

CRYPTO CURRENCY A INVESTMENT OR CURRENCY?

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Abstract

Crypto as a currency or investment ? Some countries have legalized the crypto and legalization is directly related to centralization and decentralized .It is a source of income who trade these electronic securities or currency on the market.The first ever crypto currency was bitcoin why crypto currency why not just crypto or index crypto as some electronic security.Through this paper you will get some knowledge how crypto works and other parts and some real incidents that tells crypto as a use full asset.

Introduction

As per my knowledge money or currency is something which has some financial value and can be exchanged in any market for buying any goods and services.Not every country has launched crypto as a parallel currency.Firstly crypto currency appeared in 2009 no one knew till now who invented the bitcoin taking bitcoin as base because it was the first crypto currency and others like ethereum is known and its inventor is also known but in context of bit coin the name is only available which is Satoshi Nakamoto which till date is anonymous.Firstly crypto was developed as digital token to be used as decentralized medium of exchange in easy words that the transaction cannot be tracked (block chain was the medium of transaction) now it can be deemed that transaction of crypto was similar to money but the money is under regulated framework.As basic economics knowledge if increase the volume of production the cost of product decreases and as production is reduced there is scarcity of product and same product price increase because there is no alternative source.The maker of bitcoin has designed it in such a manner that only 21 million bitcoin will ever be present in the market which means limited production out of

which 19 million has been mined or produced.To make things easier the centralize means to have total control and decentralized means having no control by center rather controlled by a group of local individual. If see gold, gold is a commodity which can be used as a investment because if gold was bought earlier the prize was low and the market of gold is booming individual who bought gold earlier sold it in market and gained a large amount of profit similarly individual who bought bitcoin earlier are now even millionaire.This gave a perspective that it can be used as investment because it has some monetary value.Similarly one more example will be land. The price can be also effected by various external factors and other market conditions too invest in it by your own knowledge and risk.

How bitcoin is produced?

Lets take a example of metals and coal all these metal and coal is produced by earth crust which means it has to be mined by big machines.Bitcoin is also mined but electronically and machines have specific mining speed called hash rates hash rate is directly related to computers processing power the more power the greater the speed of mining the larger amount can be mined.Now mining is a costly process at lows the bitcoin

can even be mined by phones but it has specific machine called crypto mining devices which is made specifically for the purpose of mining of crypto currency which has greater hash rates but the power consumption is very high high like industrial grade machines and the factory that produce crypto is called crypto farm where crypto is mined. Now let's get little technical for mining the computer or device solves some numerical questions to get bitcoin and that numerical question is known as block and collectively of many blocks is called block chain.

What is block chain?

Like metals are extracted from ores crypto is also extracted from ore but the block chain is not ore it is an electronic immutable ledger of recording crypto transactions. The one who solves the complex numerical gets added to the block and series of block is known as block chain which connects the user from a specific database which is not traceable till now that's why it is decentralized and used in the world of crime very often. The transactions on dark web is done via cryptocurrency and crypto transaction is held by block chain which is not traceable giving safety to unauthorized transactions or transaction which can cause unlawful activities. Each block present in the chain has some data stored and is connected to each other. All that data is collectively known as block chain.

Purpose of crypto

The primary purpose of crypto is to serve as a secure decentralized digital medium of exchange that operates without the need of traditional central authority like banks and government it uses the process of cryptography to secure transactions and maintain it in the block chain. Why the real user created it is not known and there is no official statement present.

Where crypto is sold?

Crypto is sold on online platforms specially made for exchange of that assets or

securities. They are mostly private platforms and are decentralized platform again like having power like block chain but platform which are centralized are also present and are mostly trusted among the crypto traders. To maximize the profit trader mostly go p2p crypto exchange platforms. p2p means peer to peer no middle men present who will get a part of money.

Flow of traditional money

RBI Reserve of bank of India controls the circulation of money plus printing of notes coins are circulated by RBI but not produced the printing process of money is backed by RBI. Now these money is mostly brought in government banks and from banks to atm from atm to consumers and from consumer to market and cycle goes on. Same traditional money is now also present in electronic form and direct reflection of current balance of account can be seen via respective portal designated by the banks.

Flow of crypto currency

Firstly mining process is done. The computer that solves the complex numerical gets their stake added in the system the stake holder has wallet that wallet is specially designed to hold crypto currency having a unique crypto wallet address associated with it which has to be entered on the platform where it has to be sold. From those big platform the electronic token is being circulated on the same platform coins can be sold and coins can also be bought and the cycle goes on the market of that specific coin decides the price of that token. This process is irreversible once sold the coin sold transaction can not be canceled.

Importance of money

Money is the medium of exchange. Before digitalization only traditional money was present the technologies was not that much evolved the only way a person can buy goods and services was the paper money and traditional coin and whole system of economy used the this type of money. Till now this money

is being used but the same money is also present in electronic form and direct reflection of current balance of account can be seen via respective portal designated by the banks.

Importance of crypto

As we know crypto is p2p and if any one who does not have a bank account or some how excluded from the system then crypto comes handy as we know crypto is not stored in bank and is not centralized at great level. Mining and storing of crypto is totally local crypto can be accessed by any one in the world who have Internet connection. It works below the nose of government thus having low value or high value compared to the unit of currency in that country any one who wants to stay anonymous can use crypto in daily life for their transactions. Remember there is always a way to make things happen and this is one of them.

Purpose of money

Acts as centralized medium of transaction it has some value that value can be hold as assets or may be invested in something. Money is the only centralized way through which gdp per capita can be measured and economic measurement can be taken. over all money is the medium through which a centralized transactions can take place and create a frame work which provide data to the center. GDP per capita is how a person earns in the economy.

Purpose of crypto

Crypto was made for the same purpose but to decentralized in nature no one could track it and all the transactions can take place smoothly and later that transacted crypto will be exchanged in form of real money. Money made through a process which is not tracked by the government no chances of being caught by authorities but there are coins which are centralized in nature too.

What is asset?

Asset is something which can be earned and hold it may be tangible or intangible in

property it also has some monetary value .There are two types of asset appreciating assets and depreciating assets. Appreciating asset are those asset whose values increases by time passed suppose gold bought for 30000 per kg turns out to 200000 per kg this is appreciating effect and gold is appreciating asset. Depreciating asset is asset which loses its monetary value by passing of time suppose a iPhone bought for 100000 rupees in 2025 and in 2026 its valued at 50000.

What is investment?

An investment is the process by which a amount of money spent regarding a asset and that asset gives a fixed or non fixed amount of profit. Every coin has two sides positive investment are those which give profit to the investor and negative investment are those which gives less money than the amount which is primarily invested. There are instruments present in the market through which investment can be done. In my perspective any thing which can give profit or more money in return compared to the primary amount invested is an positive investment. surely go for only positive investment.

1 Successful people in field of crypto

1. Donald trump
2. Changpen Zhao
3. Brain Armstrong
4. Gary Wang
5. Chris Larsen
6. Cameron and Tyler winklevoss
7. Sturart Hoegner
8. Matthew Roszak
9. Justin sun
10. Fred Ehrsam

2 Incident

Mr Howells a crypto trader, was mining crypto in 2009 he was an early adapter he mined some amount of bitcoin at that time where he

stored the mined amount of bitcoin in a hard drive and lost it as prices of crypto booming he started searching for it but he can't find it he even took permission from court to search for the bitcoin hard drive in a garbage dump yard but nothing was found he searched for the wallet for 12 years this shows how much he must have made if he had the wallet now he had stopped searching for it.

Conclusion

As a final answer I defined assets and investment but the main motive of the crypto was to mimic nature, purpose and use of money that is why it was made. The name made it clear Crypto currency I discussed money too. Money and Investment are overlapping each other this means it is both a currency and investment but it was launched by the motive of creating an electronic currency and it is. By progress of this research I tried to explain things in a very easy manner that gave me a understanding of crypto currency's a little. I am not an expert of this field and I don't promote any type of illegal activity and invest in things at your own risk because crypto is mostly used in dark web transactions another is for investment purposes and investment may cause losses.

WEBLINKS

1 webopedia.com

2 bbc.com

