

# *bitcoin* PROFIT SECRETS



CHECKLIST

## **Bitcoin Background**

- First successful cryptocurrency
- Originally meant to be a peer-to-peer payment system
- Addressed the problem of double spending
- Founder: Satoshi Nakamoto (pseudonym)
- Year Invented: 2008
- Technology Used: The Blockchain
- 1 bitcoin = 100,000,000 Satoshis
- Only 21,000,000 bitcoins will ever be created
- No actual intrinsic value
- Only took 5 years to breach \$1000 mark

## **Advantages of Bitcoin**

- Very fast payments
- Very low transaction fees
- Can pay or receive bitcoins anytime of day
- Don't need a bank account
- Decentralized, open-source, transparent
- No banks or government controls it
- Not subject to politics and corruption
- Anyone can create a bitcoin wallet
- You have total control of your bitcoins
- Protects users from identity theft
- Transactions are irreversible once verified by network
- No threat of chargebacks

## **Disadvantages of Bitcoin**

- Extremely risky
- High volatility
- Still relatively new
- Not fully matured and developed

## What You Can Buy with Bitcoins

- Common household items
- Gift cards
- Video games
- High-tech gadgets
- Plane tickets
- Rent vehicles
- Pizza, burgers, sandwiches, etc.
- Coffee, beer, etc.
- Donate to charity
- Reddit gold
- Many more items!

## Methods to Acquire Bitcoin

- Buy bitcoins
  - Fastest method of getting bitcoins
  - Will need to spend fiat money
  - Top cryptocurrency exchange / brokers:
    - Coinbase/GDAX
    - Kraken
    - Gemini
    - Bitstamp
    - CEX.io
  - Cash exchanges
    - LocalBitcoins
    - Wall of Coins
- Trade other cryptocurrencies for bitcoin
  - Great if you already have other crypto
  - Don't need to spend fiat money
  - Crypto to crypto exchange
    - ShapeShift
- Get paid with bitcoins
  - Work for bitcoins
  - Sell products or services
  - Receive tips from customers
  - Complete small tasks on websites, such as:
    - Complete surveys

- Watch videos
- Click ads
- Answer questions
- Sign up for trial offers
- Download mobile apps
- Play online games
- Shop online
- Join bitcoin faucets
- Get a few Satoshis at regular intervals
- Mine your own bitcoins

## **Bitcoin Mining**

- Role of miners
  - Verifies transactions
  - Create new bitcoins
  - Without miners, there will be no new bitcoins

## **Bitcoin Mining Terminology**

- Blocks
- Bitcoins per block / reward
- Bitcoin difficulty
- Electricity rate
- Hash
- Hash rate
- Pool fees
- Power consumption
- Time frame

## **Bitcoin Mining Hardware Used By Miners**

- CPU (Computer Processing Unit)
- Used in the early days
- GPU (Graphical Processing Unit)
  - More efficient than CPUs
  - 50-100 times more productive than CPUs

- FPGA (Field-Programmable Gate Array)
  - More powerful than CPUs and GPUs
  - Less power hungry
- ASIC (Application-Specific Integrated Circuit)
  - Primary hardware used today
  - Used solely for mining
  - Most efficient hardware
  - Consumes less power than FPGAs
- Mining difficulty
  - Average mining time – 10 minutes
  - More miners, mining difficulty increases
- Mining rewards
  - Reward is halved every 210,000 blocks
  - Initial reward was 50 bitcoins
  - November 28, 2012 - reward was halved to 25 bitcoins
  - July 9, 2016 – reward again halved to 12.5 bitcoins
  - Year 2021 – reward will drop to 6.25 bitcoins
- Mining pools
  - Allow miners to pool resources
  - Divide bitcoin reward among themselves
- Cloud mining
  - No need to buy own hardware
  - No need to worry about electric bills
  - Pay a subscription fee start mining
  - Very few legit cloud mining sites
  - Most are Ponzi-style scams

## **Bitcoin Wallets**

- Hot wallets
  - Easy and free
  - Can be hacked
  - Can be accessed anywhere with Internet
  - Private keys are stored online
  - Example hot wallets
    - Online wallets from crypto exchanges
    - Mobile app wallets
    - Desktop wallets

- Cold wallets
  - Very difficult to hack
  - Offline storage
  - Much safer than hot wallets
  - Example cold wallets
    - Paper wallets
    - Hardware wallets

## **Common Bitcoin Scams**

- Fake bitcoin exchanges
  - Offers too good to be true exchange rates
  - Unknown in the industry
- Phishing scams
  - Email phishing scams
  - Malware scams
- Ponzi scams
  - Offers outlandish ROI
  - Usually guarantees daily profits forever
- Cloud mining scams

## **Trading vs Investing**

- Trading is short-term
  - Takes advantage of volatility
  - Buy low and sell high method
  - Very risky
- Investing is long-term
  - Buy and hold method
  - Dollar cost averaging method

## **Future of Cryptocurrency**

- Blockchain technology will become mainstream
- Combat crime and corruption
- Massive adoption in developing economies