

Short Communication

# A Study On Cryptocurrency – Bitcoin

Asra Fatima<sup>1</sup>, Azra Fatima<sup>2</sup>

<sup>1,2</sup>Lecturer in Commerce, Anwarul Uloom Degree & PG College, Mallepally, Hyderabad.

Received Date: 19 December 2019

Revised Date: 17 January 2020

Accepted Date: 20 January 2020

**Abstract** - Cryptocurrencies, an encrypted peer-to-peer network for facilitating digital swaps, is a technology developed eight years ago. Bitcoin, the first and most popular cryptocurrency, is paving the way as a disruptive technology to long-standing and unchanged financial payment systems that have been in place for many decades. It has emerged as an important financial software system. It is a digital or virtual currency designed to work as a medium of exchange that uses strong cryptography to secure financial transactions. There is tremendous interest in the cryptocurrency space right now. They rely on a secure distributed ledger data structure; mining is integral to such systems.

**Keywords** - Cryptocurrency, Bitcoin, Digital Currency, Cryptography, Blockchain.

## I. INTRODUCTION

There is tremendous interest in the **Cryptocurrency** space right now and equal parts confusion, uncertainty, and doubt. Bitcoin, cryptocurrencies, Blockchain, ICOs. Bitcoin started as an experiment in the depths of the global Financial Crisis of 2008, aiming to build a better financial system. Early on, Cryptocurrencies developed a seedy undertone as they were mainly associated with black market trades: drug deals, ransomware payments, money laundering, and tax evasion. Cryptocurrency has been the most disruptive technology since the internet and fraud or a massive Ponzi scheme.

### A. Bitcoin

Bitcoin, the first virtual currency, was launched in January of 2009. It introduced a novel idea set out in a white paper by the mysterious Satoshi Nakamoto: Bitcoin offers the promise of lower transaction fees than traditional online payment mechanisms and is operated by a decentralized authority, unlike government-issued currencies. There are no physical Bitcoins, only balances associated with public and private keys. The document itself is called "Bitcoin: A Peer-to-Peer Electronic Cash System." it represents a distributed peer-to-peer (P2P) digital currency which can be transferred in an instant and securely between two parties, regardless of their current whereabouts. It's essentially digital money that you can send to any other Bitcoin user anywhere around the world. It uses Blockchain, a list of encrypted digital blocks linked together securely.

The pundits say it is a speculative bubble, but that's simply an easy out for those who have failed to find the proper explanations. They have the merits to ask the right questions but ultimately fail to identify the main reasons behind the fast-growing appetite for cryptocurrency. Bitcoin and other crypto-assets are an emerging asset class experiencing rapid growth as a fundamentally innovative new technology.

### B. Blockchain

Blockchain allows cryptocurrencies like Bitcoin to function and enhances security. Bitcoin was the first and is the most popular cryptocurrency, followed by Ethereum. The Blockchain represents a public ledger that contains all transactions in a given system that have ever been executed. The ledger itself is stored throughout the entire network and to update one is to update them all. It is this public ledger that contains the history of all past transactions. On the other hand, Bitcoin miners are there to confirm the transactions to the rest of the network by including them in blocks.

## II. OBJECTIVES

- To know the performance of Bitcoin.
- To know the effects of Bitcoin in India.

## III. LITERATURE REVIEW

- Marius Kramer, No. 1 Bitcoin writer on Quora worldwide
- Thomas Cole, Trader - Boss Crypto Investing Academy (2011-present), [www.Quora.com](http://www.Quora.com)
- <https://economictimes.indiatimes.com/news/economy/policy>.

## IV. METHODOLOGY

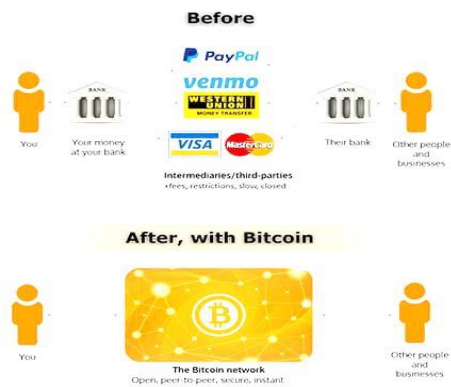
The present study is based on secondary sources of data. The information collected from Newspapers, Journals, Books, and relevant websites to make the study more effective.

## V. BITCOIN

It is digital money that is not issued or controlled by anyone. It is used to securely store and transfer any amount of value anywhere in the world. It is used to buy goods and services, store wealth, or send value to anyone without the permission of a third party. Often regarded as "Digital Gold," bitcoin stored properly cannot be hacked, stolen, or seized by a government. Thus giving people full proprietorship, much like having a **Swiss bank account** in

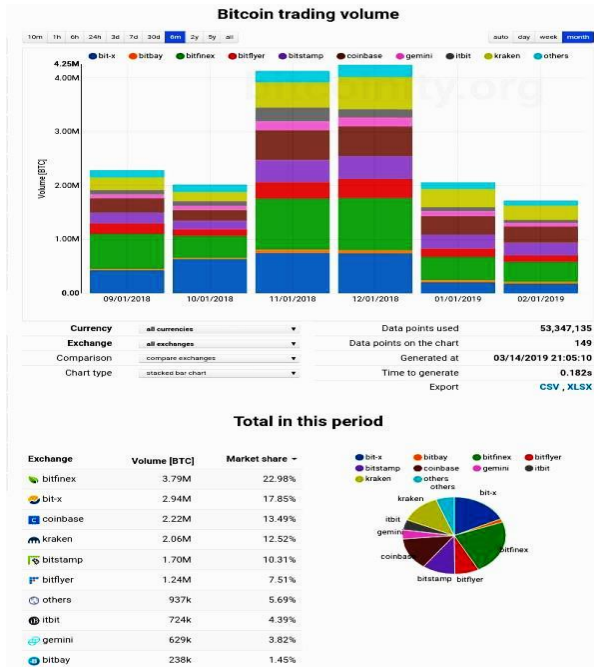
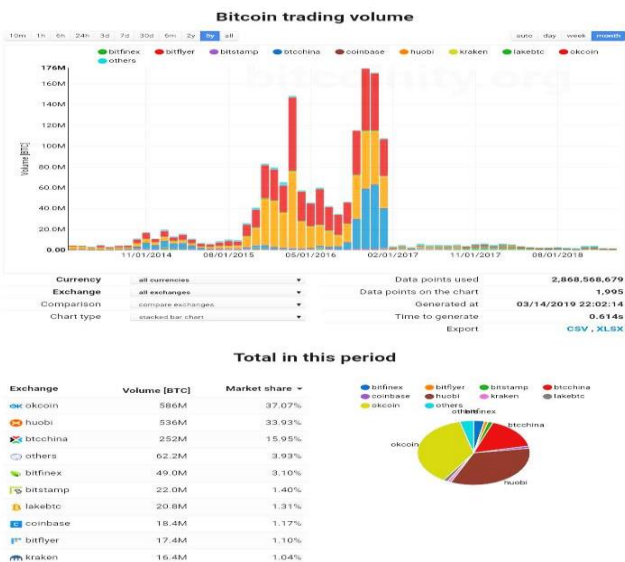


their pocket. Unlike physical gold, Bitcoin is cheaper, faster, and more efficient to store or send anywhere in the world. Bitcoin is divisible to the eighth decimal place and is completely digital, allowing the transfer of any monetary value. Opposed to government "Fiat" currencies, which can be manipulated and devalued, there is a finite supply of 21 million bitcoins, making it a scarce and valuable asset. Bitcoin is the internet of money and will finance what the internet did for communication.



**A. How Does it Work?**

The Bitcoin network is a peer-to-peer network that runs on a decentralized distributed self-clearing ledger called the Blockchain. Units of currency that run on the Bitcoin network are called bitcoins, used to store and transmit value among network participants. Unlike most currencies issued by central banks, which can be devalued and manipulated, bitcoins are issued according to a fixed set of rules to create sound money that a central authority or malicious actor can't manipulate. Users can buy or sell goods and services, send money to people or organizations, or even extend credit quickly, securely, and borderless. The only prerequisite for access to these coins is an internet connection and a private key that forms a pair with public-facing keys to access the coins stored on the Bitcoin network. Unauthorized access to someone's private key is analogous to stealing gold from their vault.



**B. Importance of the Study**

The major benefit is decentralization, so organizations or governments cannot control your Bitcoin. This is quite appealing to many people concerned about how their money is used and controlled. Financial crashes such as the 2008 recession were possible because banks controlled people's money and investment. Cryptocurrencies like Bitcoin do not use banks or bankers. Risky investments and algorithms increasingly control the stock exchange and finances, so digital currencies, therefore, offer a way of people taking control back. There are also opportunities to make money from these new currencies for people that know what they are doing. Finally, there could be some potential for currencies like Bitcoin and Blockchain to make a difference to wealth distribution.

Blockchain registers certify and imbue transparency, three basic aspects of a healthy financial system with their pros and cons. Combined with a mobile phone, that represents the opportunity to bancarize two billion people.



### **C. Disadvantages of Bitcoin**

There are several drawbacks to Bitcoin and other crypto-currencies. This is a new technology, and therefore there are some usability problems. It can require technical expertise to grasp using and working with cryptocurrencies fully. There are currently scaling problems, wild currency fluctuations, and technical issues, including thefts. Adding layers of usability such as Lightning Network could help solve some of those issues in the future. In addition, the mining of coins (the process of adding transaction records to Bitcoin's public ledger of past transactions or Blockchain) is a technical task that requires a lot of power to do it. It costs more to mine Bitcoin than Gold or Platinum. So again, the addition of new technologies to help to mine and reduce power will be required in the future

## **VI. CONCLUSION**

Online transaction is a world of opportunity, and it is perfectly carried out utilizing cryptocurrencies which are encrypted by a cipher key for the best protection of numbers. Many digital coins are available, and the recent survey ranked these cryptocurrencies under many terms and conclusions. As per the rankings, the first and second positions are filled by Bitcoin (BTC), Ethereum (ETH). Here in this article, as you can see, there are plenty of things to know about bitcoin.

While they are commonly regarded as the two largest digital currencies, the truth is rather different when venturing into the world of cryptocurrency investing, and it's

important to make those fundamental differences. Many of the projects among the top ones in market cap have their designations, and not all of them are currencies, even though users commonly refer to them as such.

We live in a digital era where the new generation prefers to trust the "abstract" question traditional norms and find a better way forward through technology. Bitcoin brings a multifunctional financial utility to the world by creating an open financial system and allowing us to store and transact value in ways that we never thought imaginable before.

"Gold is valuable as a currency or investment because we believe it is valuable (which is the same reason for valuing money itself). Gold's value as currency is an abstract social construct."

## **REFERENCE**

- [1] [www.google.co.in](http://www.google.co.in)
- [2] <http://www.internationaljournalsrsg.org/IJEMS/2017/Volume4-Issue3/IJEMS V4I3P111.pdf>
- [3] [www.investopedia.com](http://www.investopedia.com)
- [4] [www.quora.com/cryptocurrency/bitcoins/](http://www.quora.com/cryptocurrency/bitcoins/)
- [5] [www.moneycontrol.com](http://www.moneycontrol.com)
- [6] [www.economictimes.com](http://www.economictimes.com)
- [7] [www.policyx.com](http://www.policyx.com)
- [8] [www.m.economictimes.com](http://www.m.economictimes.com)
- [9] [www.Economictimes.Indiatimes.com](http://www.Economictimes.Indiatimes.com)