

STUDY BITCOIN

What is Bitcoin?
What is money?
Explanation of some
Bitcoin-terms.



What Is Bitcoin?

Bitcoin is a decentralized protocol that implements an alternative concept of money - digital money.

Since the late 1980s, cypherpunks have been working on the development of digital money in order to create a network that can exist without borders, without politics, and without intermediaries.

In 2009, an anonymous person (or group) named Satoshi Nakamoto succeeded in solving the problem of double spending.

A digital currency that is not copyable, not censorable, and not manipulable by anyone was created.

The total number of Bitcoins is fixed in the protocol at 21 million - the scarcest asset in the world.

Properties Of Money

Good money must be easily divisible, verifiable, transferable (space), durable (time), and fungible.

For the value of money, scarcity of the available quantity is the most important property.

What Is Good, Hard Money?

Money serves as a general, neutral **medium of exchange** for trading of goods.

Money, in its function as a **unit of account**, provides a reference and facilitates the comparison of goods in terms of value.

Money, as a **store of value**, enables saving. This means that it can be stored without spoiling.

Money therefore does not have to be exchanged for goods immediately and retains its purchasing power.



			
mobile	-	o	++
fungible	+	-	+
verifiable	o	o	++
divisible	-	o	++
scarce	+	--	++
established	++	o	-
censorship-resistant	-	--	++



Why Bitcoin?

Bitcoin is a fundamentally new way of storing and transferring value.

Unlike traditional monetary systems, Bitcoin is able to operate without central authorities or administrators that need to be trusted.

This makes Bitcoin the first open currency ever, allowing for true self-control and ownership.

For the first time in human history, anyone can own an asset that is truly **scarce**, **decentralized**, **borderless**, easily **divisible**, **censorship-resistant**, and **non-confiscable**.

Bitcoin can be sent quickly, cheaply, and without a middleman anywhere in the world.

A social revolution enabled by technology.

Bitcoin-Terms

Wallet is the digital wallet where you store your Bitcoin.

Blockchain is the digital ledger that records all transactions. Anyone can view it, but no one can manipulate it.

Decentralization is the principle of giving control of the entire network to a consensus model, without individuals, groups or authorities being able to make decisions.

Mining is a process that provides computing power for transaction processing, network security and synchronization of the ledger for all users.

Satoshis (short “Sats”) is the smaller unit of Bitcoin and is named after its inventor.

100 million Satoshi = 1 Bitcoin.

BTC is the abbreviation for Bitcoin and is also commonly used in transactions or on price charts.

Altcoins are other cryptocurrencies that are not comparable to BTC, as they are mostly centrally controlled.

The Better Kind Of Money?

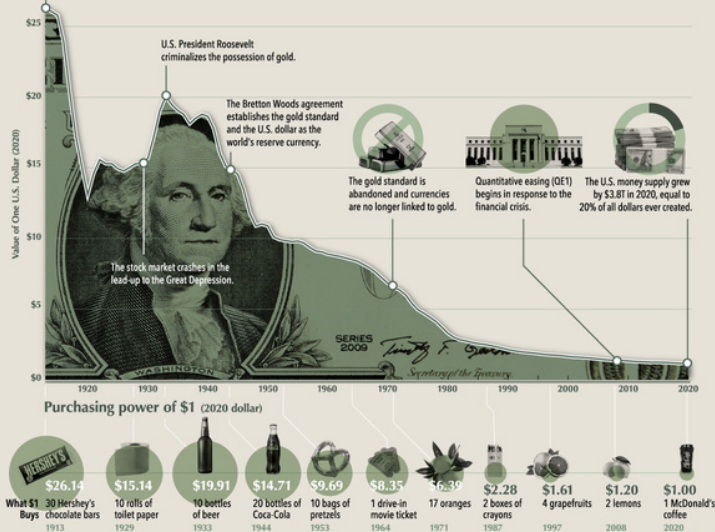
The purchasing power of the USD has decreased by almost 90% since 1970. The purchasing power of the euro has decreased against gold by about 85% since its introduction in 1999. This is directly related to the increased debt of states and inflation since abolishing the gold standard.

VISUAL CAPITALIST DATASTREAM

A DOLLAR'S WORTH PURCHASING POWER OF THE U.S. DOLLAR

The Federal Reserve Act creates a central bank with the ability to manage the country's money supply.

The purchasing power of the U.S. dollar has fallen sharply over the last century, due to rising inflation and money supply.



Source: Bureau of Labor Statistics - Consumer Price Index, Morris County Library of Historic Prices

Inflation is a hidden tax because it is primarily caused by governments expanding the money supply to finance themselves.