



## A Beginner's Guide to Bitcoin and Blockchain Technology

### Description

It's safe to say that if you still haven't heard of Bitcoin, cryptocurrencies, or blockchain technology by now, you've probably been living under a rock.

Bitcoin, the world's largest cryptocurrency, has seen its value appreciate by a magnitude of epic proportions. Over just the last 12 months, the value of a single Bitcoin has risen by a whopping 15,000%.

That's not a typo.

Longer term, the gains are similarly impressive. If you had invested \$10,000 in Bitcoin back in 2013 when a single unit traded for about \$15, that investment would be worth close to \$9.5 million today — easily enough money to safely retire and sit on a beach somewhere.

### But what exactly is a Bitcoin?

Bitcoin is just one form of cryptocurrency. Cryptocurrency is a digital asset designed to work as a medium of exchange or facilitate transactions between buyers and sellers.

The name cryptocurrency comes from the fact that these currencies use cryptography to control the creation of new units, verify the legitimacy of those digital assets, and secure transactions in the currency.

Blockchain technology refers to the use of this cryptography to store and link these records.

Bitcoin today is the world's largest and first decentralized digital currency, which means that the Bitcoin system operates without a central bank or single administrator and allows for peer-to-peer transactions to take place directly without the need of anyone else's assistance.

The University of Cambridge estimated that there are somewhere between three and six million cryptocurrency users with the majority of them transacting specifically in bitcoin to purchase other currencies, products, and services.

The most famous of those users is the Winklevoss twins, who, thanks to 2017's extraordinary run-up, are now the world's first Bitcoin billionaires.

You may recognize the Winklevoss twins from [The Social Network movie](#), which featured the rise of **Facebook, Inc. Common Stock** and its founder Mark Zuckerberg.

## The future of Bitcoin

When asked when they intended to sell their billion-dollar stake in Bitcoin, the Winklevoss twins claim they would not even be sellers if Bitcoin reached a price of US\$380,000.

While that may sound hard to believe, the prospects of blockchain technology are certainly difficult to ignore.

That's because there are so many potential benefits to be derived from the technology, which has **Goldman Sachs Group Inc.** getting involved in Bitcoin recently, opening a trading desk before the close of 2017.

Not only does blockchain technology present the opportunity reduce costs for clearing and settling payments, but it can also be used to crack down on cyber crime.

These applications, if put into place, have the potential to save banks millions of dollars annually, which would certainly catch the attention of banks such as **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) and **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), which may very well [follow in the footsteps](#) of their American counterparts.

And when you think bigger picture, there are even those predicting that blockchain technology could lead to the creation of the world's first universal currency.

## Bottom line

While we all probably wish we had our feet up by the beach somewhere, that doesn't necessarily mean it's not too late to get started.

At this point, it may be too late to start investing in Bitcoin, but there are numerous other cryptocurrencies out there to choose from; for example, there's Ethereum and Ripple, not to mention the alternative of investing in those companies like Goldman Sachs who are finding derivative applications for the technology.

So, what are you waiting for?

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