

# Cryptocurrency: What You Need To Know

## What is cryptocurrency?

A cryptocurrency is a digital or virtual currency designed to work as a medium of exchange. It uses cryptography to secure and verify transactions as well as to control the creation of new units of a particular cryptocurrency.

Essentially, cryptocurrencies are limited entries in a database that no one can change unless specific conditions are fulfilled.

Cryptocurrency is a form of digital money that is designed to be secure and, in many cases, anonymous. It is a currency associated with the Internet that uses cryptography, the process of converting legible information into an almost uncrackable code, to track purchases and transfers.

It uses a decentralized control as opposed to centralized electronic money and central banking systems. The decentralized control of each cryptocurrency works through a block chain, which is a public transaction database functioning as a distributed ledger.

Within cryptocurrency systems, the safety, integrity and balance of ledgers is maintained by a community of mutually distrustful parties referred to as ‘miners’.

Is it any good? Well, the most popular secondary market transaction today is as it was when BTC first premiered: buying drugs and other illicit goods on the dark web. However, individuals in other countries like Venezuela have used BTC to transact purchases given their domestic currency is suffering from hyperinflation.

## Types of cryptocurrency

Bitcoin is the first decentralized ledger currency. It is the cryptocurrency with the most famous, popular, notable and highest market capitalization. It was invented in 2009. Currently, Litecoins, Dogecoins and Feathercoins are said to be the best cryptocurrencies in terms of being cost-effective for beginners. Here are the types of cryptocurrency.

- *Bitcoin*
- *Litecoin*
- *Ethereum*
- *Swiftcoin*
- *Dogecoin*
- *Dash*

## Bitcoin (BTC)

Bitcoin (BTC) is a cryptocurrency and worldwide payment system. It is the first decentralized digital currency, as the system works without a central bank or single administrator.

The network is peer-to-peer and transactions take place between users directly, without an intermediary. These transactions are verified by network nodes through the use of cryptography and recorded in a public distributed ledger called a block chain.

Bitcoin was invented by an unknown person or group of people under the name Satoshi Nakamoto and released as open-source software in 2009.

## **Litecoin (LTC)**

Litecoin (LTC) is a peer-to-peer cryptocurrency and open source software project released under the MIT/X11 license. Litecoin was released via an open-source client on GitHub on October 7, 2011 by Charlie Lee, a former Google employee.

The Litecoin network went live on October 13, 2011. It was a fork of the Bitcoin Core client, differing primarily by having a decreased block generation time (2.5 minutes), increased maximum number of coins, different hashing algorithm (...scrypt, instead of SHA-256), and a slightly modified GUI.

The Litecoin Network aims to process a block every 2.5 minutes, rather than Bitcoin's 10 minutes. The developers claim that this allows Litecoin to have faster transaction confirmation.

## **Ethereum (ETH)**

Launched in 2015, Ethereum is a decentralized software platform that enables Smart Contracts and Distributed Applications to be built and run without any downtime, fraud, control or interference from a third party.

During 2014, Ethereum had launched a pre-sale for ether which had received an overwhelming response. The applications on Ethereum are run on its platform-specific cryptographic token, ether. Ether is like a vehicle for moving around on the Ethereum platform, and is sought by mostly developers looking to develop and run applications inside Ethereum.

According to Ethereum, it can be used to “codify, decentralize, secure and trade just about anything.” Following the attack on the DAO in 2016, Ethereum was split into Ethereum (ETH) and Ethereum Classic (ETC).

## **Swiftcoin**

SwiftCoin is a cryptocurrency using peer-to-peer, blockchain, proof-of-work and encrypted mail application developed by Team Daniel Bruno since 2011. It is a propitiatory alternative to Bitcoin using similar blockchain technology. It uses 256-SHA elliptical encryption.

The name SwiftCoin derives from the SWIFT banking network, but is not associated with it. Unlike Bitcoin, SwiftCoins can not be mined. SwiftCoin is brought into existence upon the redemption of interest and principal of Solidus Bonds.

## **Dogecoin**

Dogecoin was created by programmer Billy Markus from Portland, Oregon, who hoped to create a fun cryptocurrency that could reach a broader demographic than bitcoin.

On December 19, 2013, Dogecoin jumped nearly 300 percent in value in 72 hours, rising from US\$0.00026 to \$0.00095, with a volume of billions of Dogecoins per day. This growth occurred during a time when Bitcoin and many other cryptocurrencies were reeling from China's decision to forbid Chinese banks from investing into the Bitcoin economy.

## **Dash**

Dash (originally known as Darkcoin) is a more secretive version of Bitcoin. Dash offers more anonymity as it works on a decentralized mastercode network that makes transactions almost untraceable.

Launched in January 2014, Dash experienced an increasing fan following in a short span of time. This cryptocurrency was created and developed by Evan Duffield and can be mined using a CPU or GPU.

In March 2015, 'Darkcoin' was re-branded to Dash, which stands for Digital Cash and operates under the ticker – DASH. The rebranding didn't change any of its technological features such as Darksend, InstantX.

## **Cryptocurrency Mining**

Is cryptocurrency mining profitable? Yes of course, it is profitable. Mining is the process of adding transaction records to Bitcoin's public ledger of past transactions and a "mining rig" is a colloquial metaphor for a single computer system that performs the necessary computations for "mining". This ledger of past transactions is called the block chain as it is a chain of blocks.

The blockchain serves to confirm transactions to the rest of the network as having taken place. Bitcoin nodes use the blockchain to distinguish legitimate Bitcoin transactions from attempts to re-spend coins that have already been spent elsewhere. Mining is also the mechanism used to introduce Bitcoins into the system.

Cryptocoin miners are paid any transaction fees as well as a "subsidy" of newly created coins. This both serves the purpose of disseminating new coins in a decentralized manner as well as motivating people to provide security for the system. All of the miners in the network are searching for a solution that fits the difficulty criteria and they do so by processing running their mining rigs to try and find the solution. This is why it's called proof of work as its proof is the probability of finding a correct solution usually takes an average of ten minutes.

With mining, it is important to understand the different types of blocks that come with it because of the effect it can have on your expected income. As there is no central authority or central bank, there has to be a way of gathering every transaction carried out with a cryptocurrency in order to create a new block. Network nodes that carry out this task called dubbed 'miners'.

Every time, a slew of transactions is amassed into a block, this is appended to the blockchain. Whoever appends the block gets rewarded with some of that cryptocurrency.

**Cloud Mining** is the process of bitcoin mining utilizing a remote data center with shared processing power. This type of cloud mining enables users to mine bitcoins or alternative cryptocurrencies without managing the hardware. The mining rigs are housed and maintained in a facility owned by mining company and the customer simply needs to register and purchase mining contracts or shares. Since Cloud Mining is provided as a service there is generally some cost and this can result in lower returns for the miner.

## **Risk of Cryptocurrency mining**

There is a lot at risk when you mine for cryptocurrencies. Rewards can certainly be big in the long-run but it's a good idea to think of cryptocurrency mining as investing in the stock market before 1929 (when the government did not insure banks and investors lost millions of dollars.)

- **Losing your digital wallet of coins:** You can lose your wallet either by locking yourself out by forgetting your password or by physically losing the wallet via a broken hard drive or if your online wallet provider goes out of business.

- **Susceptible to High Price Volatility:** The main issue that comes with bitcoin mining is the fluctuation of the virtual currency. The cryptocurrency tends to swing over short periods of time. Also, the price depends on the demand and supply, since there are only 21 million Bitcoins available and with two-thirds of it to be already mined, the demand of bitcoins increases with each passing day.
- **Competition due to the introduction of new cryptocurrency:** The reward for mining bitcoins about every four years and its current value is at 12.5 bitcoins, with average block time as 10 minutes. Whereas Ethereum's block time is 12 seconds. Faster block time means quicker confirmation of transactions. Ethereum reward miners work to earn Ethers, which is a kind of token that fuels the network. You earn 5 ethers given for each block. You can also use it to pay for transaction fee and services on the Ethereum network. Also, Ethereum has over 89,752,192 coins currently existing, unlike Bitcoin, if it reaches its limit, more investors would switch to Ethereum or other cryptocurrencies thus, leading to lesser or no transactions for miners to confirm and earn rewards.

### **Best Profitable Cryptocurrency For Mining**

- *Dash*
- *Ethereum Classic*
- *Sia Coin*
- *Zcash*
- *Safecoin*
- *Steem*
- *Primecoin*
- *Peercoin*
- *Novacoin*
- *feathercoin*
- *Namecoin*
- *Litecoin*
- *Ethereum*
- *Monero*
- *Bitcoin*

### **Best Referral Programs for earning cryptocurrencies**

Affiliate marketing, in which you promote a product or service and earn commission on every new customer you refer, is one of the easiest ways to start earning money online. Of course that's not to say that it is easy to make a lot of money, but it does have the advantage that anybody can do it.

### **Types of referral program**

- Product Affiliate Programs
- Exchanges
- Advertising Networks
- Gambling
- Trading & Investment
- Games
- Technology

## Product Affiliate Programs

**KOCURRENCY** – Offers 20% commission to be paid out in bitcoin (or through PayPal) to affiliates who help promote their growing list of off-the-shelf bitcoin platforms. Affiliates can track real time traffic, sales and conversion rates in their affiliates area. If accepted into their program, you simply place a unique affiliate tracking URL within your website, blog, social accounts (such as Facebook or Twitter) or anywhere else you can embed a link.

## Exchanges

**CEX.IO** – This is a UK-based Bitcoin and Altcoin exchange. CEX.IO is attractive for newcomers because of the easiest ways to buy Bitcoins and other cryptocurrencies directly with debit or credit cards. The affiliate program offers promo tools, such as you unique referral link, kits of banners and landings. You get up to 30% of the exchange commission on all trade transactions made by your referrals, including their future purchases and sales.

**xCoins** – This is a peer-to-peer exchange which allows people to purchase Bitcoin using paypal or sell their bitcoin for a premium and receive payment via paypal. Because of the use of Paypal which most exchanges won't touch the fees are higher than competitors, but some users are willing to pay them for the convenience. This can make for great earnings for affiliates, who get 25% for referring a buyer, the same for a seller and a second tier of 5% if you refer an affiliate who refers a buyer or seller.

**Coinbase** – As one of the most world's most popular Bitcoin services, including a very nice and user-friendly wallet as well as an exchange, Coinbase is a safe bet to recommend to newbies, providing them with everything they need to get started with Bitcoin all in one place. The referral program only pays out if they purchase at least \$100 worth of coins, but if they do you get a very generous \$25 payout. You can link to any page on the site, but they do not provide any promotional creatives such as banners for you to use.

**LocalBitcoins** – Available in many different languages in many countries around the world, LocalBitcoins provides a peer-to-peer marketplace for buying and selling bitcoin for fiat through a wide range of payment systems. You can link to any page of the site, including foreign language versions, and you get a commission equal to 20% of the trading fee on every trade made by one of your referrals for one year after you register. They use a three month cookie, so if somebody visits their site through your link they will be classed as your referral if they register at any point over the next three months. They also offer a customizable banner ad to help you promote them.

## Advertising Networks

**BitMedia** – This relatively new advertising network offers an excellent service with strong quality controls to satisfy their advertisers, and also has some excellent banners for you to use – you can see one in the right hand sidebar of this site right now! They pay up to 10%, which you can earn from both advertising accounts and publisher accounts created through your links.

**A-Ads** – Anonymous Ads do exactly what the name suggests: its an advertising network which is completely anonymous to use for the publisher, the advertiser, and affiliates. They also help businesses to set up their own affiliate programs, which they then add to a directory which you can browse through.

## Gambling

**BetChain** – An industry leading 110% deposit bonus for new customers and a wide range of fun online casino games, along with a strong follow-up email campaign to convert registered users into paying customers, makes this a great program to promote. They have hundreds of different banners in every possible size for you to use, and pay affiliates 25% of the house edge.

**BetCoinPartners** – With casino games, a sportsbook and pokers games too, BetCoin has something for every gambler. They also accept Litecoin as well as Bitcoin, have some good banners, and pay out from 20% up to an impressive 35% commission if you are a top tier referrer.

## **Trading & Investment**

**1Broker** – This trading platform lets you use your BTC to trade CFDs for the top forex pairs, commodities, indices and stocks. They offer leveraged trading and fairly low spreads. They also have a small range of banners to help you promote their service, and offer 15% commission on the spreads paid by any trader who signs up under your account.

**CryptoTrader** – This unique services provides a platform for users to purchase and use trading bots for automated cryptocurrency trading. The referral program pays out 10% on the recurring payments for premium accounts and one-off payments to purchase new trading bots.

## **Games**

**Satoshi Quiz** – This fun and addictive quiz game pits users against each other to answer correctly in the fastest time, and pays out digital cash prizes for the fastest three. They also have challenges and tournaments, and offer 10% referral commission. This is another one which is easy to promote, but will make only a very small profit per user that you refer.

## **Technology**

**CryptoVPN** – This high quality ‘virtual private network’ (VPN) service offers private, encrypted Internet browsing to its customers, does not keep logs, and pays out \$9.95 for every customer you send them

**Bitronic Tech** – Unlimited shared hosting from \$1.99 plus premium VPS and low cost bare metal servers, with Ruby support and other advanced features. Offers you 10% recurring commissions for every customer you send them – hosting can be tough to promote but with some customers still paying their monthly fee and earning you profits several years after you signed them up, it can add up to a good income over time.