



*Avoid common pitfalls & get tips for beginners
in the cryptocurrency world from:*



What Is Bitcoin?

A Simple Introduction to How Cryptocurrency & Bitcoin Work

(Don't panic! It's not too technical and if I can figure it out so can you!)

Bitcoin Explained Simply

Bitcoin is digital currency. It's that simple!

Bitcoin is the cash of the internet and you can use it pretty much like you use a credit card online. Places like Microsoft, Newegg.com, Dell computers, and other major retailers now accept Bitcoin as payment. Bitcoin was launched in 2009 and was the first “cryptocurrency” ever created. There will **only ever be 21 million Bitcoins** in existence and right now about 16.5 million are currently in circulation. There is a limited supply of Bitcoin, but a high demand.

Cryptocurrency Explained

Cryptocurrency is a form of digital currency where all transactions are recorded in a digital ledger that is encrypted (making it very secure). Think of this digital ledger like that trusty spreadsheet you have on your desktop with all your bank transactions on it, but once you enter in those transactions and they are confirmed you can't change them anymore. A cryptocurrency is just a really secure and easy way to record transactions between 2 people, but operating independently from a central bank or government authority making it “**decentralized**”.

Decentralization

In the case of Bitcoin (the first cryptocurrency remember?) decentralization means that this digital ledger of transactions is not kept in just one place, but in millions of places all at once. Every Bitcoin transaction ever recorded is held in this digital ledger or “**Blockchain**” and this blockchain based digital ledger is stored with every person that participates in the Bitcoin network. It is updated through the internet to everyone who has a copy as the transactions are processed. These transactions everyone can see, but they can't see any personal information just the amount and destination/origin account of the transaction the rest is encrypted.



TIP: Here is the logo and currency symbol for Bitcoin. This symbol and the 3-letter abbreviation of “BTC” is used to represent Bitcoin on exchanges, wallets, and more.

The Blockchain Explained

The blockchain is where all the encrypted data is stored forever. When transactions are processed they are processed in batches that are called “blocks”. Each block, or batch of transactions, is processed by a computer in order to make the transaction go through. Once the block is processed then it is recorded and the transaction is pushed to the Bitcoin blockchain all across the globe. This prevents any double transactions and also makes it virtually impossible to hack. Each block of transactions that is processed needs a good amount of computer power to process and this is done by “**miners**”.

Miners Process Transactions

Miners are the ones that use their computing power to process the complex block equations. When they do process a block of transactions, they are rewarded with a set amount of Bitcoins. Miners earn 12.5 Bitcoins for each complete batch of transactions they process. Mining is also how new Bitcoins are created, because all rewards paid to miners are new Bitcoins.

Putting It All Together

Bitcoin is the first cryptocurrency which is a decentralized digital cash for the internet that is not controlled by a central authority like a government or Federal Reserve, but by the people who invest in Bitcoin. All the transactions are processed by miners creating a digital ledger of secure and mostly anonymous transactions between individuals.

If you made it this far congrats!

You now have a decent working knowledge of what Bitcoin and cryptocurrencies are and how they work. While this quick guide was meant for complete beginners, there is a **TON** more information I would love to share with you. I hope you enjoyed it!

'Stache on my new friend!



Now What??

Now that you know how Bitcoin & Cryptocurrencies work it is time to start investing!

Sign up for **The 'Stache's Step-by-Step** Bitcoin Beginners school where I teach you *in person* how to get started trading cryptocurrency in a hands-on learning style classroom.

Starting in the Fall of 2017
Southern California

Check www.CryptoStache.com for more details & free beginners tips