A black and white photograph of the Houses of Parliament and Big Ben in London at night. The scene is illuminated by streetlights, and long light trails from passing vehicles are visible in the foreground. The text 'Rise of the Cryptocurrency Millionaire' is overlaid in white on the upper portion of the image.

Rise of the Cryptocurrency Millionaire

Barry Joyce

Bitcoin & Cryptocurrency

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Bitcoin & Cryptocurrency

-Introduction-

1-0 – What Is Cryptocurrency?

I'm sure many of you are curious of this so called "*21st-century*" money of the future and due to its increasing recognition and security, the cryptocurrency market looks bright ahead.



Bitcoin & Cryptocurrency

Let me explain to make it simple - What is cryptocurrency?

Cryptocurrency is a digital version of money where the transactions are done online. A cryptocurrency is a medium of exchange just like your normal everyday currency such as the USD GBP Eur etc, but designed for the purpose of exchanging digital information through a process known as cryptography. It's a type of digital token that relies on cryptography for chaining together digital signatures of token transfers, peer-to-peer networking and decentralization.

There are currently over *740* types of cryptocurrencies, but only 24-26 of them had market capitalization has over *\$10 million*.

The first ever-successful cryptocurrency emerged from the invention of Bitcoin,

By a mysterious group/person known as "*Satoshi Nakamoto*" Satoshi envisioned that Bitcoin would allow online payments to be sent directly from one party to another without going through a financial institution. They then created a white paper called A Peer-to-Peer Electronic Cash System the whole white paper can be read here <https://bitcoin.org/bitcoin.pdf>

For me, I heard about Bitcoin in *2012* (wish I heard about it in 2009). I didn't really know what it was but I was intrigued by the idea. As I researched deeper I became even more intrigued. Digital currencies was something new to me, yet there had been several that had preceded Bitcoin and virtually all of them, for one reason, or another, had failed.

But Bitcoin was different...much different.

Bitcoin & Cryptocurrency

This is because Bitcoin is based on something called the blockchain (I will talk about what the blockchain is later), which is essentially the most sophisticated, tamper proof ledger system ever created. As a result, Bitcoin is far different from the virtual currencies that preceded it. In fact, Bitcoin is, as I will explain in the coming chapters, superior to all of the world's currencies generally.

Despite what I learned about Bitcoin I was still hesitant to invest in any serious way. I was fascinated for sure but, with my humble knowledge of economics and finance, Bitcoin appeared to be extremely volatile demonstrating drastic price moves in very short periods of time.

In 2009 Bitcoin was valued at *\$0.10* per Bitcoin, after reaching its peak price at the time of more than *\$1,100* in December 2013, Bitcoin went on to lose more than 75% of its value over the next 6 months. To make matters worse, most of the world's governments and nearly all of the world's banks were hostile to the creation and use of Bitcoin.

Given all of this I felt that, despite its brilliance and remarkable sophistication, Bitcoin was doomed to fail. Then, sometime in 2014, I saw an interview with the Winklevoss twins (the original creators of Facebook) where they explained, along with their other business partners, that Bitcoin represented nothing short of a revolution in finance and the global economic system generally

This is a very bold claim but the brothers are putting their money where their mouth is; they are reported to have one of the top ten largest positions in the world in both Bitcoin and Bitcoin related technologies. Since watching that interview I have been completely devoted to learning everything I can about Bitcoin and the blockchain, and the greater implications of this modern innovation.

Bitcoin & Cryptocurrency

Our goal in writing this eBook is to give you the knowledge and tools you need to start benefiting from the future of money. Bitcoin is still, as of this writing in Summer 2017, a very new technology and it remains to be seen how exactly it will change the world. In today's market the current value of 1 Bitcoin is \$4200.

Speaking of which, back in the early days of the internet it was very easy to get a website ranked highly in *Google* or *Yahoo*. Their algorithms at the time were nowhere near as sophisticated as they are today.

For example, a web developer could get a website ranked simply by placing a keyword phrase hundreds or thousands of times in the background of certain pages and then making it invisible to the human eye by making the text match the background color. In addition, competition for most keyword phrases was minimal.

Because of massive competition, now, certain keyword phrases today like "mesothelioma" and "home mortgage" can command upwards of \$100 for a single click on pay per click search networks like *Google*, *Yahoo*, or *MSN*.

Despite all of the competition and the highly complex nature of search engine algorithms, the internet still remains (*and perhaps will always remain*) a huge opportunity for the right entrepreneur. But wouldn't it have been nice to have been an internet entrepreneur fifteen years ago when it was very easy to get internet traffic and make sales?

Bitcoin & Cryptocurrency

Like the early days of the internet, Bitcoin and other cryptocurrencies is in a very early stage and, like the internet, it promises to change the world in a very meaningful way. As you will see in the coming chapters, cryptocurrencies has major social, political, economic, and financial implications. But more importantly, Bitcoin offers a truly fantastic way to make some extra money. For the right person, armed with the right information, cryptocurrencies offers a genuine opportunity to become extremely wealthy.

I've tried my hardest to put together all of the information I think you will need to seek your fortune in the cryptocurrency universe. While most people will not make a great fortune, by reading this eBook you will at least put yourself way ahead of the curve and should certainly be able to recover the small investment you spent on this.

The only thing that I can tell you with any certainty is that Bitcoin will change the world in much the same way that the internet has and continues to change everything.

After all, if two of the greatest innovators alive are saying that a new technology is fundamentally going to change the world as we know it today, then perhaps we should give very careful consideration to why they believe that. And also the fact when you have the inventor of the World Wide Web Marc Andreessen been the biggest investor in cryptocurrency in the world, followed by self-made billionaires Bill Gates and Richard Branson – do I need to go on?

[BILL GATES - NOBODY CAN STOP BITCOIN - February 2017](#)

Bitcoin & Cryptocurrency

-The History of Money-

Money is something that virtually everyone in the civilized world takes for granted every single day. Nearly everything has a price. To travel any significant distance, to live in a housing unit of any kind, to receive any kind of healthcare, to buy clothing, and to eat food that you did not gather, all cost money. In short, it costs money just to be alive.

Therefore we know that we must get money in order to acquire the things we want and need. Most of us do this by obtaining a job and earning money. A job itself is nothing more than exchange whereby a worker trades their labor to an employer for money. And most jobs require a lot of investment of time on a weekly basis.

It's interesting how much time and labor the average person spends on earning and trying to keep money and how correspondingly little time we spend thinking about what money really is.



Money is merely a medium of exchange

Bitcoin & Cryptocurrency

If you (*the seller*) have something I (*the buyer*) want or need in order for an exchange to happen I must be able to give you something in exchange that is of equal value to to you. I may very well have something you want but there's a very good chance that I simply don't possess anything you value as much as what I want from you. And the opposite is true as well. I may not possess anything I value equally as what you are selling

This situation, which happens billions of times per day, every day, all over the world, creates a real problem.

Money was invented to solve that problem. Over the past few thousand years many different instruments have served as money. Everything from precious metal and jewels to simple paper and tobacco.

But how did money really come into being?

Until relatively recently the simple history of money went something like this:

Before money, everyone, everywhere, bartered for what they needed. So if person *A* had something that person *B* wanted such as a wigwam or a bundle of firewood or a head of cattle, person *A* and person *B* would agree to an exchange of goods or services that both parties felt was of equal value.

Unfortunately, this private party bartering process made buying and selling very difficult and confusing. Then someone, somewhere discovered that certain items were universally valued and could be exchanged for anything. These universally accepted items became the world's first form of money and laid the foundation for modern economics and trade.

Bitcoin & Cryptocurrency

While this story sounds like it should be true on the face of it, anthropologists have unearthed surprisingly little evidence to support it. This has led most modern day economists, particularly the Spanish Economist Wences Casares, to propose an alternative to the origin of money story.

This new, alternative story is supported by substantial anthropological evidence and goes something like this:

Before money, when person *A* had something that person *B* wanted, person *A* would give the item to person *B*. In exchange, person *A* kept a mental ledger of what person *B* owed to them and vice versa. Later, when person *B* had something that person *A* wanted, person *B* would give the item to person *A* and the two parties would then decide whether the debt person *B* owed to person *A* was settled or not.

If the debt was not settled then either person *B* still owed person *A* or person *A* now owed person *B*. Naturally this system of exchange was very complicated and confusing. Then someone, somewhere invented a ledger system represented by some kind of universally accepted medium of exchange (*sea shells, beads, gold, etc*) that allowed everyone to keep track of who owed what to who.

Forms of Currency

- Shells 
- Precious Metals
 - Silver 
 - Gold 
- Bills or Notes
 - Paper \$ (Dollars, Peso, Euro, and so on) 
- Plastic
 - Debit and Credit Cards 
- The Future???????
- Does every country have their own money???



Bitcoin & Cryptocurrency

This new ledger system standardized the *IOU* system that had existed previously and made buying and selling far easier because now anyone could determine who owed what to who. No longer was it required to keep mental notes of what you owed to others and what others owed to you.

Very quickly people would have realized that, rather than simply redeeming their *IOU's* they could trade them to other people in exchange for other goods and services. This standardized *IOU* system in the form of a universally agreed upon ledger laid the foundation for modern economics and trade

This alternative story of how money first came into existence is far different from the original story that nearly everyone currently believes.

According to the original story, money is simply a universally agreed upon medium of exchange. But according to the new theory all money, whether it is sea shells, beads, gold, diamonds, or paper money, exist as a ledger system in order to track debts.

Individual units of money, therefore, are more than just a medium of exchange but are really *IOU's* that are exchanged and passed around. Therefore, a ledger system and a medium of exchange are the same thing

For example, let's say you spend *\$100* on a new pair of shoes. That *\$100* is really 100 *IOU's*. Rather than redeeming them from the originator, which is wherever I got the money, I exchange them for a pair of new shoes.

Bitcoin & Cryptocurrency

The seller of the shoes, rather than holding on to the *IOU's* and trying to somehow redeem them through me later on, holds on to the money in order to exchange it for other goods and services from other sellers. In addition, the *IOU's* could be invested in the hopes of earning more *IOU's* than were originally invested.

Whatever the seller does with the money they will never compel me to pay them back *\$100* worth of goods and services but someone or some group of people somewhere, sometime will be compelled to exchange something in return for the money.

I will stop here as I am sure you're starting to get sleepy. J

If you are really interested in learning more about the history and mechanics of money, I would encourage you to watch [Wences Casares](#) videos on Youtube as well as explore the monetary theories of [Milton Friedman](#) and [John Maynard Keynes](#). But understanding the true nature of money is important in understanding why Bitcoin and other cryptocurrencies are such a major innovation.

The mysterious inventor or inventors of Bitcoin known as [Satoshi Nakamoto](#) understood very well the true origin and underlying value of money. Satoshi also understood advanced algorithms and computer programming.

Whoever *Satoshi Nakamoto* is they were able to combine their knowledge of modern economic theory with their advanced knowledge of computing and create a nearly incorruptible ledger system called the blockchain. The blockchain is what produces Bitcoin and as explained I will explain the blockchain in the coming chapters

Bitcoin & Cryptocurrency

-The Seven Characteristics of Money-

Throughout history gold has been regarded as an excellent store of value and this perception continues to the present day. It's easy to see why this belief is so widely held. Gold is beautiful, rare, and has many industrial and commercial applications. And unlike paper money gold actually has intrinsic value.

Before we can explore why Bitcoin and cryptocurrency is superior to gold as a medium of exchange, we first have to look at the defining hallmarks of money.

According to most economists there are 7 defining features of money:

- 1. Scarce** – If it isn't scarce then it can easily be replaced and therefore cannot have much value. The more scarce something is the more value it will have
- 2. Divisible** – Money needs to be able to be broken down into smaller units in order to accommodate periodic changes of value. Additionally, if money could not be broken down into smaller units than exact change would always be required
- 3. Durable** – Anything that breaks down over time is a poor store of value. The more rapidly something breaks down the less value it will have
- 4. Transportable** – Land is scarce, divisible, and very durable but it's very difficult to send a parcel of land to seller across town
- 5. Recognizable** – If many people don't know what something is it will be very difficult to convince them that it has value

Bitcoin & Cryptocurrency

6. Fungible – This simply means a given item is mutually interchanged with another identical item. Diamonds are scarce, divisible, durable, transportable, and recognizable but are not easily interchanged with other diamonds because a diamonds value is determined by its cut, color, carat weight, and clarity

7. Difficult to counterfeit – If it's relatively easy for someone to just replicate something out of thin air then it probably would not be a good medium of exchange

In order for something to be a medium of exchange it doesn't necessarily have to meet all seven criteria. In many US prisons, for example, cigarettes are treated like money and exchanged by inmates for goods and services. Cigarettes, however, are definitely not durable and a single cigarette cannot be divided. But cigarettes as money works well enough within the context of a prison.

How does the US dollar stack up against the 7 features of money?

Since the end of WWII the US dollar has been the [world's reserve currency](#) and as such is the primary means of international exchange. This should mean that the dollar is a near perfect form of exchange but this is not exactly the case.

The \$dollar is the world's reserve currency because the US has been the world's preeminent economic and military power and as such has been able to compel the rest of the world to use its money.

Bitcoin & Cryptocurrency

Let's take a look:

1. Scarce - The dollar is scarce because the average person cannot simply go out and harvest dollars. However, under the fractional reserve banking system, banks can indeed just create money out of thin air. If this sounds crazy I strongly suggest you watch [this short video](#) about fractional reserve lending

2. Divisible - The dollar can be divided into smaller units

3. Durable - Paper money is not durable. According to the Federal Reserve, the average lifespan of a paper dollar is anywhere from *5.8* years for a *\$1* bill to *15* years for a *\$100* bill. You can see the chart [here](#). The French philosopher Voltaire once said that “eventually all money returns to its intrinsic value; *zero*.”

4. Transportable - The dollar is easily transportable in either its paper form or by depositing funds into a bank account. However, sending dollars to a person in another country who does not have a bank account often involves very high fees

5. Recognizable - The dollar is very widely recognizable mainly because it is the worlds reserve currency

6. Fungible - Dollars are interchangeable with other dollars. One *\$20* bill can easily be exchanged for three *\$5* bills and five *\$1* bills

7. Difficult to Counterfeit - According to the US treasury department somewhere between *\$70* million and *\$200* million in circulation are actually counterfeit (although this is only less than *.01%* of the total). In reality, of course, most dollars in circulation are counterfeit as banks can essentially conjure money into existence using the [fractional reserve banking system](#)

Bitcoin & Cryptocurrency

Clearly the dollar is far from an ideal form of money but it works well enough despite its multiple shortcomings. The US dollar (like nearly all of the world's currencies) is a fiat system of money.

According to investopedia.com, "Fiat money is currency that a government has declared to be legal tender, but is not backed by a physical commodity." This means that all fiat currencies can simply be created by decree and this in turn means all fiat currencies are vulnerable to manipulation and fraud.

Now let's take a look at gold which is believed by many to be the strongest, fraud resistant medium of exchange:

-  **1. Scarce** - Gold is definitely scarce. In all of human history, only 181,000 tons have gold have ever been mined and only about 2,000 new tons are mined each year 1
-  **2. Divisible** - Gold can be divided into small units
-  **3. Durable** - Gold is very durable. Even gold that has been left to the elements for centuries can easily be restored to it's original state
-  **4. Transportable** - Compared to land, which is an equally good store of value, Gold is easily transportable. However, it is impractical to send a small payment of gold over a long distance. For example, if you wanted to send a small payment of \$25 worth of gold to someone in another country the postage would cost nearly as much. The same is true for dollars if the receiving party does not have a bank account

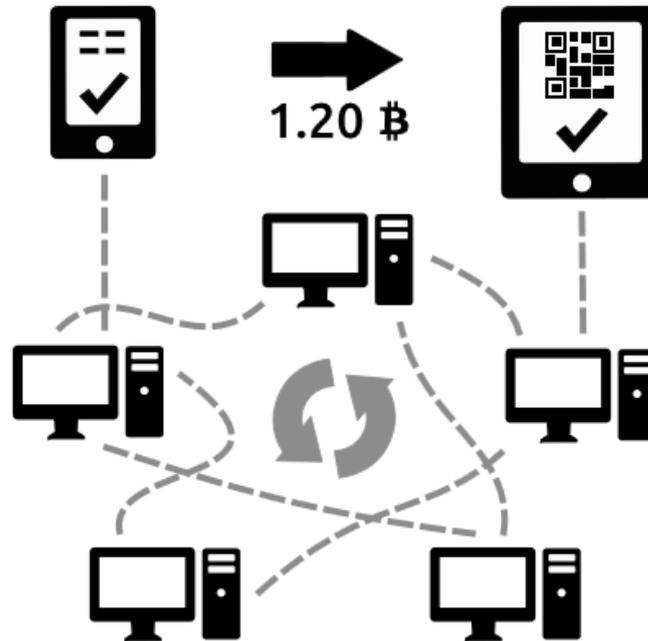
Bitcoin & Cryptocurrency

- ✓ **5. Recognizable** - Gold is easily recognized by just about everyone and is highly desirable because of its beauty
- ✓ **6. Fungible** - Gold is interchangeable with gold (provided that it is of the same karat weight) but changing out an ounce of gold is not quite as easy as changing out a \$100 bill
- ✓ **7. Difficult to Counterfeit** - Gold cannot be counterfeited. For millenia, many of the smartest people have tried but as far as anyone knows no one has actually succeeded in turning lead into gold. Gold really is an excellent medium of exchange and in general it is superior to fiat money. But gold still has its weaknesses, primarily that is a poor means of making small, international payments and is vulnerable to debasement.



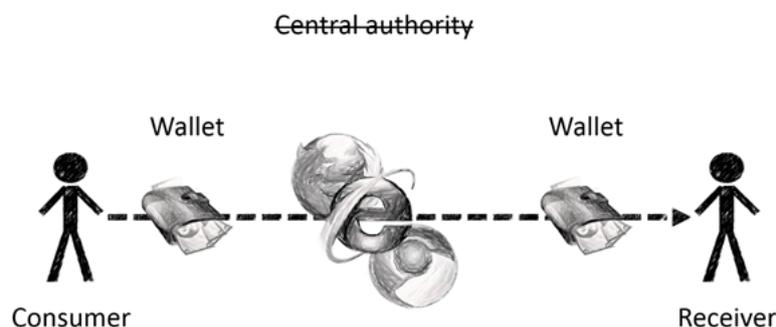
Bitcoin & Cryptocurrency

How Do Cryptocurrencies Work?



The reason why cryptocurrencies are such in demand right now is because *Satoshi Nakamoto* successfully found a way to build a decentralized digital cash system. What is a decentralized cash system?

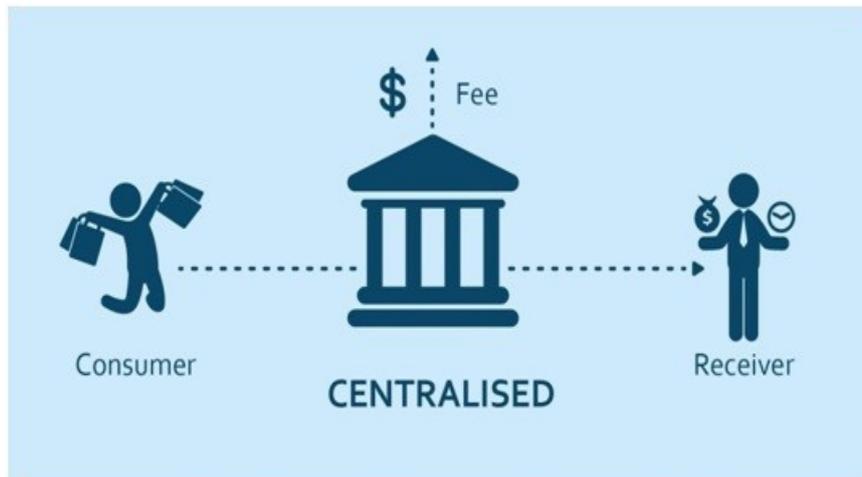
A decentralized system means the network is powered by its users without having any third party, central authority or middleman controlling it. Not the central bank or the government has power over this system.



Decentralised

Bitcoin & Cryptocurrency

The problem with a centralized network in a payment system is the so called “double spending”. Double spending happens when one entity spends the same amount twice. For instance, when you purchase things online, you have to incur for unnecessary and expensive transaction fees. Usually, this is done by a central server that keeps track of your balances.

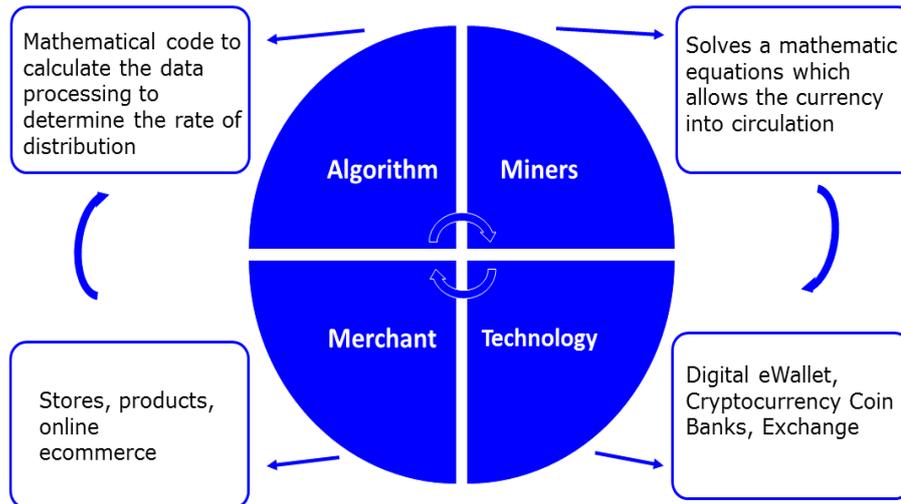


This is most commonly known as the Blockchain Technology. Cryptocurrency is derived from the word “Cryptography”, which refers to the consensus-keeping process secured by strong cryptography.

Blockchain technology functions in managing and maintaining a growing set of data blocks, and this is by using the decentralized or known as the *P2P* (Peer to Peer) network. In blockchain, once a piece of data is recorded it cannot be edited or changed.

To put it in simpler terms, it enables you to send a gold coin via email. The *P2P* network is a consensus network, which allows a new payment system and the transactions of new digital money.

Bitcoin & Cryptocurrency



Let's illustrate an example. Cryptocurrency like Bitcoin consists of its own network of peers. Every peer has a record of the complete history of all transactions as well as the balance of every account.

By the end of every transaction and upon confirmation, the transaction is known almost immediately by the whole network. A transaction includes a process where *A* gives *X* amount of Bitcoins to *B*, and is signed by *A*'s private key. After signed, a transaction is broadcasted in the network. The information is sent from one peer to every other peer on the network.

Confirmation is a critical stage in the cryptocurrency system. Confirmation is everything. When the transaction is not confirmed, it has the possibility of being hacked and forged.

When a transaction is confirmed, it is set in stone. It can't be reversed, it is impossible to be hacked, it is not forgeable as it is part of a permanent record of the historical transaction: The Blockchain.

Bitcoin & Cryptocurrency

The blockchain can be likened to an online ledger, where all transactions are recorded and made visible to the whole network.

This comes to show that cryptocurrencies are not secured by people or trust, but by complex mathematical equations. It is very secure and it's highly unlikely that the address of a currency is compromised.

Only miners are able to confirm a transaction. This is their role in the cryptocurrency network. They record transactions, verify them and disperse the transactional information in the network.

For every completed transaction monitored and facilitated by the miners, they are rewarded with a token of cryptocurrency, for instance with Bitcoins.

[A MUST WATCH - How the blockchain is changing money and business; Don Tapscott](#)

Since miners play a major role in the cryptocurrency system, let's look at their role in more detail.

What Are Miners Doing?

First and foremost, principally anyone can be miner. Miners are needed because of the nature of the decentralized network where they have no authority to delegate tasks and the cryptocurrency needs some kind of system to prevent any form of network abuse. For instance, a person may create thousands of peers and spread forged transactions. It will disrupt the system immediately.

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In order for you to be a miner, you would need to solve a cryptologic puzzle which is a set of very complex mathematical questions set by *Satoshi Nakamoto* himself. If you successfully solved the puzzle, as a miner you can build a block and add it to the blockchain.

The miner is also given permission to add a cryptocurrency transaction to the system which automatically grants him a specific number of bitcoins. This is the only way to create valid bitcoins. Bitcoins can only be generated if a miner can solve a cryptographic puzzle. The level of difficulty increases with the amount of computer power the miners invest.

How Are The Cryptocurrencies Value Determined?

The value of cryptocurrencies are dependent on the market, where the prices of various cryptocurrencies vary a lot and is one of the most fluctuating and volatile markets to date.

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The price of cryptocurrencies like any other products is dependent on demand and supply. If more people demands a particular currency and it is short in supply, then the value increases. More units are mined by miners to balance the flow. However, most currencies limit the supply of their tokens.

For instance the total amount of Bitcoin issued is only 21 million. Therefore Bitcoin's supply will decrease in time and will reach its final number by 2140. It also explains why Bitcoin's value is higher as compared to other cryptocurrencies.

Now you must be wondering, what is cryptocurrency used for?

Cryptocurrencies can be spent for different purposes and the best part is, all transactions are completed online! There are 3 different transactions that can be performed when using cryptocurrency:

Bitcoin Trading

Personal Spending

Crowd Funding

Firstly is Bitcoin trading?

Bitcoin trading can be very profitable for both professionals and beginners. The market is new, where arbitrage and margin trading is widely available. The currency's high volatility has also played a major role in bringing new investors to the trading market.

Bitcoin & Cryptocurrency

Compared to other financial currencies, Bitcoin has very little barrier to entry. If you already own Bitcoin, no verification is required and you can start trading almost instantly. Moreover, Bitcoin is not fiat currency. This simply means the price is not related to the economy or policies of any single country.

And unlike stock markets, there are no official Bitcoin exchanges. Instead, hundreds of Bitcoin exchanges operate *24/7* around the world. Because of no official exchanges, this results in no official Bitcoin price where the currency is known for its rapid and frequent price movements.

Secondly is personal spending. You can use Bitcoin to purchase almost anything! From buying cars to travelling the world.

In December *2013*, a Tesla model S was purchased for a reported 91.4 bitcoins. The dealer, located in California continues to accept Bitcoin as a means of payment. They have since managed to sell a *Lamborghini Gallardo* for 216.8 Bitcoin.

You can also travel the world using Bitcoins! Just head to www.cheapair.com. On *22nd November 2013*, they announced that they would be the first online travelling agency accepting Bitcoin. You are able to purchase flights, hotels, car rentals and cruises. You can even book the whole package.

Cryptocurrency also provides the chance for you to give back to society. *How?* By crowd funding. You are able to be part of someone's success story by donating to a crypto crowd funding project. Companies such as Lighthouse have built their crowd funding platform using Bitcoin.

Bitcoin & Cryptocurrency

The perks of donating through this system are you will not be charged for your donation and funds will not be released unless the project meets its criteria. You are also able to withdraw from the campaign before its completion.

You have complete control over the donation! Examples of successful funding campaigns are from [Dogecoin](#), which includes campaigns run for Nascar driver Josh Wise.

The question is, Why Cryptocurrency?

Apart from cryptocurrency being very secure and is run through a decentralized network, there are other properties which projects why cryptocurrencies may be the most talked about topic in town. It has also been considered as potentially an investment vehicle, which may garner massive returns.

Have you heard of [Erik Finman](#)? The teenage Bitcoin millionaire who started picking up Bitcoin at only *\$12* a piece back in May *2011*, when he was just 12 years old. He received the Bitcoin as a tip from his brother and a *\$1000* gift from his grandmother.

He now reportedly owns 403 Bitcoins, which holds a value of roughly *\$2,600* where it has accumulated to a stash of *\$1.08* million and change.

There are various concrete reasons why you should invest in cryptocurrency. This will be elaborated further in chapter 6, but let me give you a brief summary on the perks of buying cryptocurrency.

Bitcoin & Cryptocurrency

Firstly are its transactional properties. Cryptocurrency transaction is fast and global. Transactions are propagated immediately in the network and are confirmed within minutes. Since the transactions are managed by a global network of computers, they do not take into account your physical location. It is possible for you to send your cryptocurrency to someone in your vicinity, or even if they are living on the other side of the world.

Secondly are their monetary properties. The currencies are in controlled supply thus there is a high chance that the value of the currencies appreciates over time. As mentioned earlier, Bitcoin will somehow reach its final number somewhere in 2140.

Third is their revolutionary property. You have more control of what is going on in your account and how the system works and operate. This is due to the decentralized network of peers which keeps a consensus on account balances and the transactions made. As compared to your physical bank account, which can be changed and controlled by people you don't see and governed by rules you don't even know?

Bitcoin & Cryptocurrency

- A Brief History of Bitcoin -

Before I introduce you to other types of cryptocurrency, let have look at the brief history of the world's number one at the moment

This underlying peer to peer authentication system is known as the blockchain (explained in the next chapter) and it is the engine that powers Bitcoin. The protocol was a breakthrough in cryptography, though it drew on developments that had preceded it but hadn't been combined yet.

Bitcoin was conceived in *October 2008*. It was at that time that a paper was published by someone calling themselves *Satoshi Nakamoto*. The paper outlined a peer to peer electronic currency system that utilized software code to authenticate and protect transactions without the need for a centralized bank.

2009

There are a variety of theories as to why *Mr. Nakamoto* proposed this radical idea in the first place. In the network's transaction database there is a small note in the original entry that simply reads "The Times 03/Jan/2009 Chancellor on brink of second bailout for banks". This small note is a reference to a Times of London article about a British official weighing the pros and cons of second bailout for the major banks.

Three months after the paper was published, in January of 2009, the first ever Bitcoin transaction took place between Mr. Nakamoto and [Hal Finney](#), a developer and cryptographic activist.

Later that same year in October of 2009 the New Liberty Standard (now defunct) published the first Bitcoin exchange rate. At the time Bitcoin had an exchange rate of $\$1 = 1,309.03 \text{ BTC}$. In February of *2010* the official Bitcoin currency exchange was established

Bitcoin & Cryptocurrency

Who *Satoshi Nakamoto* actually is has been hotly debated. The name itself is about as common in Japan as "*John Smith*" is in English speaking countries. Because of Bitcoin's extraordinary level of sophistication and a few forum posts made by *Satoshi* that appeared to be from different authors, it is widely believed that *Satoshi Nakamoto* is actually multiple people. In May of 2016 Craig Wright, an Australian entrepreneur, claimed to be the inventor of Bitcoin but his claim has since been completely discredited.

June 2009 1 BTC = 0.0001 USD

2010 - The most expensive pizzas in history

The first Bitcoin commercial transaction is believed to have taken place in May of 2010. [Lazlo Hanyecz](#) was a Bitcoin miner (explained in the next chapter) and had earned over 10,000 Bitcoins. At the time he valued the Bitcoins at a just a few fractions of a cent. Believing they had very little value he went onto a tech forum and found someone living in the UK who agreed to pay for 2 large deluxe pizzas delivered to his door in exchange for 10,000 Bitcoins.

It seems unbelievable now but if *Hanyecz* actually agreed to the transaction. Bitcoin reached a price of around \$1,200 in January

This means that if the seller had kept the Bitcoins and sold them at their peak value those two large deluxe pizzas would have cost an astonishing \$25 million dollars!

Mt.Gox, the [now infamous Bitcoin exchange](#), launched in 2010 and within just a few months had become the dominant place to buy and sell Bitcoins.

June 2010 1 BTC = 0.07 USD

Bitcoin & Cryptocurrency

2011

2011 saw the emergence of the Silk Road, an anonymous eBay like site dedicated to illicit products and services like drugs, weapons, and murder for hire. Because of its anonymous nature, Bitcoin quickly became a popular means of making purchases on the site. The Silk Road unfortunately served as the public's first real introduction to Bitcoin and many politicians and news outlets immediately cast

Bitcoin in a very negative light. Beginning in that same year the original Bitcoin code went through a major overhaul. For several months *Mr. Nakamoto* oversaw the maintenance of the codebase. That April *Mr. Nakamoto* wrote his last verified email. The email left Gavin Anderson, a computer programmer who had been working with *Mr. Nakamoto*, in charge of the project.

June 2011 1 BTC = 15 USD

2012

Despite some initial negative publicity, Forbes magazine published the first mainstream article that cast Bitcoin in a new, positive light in

The Forbes article exposed the little known fact that most of the world's population (*at least 5 billion people*) do not have bank accounts and have no means of obtaining one.

Not having a bank account makes it very difficult to send and receive money especially if you want to send an international payment. The fees for sending international payments to the unbanked can easily run 20%-30% which is very high in general but very high for those with very little money. Bitcoin solves this major problem by allowing for instant payments and fees of less than 1%

Bitcoin & Cryptocurrency

June 2012 1 BTC = 7 USD

2013

Without question, 2013 has thus far been the most interesting, volatile, and profitable year for Bitcoin. In the first part of the year a bail out deal was struck between the European Union and the country of Cyprus.

Unbelievably, the bailout actually included a substantial tax on just about anyone with a bank account. According to the terms of the bailout, any account with €100,000 or more were subject to a 6.75% levy and any bank accounts greater were taxed at a rate of 9.9%.⁴

This seizure of public funds by the large banks (something that has become increasingly more common) triggered a mass withdrawal of money from the nation's banks. After withdrawing their all of their money most people still needed some kind of trusted institution to place their surplus funds in.

Bitcoin was clearly the best solution to this problem and former Cyprus account holders who had previously never even heard of Bitcoin began buying the new currency in large quantities. As a result, Bitcoin began to soar in price.

It ultimately reached a high price of nearly \$1,200, which is not bad for something that was worth less than a penny just three years prior. Even more astonishing is the fact that Bitcoin was valued at approximately \$100 about 30 days prior to it's record high.

Bitcoin & Cryptocurrency

Not long after Bitcoin began its rapid rise in price the People's Bank of China feared that many Chinese bank account holders might withdrawal most of their funds and purchase Bitcoin instead. This led the people's bank to ban all financial institutions from using it or working with customers whose businesses use it.

After this announcement from one of the world's largest financial institutions, the price of Bitcoin began a rapid decline.

Later in 2013 the US senate held a hearing and, to the surprise of many, announced that the US government was open to the prospects of Bitcoin.

June 2013 1 BTC = 100 USD

2014

In early 2014 Bitcoin underwent yet another major crisis. [Mt.Gox](#), which had become the largest and most successful cryptocurrency exchange, was shut down literally overnight without any warning whatsoever. All told, approximately 744,000 Bitcoins were stolen. Many people naturally began to question Bitcoins viability as a currency alternative.

It is worth noting that there is nothing inherently flawed with Bitcoin's underlying structure. If you keep your Bitcoins in a wallet (more on this later) they are virtually impossible to steal. The problem with Mt.Gox, however, is that a great many people believed it to be a wallet when in fact it was a third party exchange that was highly vulnerable to fraud.

Unbelievably, another major cryptocurrency exchange was hacked on the very day I was writing this section (08/02/2016). This time around it was [Bitfinex](#), a Hong Kong based exchange that was hacked and at the time of this writing are reported to have lost 119,756

Bitcoin & Cryptocurrency

Bitcoins. Unfortunately this is not the last time a major exchange will be hacked but I firmly believe that similar exchanges will be much more tightly regulated in the future.

In any case, Bitcoin still remains the best form of currency yet invented. As long as you never trust third parties to safeguard your Bitcoin you should have no security problems. Later in this eBook I will explain how to safeguard your Bitcoins using something called cold storage, which is essentially the Bitcoin equivalent of a savings account.

June 2014 1 BTC = 600 USD

2015

Government regulators, entrepreneurs, economists, journalists, and businesses around the world continued to explore the greater implications of Bitcoin technology. In particular large banks became very interested in the blockchain and “distributed ledgers”.

On the one hand, banks hate Bitcoin because it threatens a system that they control and could ultimately render them obsolete. On the other hand the banks began to realize in 2015 that the basic, decentralized architecture of the blockchain is so sophisticated that it could improve their own operations.

Indeed, as we will see later, the blockchain could revolutionize how many institutions conduct their day to day operations and make life for many people much, much easier. This in turn presents huge opportunities for entrepreneurs of every stripe.

Bitcoin & Cryptocurrency

The Bitcoin Hard Fork

Towards the end of 2015 there was yet another Bitcoin “crisis” and this time it was the Bitcoin protocol that was in distress. The Bitcoin protocol was designed to process roughly seven transactions per second. Under the original protocol the blocks in the blockchain could not store more. Many Bitcoin traders began to realize that Bitcoin was on pace to exceed that limit. If the Bitcoin community could not reach a consensus the cryptocurrencies viability could be seriously jeopardized.

Simply put, a hard fork is “Any alteration to Bitcoin which changes the block structure (including block hash), difficulty rules, or increases the set of valid transactions is a hardfork.”⁶

Fortunately, *Satoshi Nakamoto* foresaw this eventuality and designed the protocol to be upgraded based on a majority consensus of miners. As of this writing the hard fork crisis, for a variety of technical reasons has not been completely resolved. According to nearly all Bitcoin and technology experts, however, this crisis will be resolved by the end of

June 2015 1 BTC = 220 USA

2016

In 2016 Bitcoin had stabilized in price between \$500-\$700. The major event so far has been the hacking of [Bitfinex](#) which resulted in the loss of nearly \$80 million worth of Bitcoin. Fortunately within just a few days the price of Bitcoin stopped falling in price and had nearly recovered most of it's lost ground.

Bitcoin & Cryptocurrency

At the start of 2016 there were an estimated 10 million Bitcoin wallets and 100,000 merchants worldwide who accept Bitcoin. Compared to a small fiat currency like the Danish Krone, these numbers are impressive. But compared to major fiat currencies like the Euro, Dollar, or Yuan, or major credit cards like Visa and MasterCard, it's clear that Bitcoin has a very long way to go before it can be considered mainstream.

June 2016 1 BTC = 703 USA

2017

Bitcoin's market capitalization now stands at over \$73 billion Bitcoin Cash's price rose above the \$400 mark today, breaking the range bound market trend. The cryptocurrency climbed as high as \$406 according to data from [CoinMarketCap](#). The move followed months of steady market fluctuations, with the price of Bitcoin Cash trading no more than a few dollars above or below the \$300 level.

June 2016 1 BTC = 4340 USA

The Future

A major financial crisis like the one that happened in 2008 could rapidly grow the number of people who use Bitcoin as well as the number of merchants who accept it. Correspondingly, if this were to happen, the value of Bitcoin would soar as people all over the world ditched their national fiat currencies for the safety of Bitcoin.

The [Winklevoss twins](#) firmly believe that within the next ten years Bitcoin will have a market cap of at least \$400 billion and very possibly over \$1 trillion. If this were to happen (and they make a very convincing case that it will) a single Bitcoin would be worth \$4000-\$100,000 – this is also predicted by other cryptocurrency experts

Bitcoin & Cryptocurrency

2-0 – The Types Of Cryptocurrency Available

The world of cryptocurrency has always revolved around Bitcoin until recently, when virtual currencies has served a very important purpose in the investment realm and people start flocking to cryptocurrencies as compared to fiat currencies.



Bitcoin & Cryptocurrency

Believe it or not, aside from Bitcoin, there are over 800 cryptocurrencies! However, we will only discuss the top 5 most prominent currencies in the market. The 5 cryptocurrencies are:

Bitcoin

Ethereum

Monero

Ripple

Litecoin

Bitcoin.

This is the first ever cryptocurrency invented and remains by far the most sought after cryptocurrency to date. Bitcoin is known as the digital gold standard in the cryptocurrency network. As explained in the previous chapter, Bitcoin is the pioneer of Blockchain Technology that made digital money possible.

It is the first ever decentralized peer-to-peer network powered by its users without any central authority or middleman which means, no unnecessary costs are included in the digital money transaction.

One major advantage that it has over other cryptocurrencies is bitcoins are impossible to counterfeit or inflate. The reason being there are only 21 million bitcoins created for mining, no more no less. Therefore it is predicted by *2140*, all bitcoins will already be mined.

Bitcoin & Cryptocurrency

Thanks to its blockchain technology, you have ultimate control over your money and transactions without having to go through a third party such as the bank or PayPal.

Bitcoin transactions are also impossible to be reversed. Therefore, you should only deal with trusted parties as Bitcoin is also used as a means for cyber-crime like dark net markets or ransomware.

Media companies and investment firms in South Korea, India, Australia and Japan have started discussing on how Bitcoin may surpass the value of certain fiat currencies in the future as an alternative monetary system.

ABC News, a national news service in Australia have also reported recently it is likely for Bitcoin to replace even the USD in the next 10 years if it sustains its current exponential growth.

The second most popular currency is Ethereum.

Created by [Vitalik Buterin](#), it has scored itself the second spot in the hierarchy of cryptocurrencies. This digital currency launched in 2015 is predicted to surpass Bitcoin and may be the cryptocurrency of the future. Ethereum is currently worth \$300 since its launch.

Is Ethereum similar to Bitcoin?

It is in a way, but not really, if that makes sense? Like Bitcoin, Ethereum is a part of a blockchain network. The main difference between the two currencies is that Bitcoin blockchain focuses on tracking ownership of the digital currency while Ethereum blockchain focuses on running the programming code or network.

Bitcoin & Cryptocurrency

Instead of having to build an entirely original blockchain for each new application, Ethereum enables the development of thousands of different applications in a single platform. In the Ethereum blockchain, miners work to earn Ether. Ether is a crypto token that helps run the network.

Another use of the Ethereum blockchain is its ability to decentralize any services that are centralized. For instance, Ethereum is able to decentralize services like loans provided by banks, online transactions using Paypal as well as voting systems and much more.

Ethereum can also be used to build a Decentralized Autonomous Organization (*DAO*). A DAO is a fully autonomous organization without a leader. DAOs are run by programming codes on a collection of smart contracts written in the Ethereum blockchain. DAO is designed to replace the structure of a traditional organization and like Bitcoin, eliminating the need for people and a centralized control.

What are the most obvious benefits of Ethereum?

Firstly, a third party cannot make any changes to the data. The system is also tamper and corruption proof. This is because Ethereum is built based on a network formed around a consensus as a result, making censorship impossible.

Secondly, just like Bitcoin, Ethereum is backed up by secure cryptography. Therefore, the applications are well protected against any form of hacking.

Ethereum could be due for a *38 percent* correction, according to one analyst, before renewing a rally.

Ethereum is a rival cryptocurrency to bitcoin and has rallied over 2,700 percent this year. Some experts say Ethereum could surpass Bitcoin within the next 10 years

Bitcoin & Cryptocurrency

The third cryptocurrency is Litecoin.

When the currency was first launched in *2011*, it aspired to be the '*silver*' to Bitcoin's '*gold*'. Litecoin also recorded the highest market cap of any other mined cryptocurrency, after Bitcoin after its launch.

The main reason of Litecoin's creation is to make up what Bitcoin lacked. The main difference between Litecoin and Bitcoin is the 2.5 minute time to generate a block for Litecoin, as opposed to Bitcoin's 10 minutes.

For miners and technical experts, the Litecoin possesses a very important difference to Bitcoin, and that is a more improved work algorithm which speeds up the hashing power and system altogether.

One of the biggest advantages that Litecoin possesses is it can handle a higher volume of transactions thanks to its algorithm. The faster block time also prevents double spending attacks.

While Litecoin failed to secure and maintain its second place after Bitcoin, it is still actively mined and traded and is bought by investors as a backup in case Bitcoin fails. The current value of Litecoin is *\$46*.

The fourth currency is Monero.

This digital currency was launched in *2014* and it's main goal was to create an algorithm to add the privacy features that is missing in Bitcoin. Monero invented a system known as the "ring signatures" to conceal the identity of its senders and recipients.

Ring signatures combine a user's private account keys with public keys obtained from Monero's blockchain to create a ring of possible signers that would not allow outsiders to link a signature to a specific user.

Bitcoin & Cryptocurrency

While Monero users have the ability to keep their transactions private, they are also able to share their information selectively. Every Monero account has a “view key”, which allows anyone holding it to view the account's transactions.

Initially, the ring signature system concealed the senders and recipients involved in the Monero transactions without hiding the amount being transferred. However, an updated and improved version of the ring signature system known as “*Ring CT*” enabled the value of individual transactions as well as its recipients to be hidden.

Apart from ring signatures, Monero also improved its privacy settings by using “*Stealth Addresses*”, which are randomly generated, one time addresses. These addresses are created for each transaction on behalf of the recipients.

With this feature, the recipients use a single address and transactions they receive go to separate, unique addresses. This way, Monero transactions cannot be linked to the published address of the recipients.

By providing a high level of privacy, Monero allows each unit of its individual currency to be exchanged between one another. Meaning, each of its coin has the same value.

Like the other cryptocurrencies, Monero offers interested parties to mine blocks. Individuals may choose to join a mining pool, or they may mine Monero by themselves.

Anyone with a computer can mine Monero, as they do not require any specific hardware or specific integrated circuits like Bitcoin. Instead, Monero utilizes a Proof-of-Work (*PoW*) Algorithm that is designed to accept a wide range of processors, a feature which was included to ensure that mining was open to all parties.

Bitcoin & Cryptocurrency

The price of Monero has fluctuated quite frequently from its launch until *May 2017*, where the current value of the currency is now *\$43.80*.

Monero has received the acceptance of multiple dark web marketplaces and has generated its own fan base due to its privacy settings. Therefore, it is less speculative as compared to other digital currencies and traders purchase Monero as a hedge for other cryptocurrencies.

Last but not least is Ripple.

Ripple is actually a technology that has a dual function; as a digital currency as well as a digital payment network for financial transactions. It was launched in *2012* and co-founded by [Chris Larsen](#) and [Jed McCaleb](#). The cryptocurrency coin under Ripple is labeled as XRP.

Unlike the other cryptocurrencies, Ripple operates on an open-source and a peer-to-peer decentralized platform which allows a transfer of money in any form, both fiat and cryptocurrency

Ripple uses a middleman in the currency transactions. The medium (the middleman) known as "*Gateway*" acts as a link in the network between two parties wanting to make a transaction.

The way it works is that the Gateway functions as a credit intermediary that receives and sends currencies to public addresses over the Ripple network. This is why Ripple is less popular when compared to the other digital currencies, with only a *\$0.26* value to date.

Ripple's digital coin, XRP acts as a bridge for other currencies which includes both fiat and cryptocurrencies. In Ripple's network, any currency can be exchanged between one another.

Bitcoin & Cryptocurrency

If user X wants Bitcoins as the form of payment for his services from Y , then Y does not necessarily have to possess Bitcoins. Y can pay X to X 's Gateway using US Dollars or any other currencies. X will then receive Bitcoins converted from the US Dollars from his Gateway.

The nature of Ripple's network and its systems exposes its users to certain risks. Even though you are able to exchange any currencies, the Ripple network does not run with a proof-of-work system like Bitcoin. Instead, transactions are heavily reliant on a consensus protocol in order to validate account balances and transactions on the system.

But Ripple does improve some features of traditional banks. Namely, transactions are completed within seconds on a Ripple network even though the system handles millions of transactions frequently.

Unlike traditional banks, even a wire transfer may take up days or weeks to complete. The fee to conduct transactions on Ripple is also very minimal, as opposed to large fees charged by banks to complete cross-border payments.

Bitcoin & Cryptocurrency

My 3 factors of the Cryptocurrency Conversation:

- 1. Education creates the awareness*
- 2. Awareness allows you to SEE the opportunities*
- 3. Action enables you to SEIZE the opportunities*

My 5 Attributes of Cryptocurrency

- 1. Transparent*
- 2. Private*
- 3. Portable*
- 4. Profitable*
- 5. Finite*

The Crypto Group



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The best educators in Crypto and the most transparent movement in the network marketing space

How can I be a part of Bitcoin and mining?
<https://www.youtube.com/watch?v=glEsRIWjqfM>

1 Hour webinar regarding Bitclub mining pool with one of the founders of the club: <https://www.youtube.com/watch?v=wl1gEdyKnFs&t=27s>

Team video from BCN mining facility on Iceland:
<https://www.youtube.com/watch?v=-gOoqTVBagU&t=4s>

Another team video: <https://www.youtube.com/watch?v=OfShNwRSWbc>

Bitclub co-founder Russ in Malaysia Feb 2th 2019:
<https://www.youtube.com/watch?v=zENapelwePE&feature=youtu.be>

Bitclub co-founder Joe Frank Abel <https://www.youtube.com/watch?v=oS1vCdjYpxg>

Bitclub network Compensation plan webinar:
<https://www.youtube.com/watch?v=gtgbEu1hj6A>

3 hr BitClub seminar with Co founder Russ:
<https://www.youtube.com/watch?v=yEEb68F5gFg>

Bitcoin & Cryptocurrency

In the next section we take a very close look at the current state of the world's economy, including looking at lots of hard economic data. Even if you are not one for boring statistics, graphs, and numbers I would strongly encourage you to closely read the next chapter as I feel it the most important chapter of this entire eBook.

-Why another Financial Crisis Is Guaranteed-

"Only a crisis, actual or perceived, produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable."

-Milton Friedman, economist

Many of the underlying problems that led to the financial crisis of 2008 have never really been resolved contrary to the premise that the US has been in steady recovery since that time.

Without question the US was the catalyst for the 2008 financial crisis. In 2009 the US government commissioned the [Financial Crisis Inquiry Report](#) in order to better understand what led to the crisis and in order to hopefully prevent another meltdown.

According to the report, the root causes of the 2008 crisis were due primarily to

- (1) [financial derivatives](#),
- (2) excessive [sub-prime lending](#),

Bitcoin & Cryptocurrency

- (3) excessive speculation,
- (4) rising debt levels coupled with stagnating or declining wages,
- (5) a massive housing bubble,
- (6) rampant financial fraud, and
- (7) prolonged, artificially low interest rates.

In short, very low interest rates provided by the Federal Reserve combined with broad financial deregulation allowed the financial sector to overwhelm the system with debt, create a massive financial bubble in stocks and real estate, and generally plunder the economy. This created the veneer of prosperity but it was a game that

This is not about politics

In the US there has been much debate about the origin of the 2008 financial crisis mostly along political lines. This eBook is not about politics. But very often time's politics and economics have a way of crossing paths.

In truth, while the government has done little to fix the causes of the last crisis due primarily to it's allegiance to the financial sector, the mass media have gone through extraordinary lengths to portray the opposite.

Before you read any further I should point that although I have a keen interest in economics, I am not an economist.

But what follows is some very hard data that is difficult not to be seriously troubled by. I am not writing this to scare anyone. I am simply pointing out the US, while it has the veneer of prosperity, in reality has major economic problems that can only end in another meltdown.

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I apologize for being the bearer of bad news on this but I think it's very, very important for anyone interested in Bitcoin investing (or investing generally) to understand what's coming.

Recipe for Disaster

The tried and true recipe for a major economic meltdown is fairly simple: stagnating or declining wages and runaway debt levels.

If wages stagnate or decline long enough while debt levels continually rise, debt defaults will eventually start rising. At some point some banks will begin to fail. When enough banks fail, the credit markets will freeze and then many businesses, unable to borrow to pay their day to day expenses, will begin to fail, triggering more debt defaults, more bank failures, and more business failures. It's a vicious cycle that has happened many times in history....and it's going to happen again

This frightening scenario is precisely what happened in the lead up to the Great Depression and the *2008* crisis and in many other financial crises outside the US going back centuries. If the government and the central bank can not intervene to stabilize the markets you have a systemic failure. When this happens an entire economy can go into total collapse causing hyperinflation and widespread unemployment and misery.

Unfortunately, the US economy seems, once again, to be primed for this exact scenario.

Let's take a closer look...

The years leading up to the *2008* Financial Crisis

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The housing market reached its peak in 2005 and then proceeded to slowly unwind before bottoming out in 2010. After the peak was reached the financial sector became increasingly unable to make new loans to conventional borrowers. The financial sector needed a steady flow of new loans in order to provide the raw material for its most recent and highly lucrative cash cow, [mortgage backed securities](#) (MBS).

In order to continue minting new MBS' the financial sector substantially scaled up lending to sub-prime borrowers. Sub-prime loans by definition are very risky and had the effect of adding fuel to the already overheated housing market. At this point the Federal Reserve raised interest rates in order to deflate the housing bubble but it was too little too late. The financial sector simply continued its recklessness unabated until everything blew up.

After The Fall

After the inevitable crisis hit the Federal Reserve responded by dropping rates to near 0%, where they still remain. The government then began a program of massive deficit spending (printing money) that once again gave the appearance of economic recovery. But for the average working American there has been no recovery.

Individual debt of every kind has continued to pile up while real median household income has actually fallen.

There has surely been a recovery in stock and Real Estate prices but the rise in prices has not been tied to fundamentals, something the mainstream media have continually failed to point out. This means that these assets are overvalued and due for a sharp correction. A sharp correction usually results in a panic which tends to lead to a crisis; exactly like what happened in 2008.

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What has been going on in the years since 2008 is that new asset bubbles have been created or simply re-inflated.

Existing Home Sales

Existing home sales are one metric that economists look at to determine if a given economy is actually in recovery or not. As of April

2016 existing home sales in the US were at *5.45 million* or about the same as they were in *2007* before the economy imploded.⁸

Strangely, mortgage purchase applications are down *55%* from *2007* levels.

New Home Sales

Another metric that economists look at is annual number of new homes sold each year and the average price for each home. New home sales are currently up *80%* from the *2010* market bottom and that is very good news.

The bad news is that the current new home sales rate is *60%* below the *2005* peak and *25%* below the *1990 to 2000* average. Strangely, the median new home sales price is at record high levels and far above the *2005* peak.

Looking carefully at the data, the new and existing home sales data present two conundrums.

How can existing home sales be at *2007* levels but mortgage loan applications are *55%* below *2007* levels?

And how can the average new home sales price be so incredibly high when new home sales are well below the *2005* peak?

The answer is threefold.

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Firstly, ludicrously low interest rates have allowed Wall Street [hedge funds](#), banks, finance companies, and real estate investors to engage in rampant speculation. Rampant speculation always drives prices higher. Secondly, banks have conspired with each other to keep millions of foreclosed homes off of the market, the result of which is to artificially lower the number of existing homes actually for sale (market manipulation) and therefore drive up the average home price.⁹ And thirdly, the low interest rates have also allowed people to purchase more house than they otherwise would have been able to buy driving home prices even further.

What all this means is that, unbelievably, yet another real estate bubble has been created. Recall that a giant real estate bubble was one of the underlying causes of the *2008* crisis.

But Wait, There's More...

Since *2008* many highly respected economists like Joseph Stiglitz,

Paul Krugman, Robert Pollin, Robert Reich, Bill Black, and many others have pleaded for massive public investments in infrastructure, social programs, and education in order to create sustainable economic growth.

Instead, the US government along with their pals in the Federal Reserve chose to maintain ludicrously high levels of military spending, ultra-low interest rates, and draconian austerity programs aimed at cutting the living standards of the middle and working class. In addition, the extraordinary power of the financial sector has never really been curtailed despite some superficial reforms like *Dodd- Frank*.¹⁰

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The result of all this craziness has been to grossly misallocate capital and resources into highly profitable but ultimately non-productive financial bubbles. This time around the US has not only created another giant housing bubble but amazingly has also created an unsustainable economic bubble in credit cards, student loans, and auto loans.

The Auto Market

Auto sales have long been a driver of US economic strength and progress. In 2009 auto sales fell to a rate of *10.4 million* following the

2008 credit crunch. In *2015* auto sales reached a record high of *17.5 million* new vehicles were sold *11* along with *38.3 million* used cars sold through dealerships. This sure sounds like a very good thing but appearances can be deceiving.

This bill was passed in *2010* and on the surface appeared to limit the wild risk taking and speculation of the financial sector. However, as expected, the financial sector descended armies of lobbyists on Washington to kill portions of the bill that would have seriously limited the financial sectors ability to take huge risks, a reform that was badly needed. [US Auto Sales Break Record In 2015](#)

If Americans were earning more at their jobs and if good paying jobs had become plentiful than record high auto sales would indeed be very good news.

But this is not at all what is happening.

Instead, auto sales in the US are being primarily driven by very easy credit and an increase in auto leasing. Just as in the housing market, as auto sales began to flat line the financial sector simply ramped up subprime lending to reinvigorate the market.

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In *2015*, *23.5%* of the new vehicles sold were classified as subprime. In short, easy credit has allowed a large percentage of people buying cars to “buy” cars that they cannot really afford.

In addition to an increase in subprime auto financing, auto leasing now accounts for *30%* of all US auto sales. However, leasing a car is more similar to renting a car than purchasing one so calling vehicles purchased this way “sales” is a little bit of a stretch to say the least.

Credit Card Debt

As with the lead up to the *2008* meltdown, as wages stagnated or declined and the cost of living increased, US consumers have once again began to borrow heavily on their credit cards in order to sustain their lifestyles. And lenders have, once again, been more than happy to help consumers accumulate credit card debt by slashing credit standards so low that nearly anyone with a pulse can obtain a credit card (*albeit with very high interest rates and fees*).

Credit card debt in the US reached its all-time high of *\$1.02 trillion* in July *2008* just as the economic meltdown was intensifying. As of May of *2016* US credit card debt was, once again, set to exceed *\$1trillion*

As expected, as credit worthy consumers have become increasingly scarce lenders have instead ramped up their credit card offerings to subprime borrowers. Newly issued subprime credit cards are up an incredible *25%* from *2014* and are at the highest level since

2007..just before the global meltdown.

If even a relatively small percentage of say *10%* of these borrowers default on their credit cards, the issuing bank could easily be wiped out.

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Student Loan Debt

As of the start of the 2016, US student loan debt was at *\$1.2 trillion*, the second highest level of consumer debt behind mortgages. The class of 2015 graduated with *\$35,051* in student loan debt on average and nearly 25% of student loan borrowers are either delinquent or in total default.

There are four primary reasons why student loan has exploded in recent years:

Firstly, the US higher education system is extremely expensive compared to other countries.¹⁶ **Secondly**, the dismantlement of the country's manufacturing sector has made higher education increasingly necessary in order to earn a decent wage. **Third**, the cost of higher education has far outpaced the rate of inflation as universities can essentially charge whatever the market will bear. **And fourthly**, just about anyone can obtain a student loan because they cannot be discharged in bankruptcy and are underwritten by the Government.

[America's Growing Student Loan Debt Crisis](#)

In many countries, including many developing countries, the cost of higher education is socialized in the same way K-12 education is in the US making it impossible to accumulate a significant amount of debt.

When just about anyone can obtain a loan, especially an unsecured loan, it becomes a virtual certainty that many people will default on these loans, as we are already seeing. When enough people go into default you eventually have a financial crisis that can quickly escalate into a total economic meltdown.

US Medical Debt

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For many years the number one reason for bankruptcy filing in the US has not been credit card debt or personal or business loans but has actually been medical debt. As with every other kind of debt we have looked at so far, individual medical debt is as bad or worse than it was in the years before the 2008 crisis.

Americans currently pay three times more for medical debt than they do for bank and credit card debt combined¹⁷ exactly how much medical debt is currently outstanding is difficult to calculate but it could easily surpass \$1 trillion. The per capita cost of medical care has risen every single year since the beginning of the century and is currently almost double what it was in the year 2000.

[Why Americans Are Drowning In Medical Debt](#)

MAKING HEALTHCARE MORE AFFORDABLE

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The Derivatives Crisis

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In the years since the *2008* crisis the US news media have done an extraordinarily good job of virtually never discussing [financial derivatives](#).

Financial derivatives are very complex insurance arrangements between individual investors, banks, and hedge funds. They are also unregulated by the Commodities Futures Trading Commission (CFTC) and are, according to Warren Buffet, essentially “financial weapons of mass destruction.”

Here is a slightly more technical description:

“Derivatives are instruments that derive their value from fluctuations in the price of an underlying asset such as a stock or a commodity. Financial institutions, asset managers, corporations, and governments use derivatives to manage volatility in assets that their respective enterprises are exposed to”

At the end of *2015* the top five biggest banks in the US collectively held nearly *\$250 trillion* worth of derivatives exposure. According to the Bank of International Settlements (BIS) the notional value of all outstanding derivatives in the world amounted to more than *\$550 trillion*. These are mind boggling numbers by any measure but are even more ridiculous when you consider that the GDP of the entire planet in *2014* was a mere *\$75 trillion!*

The financial sector has repeatedly assured everyone that they have sufficiently spread the risk around so that these complex financial instruments are not as risky as they seem. “*Buy aye there's the rub,*” as Shakespeare would say because you can spread risk around as much as you like but you can never, ever eliminate it.

And when the derivatives bubble finally implodes (and it will) there simply won't be enough fiat money in the world to stop the meltdown.

Bitcoin & Cryptocurrency

Conclusion

All of the economic bubbles combined with the blatant manipulation of the countries unemployment numbers and housing data have given the misleading impression that the US has been in recovery when in fact what has been going on is that the seeds of an ever bigger financial meltdown have been steadily sown and are now nearly ripe for harvest.

Imagine the US economy is like the now infamous Titanic. Everyone aboard the ship believed the ship was unsinkable and for good reason. The Titanic was the largest, most technologically advanced passenger ship every built at the time and was impressive in just about every way. The brilliant architects and engineers who built it repeatedly boasted that the ship was unsinkable thanks to its sophisticated construction and numerous, state of the art safety features.

But the Titanic had one, major design flaw:

If one of the lower compartments flooded the flooding could easily spill over into another compartment because, while the walls were sealed tight, the ceiling of each compartment was not. This meant that one compartment could easily flood the neighboring compartment and so on until the whole ship was sunk. Unfortunately for those on the Titanic this major flaw was not discovered until it was too late

Bitcoin & Cryptocurrency



This is precisely what happened in the last financial crisis and it is absolutely what is going to happen again. Just about every sector of the US economy is primed for future crisis and a crisis in any sector (compartment) can quickly become a crisis everywhere and, if the crisis is severe and widespread enough, the whole ship can sink.

But Wait There's Still Even More...

As if the multiple economic problems of the US were not bad enough, the European Union and Asian economies have major economic problems of their own that are unlikely to be resolved by sound policy. As we saw in countless economic meltdowns in the 20th century and in the 2008 meltdown, the entire planet is really like the Titanic and a crisis any one country can quickly become a crisis in every country

As I am sure you are more than a little disturbed and perhaps even a little depressed at this point (sorry to be the bearer of bad news!), we're going to look at Europe and Asia's problems very briefly.

Europe's Financial Problems

Bitcoin & Cryptocurrency

Europe's problems are essentially threefold:

First, a few governments within the EU are having serious trouble paying the interest on their bonds. This is not too surprising considering that certain countries like Spain, for example, currently have an official unemployment rate of more than *21%* and a youth unemployment rate of *46%*. These numbers are very nearly as bad as what the US experienced at the height of the Great Depression.

Second, many of the banks in the stronger European countries own a great deal of bonds from the now struggling European economies. These banks are on the hook should the banks of *Portugal, Italy, Spain, Ireland, and Greece* begin to fail. And in *Spain* and *Ireland* many of the counties banks have numerous bad loans on their books as a result of their imploding real estate markets.

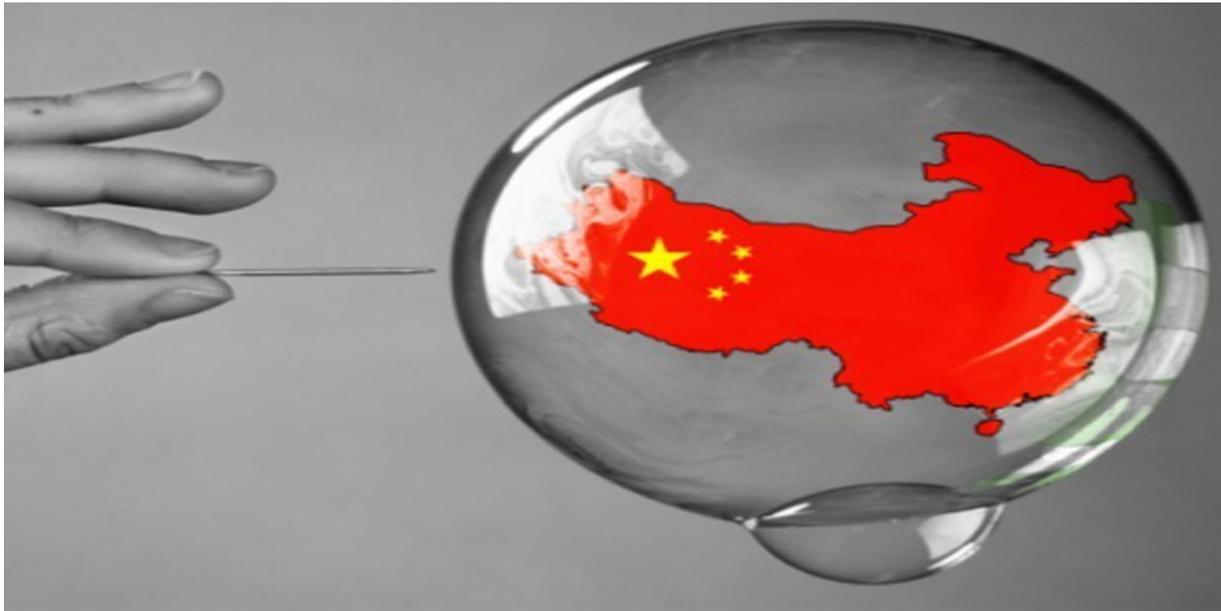
Third, rising debt levels can only be sustained by an economic boom. If debt continues to rise while an economy stagnates you could have major trouble. In fact, Europe's economy has not only stagnated but is actually in recession despite the best efforts of the EU central bank

Europe's recession is really no surprise as all three of Europe's financial problems feed off one another further depressing the European economy in a vicious circle that should sound familiar at this point. The unexpected June 2016 UK vote to pullout of the EU is sure to intensify the economic problems of the EU member states could rapidly lead to the breakup of the EU altogether, throwing fragile world markets into turmoil.

According to *Wikipedia.org* the national unemployment rate during the great depression reached its all time high of *25% in 1933*

Asia's Financial Problems

Bitcoin & Cryptocurrency



China is the center of Asian economic block and has long been viewed as a fortress of economic strength. But like all major economies,

China was hit very hard by the 2008 meltdown and, like all major economies, it has never truly recovered from that last crisis.

China's central bank and the government poured vast amounts of money and credit into the system in the hope of spurring domestic consumption. This seemed to work for a little while but unfortunately *Chinese* stimulus spending was unable to develop domestic consumption to a point where it could substitute for a sharp decline in its massive export oriented manufacturing sector.

As a result, *China* has accumulated an enormous amount of debt, particularly corporate debt, while economic growth has stalled. *China* also appears to have massive real estate bubble thanks to easy credit and low interest rates.

George Soros, the infamous billionaire investor, said in August 2016 said that he "*thinks there's an eerie resemblance of what's happening in China to what happened there leading up to the financial crisis in 2007-2008*"

Bitcoin & Cryptocurrency

The Coming Financial Collapse

As I said before, I am not now nor have I ever been a trained economist. Nobody likes a Debbie Downer and you certainly don't

Have to believe any of the numerous warning signs that I have shared with you thus far that a major economic downturn is imminent.

However, [William White](#) is not only a highly trained economist but was the former chief economist of the Bank for International Settlements (the central bank for all of the world's central banks). Only the best and brightest can work for the Bank for International Settlements and only the absolute best can become their chief economic adviser.

On the eve of the World Economic Forum in Davos, *Switzerland* in January 2016, William White delivered a dire warning:

"The situation is worse than it was in 2007. . . . Debts have continued to build up over the last eight years and they have reached such levels in every part of the world that they have become a potent cause for mischief. It will become obvious in the next recession that many of these debts will never be serviced or repaid, and this will be uncomfortable for a lot of people who think they own assets that are worth something."

According to *White*, the next financial meltdown will require a massive recapitalization of major banks which will almost certainly be paid for by essentially stealing money from depositors especially those with large bank balances, also known as a "bail in."

The Good News

Now that I am done completely scaring the pants off of you, it's time to share some really good news with you.

Bitcoin & Cryptocurrency

The good news is that not since the invention of the Internet has there been an opportunity to make a fortune like the opportunity we now have with Bitcoin. Indeed, I believe Bitcoin is an even bigger opportunity than Internet in terms of how it can completely revolutionize life on this planet.

The really great news is that even if I am wrong and the world does not plunge into another giant economic crisis, Bitcoin is still a huge opportunity and just by reading this you put yourself way ahead of the curve.

But unfortunately, in order for Bitcoin to gain mass acceptance and become a recognizable form of money, people will need a compelling reason to acquire and spend Bitcoins and a global economic meltdown would necessarily be that catalyst.

-How Bitcoin Works & Why It Is So Revolutionary-



Bitcoin & Cryptocurrency

At its core Bitcoin is a cryptographic protocol. This basically means that unique pieces of digital property can be transferred from one computer to another. The cryptographic protocol that Bitcoin is based on makes it completely impossible to double spend a Bitcoin. Double spending means that the same Bitcoin cannot be used by the same person for multiple transactions.

The double spending problem is a problem that every form of money has had before Bitcoin. Even gold has been vulnerable to this problem as gold would be deposited into a seemingly trustworthy institution like a bank and in exchange the depositor would get back paper certificates.

These paper certificates were then traded as gold and this is [how paper money first came into being](#). The double spending problem arose when people tried to convert their paper certificates for gold and discovered that the bank had created many certificates for the same piece of gold.

As mentioned earlier, under the current money creation system, banks can loan out money that they do not really have. This is called fractional reserve banking and it is at the heart of the modern banking system.

Under this dubious system, a single dollar, or euro, or pound, or yuan, or whatever can easily be spent by the same person or institution on many transactions. One dollar, paid to the bank, for example, could be loaned out ten or twenty times without ever leaving the bank. The cryptographic protocol that Bitcoin is based on means you either have Bitcoin or you don't.

Bitcoin Mining

Bitcoin & Cryptocurrency

Under the traditional banking system the world's governments can simply print money out of thin air whenever they feel the need (*many people would call this counterfeiting and it is admittedly difficult to differentiate between the two*).



But Bitcoin makes this impossible because new Bitcoin isn't simply printed but is actually discovered. The 'discovery' of new Bitcoins is achieved by computers around the world competing with each other to solve increasingly complex algorithms in a process that is simply known as mining.

Bitcoin users send Bitcoin to each other over the Bitcoin network all of the time but in order to accurately keep track of who paid what to Who an incorruptible ledger needs to be kept. Bitcoin deals with this by gathering all of the transactions made during a set period of time into a cryptographic ledger, or block.

Bitcoin & Cryptocurrency



This cryptographic ledger is a continuous record of settled transactions and ultimately creates a long list of blocks known simply as the blockchain. Unlike other forms of money, the blockchain or general ledger system is public and every transaction made between two Bitcoin wallets can be viewed at any point on the network.

While the transactions themselves are publicly visible the identities of the parties involved are private.

[Here is a continuously updated list of Bitcoin transactions](#)

Whenever a new block of Bitcoin transactions is created this new block is added to the blockchain. A constantly updated copy of each block is given to everyone participating allowing everyone to know what is going on.

Bitcoin & Cryptocurrency

Recall from the first chapter that money essentially obtains its value from its ability to perform as a reliable ledger system. The better the ledger system is the more valuable that form of money will be. An ideal form of money would be one where the general ledger system could not really be tampered with.

The blockchain that Bitcoin is based on is exactly that: a general ledger system that is nearly impossible to tamper with.

When a new block of transactions is created, miners take the information in the block and apply a mathematical formula. The application of this formula turns the block into a far shorter, seemingly non-sensical sequence of 64 letters and numbers known as a hash.

No matter how much data is being condensed, whether it is a single sentence or all of the information contained within the library of congress, a Bitcoin hash will always be 64 numbers of letters. Once the hash is created it is stored along with the block at the end of the blockchain.

This is an example of a Bitcoin hash: *(well actually it's one of my own personal Bitcoin wallet address)*

1FBTpUNJhHEmzeJiFgK8TF6ABjbPhjJdp8

Every hash produced is exactly 64 characters and completely unique. Changing just a single character in a Bitcoin block changes the hash completely. The data contained within a block is not the only data used to generate a hash. One piece of data that is used is the hash of the last block stored in the blockchain.

This process of creating new hashes by using the hash of the block before it means that if any block were tampered with and was not legitimate, everyone would know.

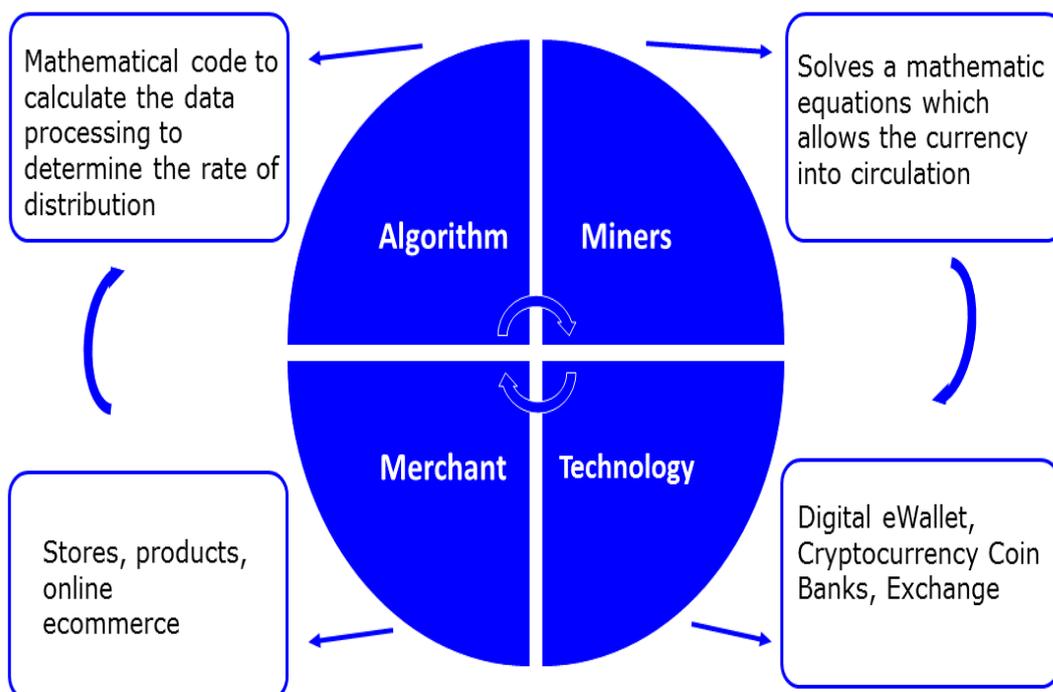
Bitcoin & Cryptocurrency

Suppose you tried to fake a transaction, or double spend a Bitcoin, by changing a block that had already been stored in the blockchain. If you did this the hash of the block you tampered with would change and this in turn would cause the block you tampered with to be instantly spotted as a fake.

And because the hash of each block is used to produce the block of the subsequent block in the blockchain, tinkering with a block would also make the hash of every descending block in the chain wrong too. As a result, all of the other blocks down the chain would be totally out of whack.

How the Blockchain works

Four Elements of Creating a Cryptocurrency



Creating New Coins

Bitcoin & Cryptocurrency

Heavy duty computers called mining rigs and lots of electricity are needed in order to perform the increasingly complex task of condensing and encrypting data. (*similar to the image below*) All of these computers distributed all over the world compete with each other to 'seal off' a block. Every time a miner successfully does this and creates a new hash they get a reward of *12.5* Bitcoin.



The cryptographic protocol that Bitcoin is based on cuts in half this reward every *210,000* blocks which takes place about every four years on average. Reducing the reward amount over time creates increasing scarcity. Only a total of about *21 million* Bitcoins will ever be mined and the last batch of new Bitcoin will be mined in the year *2040*.

Bitcoin Mining Pools

Bitcoin & Cryptocurrency

Bitcoin mining is actually very similar to mining for precious metals. If you are out mining for gold, for example, you're hoping your investment of energy and money will eventually result in getting lucky and discovering a large gold deposit.

In much the same way, Bitcoin miners hope their investment of energy and money will result in their mining operation being the lucky one that is rewarded with *12.5* Bitcoins for sealing off a block.



The problem with Bitcoin mining is the same as the problem of mining for any precious metal: a whole a lot of people are competing for an increasingly scarce reward.

In the Bitcoin world the solution to this problem is something called a mining pool and they are a fantastic investment opportunity. With a mining pool, a network of mining rigs are pooled together and the entire pool counts as one miner. When any mining rig in the network successfully seals off a block and earns the current reward of *12.5 Bitcoin*

Bitcoin, the reward is fairly divided to all of the miners based on their computing power.

Bitcoin & Cryptocurrency

So essentially Bitcoin mining pools are a means for Bitcoin miners to share the risk and reward of Bitcoin, pooling their resources together and splitting the mining reward equally. For Bitcoin miners who are not part of a mining pool it could take many months or even years to earn a Bitcoin reward, depending on their computing power.

The solution to this problem was for miners to join forces as a network so that blocks could be created much faster and on a more consistent basis rather than one time randomly every few years.

Why Bitcoin Is So Revolutionary



The reason Bitcoin is such a big deal and is easily one of the greatest inventions in human history is because it is a perfect form of money. In the very least, Bitcoin is as close to a perfect form of money as the world has ever seen. People have been using money for many thousands of years but the forms of money used have always been subject to various kinds of problems.

Bitcoin & Cryptocurrency

Gold has long been thought of as an ideal form of money. In general, gold is definitely superior to fiat money but even gold has its problems. For one, gold is very heavy and is not easy to transport which is how paper money first came into existence; as a lightweight substitute for heavy gold coins. Another problem of gold is that, while gold cannot be counterfeited, it can be debased and diluted.

Recall from earlier the 7 characteristics of money: *Scarce, durable, divisible, transportable, recognizable, fungible, and resistant to counterfeiting.*

Now that you have learned a little about Bitcoin and how it works, let's look at how Bitcoin stacks up to the 7 characteristics:

1 Scarcity – Only *21 million* Bitcoin will ever be created and the amount created will be cut in half every time *210,000* blocks have been created. The cryptographic protocol that Bitcoin is based on cannot be manipulated to create more coin out of thin air

2 Durable – A single piece of Bitcoin can never break down over time. Once a Bitcoin is created it can never be destroyed. You can lose your Bitcoin and have it stolen but it will never break down the way a paper dollar or a copper coin might.

3 Divisible – A single Bitcoin can be broken down all the way to $1/100,000,000$ th of a Bitcoin called a *Satoshi*. The cryptographic protocol that Bitcoin is based on actually allows for further division based on a vote by miners if necessary.

Bitcoin & Cryptocurrency

4 Transportable – Bitcoin is ultra-easy to take with you because it exists entirely in cyberspace. Bitcoin is also very easy to make payments with regardless of how close the other party is to you or whether or not they have a bank account. The ease with which Bitcoin can be sent and received as payment makes it a very attractive payment option to the *80%* of the planet who do not have bank accounts.

5 Fungible – Bitcoin is easily interchangeable with other forms of Bitcoin

6 Resistant to Counterfeiting – There's no way to counterfeit a Bitcoin; you either have real Bitcoin or you don't

7 Recognizable – At the present moment very few people know what Bitcoin is. They may have heard of Bitcoin in the news in passing a few times but they don't really understand it. And because hardly anyone knows what Bitcoin is, they don't recognize it as a form of money and therefore will not take it as a form of payment.

Bitcoin's one and only weakness then is that very few people recognize it. This is certainly a problem but it is one that is easily overcome. When the next global financial crisis hits, Bitcoin's popularity will soar.

Ultimately, what all of this means, is that Bitcoin is actually better than gold...and that's a really big deal.

Imagine the kind of fortune you could make if you were one of the first people to discover a new mineral that everyone needed? You'd make a killing. That is precisely the opportunity that you have right now and opportunities like this come along maybe once or twice in a lifetime.

In the next section we will take a look at how to set up a Bitcoin wallet so that you can start sending and receiving payments in Bitcoin, a crucial first step in making your fortune with Bitcoin.

Bitcoin & Cryptocurrency

-Setting up Your Wallet & Protecting Your Bitcoin-

OK, now in order to engage in any kind of Bitcoin transaction you first need to set up a secure Bitcoin wallet. In the cryptocurrency realm, the term used is "wallet". The wallet can be likened to a bank account, which can be stored in different devices.

There are different kinds of wallets that you can use. The term Bitcoin wallet is actually kind of misleading because Bitcoin wallets don't really store your Bitcoins. Actual Bitcoin is stored in the blockchain. In point of fact Bitcoin wallets store the private keys that give users the right to use those Bitcoins.

A cryptocurrency wallet is a software program that functions to store private and public keys and interacts with various blockchains. It enables users to send and receive cryptocurrencies as well as tracking their balance.

There are many wallets out there for you to choose from, which is all dependent on your security needs as well as whether you wish to be an active trader or a more passive buy-and-hold investor.

There are three primary kinds of Bitcoin wallets: software wallets, web wallets, and cold wallets

Software Wallets

With a software wallet, a wallet is installed on your PC or desktop. This kind of wallet provides more security than most web wallets. At the same time, [software wallets](#) are really only as secure as the computers they are stored on. Malware is starting to become a major problem and the latest versions of malware have the ability to access the private keys stored in wallets.

Bitcoin & Cryptocurrency

After you have downloaded the software wallet onto your computer it will synchronize with the network by downloading the blockchain. This process usually takes a few hours but after it is completed sending and receiving Bitcoins is as simple as pushing a few buttons

Paper Wallets

A paper wallet is the equivalent of paper and coin money. With a paper wallet both private and public keys can be printed out and so long as the computer data that stored the information is deleted, no one should be able to get to it.

You can easily create a paper wallet yourself by using a site like bitaddress.org. With a paper wallet no unauthorized third party can obtain your Bitcoin without having the private key printed on your paper wallet.

By using the public key you can actually send more Bitcoins to paper wallet without the need to bring the wallet back online. This is obviously one major difference between a Bitcoin paper wallet and a piece of paper currency. Unfortunately if you actually want to spend any of the Bitcoin you will first need to bring the key back online and then move the account into your web based or software based wallet.

Web Wallets

A web wallet stores your coin in cyberspace and has the obvious advantage of allowing you to access your Bitcoin anywhere and from any device. In general, a web wallets are the least secure kind of wallet as they are the most vulnerable to hacking. But some web wallets are far more secure than others because they employ a variety of security features to protect your Bitcoin

Bitcoin & Cryptocurrency

Now let's explore the top 5 wallets for you to choose from to hold your crypto funds.

The top 5 wallets that you can choose from to store your cryptocurrencies are as follows:

[Breadwallet.com](https://breadwallet.com)

[Blockchain.info](https://blockchain.info)

[MyEtherWallet](https://myetherwallet.com)

[Coinbase](https://coinbase.com)

[Trezor](https://trezor.io)

Firstly, let's look at breadwallet.com.

For now, breadwallet only receives Bitcoin to store in their digital wallets. This wallet is great for Bitcoin beginners as it is very user friendly and simple to use. Most importantly, the tool is free to use.



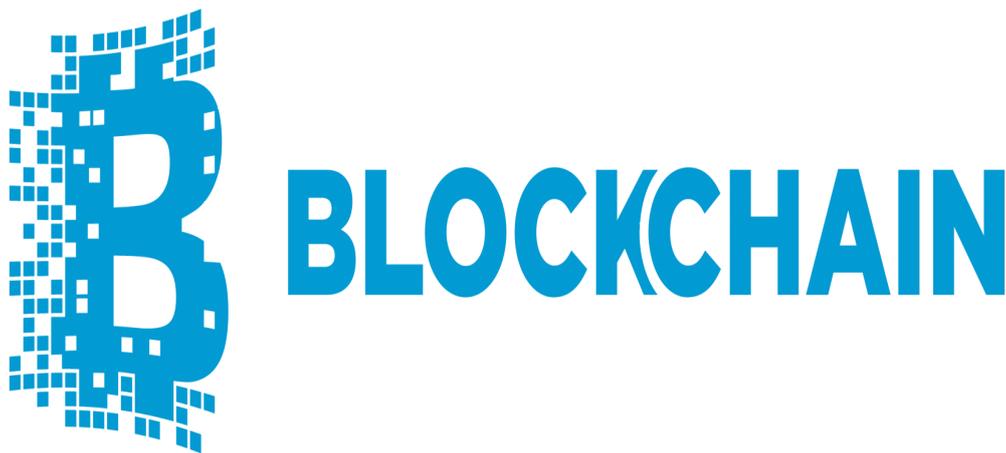
Bitcoin & Cryptocurrency

All you need to do is to download breadwallet, choose a passcode and you are ready to receive your currencies. There are no login names or passwords and no complicated cryptographic keys or configuring any settings.

However, the downside of this wallet is that it can only be downloaded to your mobile device and there is no web or desktop interfaces. It also lacks features and it is a hot wallet, which means it has less security and other parties may access your private keys easier.

The second wallet is known as Blockchain.info.

The Blockchain is catered towards Bitcoins only and is a mobile based app for both iOS and Android. It also acts as a web based wallet. The most distinguishable feature of the Blockchain wallet is the newly developed payment channel for the Bitcoin network, known as "Thunder".



The technology enables users to send and receive Bitcoins without touching the main blockchain. This results in a very secure transaction and instant payments.

The Blockchain wallet is free and to create your account, you need to head to the main page and sign up for your account.

Bitcoin & Cryptocurrency

The third wallet is known as MyEtherWallet.

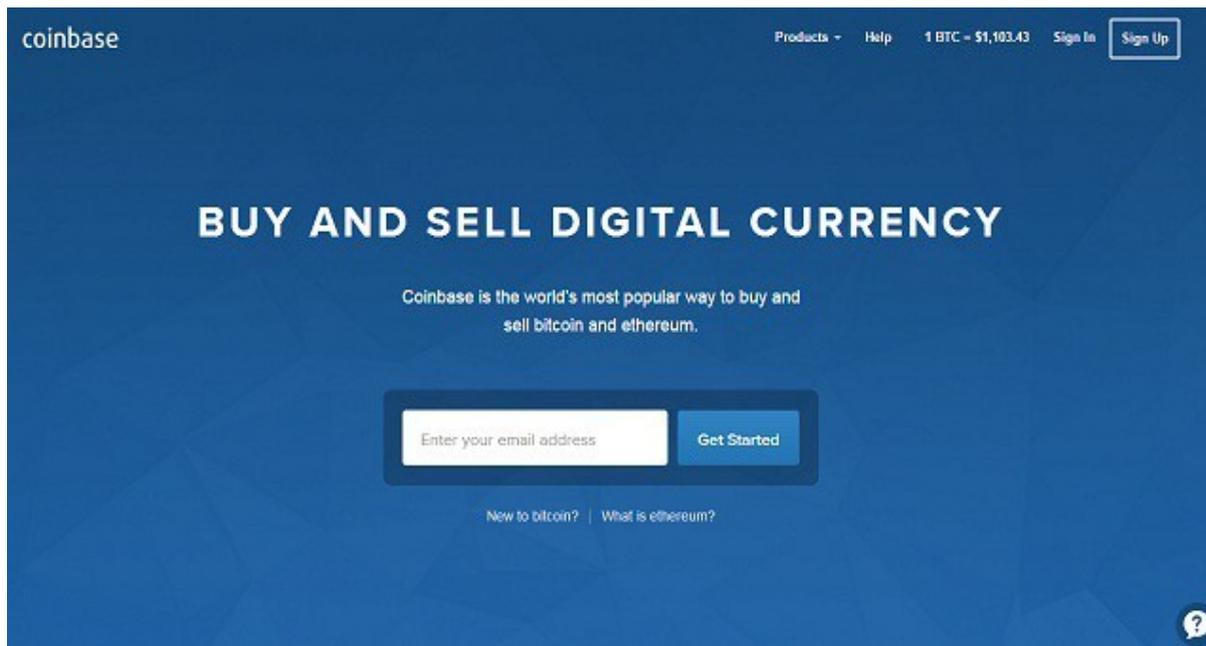
This wallet caters specifically to Ethereum currency. This wallet is user friendly as it allows you to create a new wallet without having to download the blockchain as you can simply use the web-based application.



MyEtherWallet is not your standard web wallet. You do not have to create an account on their server. You just simply create a wallet which is yours to keep, where you may broadcast your transactions on the blockchain through their full node.

Next is my favorite and the one I would recommend to use which is [coinbase](#).

Bitcoin & Cryptocurrency



Coinbase is both a web wallet and a Bitcoin exchange (I will explain next). With a coinbase account you can buy and sell Bitcoin and store and spend your Bitcoin securely. No web wallet is 100% secure against hackers but in my opinion a coinbase wallet is really, really damn close.

Last but not least is Trezor.

Trezor is a hardware Bitcoin wallet ideal for storing large amounts of Bitcoin. It is also suitable for beginners and very user friendly and has very good security and privacy settings. The web interface is easy to use and the device comes with a built in screen. Most importantly, it is open source software.

Bitcoin & Cryptocurrency



As it is a very secure and practical device, the cost is a little bit pricey at \$99. You must also have a device to send your bitcoins.

So, as discussed these wallets can be stored on a number of different devices.

There are *5 types* of devices where you can download and store your wallets to hold your cryptocurrencies:

Desktop

Cloud

Mobile Devices

Hardware

Paper

Firstly, is your desktop

Bitcoin & Cryptocurrency

Your wallets can be downloaded on a PC or laptop. They are only accessible from the single computer in which they are downloaded. It offers very good security but the drawback is you are only able to access your wallet on the desktop and nowhere else.

The second drawback is when your PC is attacked by virus, the virus may also affect your cryptocurrency wallet and your wallet may get hacked. The virus may also access your private keys and your funds.

Secondly, your wallet can be downloaded and stored in cloud or online. The wallets run on the cloud and are accessible from any devices in any location.

They are very convenient to access unlike your wallets stored on the desktop. However, bear in mind that your private keys are stored online and other parties may potentially access your wallet easily.

The **third** wallet is your mobile wallet. You can download your wallet on your mobile device via the App Store or Google Playstore and others. Having your wallet on your mobile makes it very convenient as you have access to it anywhere you go.

A lot of them are quite secure as they have multiple signature accesses as well as backup features in case you lose your phone. This way you would not risk losing your crypto funds as the backup feature has backed up your private key to unlock your wallet.

The **fourth** wallet is your hardware wallet. A hardware wallet means you store your crypto funds on a USB or hard drive. Although hardware wallets complete their transactions online, they are stored offline and this enhances the security.

Bitcoin & Cryptocurrency

Last but not least is you can store your wallet on paper. Paper wallets are wallets printed out on a piece of paper. They are very easy to use as you have the option to carry it wherever you go, or you can even store it somewhere safe.

Because they are printed out, they provide a very high level of security. While the term paper wallet can refer to a physical copy or printout of your public and private keys, it can also refer to a piece of software used to securely generate a pair of keys which are then printed.

Now this leaves us with an important question, where should you store your wallet which contains your crypto funds?

This all depends on whether you are an active or passive user of cryptocurrency. To assess which user you are, you need to answer the following questions:

Do you need a wallet for everyday purchases, or just buying and holding your digital currency?

Do you plan to use several currencies or just one single currency?

Do you require access to your digital wallet wherever you are, even when you are on the go or only from home?

For instance, if you are the type of user who constantly spends your crypto funds to purchase daily necessities, you may want to store your wallet in your mobile device or on cloud.

However, if you plan to buy and hold your currencies for future investments, it is best for you to store your wallet on a hardware or paper wallet.

Bitcoin & Cryptocurrency

Once you have chosen the best platform to hold your currencies, you can now proceed to the many digital currency exchanges to purchase your cryptocurrency and kick start your investment!

Cryptocurrency Exchanges for Investment

First and foremost, let's get familiar with cryptocurrency exchanges. What is cryptocurrency exchange? Cryptocurrency exchanges are websites which allows you to buy, sell and exchange cryptocurrencies for other digital currency or fiat currencies like USD or Euro.

If you are very well versed in your crypto investment game and are used to trade professionally, you will likely need to use an exchange platform that requires you to open an account and verify your identification.

However if you are relatively new to the realm of cryptocurrency as a beginner I advise to start with platforms which do not require you to open an account. These exchanges are usually very straightforward and you can start trading occasionally until you get the hang of it.

There are 3 types of cryptocurrency exchanges:

Trading Platforms

These are websites that connects buyers and sellers where they charge certain fees for a completed transaction.

Direct Trading

These platforms offer direct person to person exchange. You may exchange with individuals from different countries as well as different currencies. Direct trading does not necessarily adhere to the market price, as the individuals trading may set their own exchange rate.

Bitcoin & Cryptocurrency

Brokers

These are websites that anyone can visit to purchase cryptocurrencies. However, the price is set by the broker. Cryptocurrency brokers are similar to foreign exchange dealers.

Before making your first trade, it's important to take note of these 5 key information to minimize your risk and maximize your return on investment.

Reputation Before you start your exchange on your selected site, ensure you've gathered sufficient information regarding the site such as reviews from professional traders as well as well-known industry websites. You may also join forums that discuss cryptocurrency issues such as Bitcoin Talk or Reddit.

Fees Most exchanges will have fee-related information on their websites. Before joining any sites, ensure you have understood the exchange jargons; deposit, transaction and withdrawal fees. Fees may vary according to the exchange you choose.

Payment Methods Take note of the payment method available. Does the site use credit and debit card? Wire transfer? PayPal? If a particular exchange has very limited payment methods then it may not be convenient for you. Always remember that purchasing currencies via credit card will always require an ID verification and it comes with a premium price to increase the security measures.

Meanwhile, purchasing cryptocurrency via wire transfer will take longer as it takes time for banks to process.

Verification Requirements

Bitcoin & Cryptocurrency

Majority of Bitcoin's trading platforms both in the US and the UK require a form of ID verification to make deposits and withdrawals. Some exchanges will also allow you to remain anonymous. Bear in mind that verifications may take up days but this is protect exchanges from any sort of money laundering.

Exchange Rate

Do not be surprised that different exchanges offer different rates. Therefore, always remember to shop around and to not immediately settle on an exchange. This makes a big difference on your investment as cryptocurrencies are known to fluctuate in value up to 10% and even higher in some circumstances.

As cryptocurrency is gaining more attention around the globe, there is a vast array of exchange platforms to choose from. But not all exchange platforms are created equal. These are the top 5 most visited exchange platforms in no particular order.

[Coinbase](#)

Kraken

Cex.io

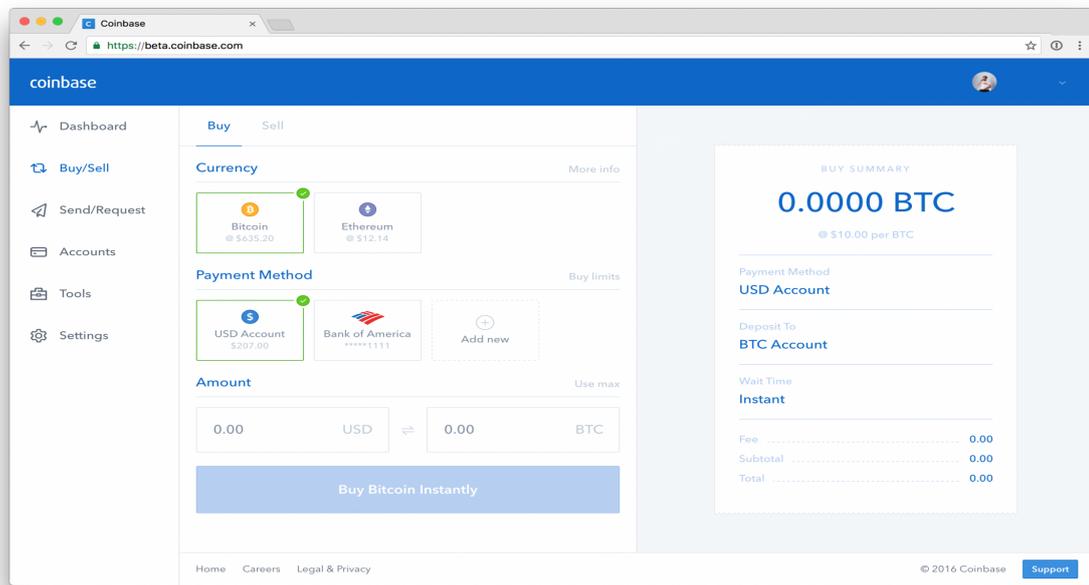
ShapeShift

Poloniex

[Firstly, is Coinbase.](#) (My favorite)

Bitcoin & Cryptocurrency

Coinbase is one of the most popular exchange platforms to date. It is used by trusted investors and millions of investors around the globe. This platform is user friendly as it makes it easy for you to securely buy, use, store and trade digital currency.



The platform allows you to exchange currencies like Bitcoin, Ethereum, and recently, Litecoin. They also have a digital wallet that is available on iPhone and Android.

However, the selection of tradable currencies are dependent on the country you live in. Currently, Coinbase only allows transactions in the US, Europe, UK, Canada, Australia and Singapore. The method of payment is also quite limited and restricted to bank transfers, credit/debit cards and PayPal. To get started, all you need to do is to sign up for your account and you are good to go!

The second platform is Kraken.

Bitcoin & Cryptocurrency

Kraken is the largest Bitcoin exchange in euro volume and liquidity and is the first partner in the cryptocurrency bank. Kraken allows the exchange of Bitcoins, where you are also able to trade Bitcoins and euros, US Dollars, Canadian Dollars, British Pounds and Japanese Yen.

Kraken also allows the trade of other digital currencies such as Ethereum, Monero, Ethereum Classic, Augur REP tokens, Litecoin, ICONOMI, Zcash and many more.

The screenshot shows the Kraken website's deposit interface for US Dollar (USD). At the top, there is a navigation bar with the Kraken logo, account information (XBT: \$0.00000, USD: \$0.00), and links for ACCOUNT, CHARTS, and HELP. Below the navigation bar is a table showing market data for XBT/USD:

	LAST	HIGH	LOW	24 HOUR VOLUME	WEIGHTED AVG
XBT/USD	\$777.444	\$777.444	\$745.500	1,795.02	\$755.283

Below the table, there are navigation links for Trade, Funding, Security, Settings, History, Get Verified, and MtGox Claim. The current time is 12-02-16 11:05:34 +05:30. The main content area is titled "Deposit US Dollar (USD)" and includes a "Deposit Method" dropdown menu set to "PayCash (SWIFT)". A table on the right shows funding limits:

Daily limit	\$0.00 / \$2,000.00
Monthly limit	\$0.00 / \$10,000.00
Current balance	\$0.00
Withheld	\$0.00
Withheld (converted)	\$0.00
Maximum deposit	\$2,000.00

Below the table, there is a link to "Increase funding limits". At the bottom, there is a section for "Wire Transfer Deposit • PayCash (SWIFT)" with a note: "You must upgrade to Tier 3 verification in order to use this method. Please go to the Get Verified page to upgrade."

Kraken also caters towards more experienced users where it offers margin trading and other advanced trading features. Cost wise, Kraken has very decent exchange rates, low transaction fees as well as minimal deposit fees.

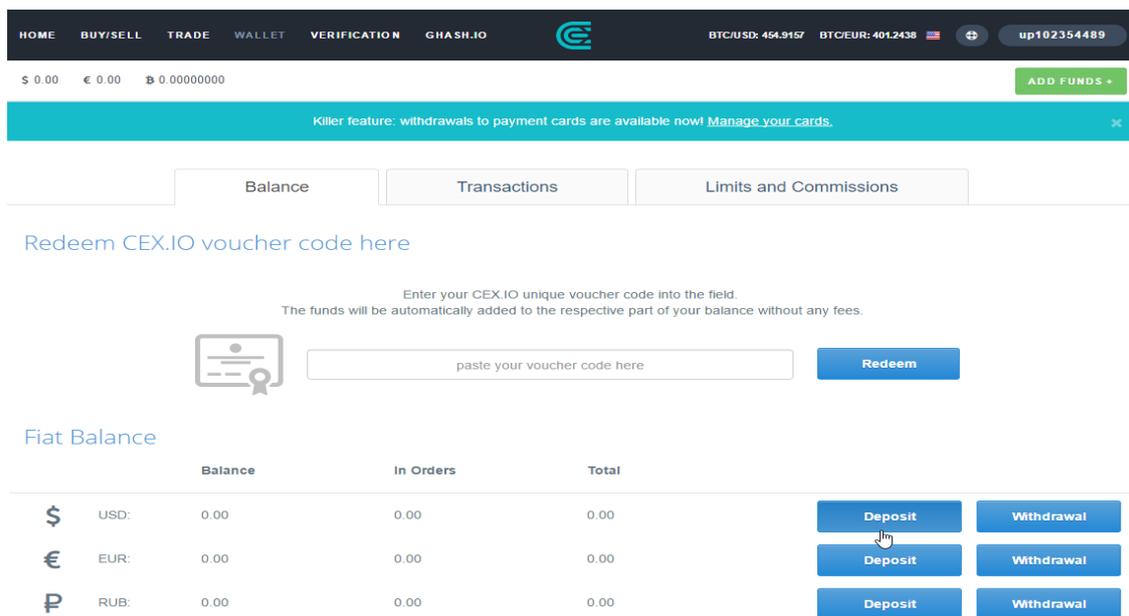
However, like [Coinbase](#), the payment methods are also very limited. Kraken is also more suitable for advanced traders and investors and it may be a little difficult for newcomers as it has an unintuitive user interface.

To open up a basic account to start trading, you need to sign up for your account on their main page where it requires your personally details. A more advanced account additionally requires a government issued ID and a proof of residence.

Bitcoin & Cryptocurrency

The third exchange platform is Cex.io.

This platform enables its users to easily trade fiat currency with cryptocurrencies and vice versa. For traders looking to trade Bitcoins professionally, the platform offers personalized and user-friendly trading dashboards and margin trading.



The screenshot displays the CEX.io dashboard. At the top, there is a navigation bar with links for HOME, BUY/SELL, TRADE, WALLET, VERIFICATION, and GHASH.IO. The current BTC/USD rate is 454.9157 and the BTC/EUR rate is 401.2438. The user's account ID is up102354489. Below the navigation bar, there are tabs for Balance, Transactions, and Limits and Commissions. A banner at the top of the main content area reads: "Killer feature: withdrawals to payment cards are available now! Manage your cards." Below this, there is a section for redeeming a CEX.IO voucher code. It includes a text input field labeled "paste your voucher code here" and a "Redeem" button. Below the voucher section is a table titled "Fiat Balance" with columns for Balance, In Orders, and Total. The table shows balances for USD, EUR, and RUB, all currently at 0.00. To the right of the table are buttons for "Deposit" and "Withdrawal" for each currency.

		Balance	In Orders	Total		
\$	USD:	0.00	0.00	0.00	Deposit	Withdrawal
€	EUR:	0.00	0.00	0.00	Deposit	Withdrawal
₽	RUB:	0.00	0.00	0.00	Deposit	Withdrawal

CEX also offers a brokerage service which provides inexperienced traders a very simple way to purchase Bitcoins according to the market rate. CEX is a very practical mobile product where it is supported worldwide and has a very decent exchange rate. However, depositing currencies in your account is quite expensive.

To start your trading on CEX, you need to head on to the main page and sign up for your account.

Next up is ShapeShift.

ShapeShift is tailored towards users who wish to make instant straightforward trades without signing up for an account or relying on a platform to hold your funds.

Bitcoin & Cryptocurrency

The screenshot displays a user interface for a cryptocurrency exchange. On the left, there is a large QR code. To its right, the text reads: "Send 1.52452791 Dash to XnGTE6TT6WatmFwozqh7TUE9miUbmCwF". Below this, it states: "It will be converted into 0.090442 Bitcoin, and sent to 1JHd8FNVJzdGyoPqsPmrfWwz4r5EJxgUp". At the bottom of the interface, there is a table with the following data:

Destination	Deposit Limit	Exchange Rate	Deposit Minimum
1JHd8FNVJzdGyoPqsPmrfWwz4r5EJxgUp	13.3415 DASH	1 DASH = 0.06070207 BTC	0.06885246 DASH

Additional interface elements include a "Deposit Address" field with the value "XnGTE6TT6WatmFwozqh7TUE9miUbmCwF", a "9:48 until expiration" timer, and three status buttons: "Awaiting Deposit", "Awaiting Exchange", and "Complete". The interface is powered by ShapeShift.io.

It also supports the exchange of multiple cryptocurrencies including Bitcoin, Ethereum, Monero, Zcash and many more. However, it does not allow fiat currency exchange with cryptocurrencies and the payment methods are very limited as users are not allowed to purchase their digital currencies with debit/credit cards or any other payment system. Payments are to be done via cryptocurrencies only.

Last but not least is Poloniex.

This platform offers a secure trading environment with more than 100 different Bitcoin cryptocurrency pairings and advanced features for professional investors.

Poloniex has a fee schedule for all its traders. Therefore, the fee that is charged varies depending on if you are a maker or a taker. Makers are traders who displays their orders on the order prior to the trade. Takers are users who "takes" the makers order.

Bitcoin & Cryptocurrency

For makers, their fees range from 0 to 0.15% depending on the amount traded. For takers, fees range from 0.10 to 0.25%. The reason why the fees vary is because maker-taker model encourages market liquidity by rewarding the makers of that liquidity with a fee discount.



In order to start trading, you have to sign up for an account on Poloniex's main page.

To start investing, you have to firstly possess a digital wallet. Then, shop around for suitable exchange platforms according to your preferences. The main factor to take into account before starting your investment is to acknowledge whether you are an active or passive user of cryptocurrency; are you in it for the short-term, or the long-run?

Setting up Your Cryptocurrency wallets

For the money making strategies discussed here you will need two different wallets. I use and would recommend [coinbase](#) and blockchain wallets.

Here is why coinbase is very secure:

Bitcoin & Cryptocurrency

Sensitive customer data that would normally reside on servers is disconnected from the internet

Customer data is split with redundancy, *AES-256* encrypted, and copied to *FIPS-140* USB drives and paper backups

Drives and paper backups are distributed geographically in safe deposit boxes and secure vaults around the world

[Coinbase](#) is insured against theft and electronic compromise in an amount that exceeds the average value of Bitcoin it holds at any given time. The insurer used by coinbase is very highly rated and has an S&P rating of A+

Two Step Verification. When you log into your account from your computer you will be sent a text notification to the mobile phone attached to your account. You will then need to enter the 7 digit code you received in order to access your account. If you are trying to log in from an IP address that you had previously never used before you will also be sent an email notification that will require you to log into your email account and click a confirmation link

All coinbase website traffic runs over encrypted SSL

In short, your coinbase account is at least 99.9% secure and, in the off chance that your account is actually hacked, you will be reimbursed for your loss through coinbase's insurance policy.

Open Your Coinbase Account

If you open your account with [this link](#) and deposit at least *\$100* you will receive an additional *\$10* worth of Bitcoin. It isn't much but it is a really nice bonus.

Bitcoin & Cryptocurrency

It is admittedly a bit of a pain to open a [coinbase](#) account. You will need to provide them with your personal information such as your phone number, email address, date of birth, and home address. You will also need to provide a copy of your driver's license or other photo ID, such as a passport. If your home address is not the same as the address that appears on your license this can create some problems with the verification process.

In order to use the coinbase exchange you will need to have a verifiable bank account. This is actually a little trickier than it sounds. Some banks allow for quick web verification while others can take much longer to verify.

If you have one of the following bank accounts the verification process should be very easy and straight forward:

Bank of America

Wells Fargo

Chase

USAA

PNC

Usban

Lloyds

Barclays

HSBS

Citibank

Bitcoin & Cryptocurrency

Charless Schwab

CapitalOne

Fidelity

If you're still unsure [check here for FAQ](#)

If you are using a small, local bank or a credit union this verification process can take quite a bit longer. The good news is that once you have gone through the tedious process of creating and verifying your coinbase account you will be set up to make some really good money with minimal effort and risk on your part.

As your primary wallet, I recommend just using your coinbase wallet. But in order to engage in some of the trading strategies discussed you will need to open a blockchain.info wallet. Unlike

Coinbase, blockchain.info is not an exchange. Opening your bread wallet is very easy and nowhere as painstaking as creating your coinbase account.

PIC HERE OF <https://blockchain.info/> WALLET

###p blockchain.info, follow the prompts, and open your account. Once you have set up your account you can easily send money from your coinbase account to your bread wallet.

Send and Receive Bitcoin

Sending and receiving Bitcoin through coinbase is super-fast and easy and only cost less than 1% per transaction. There are three different ways you can send and receive Bitcoin: a QR code, a wallet address, and to an email address.

Bitcoin & Cryptocurrency

1. QR Code – Every wallet, whether it is through coinbase or not, will have a QR code that can be scanned by the other party's mobile device. All the other party needs to do is show you the QR code so that you can scan it with your smart phone. Then all you do is open your wallet on your smart phone, scan the code, and you are all set.

2. Wallet Address – Every wallet will have an address that will look something like this: 1FBTpUNJhHEmzeJiFgK8TF6ABjbPhjJdp8. *(This is actual one of my Coinbase wallet address)*

You can both manually enter this code or just copy and paste it which is what I recommend as it is very easy to make a mistake. But once you either send or receive Bitcoin the address will be saved in your wallet for future use.

3. Email Address – You can also just send payments to an email address that is registered to a wallet. You can do this by logging into your coinbase account and sending a request for payment invoice to an email address.

Word of Caution

Unlike checks and other electronic forms of payment, Bitcoin transactions function like cash does in the real world and are not reversible under any circumstances. This coupled with Bitcoin's anonymity are the reasons why Bitcoin has proven to be very popular with many cyber criminals.

The irreversible nature of Bitcoin payments could possibly change some day as it is something that can be voted on by miners. But this is not likely to happen any time soon. In the mean time you need to be very careful when sending payments or when giving your address out that the address is correct because once the payment is sent there is no getting your Bitcoin back.

Bitcoin & Cryptocurrency

Also, while this has not happened to me, it is possible that your bank could shut your bank account down from withdrawing large amounts of cash in and out of your coinbase account. Remember that banks really, really do not like Bitcoin because it is a threat to their domination and control. In any case, the instances where I have heard of this happening have all involved very large sums of money in excess of \$100k over a period of less than a year.

There is a low risk of this happening but just be careful

– Strategies to Invest

Investing in cryptocurrencies comes with its own risks as well as rewards. Therefore, you need to invest strategically in order to maximize your return on investment and minimize your risks. There are specific strategies you need to adopt to ensure a successful cryptocurrency investment and building your portfolio.



There are **5 strategies**, which may come in handy for you especially if you are relatively new to the cryptocurrency realm.

Bitcoin & Cryptocurrency

1. Understand the whole concept of cryptocurrency
2. Spy on the market
3. Invest in more than one coin
4. Start small and scale higher
5. Reallocate your investment

Firstly, it is important for you to understand the whole concept of cryptocurrency.

Always keep in mind that you do not simply invest in something you are not sure and uncertain of. Do not jump on the bandwagon and follow what other people are doing just because you fear of missing out. For instance, a lot of people see their peers investing in property and they just follow suit in hopes to generate millions without even conducting prior research.

Therefore the first thing you ought to do is to study the space. These are the important points to be digested before kick-starting your investment:

What is cryptocurrency?

What is Blockchain Technology?

What is Bitcoin?

What are the other popular digital currencies?

What are the coins market caps?

How can you start your own cryptocurrency exchanges?

Bitcoin & Cryptocurrency

Where can you make cryptocurrency exchanges?

Take your time to understand the realm of cryptocurrency and don't rush the process. It may take weeks or even months to digest all the information but this step is imperative for you so you can be on top of the game and an expert in the field. This way, there's a very low chance for you to waste your resources as you are familiar with the cryptocurrency industry.

The **second** strategy to invest is to spy on the market.

What does spying on the market mean? Spying on the market means you are observing what is currently working in the cryptocurrency market. What you want to specifically look into is:

What is the most sought after currency?

What is the value of the currency?

Which currency has the highest market cap?

Should you buy and hold the currency for future investments?



Bitcoin & Cryptocurrency

Always remember that the cryptocurrency market is very volatile and the values fluctuate every now and then. The values usually depend on a lot of factors such as the speculators, the market demand, the supply demand and different institutions manipulating the prices.

My advice is for you to shop around and do not settle immediately for a specific cryptocurrency just because it has the highest value or popularity at the moment.

For instance, the most sought after currency at the moment is Bitcoin, but many professional traders and investors have predicted that Ethereum may surpass Bitcoin and become the currency of the future in the coming years. Therefore, always spy on the market and analyze the information.

The next strategy is to invest in more than one cryptocurrency.

It is not wise to invest all of your money into a single digital currency. A well balanced portfolio minimizes your risk as when you possibly lose on a cryptocurrency you own, you can still gain with the other ones you have.

If you decide to invest in only one currency for example Litecoin, what if the whole currency collapses? You'll lose all of the money you have invested in a split second without any backups.

Therefore, always invest in 2 or more currencies. Constantly spy on the market and choose the currency you prefer.

The fourth strategy is to start small and scale higher as you go.

A lot of people assume you become instantly rich when you invest in cryptocurrency. However, that is not always the case. You don't just become rich once you choose to invest in cryptocurrency. There's a strategy and a learning curve to get where you want to be.

Bitcoin & Cryptocurrency

Therefore always remember to start small, especially for those who have a small risk appetite. As mentioned in the previous chapters, cryptocurrency values are very volatile in nature as it depends on many factors. The values fluctuate even more in this cryptocurrency season where many people are starting to trade digital currencies.

For beginners, the rule of thumb is to start investing \$500 for your cryptocurrencies. You don't necessarily have to start investing thousands! Now that you have your \$500, how do you divide the money and what currency do you start to purchase first?

Firstly, remember to sign up for your digital wallet, and deposit your fiat currency and purchase the top 2 cryptocurrencies; *Bitcoin* and *Ethereum*.



The reason why we're selecting the 2 is because they are the safest and established choice as compared to the other currencies. They are prone to fluctuation, but not as much for now.

So, you split the \$500, and purchase \$250 worth of *Bitcoin* and \$250 for *Ethereum*. This is a smart way to do it and if there are chances of you losing any of your funds, the risk is still worth taking.

Bitcoin & Cryptocurrency

When you get the hang of it, you can scale your investment higher by purchasing your cryptocurrencies in a higher value.

Last but not least is to reallocate your investment.

Once you've completed all the steps from 1-4, which means you're familiar with the cryptocurrency realm, you can reallocate your funds according to the digital currency market.

When you've started trading and investing, you'll notice over a period of time some currencies will do better than others.

For instance, you've observed Bitcoin's market and it has gone up whereas Ethereum has gone down, you can drag your funds to the higher currency market. This means, you can play around according to what's working in the current market and constantly reallocate your money.

When you get the hang of it, you'll realize that your investment will build up eventually from \$500 to \$1000, from \$1000 to possibly \$100,000! Always remember to do your part in getting to know more of the cryptocurrency market as there is always something new to look into. Be strategic in your investment and only investment in what you know!

Strategies on how to make money with Bitcoin!-



Bitcoin & Cryptocurrency

Finally, the part you all have been waiting for: how to actually make money with this new kind of money.

There are actually many direct and indirect ways to make money with Bitcoin

Here are just a few ways you can make a profit from Bitcoin:

Strategy #1: Simple Flipping

With this strategy the idea is to buy Bitcoin as close to spot price as possible and then resell it at about a 10% markup. Six percent may not sound like much but if you could trade just \$1,000 of Bitcoin per day, every day, at an average net profit of 8%, this would add up to an average of \$2,400 per month or \$28,800 in profit per year. ..That's not bad for just moving money around!

This is a very simple strategy in practice but it is not always simple in execution. The primary obstacle to simple flipping of Bitcoin are scams. Indeed, if you engage in simple flipping on a regular basis it is close to a certainty that you will be scammed at least a few times.

The primary reason for the epidemic of scams with Bitcoin trading is that the designers of Bitcoin in their infinite wisdom wanted the new currency to function as much as possible like cash. Therefore, because there is no mechanism to reverse a cash transaction (legal means notwithstanding) there is no way to reverse a Bitcoin transaction.

This means that no matter how egregious the fraud or how easily proven it is, once a Bitcoin payment has been sent to another wallet, there is absolutely no way to get it back. There is some debate in the Bitcoin community as to whether not this feature of Bitcoin should be changed as it was with Ethereum. But for now all Bitcoin transactions are final

Bitcoin & Cryptocurrency

The good news is that most scams can be avoided. Always be cautious with every transaction and follow the steps outlined and you will do just fine 98% of the time.

Step 1: Getting Your Hands on Bitcoin

In order to turn a profit flipping Bitcoin you first have to obtain Bitcoin as close to the spot price as possible. To the best of my knowledge there are only four ways you obtain Bitcoin for close to the spot price:

1. *Craigslist*
2. *Bitcoin ATM*
3. *Bitwage*
4. *Coinbase*

[Coinbase](#) is without question the best and most reliable way to obtain your Bitcoin. But before we get to that let's first quickly look at how to obtain Bitcoin cheaply from Craigslist, Bitwage, and Bitcoin ATM.

1. Craigslist

If you live in a primarily rural area, this method of obtaining Bitcoin is not at all going to work as very few people in your area are likely to be selling Bitcoin. But if you live in a large, urban area Craigslist can be a great way to obtain some Bitcoin for close to the spot price.

Bitcoin & Cryptocurrency

All you have to do is go onto Craigslist in your area and search for the keywords 'btc' and 'Bitcoin'. Sometimes you will get lucky and find someone who is willing to sell Bitcoin for close to or actually at spot price. This admittedly doesn't happen very often but if you check regularly and you live in a large enough metro area you should see a few ads a month posted.

This method for obtaining Bitcoin at close to spot price can be useful when you're buying limits are severely restricted at coinbase. If you get very lucky you may actually find a miner on Craigslist who is willing to regularly sell their newly minted Bitcoin for spot price.

2. Bitcoin ATM

A Bitcoin ATM allows you to turn your cash into Bitcoin. The fees for this can vary but if you are lucky enough to actually have a Bitcoin ATM near you the fees for purchasing Bitcoin should be less than 2%. As with Craigslist, if you live in a very rural area then this method is not likely to work for you.

As of this writing there are probably less than 100 Bitcoin ATM's in the US. To locate a Bitcoin ATM simply go to Google and do a search for Bitcoin ATM plus your region.

3. Bitwage

[Bitwage](#) is a service that allows anyone who receives a payroll check to convert their earnings direct to Bitcoin. It's free to sign up and the fees for using the service are only about 1%.

Bitcoin & Cryptocurrency

While it is admittedly somewhat risky to convert your entire paycheck into Bitcoin, doing so can be a great way to get your hands on more Bitcoin. Because of the limits and delays associated with buying Bitcoin on coinbase, the more Bitcoin you can get your hands on at spot price the better of you will be.

4. Coinbase

Unless you actually do get lucky enough to find a miner who is regularly willing to sell you Bitcoin for spot price, Coinbase is how you will be obtaining nearly all of you Bitcoin for flipping.

If you have not already done so, you will need to open a coinbase account. Unfortunately, opening a coinbase account can be a little tricky. It took several weeks for me to get my coinbase account created because I made a small error and entered some information incorrectly.

>>>The fact that it is not super easy to open a Coinbase account is precisely one of reasons why certain people are willing to a pay a premium to buy Bitcoin from you<<<

Buying your account from Coinbase

Once you have successfully created your account, verified your identity, and added and approved bank account, you are ready to finally start buying some Bitcoin.

What you need to know...

Bitcoin & Cryptocurrency

Coinbase imposes limits on how much Bitcoin you can actually purchase on a daily basis and they currently charge a transaction fee of 1.49% per trade. Once you have added and verified your bank account you will be able to buy a few thousand dollars' worth of Bitcoin every day and these limits will increase gradually as you regularly use the service.

However, every time you execute a buy order with coinbase using your bank account you will have to wait *7-10 days* for your bank to approve the transaction. This is definitely problematic and definitely makes it difficult to make any serious money starting out. If you execute a buy order with your credit card you will instantly have access to *\$60* worth of Bitcoin.

\$60 isn't much of course but it's something to help you get started.

Flipping Your Bitcoin

If you haven't already done so you will first need to create your free breadwallet. The reason for using a breadwallet as opposed to your coinbase is that you are going to be doing most of your trades from [LocalBitcoins](#).

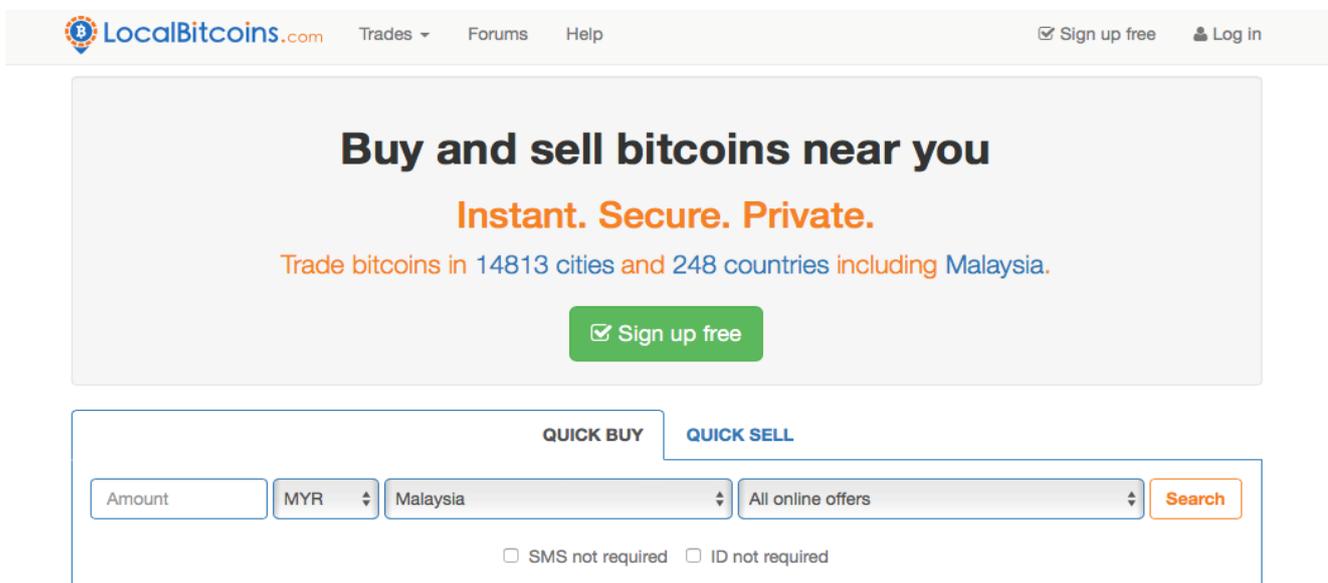
For whatever reason, localBitcoins doesn't take too kindly to coinbase wallets. Just make sure to always use you breadwallet for all of your localBitcoin trading and you shouldn't run into too many issues depositing your Bitcoin and withdrawing your funds.

LocalBitcoins

This site allows buyers and sellers of Bitcoin to trade Bitcoin in exchange for various kinds of payment including cash, check, PayPal, wire services, as well as several other forms of payment.

Bitcoin & Cryptocurrency

LocalBitcoins acts as an intermediary service between buyers and sellers and all Bitcoin that is offered for sale is placed in escrow on the site until both the buyer and seller agree that the transaction is complete. The site charges a modest 1% fee to the seller for all trades.



The screenshot shows the LocalBitcoins.com website interface. At the top, there is a navigation bar with the site logo, 'LocalBitcoins.com', and links for 'Trades', 'Forums', and 'Help'. On the right side of the navigation bar, there are links for 'Sign up free' and 'Log in'. Below the navigation bar, the main content area features a large heading: 'Buy and sell bitcoins near you'. Underneath this heading, it says 'Instant. Secure. Private.' and 'Trade bitcoins in 14813 cities and 248 countries including Malaysia.' A green button with a checkmark icon and the text 'Sign up free' is prominently displayed. Below this, there are two tabs: 'QUICK BUY' and 'QUICK SELL'. The 'QUICK BUY' tab is active. Underneath the tabs, there is a search form with several input fields: 'Amount', 'MYR' (currency), 'Malaysia' (location), and 'All online offers' (offer type). A 'Search' button is located to the right of these fields. Below the search form, there are two checkboxes: 'SMS not required' and 'ID not required'.

-Establishing Your Reputation

LocalBitcoins allows buyers and sellers to see how many transactions you have engaged in and, more importantly, allows everyone to see your user rating. In this way, localBitcoins functions much like eBay and, as with eBay, it will be difficult starting out to make much money until you have established your reputation.

In order to make some serious dough, you will need to complete at least 100 transactions and keep your feedback rating at 97% or above. This is probably going to take at least three months in order to accomplish this but it is well worth the effort.

Bitcoin & Cryptocurrency

In the time that you are establishing your reputation on localBitcoins but you won't be able to price your Bitcoin for more than *5% or 6%*. After paying coinbase and localBitcoins fees you will only be making a net profit of only *3-4%*. This isn't a whole lot but you will still be able to earn a nice little chunk of change while you are building your presence.

-Structuring Your Offer

It's more profitable to sell Bitcoin in small increments then to sell whole Bitcoin. I recommend that you sell Bitcoin in increments of

For example, at this exact moment, Bitcoin is trading at *\$740*. With a brand new account on localBitcoin you shouldn't have much difficulty flipping *1/10th* of Bitcoin for *\$80-\$85*, even with a relatively new account.

In contrast, if you start off by selling whole Bitcoins you probably won't be able to get more than *5% or 6%*. Even if you are comfortable with a much smaller return on whole Bitcoin I would strongly advise you against this. The reason being that it takes some experience to learn the myriad of scams out there and, until you are a more seasoned seller, its best to minimize your risk by limiting the quantity you sell at one time.

-Accepting Payment

At present, localBitcoins allows you as a seller to accept about 30 different payment methods. I strongly advise you to only accept one form of payment and that is cash deposits direct into your bank account. If you stick to this one payment method, your chances of being scammed will be greatly reduced.

Bitcoin & Cryptocurrency

After you get some experience under your belt and start to establish a reputation, you can start to experiment with other payment methods in order to garner a higher return. But always remember to be very vigilant when accepting any form of payment other than cash

How cash deposit works...

This process is fairly simple. In order for you to exchange your Bitcoin a buyer will need to deposit cash into your bank account. This means the buyer will actually need to go into your bank and deposit the cash. Once the buyer contacts you via localBitcoins you will then be able to exchange your bank account info.

In order to complete the transaction and release the Bitcoin from the localBitcoin escrow, I recommend that you have the buyer send you a picture of the deposit slip to your phone. If the buyer wants to make things at difficult for you then I would recommend skipping them and simply moving onto another buyer.

-Scams

As I have said repeatedly, Bitcoin scams are prolific and scammers are probably coming up with new scams as this is being written. This makes total sense given the anonymous nature of Bitcoin and the inability of Bitcoin transactions to be reversed.

Bitcoin & Cryptocurrency



If you stick to cash deposits as your payment method of choice there will likely only be two scams that you will run into: fake deposit slips and a deposited check instead of cash.

With fake deposit slips the buyer will send you a picture of deposit slip that has been doctored. Basically, the buyer will make a deposit into your account of an amount that is much less than the agreed upon purchase price. Then the scammer will Photoshop the deposit slip and alter the amount the amount deposited and then send you a picture of the doctored deposit slip

With the other kind of scam the scammer will actually deposit a check instead of cash into your account and then just hope that you don't notice the difference.

Both of these scams can be avoided by simply waiting for the funds to actually show up in your account. How long this will take will depend on your bank but it should be immediate with a cash deposit. Scammers primarily rely on impatience as their tool of choice.

-EBay

It is possible to sell Bitcoin on eBay and get slightly higher returns than you could command on localBitcoin. Unfortunately, if you do this the only payment is PayPal.

Bitcoin & Cryptocurrency

I recommend avoiding the temptation to sell Bitcoin on eBay in exchange for higher. In my experience, the incidence of scams on eBay and with PayPal in particular are far too high to justify the slightly higher return.

Strategy #2: Bitcoin Arbitrage

With this strategy you will be buying gift cards, primarily *eBay* and *Amazon* gift cards, on local Bitcoins at a very steep discount, sometimes at 50% less than the face value of the gift card.

Why would someone be willing to selling a gift card for such a steep discount in exchange for Bitcoin?

Because certain individuals are able to obtain certain gift codes at well below the face value and they would rather receive Bitcoin than selling the gift cards for cash.

-Step 1

Make a purchase for *\$40028* in your coinbase account. Remember that by using your bank account to purchase Bitcoin you will need to wait 7-10 days for the transaction to clear depending on your bank, the day of the week the trade was executed, and whether or not there are any upcoming holidays.

Once the Bitcoin is available in your coinbase account you will then need to send the Bitcoin to your breadwallet.

As a reminder, you can send Bitcoin to any other wallet using any of the following three methods:

- 1. Manually entering the wallet address (not recommended because of the possibility for error)*

Bitcoin & Cryptocurrency

2. *Entering an email address*

3. *Scanning a QR code*

I recommend just using an email address. Once you have sent a payment that wallet address will be permanently stored in your list of addresses.

-Step 2

Once you have your Bitcoin in your breadwallet, you next need to send the Bitcoin to your localBitcoins wallet. You will be provided with a QR code inside of localBitcoins account.

Sometimes wallet to wallet transfers can take up to 1 hour to clear. Don't flip out if this happen, it's perfectly normal. So long as you have received confirmation when you first executed the transfer, you really don't have anything to worry about.

-Step 3

With this particular method you will be focusing on acquiring eBay and Amazon gift card codes from sellers on localBitcoins. One or both of these kinds of gift card codes is always available on localBitcoins.

There are certainly other gift cards that you can experiment with flipping but in my experience *eBay* and *Amazon* gift cards offer the best and easiest means of making some serious cash.

Go to localBitcoins and select "quicksell" from the drop down menu and then select "all online offers". You should then see a list of sellers who are willing to trade gift cards for Bitcoin.

Bitcoin & Cryptocurrency



User Rating

On the left side of the screen you will see the trader's feedback rating and the number of transactions they have completed. Just like other traders are assessing your user rating you definitely need to assess the ratings of those you conduct business with.

For this kind of trade I strongly recommend that you only do business with traders that have at least 100 transactions and at least 99% positive feedback. Being this selective with your trading partners will greatly reduce the chances of being scammed which, again, I cannot stress enough.

-Step 4

Now that you have isolated only the traders who have very strong, reputable track records, you next need to locate the traders who will give you the best deal on an *eBay* or *Amazon* gift card code. Most sellers most of the time will offering the codes at about a 50% discount.

Bitcoin & Cryptocurrency

Trader	Offer	Price (USD)	Quantity (USD)	Action
octsoundssystem (1000+, 98%)	Other Remittance: Panera Gift Cards panerabread.com	1484.74 USD	15 - 1000 USD	Sell
Livewealthnyc (100+, 100%)	Gift Card Code: Other	1484.74 USD	25 - 25 USD	Sell
emoraj2015 (500+, 95%)	Gift Card Code: Whole Foods Market	1380.00 USD	50 - 500 USD	Sell
lbeliman (30+, 100%)	Amazon Gift Card Code	1351.24 USD	500 - 1000 USD	Sell
deb09gra (3000+, 100%)	Amazon Gift Card Code	1344.55 USD	500 - 2000 USD	Sell
whiteheadgirl (100+, 98%)	Amazon Gift Card Code	1343.73 USD	500 - 9000 USD	Sell
roberttownsjeley (500+, 98%)	Other Pre-Paid Debit Card: ***** GreenDot-Visa/Master*****	1311.20 USD	500 - 500 USD	Sell
ecopayz (3000+, 99%)	Other Pre-Paid Debit Card: Greendot	1300.00 USD	500 - 2500 USD	Sell
CardsMoney (3000+, 99%)	Vanilla	1277.75 USD	500 - 500 USD	Sell
ukguy123 (30+, 100%)	Vanilla	1275.00 USD	500 - 500 USD	Sell

In the above image you can see three traders who are offering about the same selling price for their gift cards. As I said earlier, you want to get around a 50% discount on a gift card. You can't always get this kind of discount but you want to get as close as possible.

In order to calculate the discount, take one of the green numbers circled in red above. Then take the current market price of Bitcoin which right now is about \$750. If the price in green is listed at \$1,500 that means they are offering a 50% discount. If on the other hand the price listed was \$1,125 then this means the seller is offering a 25% discount.

In any case, you want to business with a trader who is offering a price that is as close as possible to double the spot price. In the example shown above the traders are offering their gift cards for about a 45% discount.

Alternatively, you can click on the 'sell' button and then look at the "how much do you wish to sell?" window. For one of the traders above they are willing to sell a \$500 gift card for .372099. I then take the amount of Bitcoin and multiply it by the current spot price.

$$.372099 \times \$750 = \$279.07$$

Bitcoin & Cryptocurrency

This means I will be buying a \$500 gift card for \$279 plus the initial coinbase fee...not a bad deal eh?

Important Note: I recommend that you only conduct business with a seller who has been online within the past 15 minutes. By adding this extra filter you won't find yourself in a situation where your Bitcoin is 'stuck' in your localBitcoins wallet waiting for a trade. This isn't a catastrophe if this happen but it is an annoyance.

-Step 5

For most traders offering gift card codes, the codes will need to be used immediately, often times within 30 minutes or less of the receiving the codes.

Before you open up the trade, you should first have your shopping cart ready to go with the items you would like to purchase. By doing this you will be able to receive your gift card code and check out immediately.

So how do you make money with this trading strategy?

By purchasing gift cards at discounted rate you will then be able to buy new merchandise at a deeply discounted rate. Often times you can even get a discount on top of that because of the discount that certain sellers are already offering.

Because you are getting merchandise at such a steep discount you can then resell the merchandise on eBay for substantial profits or you can just keep the stuff for yourself and pocket the difference. It's your choice.

Strategy #3: Mining Pools

Bitcoin & Cryptocurrency

Of the three strategies, this is probably the most lucrative. Of course, as with any high yield investment the risk associated with this investment strategy is also much higher. As a reminder, do not invest any money that you cannot absolutely afford to lose.

Recall from earlier that all new Bitcoin into existence from the process of mining. And this process involves many computers with substantial computing power solving increasing complex equations in order to create a 'block' and thereby receiving Bitcoin as a reward.

While Bitcoin mining essentially allows you to create money out of thin air, it is very costly to set up a new Bitcoin mining operation and nearly as costly to pay the exorbitant electricity costs associated with running numerous mining rigs. And even if you could afford the start-up and operation costs, it could be a very long time before you are successfully mining Bitcoin.

Bitcoin mining pools solves these problems by allowing miners to pool their resources and share the Bitcoin that is mined based on contribution.

What is really exciting about mining pools is that you do not necessarily need to make an investment in mining hardware in order to reap the rewards of a mining pool. Instead, you can purchase "gigahashes" or even "megahashes" in a mining pool and in exchange you will receive a handsome return on your investment. In some cases you can earn several times your investment in a fairly short amount of time.

Let's take a look at an example:

Minr.bz

Based in Germany, this is one of the more recent mining pools to go online.

Bitcoin & Cryptocurrency

MINR.BZ
CRYPTOCURRENCY CLOUD MINING COMPANY

3.30% DAILY
0.1375% HOURLY
LIFETIME

MINIMUM BURNOFF: 0.01 BTC
INSTANT WITHDRAWALS
INTEREST CALCULATION EVERY MINUTE

AMOUNT (BTC): 10.0

Hourly Interest	0.01375000	BTC
Daily Interest	0.33000000	BTC
Weekly Interest	2.31000000	BTC

Online

Based on their payment structure, if you invested 10 Bitcoins you could expect to earn your initial investment back in in less than five weeks and could continue to earn a return on your initial investment for many months into the future and, if you got really lucky, possibly years into the future.

Investing in mining pools in this way is by definition very risky but makes for a great investment if you have some spare coin and like to take risks.

The less risky approach would be to invest in multiple Bitcoin mining rigs and then join a reputable mining pool.

You can buy all of the mining equipment you need [right here on Amazon](#). Depending on the scale of your operation you may only earn a few Bitcoin a year but overall this method is less risky than investing cash into mining pools

Strategy #4: Automated Trading

Bitcoin & Cryptocurrency

Automated trading is the use of software programs to '*day trade*' Bitcoin in financial markets. "*Day trading*" refers to buying some kind of security (*stock, bond, futures contract, etc.*) and then selling it quickly for a short term gain. Unless you really know what you are doing, day trading anything including Bitcoin can be very risky. But with automated trading you let the trading bots do all of the work for you.

How does it work?

Automated trading uses software programs that communicate directly with certain financial exchanges and execute 'buy' and 'sell' orders directly on your behalf. The software programs being used make those decisions by observing Bitcoin's price movements and then trading or not trading based on a set of predefined rules.

[Joseph Lee](#), the founder of btc.sx, is proof that this kind of trading strategy can be very successful. Lee claims to have turned a \$100 automated buy order in 2011 into more than \$200k in net profits using his company's automated software program. That is a massive return on investment, however, it's also true that Mr. Lee was trading during Bitcoin's spectacular rise in price from 2012-2014.

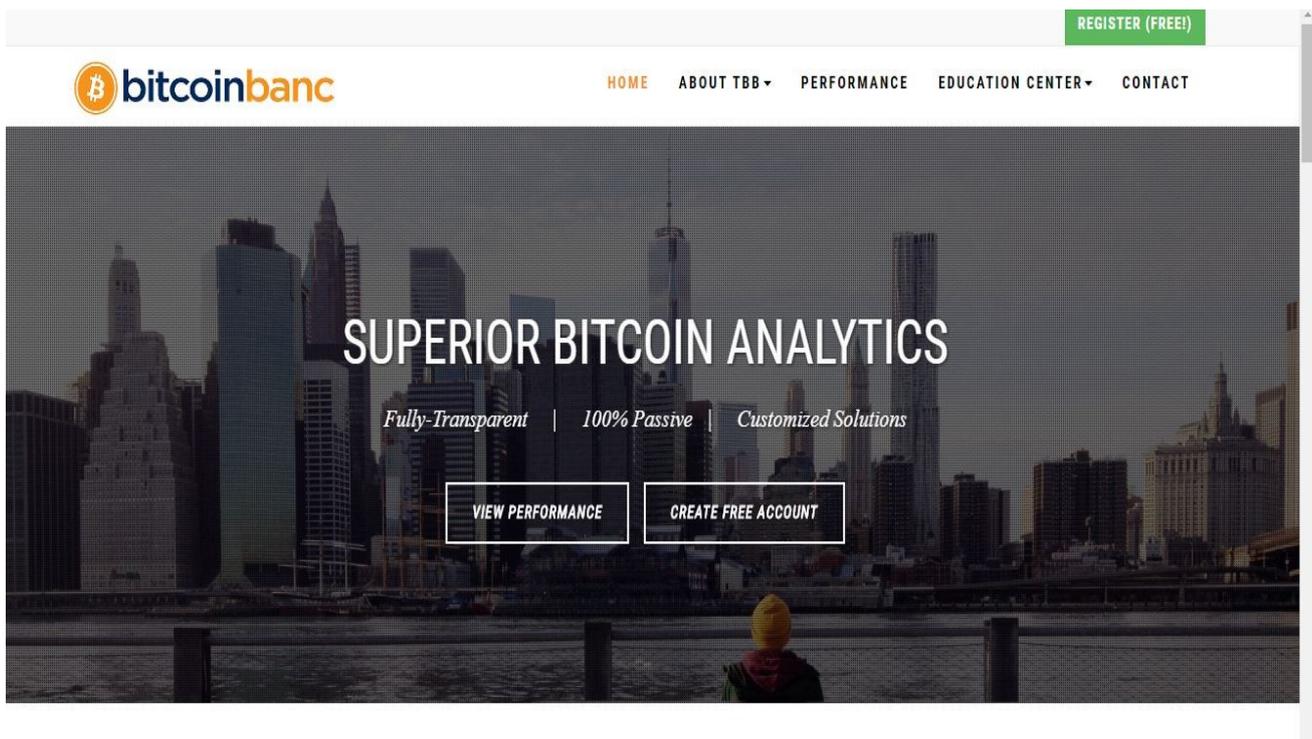
In any case, automated Bitcoin trading does work and with Bitcoin poised to make yet another spectacular rise in price thanks to the declining state of the world economy, automated Bitcoin trading offers a fantastic, relatively low risk method of cashing in on Bitcoin's surging popularity.

Here is a partial list of some vendors that offer automated Bitcoin trading:

[ButterBot](#) [HaasOnline](#) [CryptoTrader](#) [TheBitcoinBanc](#)

Of the vendors listed above, Bitcoinbanc is probably the best and most affordable choice.

Bitcoin & Cryptocurrency



Remember that there is definitely a learning curve involved with any kind of automated trading program. Bitcoinbanc has 33 profitable trading months in a row and can definitely not be considered a fly by night operation. They also offer easy to learn trading strategies and tools that almost anyone can use.

Why Buy Cryptocurrency?

Like most things tech, the realm of cryptocurrency can be a bit complex to master and is still new to many. But the advantage of purchasing this currency is surely worth your investment in both time and money. Experts have also predicted that it may be the next big thing in finance.

As a digital asset that serves users online, Cryptocurrency has many appealing benefits.

Some of this is thanks to the Blockchain Technology previously mentioned. It is a strictly monitored process with encrypted transaction and control thus, making this online money a thing for the future.

Bitcoin & Cryptocurrency

So in this chapter, we will cover the top 4 benefits of Cryptocurrency.

The most well-known benefit of this investment is its '*No Third-Party Involvement*'.

There's always a pattern when using traditional money to buy yourself a new property, setting up your own business, or buying a new car.

One way or another, the process requires a third-party involvement. We are talking lawyers, owners and some others external factors such as, delays, documentations and extra fees. This in general will consume unnecessary time, money and energy to the point of giving up.

A good example of this scenario would be you buying a new house. You need to pay the Financial Advisor who in general, advises your financial statement to ensure you have a stable income.

Some property requires you to pay for a booking fee to 'lock' your house of choice and many other add-ons. In short, there's a lot of third-involvement and it charges you even before you own the property.

But that is not the case with Cryptocurrency. As mentioned previously, the blockchain system is similar to a self-rights database.

It means, the contract is capable of being design and enforces to remove any involvement of the third-party mentioned before. Moreover, the contract can be customized to complete a certain transaction at a set date at a fraction of any expenses.

Yes, you can eliminate any third-party involvement options, in fact, you don't even need one.

Bitcoin & Cryptocurrency

In short, you are in control of your own money using Cryptocurrency. This is what we call the 'Decentralized' system, which means there's no 'Central or Federal Government' regulating it for you.

Your transaction is practically immune to any influence from your government and its distinct manipulation.

So, it is possible to be able to pay and receive money anywhere in the world at any given time.

That transaction is done with minimum processing fees, thus preventing users from having to pay extra charges from banks or any financial institutions.

Next advantage would be the risk it holds is lower than traditional currencies.

In this era, most people rarely have their cash in their possession now. Instead, they have an array of credit cards, debit cards and other payment cards available as their nations' method of payment.

Nothing's wrong with that, except however if the store's connection to the server is disconnected or their machine is out of service, and you who do not possess any cash just ended up holding the line.

The thing about these cards are, any purchase you are making, you are giving the end-receiver access to your full-credit line. No matter how small the amount of the transaction is, the fact that you are giving someone your card to gain access to your account is already a form of 'breach'.

Most of this 'breach' is considered secure nowadays using differing safety measures like 'PIN enabled' or 'Pay wave' methods.

Bitcoin & Cryptocurrency

Then, the store initiates payment by 'pulling' the designated amount from your account using the information provided within your card.

Cryptocurrency doesn't work that way. Instead of a 'pulling' mechanisms, it 'pushes' the amount that needed to be pay or receive to other cryptocurrency holder without any further information needed.

Payments are possible without your personal information being tied to you the transaction. Your account can be backed up and encrypted to ensure the safety of your money.

By allowing users to be in control of their transactions helps keep Bitcoin, Ether or other distinguish Cryptocurrency safe for the network.

Another benefit of using Cryptocurrency would be its protection from fraud.

We often heard cases where one's payment card is being used by other users but not the owner. When contacting his card's service issuer, it is found that the card has made certain transactions without his consent. This is what we call a fraud case.

Most of the time these fraud cases get away with the crime because it is not easy to trace the fraud back to the perpetrator. What's more it is even difficult to get the attention of law enforcer to launch an investigation with only a single instance of crime the perpetrator commits.

However, Cryptocurrency is not viable to fraud act. Because your personal information is kept hidden under unnecessary prying eyes, this protects you against identity theft.

Remember, Cryptocurrency is a form of digital money, created from code. Individual cryptocurrencies are as mentioned, digital, and cannot be counterfeited by senders.

Bitcoin & Cryptocurrency

Because the transactions cannot be reversed, they do not carry with them any personal information. This ensures security and the merchants are protected from any potential losses that might occur from fraud cases.

It is very hard to cheat or making false pose on anyone using these Cryptocurrencies due to its decentralized system and the existing block chain system. It cannot be manipulated by anyone or organization thanks to it being cryptographically secure.

Lastly would be its Universality.

Over the course of payment history, nations worldwide have their differing methods of payments implemented. We have money-goods exchange system and even bartering trade. It is not until traders visited other countries that they found out how to trade items to one another.

Thanks to various innovations and developments, we now have multiple methods to trade and exchange moneys worldwide.

But even with all the upgrades, we are still experiencing problems doing transactions across the globe. There are always currency issues, bank authorizations, unacceptable payment method and some other varying issues experienced by business owners or travelers out there.

Fact is, not all country has similar financial processions. Your card or currency may not be accepted by other countries and that is a major setback to your account.

For example, most online banking, payment or cash system requires additional processing fees for their service even if that account is yours.

Bitcoin & Cryptocurrency

However, Cryptocurrencies are not bound by any of those exchange rates, transaction charges, the interest rates or any other fees applied on any countries.

They can be used at any time at any international standard without experiencing any problems.

It also saves a lot of your time and money by reducing additional spending over transferring money from multiple countries to another.

Which means cryptocurrency operates at an international platform which in turns, make transaction easier than your average telegraphic transfer.

To recap, there are 4 major advantages concerning Cryptocurrencies. It has 'No Third-Party Involvement', 'Lower Risk compared to Traditional Currencies', 'Protection from Fraud' and 'Universality'.

Despite the amazing advantages that come with Cryptocurrencies, there are also some setbacks to this investment. We will uncover it in the next chapter.

How to earn extra Bitcoin

There are 6 methods for you to earn more Bitcoins and it is not only restricted to cryptocurrency exchange or trading. *The 6 methods are:*

Bitcoin & Cryptocurrency



Cryptocurrency exchange

Faucets

Micro tasking

Supplying Bitcoin related services

Becoming a Bitcoin Escrow Agent

Bitcoin Affiliate Marketing

The first method to collect more Bitcoins is by cryptocurrency exchange or trading.

As mentioned in the previous modules, there are various forms of trading or exchange options available for Bitcoin. You may trade Bitcoin for Bitcoin, or Bitcoin with other cryptocurrencies, and even Bitcoin with fiat currencies.

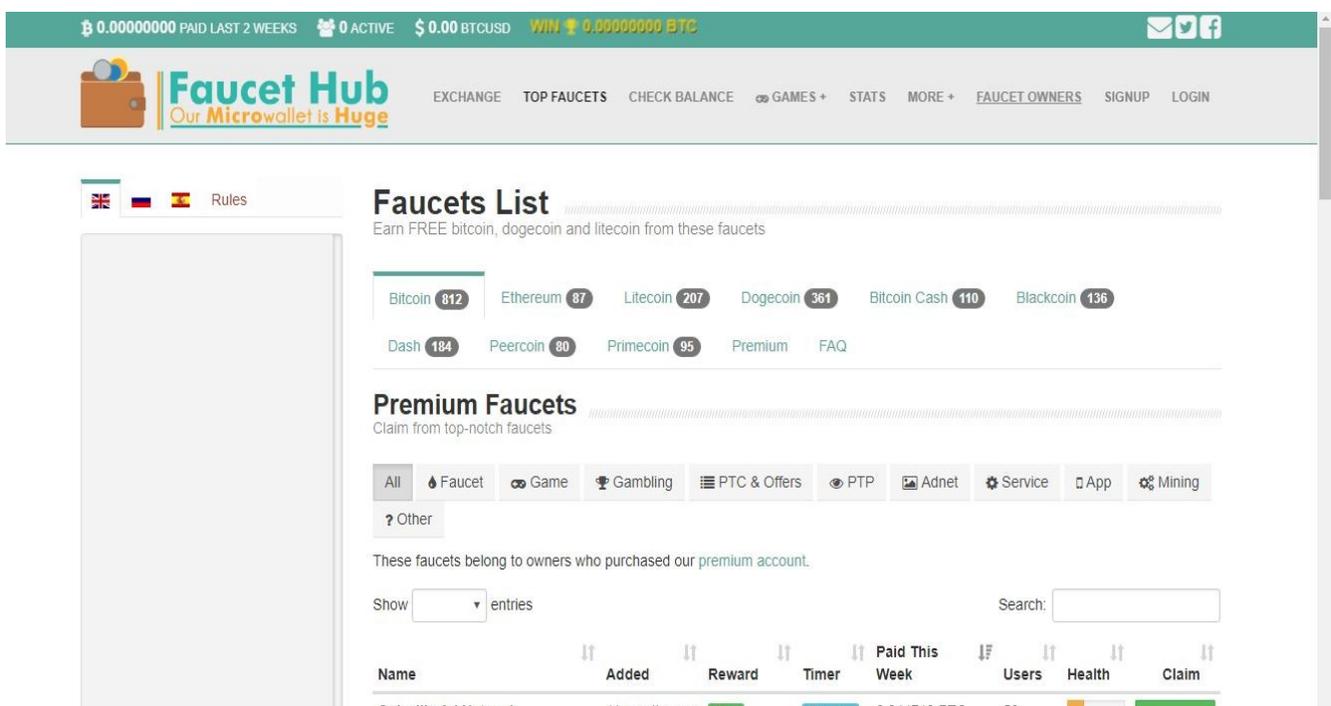
Bitcoin & Cryptocurrency

But most importantly, ensure you have equipped yourself with the knowledge required to start exchanging Bitcoin so you know the risks involved as well as how much you need to invest as a beginner.

One of the most common ways of accumulating and earning Bitcoin through trading is by *“Day Trading”*. Day trading is the buying and selling of Bitcoins on the same day, based on small, short-term price fluctuations.

Therefore, when you observe the market and notice that the value of Bitcoin is going up, it's a good time to purchase some Bitcoins and sell them right away after you've made your profit.

The second method to earn Bitcoins is through *“Faucets”*.



The screenshot shows the Faucet Hub website interface. At the top, there is a green header with user statistics: 0.00000000 PAID LAST 2 WEEKS, 0 ACTIVE, \$ 0.00 BTCUSD, and WIN 0.00000000 BTC. Below the header is the site logo and navigation menu including EXCHANGE, TOP FAUCETS, CHECK BALANCE, GAMES+, STATS, MORE+, FAUCET OWNERS, SIGNUP, and LOGIN. The main content area is titled "Faucets List" and includes a sub-header "Earn FREE bitcoin, dogecoin and litecoin from these faucets". It features a grid of faucet categories with counts: Bitcoin (812), Ethereum (87), Litecoin (207), Dogecoin (361), Bitcoin Cash (110), Blackcoin (136), Dash (184), Peercoin (80), Primecoin (95), Premium, and FAQ. Below this is a "Premium Faucets" section with a sub-header "Claim from top-notch faucets" and a filter menu for categories like Faucet, Game, Gambling, PTC & Offers, PTP, Adnet, Service, App, and Mining. A table of premium faucets is partially visible, with columns for Name, Added, Reward, Timer, Paid This Week, Users, Health, and Claim.

What are Faucets?

Faucets are websites which give away Bitcoins and other cryptocurrencies on a regular basis. They may give away Bitcoins every minute, every 10 minutes, every hour or once a week.

Bitcoin & Cryptocurrency

All you need to do is to sign up on the websites using your Bitcoin/crypto address and sometimes your email. And if you are selected, you get the free Bitcoins and other crypto.

However one downside to this method is the amount of Bitcoin given away is not as much, and sometimes the most you'll get is *0.00288BTC* which equals to *\$1.31*. But still, who would want to give you Bitcoins for free? And looking at how volatile the cryptocurrency market is, it is definitely worth the try!

Some of the popular Faucets that you can try and receive your Bitcoins and other Cryptocurrencies are:

[Freebitco.in](https://freebitco.in)

[EoBot](https://eobot.com)

[Rapid Miners](https://rapidminers.com)

[Freedodge.co.in](https://freedodge.co.in)

The third method to earn your Bitcoin is by micro tasking.

Micro tasking is websites that pay their users using Bitcoins for completing tasks such as filling up surveys, watching videos and signing up for new services. You can sign up for free and all the tasks can be done within your own time! One example of a micro tasking site is Coinworker.

Next, you can earn Bitcoin by offering Bitcoin related services.

Bitcoin & Cryptocurrency

Not many people know that you can get paid with Bitcoin instead of Fiat Currency for offering Bitcoin related services. If you want to get an idea of what services you could offer you can visit Coinality, a site which gives current updates on Bitcoin jobs posted online.

You can also visit BitcoinTalk, a forum which discusses a wide range of cryptocurrency topics, including a services thread where users are searching for Bitcoin service providers.

Some examples of services people are looking for are:

Blockchain developer

Website manager

Graphic designer

Mining expert

Online marketer

Writing for cryptocurrency blogs and news sites

The fifth method for you to earn more Bitcoin is by becoming a Bitcoin Escrow agent.

What is a Bitcoin Escrow Agent?

An agent handles the 3rd party escrow service of a Bitcoin transaction. Bitcoin escrow agents are getting more and more common as escrow protects users from fraudulent buyers by requiring the Bitcoin to be deposited upfront. Usually, Bitcoin transactions are anonymous exchanges that involve untrusted parties.

Bitcoin & Cryptocurrency



In an event where the sellers turn out to be scammers, the escrow agent will act as an arbitrator and determines who will receive the Bitcoins.

Many Bitcoin marketplace provide escrow services, such as LocalBitcoins, CryptoThrift and BitPremier.

To be an escrow agent, you must build up your reputation as a trustworthy party in the community.

Last but not least is getting involved in Bitcoin affiliate marketing.

For those who are not familiar with affiliate marketing, the idea behind it is that you promote someone else's product and they pay you a percentage of the profit based on the sales you bring in.

Let's illustrate an example. Let's say you decide to promote TREZOR, a hardware cryptocurrency wallet. If a person decides to purchase TREZOR and the customers came from your site, you get a commission for it.

Bitcoin & Cryptocurrency

And the best thing is, you earn your commissions in Bitcoin where previous Bitcoin affiliate marketers have reported reasonable values of Bitcoin being paid to them.

I've already listed the possible methods to earn your Bitcoins. Always remember whatever method you choose to venture into, there's no such thing as easy money. If earning Bitcoins were that easy, everyone would have done it by now.

In each of the methods listed above, you will either need to invest your time or your money. There is no easy way out. Try what works for you and be patient with the results.

Are There Any Drawbacks?

Previously, it was mentioned how Cryptocurrency is one of a kind digital currency without likeness. Because not many payments nowadays are without the involvement of a third-party, lower risk payment, little to no fraud cases and most of all, universal in its usage.

However, considering the online nature of Cryptocurrency, there are flaws that come with it.

There are 4 major setbacks concerning Cryptocurrency.

The first one is the lack of understanding over Cryptocurrency.

In most cases, people are still unaware of the digital currency world and the potential it holds.

Bitcoin & Cryptocurrency

This is similar to when the usage of credit card was first announced and the reception towards it is fairly similar to Cryptocurrency. Back then, people wouldn't even think that paying things using a mere card is possible, what's more using a whole new digital currency.

Because it is different, and it doesn't involve cash directly, people shy away from it and constantly doubting its effectiveness. Additionally, it involves online access to make it work.

The idea of having to pay things or transfer money online is convenient to some but most are still skeptical about it.

In order to make Cryptocurrency acceptable around us, the people need to be educated about it to be able to include it in their daily lives.

One way to do it is through networking. But fact is, there are not many places online where people can learn about it.

The effort to learn a whole new world of currency is requires a lot of time and energy. Most would think it is not worth their time because it is not commonly known anyway.

Even though some businesses are accepting bitcoins, the list is significantly small compared to traditional currencies.

This is probably due to the lack of knowledgeable staff that understands the ways of digital currencies. Plus, they need to help educate their customer about it and how to use it for a smooth transaction.

This, again, will take a longer time and effort to teach others.

Another drawback of Cryptocurrency would be its lack of protection and guarantee.

Bitcoin & Cryptocurrency

In the case of traditional currency, there's Central Bank who governs the authority on every nation's money. No higher authority can suddenly decide that they no longer want to use their country's currency to trade without protest and rejection.

There are proceedings to follow, documents to file, approvals, and many other protocols to follow.

However, that is not the case with our digital currency. There is no Central Bank who governs Bitcoin, which means no one can guarantee its minimum valuation.

The value of Bitcoin for example, will fall tremendously should a major group of merchants decided to just 'discard' Bitcoins and leave the system. This will inevitably put other users who have invest thousands of dollars into Bitcoins into a major loss. There is no one to contact to file these losses, or rules to help compensate it.

Thus, the decentralized system of Bitcoin is what we call a double-edged sword on its own.

The next disadvantage is its technical shortcomings.

When online banking made its way to our life, there's always a risk of a sudden server failure, power shortage, and even hardware lags.

If it happens and you ended up getting charge but didn't receive the online movie tickets or flight tickets, you can always call bank service provider, or go to the physical bank instead and declares your case.

Most of the cases if you show evidence of your payment you will get proper compensations or feedbacks.

Bitcoin & Cryptocurrency

That is not how it works with Cryptocurrency. First of all, this currency does not have a bank to negotiate and help you around. There is no fixed number that you could call and ask for clarification.

So, if you bought your goods using Bitcoins for example, and the merchant didn't send the items you purchased, there is nothing you can do to reverse the transaction or refund. You can't complain it to the police or any relating authority for that matter.

Similar to data corruptions or virus infections, if you hard drive crashes and your wallet file is corrupted your Bitcoin is lost forever. There is nothing you can you do restore it and those 'coins' will be 'orphaned' in the system.

The last major disadvantage of Cryptocurrency would be because it is still developing.

When things are still developing, it is prone to many risks. There are so many incomplete features that can be improved but it takes longer time to finalize it, especially if it has no physical form.

With traditional currency, despite the method of payments nowadays are done online, and without us actually seeing the physical money transferring from one account to another, in the end of the day, when you reach the ATM, you are capable of holding that cash.

You can use it to buy stuff from the stores physically, and online. That shows how developed our traditional currency is.

Since Cryptocurrency does not have any physical forms, its usage is obviously restricted.

Bitcoin & Cryptocurrency

It must always be converted to traditional currency to enjoy its worth. According to studies, there was a time when there is a proposition to store Bitcoin wallet information in cards. However, there is neither consensus nor continuation of the proposal.

Most probable reason would be because merchants find it unfeasible to support all the cryptocurrency cards. There is no system for an immediate payment using the cards, thus users are forced to convert it into real money anyway.

As you can see, there are 4 disadvantages of Cryptocurrencies. There is a lack of understanding towards this digital currency. Plus, there's minimum protection and guarantee when using it. Because it is mostly operating online, it is bound to experience all kinds of technical flaws and it is still developing.

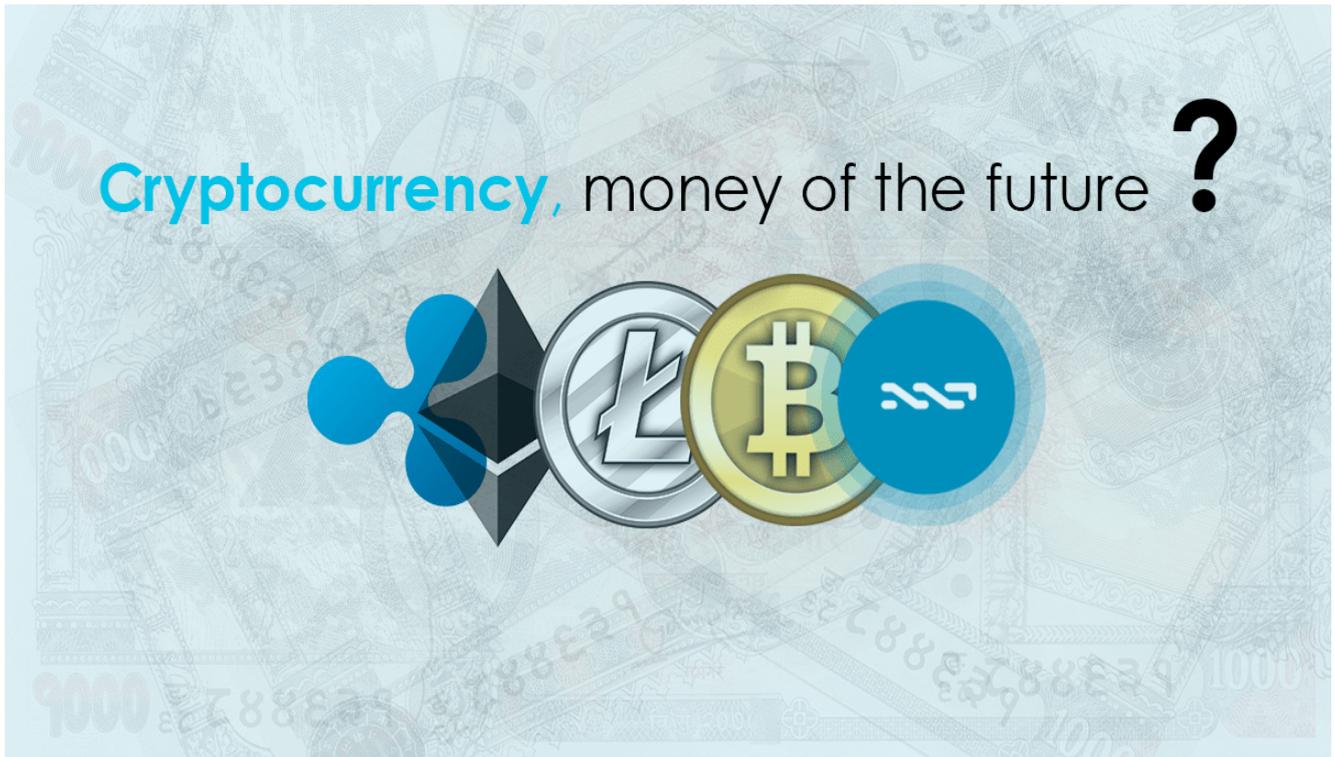
The world of cryptocurrency is relatively new to some people and it can be difficult to understand. Because nobody really knows what currencies will or can be adopted and at what scale.

So, in the next chapter we will talk about what the future holds for Cryptocurrency.

The Future of Cryptocurrency

Now we will finally touch upon the future of Cryptocurrency.

Bitcoin & Cryptocurrency



These digital currencies have been said to be able to capture the world of online finance. With the blockchain technology behind it, the future of Cryptocurrency is showing a prosperous potential.

Starting 2017, the alternative currencies will need to watch its prices closer than usual.

Studies show that Bitcoin experienced a drop in its price. It seems like a cheaper cryptocurrency by the name Ether, reached its highest at \$40 a unit. That's right.

Although the mechanism behind Ether prevents it from being used as a direct payment method, this cryptocurrency seems to have brighter future ahead. This is all thanks to its smart contract concepts.

On the other hand, cryptocurrencies who is concerned over privacy are starting to gain more prominent favor amongst users.

Bitcoin & Cryptocurrency

Bitcoin, unfortunately despite their security measures, it continues to have loopholes that can be exploited for access to users' personal data. But this doesn't stop users from investing to Bitcoin. Up to this day, Bitcoin is still being accepted as a means of payment.

The level of acceptance is clearly bringing this alternative currency to the mainstream. Some companies are genuinely considering to invest in this currency, further fueling its journey to the world of financial currency.

Are we going to witness a new norm of currency by cryptocurrency one day? Researchers concluded that it is still too early to predict that it would, but one thing is for sure that this currency is slowly making its way to the world.

The most targeted group of all would be the technologically savvy individuals and most of us are already part of this group. More than 50% of our time spent online and it won't be long until it reaches a hundred.

One day, we might even consider using Cryptocurrency as our standard currency for a more universal transaction.

-Conclusion-

The invention of Bitcoin and its underlying architecture, The Blockchain, is unquestionably one of the greatest achievements in human history and promises to fundamentally change the world we live in in truly incredible and mind blowing ways.

Bitcoin & Cryptocurrency

We have seen that world is almost perfectly positioned to experience another major financial meltdown in the very near future. While such a negative economic development is nothing to get excited about and will almost certainly have catastrophic consequences for many people around the world, it is also true that, in the words of economist Milton Friedman, "only a crisis, real or imagined, can bring about real change."

We have taken a look at some cool ways to make some money with this new kind of money but I have barely scratched the surface of all the incredible opportunities surrounding the Bitcoin revolution. As Bitcoin grows in popularity, new opportunities will emerge and many fortunes will be made.

I sincerely hope that you make a fortune with the information I have provided you here. I also hope that, in the very least, you are much more informed about Bitcoin and other Cryptocurrencies than you were before you purchased this eBook.

Thank you for your purchase and best of luck to you in all of your endeavors!

Yours to success

Barry Joyce