



Don't Confuse Bitcoin With Blockchain Technology

Description

Bitcoin and blockchain technology are often incorrectly used interchangeably. This is not surprising, as they are both in their infancy, and despite their becoming mainstream, there still exists a great deal of misinformation. Mainstream and social media are twisting facts with fiction, and sensationalism is dominating the headlines.

As an example, take this headline from *Cointelegraph*: “**Goldman Sachs** Will Start Bank Money ‘Stampede’ Into Bitcoin: Ritholtz CEO”. At first glance, an investor could be tricked into thinking that Goldman Sachs is about to get into Bitcoin, when in effect, the quote from Wealth Management CEO Josh Brown does not even mention Bitcoin.

Likewise, Jamie Dimon, CEO of **JP Morgan**, has been criticized for calling Bitcoin a “fraud.” However, did you know that JP Morgan is actively engaged in developing blockchain technology?

Although the Bitcoin and blockchain are closely related, it is important to note that they are not one and the same.

Let's start with Bitcoin. Bitcoin was the first and the best-known unregulated cryptocurrency. Bitcoin is the cryptocurrency for which blockchain was invented. Therein lies why the confusion between the two exists. Bitcoin is a medium of exchange, like the Canadian dollar, intended to simplify transactions and eliminate the need for third-party payment processing such as banks and **PayPal**.

Bitcoin, like other cryptocurrencies, is digital and is considered to have [no intrinsic value](#). It is unregulated in the sense that its supply is not determined by a central bank. Bitcoin is not a file saved on a computer. It is represented by transactions recorded on a peer-to-peer network. Bitcoin can be used to purchase goods and services where accepted.

[Blockchain](#) is the technology on which Bitcoin was built and goes far and beyond cryptocurrencies. It is anonymous, distributed, public, and encrypted. Blockchain maintains the Bitcoin transaction ledger. There are thousands of blockchains that exist, all influenced by the original Bitcoin blockchain.

The attractiveness of blockchain technology is easy to understand. Because it is distributed, there is no

central database, and it runs on computers worldwide, which makes it very difficult to hack. It is public, which means that anyone can view it any time, offering an unprecedented level of transparency. It also makes use of two-key encryption, which enables unmatched virtual security.

Businesses have come to learn that blockchain technology can be adapted for use in many other areas. Specifically, many companies are investigating the use of blockchain to improve and speed up business processes. It can lead to cheaper and faster financial settlements that could save companies billions in transaction costs. It can transform the way governments are elected by producing immediately verifiable voting results. Canada has long struggled with a true electronic patient medical record due to the significant privacy regulations. Could an electronic medical record built on blockchain technology be the answer? What about solving the corruption surrounding foreign aid? Blockchain can hold organizations more accountable through increased transparency.

Investors wanting to invest in blockchain technology can do so by taking a position in Harvest Portfolio's **Blockchain Technologies ETF** ([TSX:HBLK](#)). The ETF was only recently launched in February and will invest in companies that are leading the blockchain revolution. Its holdings include development companies such as **HIVE Blockchain Technologies Ltd.** ([TSXV:HIVE](#)), **Overstock.com Inc.**, BTL Group Ltd., and BIG Blockchain Intelligence Group Inc. Likewise, it has stakes in some of the larger players in the tech industry who have shown a keen interest in blockchain technology, such as **Intel Corporation**, **Microsoft Corporation**, and **Visa Inc.**

The applications for blockchain technology are endless. Bitcoin has been revolutionary and continues to be the most widely accepted form of cryptocurrency. However, investors need to understand that if a company is invested in blockchain technology, it does not equate to Bitcoin. They can be investigating the use of blockchain for several possible reasons. There exists a significant knowledge gap between the public and blockchain technology. As an investor, you need to be extra vigilant and understand what you are investing in.

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