

GUIDE TO CRYPTOCURRENCY



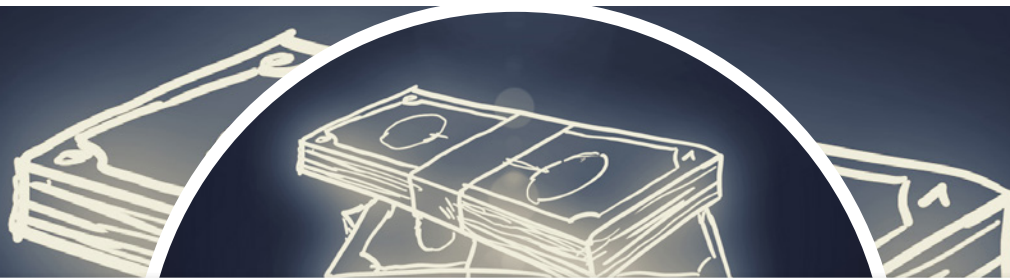
Learn about investment guidelines



Introduction



The investment market is continuously evolving and, with it, the range of assets, platforms, investment tools and derivative financial instruments. All this in order to adapt to the requirements of the modern investor. It is therefore natural that a new type of asset, which is already attracting attention, is emerging on the market. **One such asset is cryptocurrency which is being noticed by a growing number of investors who see it as a way to effectively multiply their capital.** When choosing this type of asset, it is worthwhile to discover its characteristic features.



What is cryptocurrency?



Cryptocurrency, also referred to as a cryptographic currency and virtual coin, is a distributed accounting system based on cryptography, i.e. the transmission of information by means of a chosen machine. These assets **do not have a cash form, but are available only in the form of a digital virtual system**, which means that they are created on the basis of a built-in algorithm system.

The existence of cryptocurrency is based on the code assigned to it, which is visible, but unavailable to users. **The virtual coin is only available to the owners of a private key, which is based on a set of interrelated cryptographic characters**, corresponding to a specific system. The cryptography of the key makes it impossible to re-

lease the same cryptocurrency unit twice. As a result, the quasi-coin can be transparent without the risk of counterfeiting or manipulation.

Most countries do not consider cryptocurrency to be a currency unit, financial means or an electronic fund. This does not mean, however, that the currency does not function officially. It is perceived as **a means of payment and an investment tool of a short and long-term character**. The number of currencies is limited, which means that their value is continuously increasing.



Creation of cryptocurrency



Virtual currency is created in the so-called **mining process, which takes place with the use of specialised hardware, software and a virtual network.** The hardware forms a part of the cryptocurrency mining equipment, i.e. a computer and a graphics card, which enable to perform distributed calculations. However, the speed of the process depends on the computing power and complexity determined by the algorithms of a given cryptocurrency.

When creating a cryptocurrency, open source software and the P2P network are also used. The software is a part of free traffic on which the source code of the currency is based. The P2P network is a communication model used in a computer network, which ensures equal rights for all hosts.

After the creation process is finished, **the cryptocurrency is stored in computer files or on external servers.** Next, the created cryptocurrency can be released on the investment market and advertised for purchase. The more interest and demand there is, the greater its value.





Investing in cryptocurrency

Investing in cryptocurrency **operates on the same principles as investing in other assets.** The investor chooses the type of virtual coin, buys it, stores it until its value increases, and then sells it at a favourable price.

Transactions are made on the so-called cryptocurrency exchange, i.e. an exchange created for the purpose of investing in virtual currency. **Cryptocurrency exchange is a website where users make offers to buy or sell virtual coins.**

Cryptocurrency **is perceived as a long-term and short-term investment.** Long-term investments mean buying a large quantity of virtual coins and storing them until their value increases. This can take from a few to a dozen or so months or years. The short-term investment consists in

buying and selling cryptocurrency in short time intervals. These actions are based on a thorough analysis of the market and the fluctuation of virtual coin prices.

The creation of a cryptocurrency is a form of a response to the limitations and costs associated with money transfer. This is because **virtual currency allows you to make quick, free and anonymous international transfers.** This solution quickly found a multitude of interested people, which influenced the growth of cryptocurrency quotations on the investment market. Some of them, in 2016 alone, were able to increase their value by 300%. This popularity has led to the creation of special portals whose task is to regularly monitor the volatility of these quotation values.



Purchase of cryptocurrency

The purchase of cryptocurrency can be made through platforms set up especially for this purpose. These are usually the so-called **Bitcoin ATMs**, i.e. machines enabling the purchase of virtual coins for cash.

Potential buyers can also take advantage of the so-called **cryptocurrency exchange bureaux**. They enable the purchase of coins by depositing one's own funds and then exchanging them for virtual funds. The purchased coins are then transferred to the investor's virtual wallet, where they are stored.

Cryptocurrency can also be purchased via the previously mentioned **cryptocurrency exchange**. It guarantees the purchase and sale of virtual currency between the users of the platform. It also allows to speculate on their value

on similar terms to those operating on the forex market. Investors can bet on whether the value of the selected cryptocurrency will drop or increase.



It is also worth mentioning **portals that enable the purchase of virtual coins via a text message**. However, this method is only at the stage of testing and verification by the market based on trial and error.



Storing of cryptocurrency



Cryptocurrency does not have a physical form, so it should be stored in secure places. One of them is a **stock exchange and cryptocurrency account**. This solution is quite common, but it limits the mobility of currency use.



A more practical way is the so-called **virtual wallet**, which to some extent resembles a credit card. The key to the virtual money box is a long and complicated password protecting the customer against theft.

A similar solution is the so-called **offline wallet**, devoid of access to the network, which protects the owner against hacking and theft. The money box resembles a printout of the wallet's address with a private key, enabling the use of funds.

Another solution is the so-called **browser wallet**, i.e. a form of an account with a mobile application used on a smartphone. The system enables access to cryptocurrency via a telephone.

All virtual wallets let you store cryptocurrency and use it in almost any situation. Moreover, they offer a feature that allows the owner **to possess several types of cryptocurrency** in separate accounts.

Types of cryptocurrency

Virtual currency is becoming more and more popular year on year, so it's no wonder that new types of cryptocurrency are regularly created. **Currently, there are about 300 virtual currencies available on fifteen cryptocurrency exchanges.** They often have exotic origins and funny names.



Like other assets, cryptocurrencies differ in price and value. Therefore, when speaking of cryptocurrency types, it is worth mentioning **only the most popular ones:**

- ➔ Bitcoin
- ➔ Litecoin
- ➔ Ethereum
- ➔ Bitcoin cash
- ➔ Ripple
- ➔ Zcash
- ➔ IOTA
- ➔ Cardano
- ➔ Dash
- ➔ NEM
- ➔ Monero
- ➔ TRON

Types of cryptocurrency

When choosing a type of cryptocurrency as a form of investment, it is worthwhile to be guided by its value, but first of all by its development perspective. The cryptocurrency exchange, like the entire investment market, is volatile and mobile. This is because virtual currencies, which **are currently quite popular, may lose their value in the future and be replaced by new, currently introduced cryptocurrencies.**



Investing in the cryptocurrency market is a modern form of entrusting funds, which is based on classic investment principles – **buy cheap and sell as more expensive.** To make this possible, it is important to regularly monitor the market, analyse charts, gain information and expand knowledge.

