

# GUIDE TO CRYPTOCURRENCIES

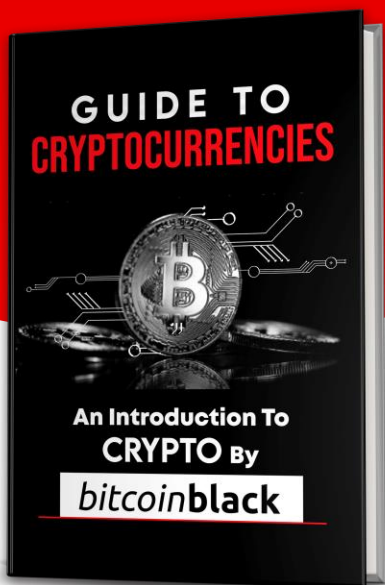


An Introduction To  
**CRYPTO** By

*bitcoinblack*

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# GUIDE TO CRYPTOCURRENCIES



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This guide is produced to by members to assist in educating you about cryptocurrencies and Bitcoin Black.

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# Guide to Cryptocurrencies.

## Comparing Bitcoin to Bitcoin Black

### 1 | Introduction

Cryptocurrency is a new form of digital money that can be used as a store of value, as an investment or trading vehicle, or as a means of exchange to buy goods or services. Hereunder you'll find more about cryptocurrency, how to buy it and how to protect yourself against theft or loss. A focus will be put on key differences between Bitcoin, which is the first cryptocurrency, and the new Bitcoin Black cryptocurrency.



### Why are cryptocurrencies so popular?

Cryptocurrencies appeal to their supporters for a variety of reasons. Here are some of the most popular:

- Supporters see cryptocurrencies, such as Bitcoin, as the currency of the future and are racing to buy them now, presumably before they become more valuable due to scarcity.
- Some supporters like the fact that cryptocurrency removes banks out of the equation as a third party; banks that not only hold (and thus own) your money on your behalf, but also control or censor transactions. With cryptocurrencies, only you possess your coins.
- Considering the fact that the total supply of most cryptocurrencies is limited, they are considered as a better long-term store of value in contrast to the ever-increasing supply of traditional "fiat" money which is destined to depreciate in value over time.
- Other supporters prefer the technology behind cryptocurrencies, the blockchain, because it's a decentralized processing and recording system and can be more secure than traditional payment systems.
- Some speculators like cryptocurrencies because they're going up in value and have no interest in the currencies' long-term acceptance as a way to move money.

# 2 | The Original Bitcoin and the Blockchain



Bitcoin is a revolutionary invention by an anonymous author called “Satoshi Nakamoto” who in 2008 published a paper called “Bitcoin – A Peer to Peer Electronic Cash System”. In 2009, he released the first software implementation of it which started the Bitcoin cryptocurrency. The basic idea is to record ownership of coins in a public ledger that is kept and constantly updated by all network participants in a decentralized fashion. Whenever participants broadcast new transactions, those will be included into a new block that is added to the list of previous blocks, hence the name “blockchain”.

## Consensus Mechanism: Proof of Work

To achieve consensus between all network participants, there is a “mining” process involving computational work that has to be done: Whoever finds a specific cryptographic puzzle piece intrinsically tied to the list of pending transactions becomes the producer of that new block. This block producer is being rewarded with newly-mined Bitcoins. That way, new Bitcoins come into existence. Then, all network participants immediately check and confirm that new block for validity and add it to their existing ledger. That way, the ever-growing blockchain is always the one and only history of transactions; it is the non-modifiable history, or the “reality”, representing all transactions and coin ownership, shared and matched among all network participants.

## Hash Power and Mining Difficulty

The more nodes participate in the network, the more decentralized it becomes. The computational power, or “hash power”, has exponentially increased since the early days, where you could mine Bitcoins just with your computer or graphics card. Now, there are big computer farms to find and produce new blocks. It’s important to note that no matter how much the hash power of the world-wide network grows, the so-called “difficulty level” is regularly adjusted so that a new Bitcoin block is found every ten minutes on average.



## Halvings: Exponentially decreasing new supply

One important feature of Bitcoin is the “halving” event that takes place every 210,000 blocks (roughly every four years): With each block, new Bitcoins are created (called the “coinbase”) and given to the block producer. While this block reward used to be 50 Bitcoins per block, it has been cut in half every four years ever since. Currently, the block reward is only 6.25 Bitcoins per block and will continue to decrease exponentially. That way, half of the total supply was mined only 4 years after it has started, but it will take another 118 years to mine the remaining half. Since this is an exponentially decreasing new supply, it will be harder and harder to mine new Bitcoins, and there is a limit of 21 million Bitcoins that will ever exist. The last fraction of a Bitcoin, the so-called “Satoshi” (=0.00000001 BTC) will be mined around the year 2140.

## Bitcoin’s core principles

The core principles of Bitcoin are: It is open, public, borderless, neutral and censorship-resistant. “Open” and “neutral” mean that everybody can use the network without any conditions or restrictions, and that the network does not make any differences in who is allowed to send how much. “Public” means that there is no hidden or private access limited to specific entities. Bitcoin is “borderless” in that it is possible to transfer coins to any country across borders, or even “carry” coins worth a billion dollars on a piece of paper or even in your memory across borders, which would be impossible with gold. Lastly, it is impossible for any authority to steal your coins or censor your transactions, unlike with traditional “fiat” money. Bitcoin allows for a direct transaction without a middleman between two parties (unlike a bank). Bitcoin is not controlled by any central body, and there are no states, banks or organizations that regulate it. Once users run a Bitcoin full node to verify blockchain transactions and blocks, they contribute to the network decentralization and network security.

While every single Bitcoin transaction can be found on the public ledger, it is pseudo-anonymous to the senders and receivers involved since only cryptic wallet addresses are being used instead of user names or real names. Such cryptic addresses are derived from a so-called “private key”, that is randomly generated and should only be known and owned by you.

Unlike fiat money payments, Bitcoin transactions are irreversible. This means that users have to carefully check the receiver’s address and the amount to send. Unlike with gold that is typically traded as “paper gold” promising a future settlement with real gold, each Bitcoin transaction is already the final settlement.

## Storing your coins: Different types of wallets

Cryptocurrencies can be kept in three types of digital wallets:

- **Custodial hot wallets:** Your coins are stored on an exchange or service provider on your behalf, and can be accessed through a website via login with user name and password. This method is not recommended as someone else owns and controls your coins, and they could lose, steal or deny you your coins. Basically, you are relying on a third party to hold your coins, much like a bank. This is the very opposite of what cryptocurrency stands for.
- **Non-custodial hot wallets:** The seed or private key is generated and stored in a software wallet installed on your computer or on your phone. Only you are in possession of your keys and coins, but you have to make sure that there is no malware or viruses on your device as it is connected to the internet, potentially exposing your private key to hackers.
- **Non-custodial cold wallets:** The seed or private key is generated and stored in a portable encrypted hardware device, much like a USB stick. Again, only you own your keys and coins, and the seed or private key never leaves the hardware device for additional security.

### Seeds and Private Keys

When it comes to storing cryptocurrencies, it is important to understand that you and only you should hold your coins by owning a secret seed, word list, phrase, or private key, that is randomly generated by a wallet, and from which a corresponding public wallet address is derived. If you lose your seed / private key, you lose your coins, and nobody in the world can recover them. If someone sees your seed, they can restore your wallet and spend your coins. It's no problem when you lose your phone (or when your computer is broken) with the wallet on it, as long as you have your seed / private key. With it, you can simply restore your wallet and all funds on it.





There are some typical mistakes people make in regards to handling the seed / private key: The basic question is: Where does it exist, or where has it existed? Seeds / private keys should only exist inside your wallet (encrypted by a PIN or password) and on a piece of paper with your hand writing on it, sealed in an envelope and kept in a secure location.

It's not advisable to store it in a text file, in a cloud, in a notes app or in a screenshot since any online or digital form could be accessed and exploited by a third party.

## Buying Bitcoin

Now you know what Bitcoin is, how it functions, what it is good for. All that remains is knowing how to buy it. So, how do you buy Bitcoin?

There are three main options.

- **Broker Exchanges:** It is the easiest way, but your identity is generally to be used. This means uses a passport / driving license with your name and address. Broker exchange fees usually cost about 1-5 percent but how you pay depends on your venue. Traveling to a travel agent to turn your local currency into a foreign currency (like USD for JPY) is a bit like using a broker exchange.
- **P2P (Peer-to-Peer) Exchanges:** These are like exchanges with brokers, but they don't use a middleman, no broker. Some sellers will ask you for an ID on P2P exchanges but some sellers won't. Thus, Bitcoin can be purchased anonymously using P2P exchanges. You also get to pay in cash.
- **Bitcoin ATMs:** This is the least used way of buying Bitcoin. There aren't a lot of Bitcoin ATMs in the world, so you'll need to see if there's one near you. You can go there and buy your Bitcoin with cash, but the fees are quite high, almost 5-10%.

### 3 | Bitcoin Black: A Better Implementation of the Bitcoin Vision.

Bitcoin Black is a new cryptocurrency introduced and developed by an anonymous team from Australia. It aims to become the cryptocurrency of the people, by the people, for the people. Bitcoin Black will be adopted for use as a peer-to-peer payment system which gives the power back to the people.

If we talk about Bitcoin, it has failed at this; real value comes from real use of the ecosystem, adoption and the network effect, and from empowering people. Bitcoin transactions are slow and expensive, and it can be said that Bitcoin is somewhat centralized in the sense that transactions are prioritized by fees, and also in regards to a highly uneven and unfair distribution. Bitcoin takes away the power of people because it is heavily manipulated by big players. Furthermore, price volatility induced by speculators and halving cycles discourage participants from cryptocurrency in general.

By trying to own a scarce asset, people buy Bitcoin to get rich, not to be involved in the ecosystem. The one percent elite takes advantage of Bitcoin and creates discouragement, strategically increasing the price and attracting entry for the dream of wealth and dumping coins for their benefit.

Bitcoin Black, on the other hand, is focused on solving these problems being a cryptocurrency with a fair distribution. Airdropped to 1 million people prior to the IEO, all funds will go to community groups voted by the community to move the project forward. The focus is on broad distribution, mass adoption, usability, education, ease of access, simplicity and community growth.

The goal is to make Bitcoin Black a real decentralized autonomous network giving back power to the people. It does not belong to a group or big money institutions, but belongs to many branches of the community.



## How Bitcoin Black might surpass Bitcoin and become a market leader

Cryptocurrency's ultimate use case is to be a fast, fee-free, decentralized, censorship-resistant and scalable money for the people as a means of emancipation, a means of exchange, and a store of value. So, Bitcoin Black will use the following strategies to surpass Bitcoin:

### More actual users

With its high fees and slow transactions, Bitcoin is typically held rather than used for paying goods or services. Bitcoin Black, on the other hand, be a secure, simple, user friendly, fairly distributed currency that will profit people from participating in the network while at the same time giving back power to people rather than taking away power.

A cryptocurrency's power is to make fast and effortless transfers to anyone without a 3rd party instantly and free regardless of their location. Bitcoin Black will be used more effectively than current systems as an actual payment system, much more transparent with no coercion and corruption.

### Distribution not allowing price suppression to enter

In the crypto sphere, a fair distribution is yet to be seen. The impact of this still needs to be seen. It creates the community, and helps it, by making 1 million participants receive free coins.

In the beginning of Bitcoin Black, manipulation counteraction mechanisms will be in place to ensure that market manipulation or price distortion does not join. Most of the alt-coins on the market are for the creators and do not offer any real world solution.

### Instant & Free transfer of Value

A fee-free and instant payment system is required for a global peer-to-peer currency which gives the power back to the people. Fee-free and instant payments are vital to adoption. Fee-free and instant solutions should not rely on a 3rd party.





## **Ease of entry and simplicity**

Registration should be straightforward. Allowing newcomers to cryptocurrencies the opportunity to participate and become involved in the ecosystem. Free coins will be given as a preview to enable people to be involved in the project and updated about the program and its effectiveness.

Bitcoin Black aims to make a transfer of money as easy as sending an SMS, regardless of the location. Use your phone number to receive funds. Multilingualism that allows for a wider reach of users than English users (Chinese and Spanish are languages used more than English).

## **Multilingual capability**

Multilingualism is an integral part of the mass adoption, accessibility and entry process. Just 360 million people are estimated to speak English as their first language out of the world's approximately 7.5 billion populations. Bitcoin Black Portal, roughly, will initially be available in 24 languages Help, Rewards portal, Applications and more and once this is close to perfect we will add even more languages.



Here are a few links to help you navigate Bitcoin Black.

- 1 Official Website <https://bitcoin.black>
- 2 Join the airdrop (3600 FREE Coins) <https://bitcoin.black/get-coins/>
- 3 Join Bitcoin Black Rewards <https://bitcoin.black/rewards/>
- 4 Read The Whitepaper <https://bitcoin.black/whitepaper>
- 5 Download a Wallet <https://bitcoin.black/wallets/> If you need assistance in how to install a wallet here is a helpful article <https://medium.com/@jsbiko/bitcoin-black-mobile-wallet-app-download-set-up-android-ios-b395716ce72a>
- 6 Bitcoin Black Ecosystem <https://bitcoin.black/ecosystem/>
- 7 Bitcoin Black Community Social Channels <https://bitcoin.black/social/>
- 8 Bitcoin Black FAQ <https://bitcoin.black/faq/>
- 9 How Many Members? <https://bitcoin.black/members-count/>