocurrency to come along and improve the core code of BTC and attempt to create a better product.

We hope that you've enjoyed the 10 page preview of CryptoScore's *Bitcoin, Blockchain, & Crypto: A Complete Guide* E-Book. The full E-Book will be available on December 21st. Stay tuned so you can *Trade Crypto Like A Pro*.