

COMPLETE GUIDE TO CRYPTOCURRENCY ...

cryptocurrency trader who's really passionate about 2 things:

1) The awesome and revolutionary technology underlying Cryptos (Blockchain)

2) Making a ton of money along the way! I've been investing cryptos for awhile now, and the returns are mind-blowing. Imagine earning 500% within 3 months. You absolutely cannot generate these returns using traditional investment alternatives. Earning multiples over your capital is really the norm in the cryptocurrency world. But the journey along the way is extremely tough especially for someone like me who prior to this, had no tech knowledge. The challenge in the crypto world is filled with computing jargon and volatile prices that WILL deter many. However, the potential of the Blockchain technology and the ability to make a massive amount of money should be an opportunity for all to grab! My investment thesis involves fundamental white paper research, technical analysis (looking at price movements) as well as evaluating market sentiment. So far, the culmination of my investment knowledge and decisions have been rock solid. I started trading on my own because I believed in the tech and possessed considerable

experience in financial trading. I've made so much that I feel it's selfish for me to just keep the knowledge and strategies all too myself. As of now, almost all of my immediate family members and close friends are invested in cryptos, and making lots of money. That's a stunning achievement considering they have close to zero tech or trading knowledge. My objective is to share with as much people the beauty of the tech and the skills needed to navigate the crypto world. I'm gonna share with you a trove of valuable tips, resources and strategies on making money in the crypto world. Let's build an awesome community and make loads of money along the way!

Introduction Navigating the world of cryptos can be very daunting due to vast usage of computing jargon and technical concepts that will almost certainly confuse you. Add to that the relative infancy of the technology, it can be hard finding structured resources to assist you in your journey. Here at Master The Crypto, we've taken the liberty to create a comprehensive free guide for investing in cryptocurrencies.

Importance of Performing Your Own Analysis. For traditional investments such as stocks, fundamental analysis entails evaluating the financial health and viability of a company according to its financial statements. If the numbers look good, we can be confident that the company has good fundamentals and we can therefore invest in it. Performing fundamental analysis for cryptocurrencies however, is radically different since there are no financial

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- statements. Why?
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- Because:
- 1) Cryptocurrencies are not corporations, but rather representations of value or assets within a network. Its viability is not based on generating a revenue, but rather directly depends on the participation of the community (users, miners and developers). Each cryptocurrency is a manifestation of the different applications of Blockchain technology, and are usually decentralized;
- 2) The crypto space is in its infancy stages, and almost all of the cryptocurrencies are in development stages. Which means that there are limited uses cases in the real world currently and therefore, a lack of track record to show for. Thus, fundamental analysis on cryptos must be performed with a different methodology. Given the complex nature of cryptos and their underlying technology, it is even more important for us to engage in research to assess the viability and potential of the coins. This ensures that we make better investment decisions and are kept in the loop of things. But more importantly, a good understanding of a coin's fundamentals allows you to form your own opinions and have your own stand, which is rare in the crypto world due to its complexity. However, do not worry if it all seems too complicated! We've

created a comprehensive and easy-to-understand guide to help you. Let's begin!

- ***STEP 1: SOURCES OF INFORMATION***
- Knowledge is power. In order to assess a coin, we have to first know where to get the key sources of information from.
- Here is where you should get the information from:
- 1) Coin's White Paper
- 2) Coin's Slack Channel or Blog A detailed proposal by the development team which outlines the purpose and mechanics of the coin. This represents the main source of evaluating the fundamentals of the coin. You should always read the coin's white paper before investing. The drawback is that it can get very technical given the usage of technological

jargon and concepts that is hard for an average Joe to comprehend.

This represents the official and main channel of

communication of the core development team. Join their

slack channel and view the interaction of the development

team with the community. Ask questions to get more information on the coin. You should also follow the updates

given by the developers in their official blog.

3) Community Forums: Reddit/Steemit /Bitcointalk

Forums are a great way to understand the coins better,

as well as the sentiments surrounding the coin. You can almost definitely find simple definitions on certain concepts or easy-to-understand analysis of any coins from forums, as the community is well-informed.

The diversity of thoughts allows you to grasp the mechanics of the coin far better, especially if you're not technically-inclined. If you're not familiar with the technical jargon, a good tip is searching for your query together with the term "ELI5", which stands for "Explain it to me like I'm 5 years old".

STEP 2: CRYPTOCURRENCY ANALYSIS CHECKLIST

The next step entails systematically asking questions on the Coin to assess whether it is a good

investment. For your convenience, we've created a checklist just for that.

OVERALL CONCEPT ASSESSMENT

Bitcoin originated with the white paper that was published in 2008 under the pseudonym "Satoshi Nakamoto." It was published via a mailing list for cryptography and has a similar appearance to an academic paper. The creators' original motivation behind Bitcoin was to develop a cash-like payment system that permitted electronic transactions but that also included many of the advantageous characteristics of physical cash. To understand the specific features of physical monetary units and the desire to develop digital cash, we will begin our analysis by considering a simple cash transaction.

1.1 Cash

Cash is represented by a physical object, usually a coin or a note. When this object is handed to another individual, its unit of value is also transferred, without the need for a third party to be involved (Figure 1). No credit relationship arises between the buyer and the seller.

This is why it is possible for the parties involved to remain anonymous.

The great advantage of physical cash is that whoever is in possession of the physical object is by default the owner of the unit of value. This ensures that the property rights to the units .

of value circulating in the economy are always clearly established, without a central authority

needing to keep accounts. Furthermore, any agent can participate in a cash payment system;

nobody can be excluded. There is a permissionless access to it. Cash, however, also has disad-

vantages. Buyers and sellers have to be physically present at the same location in order to

trade, which in many situations makes its use impracticable.

1.2 Digital Cash

An ideal payment system would be one in which monetary value could be transferred

electronically via cash data files (Figure 2). Such cash data files retain the advantages of physical cash but would be able to circulate freely on electronic networks.¹ A data file of this type could be sent via email or social media channels.

A specific feature of electronic data is that it can be copied any number of times at negligible cost. This feature is highly undesirable for money. If cash data files can be copied and the duplicates used as currency, they cannot serve as a payment instrument. This problem is termed the “double spending problem.”

1.3 Electronic Payment Systems To counteract the problem of double spending, classical electronic payment systems are based on a central authority that verifies the legitimacy of the payments and keeps track of the current state of ownership. In such systems, a central authority (usually a bank) manages the accounts of buyers and sellers. The buyer initiates a payment by submitting an order. The central authority then ensures that the buyer has the necessary funds and adjusts the accounts

accordingly (Figure 3).

Centralized payment systems solve the double spending problem, but they require trust.

Agents must trust that the central authority does not misuse the delegated power and that it maintains the books correctly in any state of the world—that is, that the banker is not running away with the money. Furthermore, centralized

systems are vulnerable to hacker attacks, technical failures, and malicious governments that can easily interfere and confiscate funds.

1.4 Stone Money of Yap

The key feature of the Bitcoin system is the absence of a centrally managed ledger. There is no central authority with an exclusive right to keep accounts. In order to understand how this is possible, we will first discuss a historical payment system that has certain similarities with the Bitcoin system. On Yap Island, large millstone-like stones were used as a medium of exchange.² The stones were quarried almost 280 miles away on the island of Palau and brought to Yap by small boats. Every inhabitant could bring new stone money units into the system. The money creation costs, in the form of labor effort and equipment such as boats, protected the economy from inflation.

Instead of having to laboriously move the stones, which are up to 13 feet in diameter, with every transaction from a buyer's front yard to a seller's front yard, the ownership rights were transferred virtually. A stone remained at its original location, and the unit of value could be detached from it and circulated irrespective of the stone's whereabouts. It was sufficient that all the inhabitants knew who the owner of every stone was. The separation between the unit of value and the stone went so far that even the unit of value for stones that were lost at sea remained in circulation.

The stone money of Yap can therefore be described as a quasi-virtual currency, as each unit of value was only loosely linked to a physical object. The Yap system was based on a distributed ledger, in which every inhabitant would keep track of a stone's ownership. When a buyer made a purchase, this person told his or her neighbors that the stone now belonged to the seller. The neighbors then spread the news until finally all of the island's inhabitants had been informed about the change in ownership. Through this communication, every islander had a precise idea of which unit of value belonged to which person at any point in time.

In its essential features, the Yap payment system is very similar to the Bitcoin system. A major difference is that in the Yap system false reports could not be immediately identified, so conflicts regarding the current state of the implicit ledger would have to be argued and settled by the group. The Yap system therefore was restricted to a group of manageable size with close relationships, in which misconduct could be punished by the group. In contrast, the Bitcoin system is designed to function in a network where no participant can trust any other participant. This feature is necessary because it is a permissionless payment system in which participants can remain anonymous through the use of pseudonyms.

1.5 Bitcoin and the Bitcoin Blockchain

Bitcoin is a virtual monetary unit and therefore has no physical representation. A Bitcoin unit is divisible and can be divided into 100 million “Satoshis,” the smallest fraction of a Bitcoin. The Bitcoin Blockchain is a data file that carries the records of all past Bitcoin transactions, including the creation of new Bitcoin units. It is often referred to as the ledger of the Bitcoin system. The Bitcoin Blockchain consists of a sequence of blocks where each block builds on

its predecessors and contains information about new Bitcoin transactions. The average time

between Bitcoin blocks is 10 minutes. The first block, block #0, was created in 2009; and, at

the time of this writing, block #494600 was appended as the most recent block to the chain.

Because everyone can download and read the Bitcoin Blockchain, it is a public record, a ledger

that contains Bitcoin ownership information for any point in time.

The word “ledger” has to be qualified here. There is no single instance of the Bitcoin Blockchain. Instead, every participant is free to manage his or her own copy of the ledger. As it was with the stone money, there is no central authority with an exclusive right to keep accounts. Instead, there is a predefined set of rules and the opportunity for individuals to monitor that other participants adhere to the rules. The notion of

“public record of ownership”

also has to be qualified because the owners of Bitcoin units usually remain anonymous through the use of pseudonyms. To use the Bitcoin system, an agent downloads a Bitcoin wallet. A Bitcoin wallet is software that allows the receiving, storing, and sending of (fractions of) Bitcoin units.³ The next step is to exchange fiat currencies, such as the U.S. dollar, for Bitcoin units. The most common way is to open an account at one of the many Bitcoin exchanges and to transfer fiat currency to it. The account holder can then use these funds to buy Bitcoin units or one of the many other cryptoassets on the exchange. Due to the widespread adoption of Bitcoin, the pricing on large exchanges is very competitive with relatively small bid-ask spreads. Most exchanges provide order books and many other financial tools that make the trading process transparent.

A Bitcoin transaction works in a way that is similar to a transaction in the Yap payment system. A buyer broadcasts to the network that a seller's Bitcoin address is the new owner of a specific Bitcoin unit. This information is distributed on the network until all nodes are informed about the ownership transfer. We will examine some technical details of this step

in Section 2.

For a virtual currency to function, it is crucial to establish at every point in time how many monetary units exist, as well as how many new units have been created. There must also be a consensus mechanism that ensures that all participants agree about the ownership rights to the virtual currency units. In small communities, as with the Yap islanders, everyone knows everyone else. The participants care about their reputation, and conflicts can be disputed directly. In contrast, within the Bitcoin system the number of participants is substantially larger, and network participants can remain anonymous. Consequently, reputation effects cannot be expected to have a significant positive impact, and coordination becomes very difficult. Instead, there is a consensus mechanism that allows the Bitcoin system to reach an agreement. This consensus mechanism is the core innovation of the Bitcoin system and allows consensus to be reached on a larger scale and in the absence of any personal relations.

STEP 3:

START INVESTING!

After engaging in your due diligence, it's time for you

to finally purchase the coins that you're confident has the right fundamentals. In order to buy coins, you have to open exchange accounts. However, it can be tricky to find the right exchange since there are many things to look out for.

Therefore, we've made it easier for you to choose which exchange is best for you! Opening an Exchange Account If you're new to cryptocurrencies, your first step would be to find an exchange that allows you to deposit money. Due to regulations, all exchanges require you to verify your account before depositing your funds, through the submission of your identity proof and any other personal information. Hence, you should find an exchange in your domestic country first to convert money from your bank account into Bitcoin. It is important to note that not all crypto exchanges accept fiat money; some exchanges only allow you to deposit coins (most commonly Bitcoin) to purchase other alternative coins. Bitcoin is the most popular crypto that is offered on almost all crypto exchanges, and represents the gateway to purchasing other coins. In other words, if you want buy any other coins, you must do the following:

Step 1: Open a domestic cryptocurrency exchange in your country and verify your account (submit identity proof)

Step 2: Deposit funds from your bank account to your

crypto exchange account and start buying Bitcoin

Step 3: Open a crypto exchange account that offers a variety of other coin. Usually these exchanges do not accept fiat deposits and only allows coin deposits.

Step 4: After verifying your account, transfer the Bitcoin that you've bought from your local exchange to your new crypto exchange and you can start buying other coins with your Bitcoin.

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