



What is Bitcoin?

- Bitcoin was founded on **3 Jan 2009** by a computer programmer named **Satoshi Nakamoto**
- Bitcoin is a network that **enables a new payment system** and **completely digital** currency i.e. not in the form of notes , in the world
- It is the first decentralized peer-to-peer payment network that is powered by its users with **no central authority or middlemen**
- Bitcoin can be considered to be **cash for the Internet**
- As the name suggests it is **not in the form of coin**
- It is a **Decentralized crypto(digital) currency**
- Bitcoin is one of the type of crypto currency with works on the **concept of encryption using Public & Private “keys”**. These keys are just similar to Bank Account numbers and the ATM pin

HOW DOES BITCOIN WORK?

- Bitcoin is nothing more than a **mobile app** or computer program that provides a personal **Bitcoin wallet** and allows a user to **send and receive bitcoins** with them
- Bitcoin network **shares a public ledger** called the "**block chain**"
- This ledger contains every transaction ever processed, allowing a user's computer to verify the validity of each transaction
- The authenticity of each **transaction** is **protected by digital signatures** corresponding with the sending addresses, allowing all users to have full control over sending bitcoins from their own Bitcoin addresses
- **Anyone can process transactions using the computing power of specialized hardware and earn a reward in bitcoins** for this service. This is often called "**mining**"

WHAT IS BITCOIN MINING?

- Bitcoin mining is the **process** by which the **transaction information distributed within the Bitcoin network** is validated and **stored on the blockchain**.
- It is a term **used to describe the processing and confirmation of payments on the Bitcoin network**
- **Bitcoin miners** perform this work because they can **earn transaction fees** paid by users for faster transaction processing as well as newly-created bitcoins issued into existence according to a **fixed formula**
- **Mining creates it very difficult for anyone to add new blocks** of transactions into the block chain

Disadvantages of Bitcoin

Acceptance

Volatility

Limited in numbers

Risk associated with Bitcoin

- For Bitcoin holder, there is also a risk of losing value, either by **fraud or accident**. This is because the wallet and encryption keys are stored in some type of medium, such as on a hard drive
- If the hard drive be destroyed for some reason, the **information would also be lost** and hence so too access to the Bitcoin registered in the wallet
- Also, an **external party can also access the value by initiating a payment to another wallet he controls**

IS BITCOIN LEGAL?

- Bitcoin has **not been made illegal by legislation** in any jurisdiction. However, some jurisdictions (such as Argentina) severely restrict or ban all foreign currency
- Other jurisdictions such as **Thailand may limit the licensing** of certain entities such as Bitcoin exchanges
- Regulators from various jurisdictions are taking steps to provide individuals and businesses with rules on how to integrate this new technology with the formal, regulated financial system

VALUE OF BITCOIN

- In April 2010: \$ 0.003
- In July 2011: \$30
- In April 2013: \$266
- In Feb 2016: \$550- \$750
- In August 2017: \$4400

