Cryptocurrency 101 Series: An Introductory Guide For Beginners

As technology advances, the way we interact and use financial systems changes. Cryptocurrency is a proven digital programmable asset that is aiming to disrupt many industries. While this major disruption of tech is at least five years away, understanding what cryptocurrency is and how to use it can be difficult for those starting.

This article will discuss the new technology and how to purchase and use it in the real world.

What Is Cryptocurrency?

Cryptocurrency is a digital asset that runs on a decentralised network called a blockchain. Each cryptocurrency is different and presents a use case or store of value. What makes the system so secure is cryptography. Cryptography forms the base of the blockchain network to ensure all transactions can't be hacked or altered.

A blockchain is simply an online ledger that no one can alter. As you purchase, sell or trade the cryptocurrency you own, the transaction is stored on the ledger for everyone to see. While anyone can view the transaction (plus see the account holdings), they can't see who owns it.

What Makes Cryptocurrency Different From Cash?

There are some distinct differences between the two. For starters, sending money overseas via a traditional method can take several days. Crypto, on the other hand, only takes minutes and can be transferred from peer to peer.

Cryptocurrencies such as Bitcoin have a finite supply. Meaning after all of the circulating supply has been created or ‘minted’; there will be no more produced. This makes the value of the asset increase over time. On the other hand, cash is subject to inflation as Governments can produce more whenever they need it. In addition to this, crypto is pseudonymous, meaning no names or personal identifying properties need to be attached with the transaction. However, transactions can be tracked to specific wallet addresses.

Who Invented Bitcoin - The First Cryptocurrency?

Since the early 1970s, cryptography has played an important role in creating digital cash; cryptography found its way into Bitcoin, the first cryptocurrency to exist with much success. Satoshi Nakamoto, a pseudonym for an individual or a group of programmers, released the whitepaper "Bitcoin: A Peer-to-Peer Electronic Cash System" back in 2009. Since then, crypto has grown in value each year. No one knows who invented the world's largest crypto, but it has certainly led to a dramatic change in the financial industry and what people invest in.

What are Crypto Wallets and Exchanges?

Generally, when you have some cash, you'll either carry it in your wallet or store it in a bank account. If you're not into banks, you'll store it inside an undisclosed superhero figurine or safe. The point is, you must store it in someplace. The same goes for digital currency such as cryptocurrency.

However, since cryptos don't have physical currencies, you need a digital place to store your assets. Cryptocurrency wallets are available as web, app, and even physical wallets called a Ledger or Trezor. These wallets act as a gateway to the blockchain. To open a wallet, a user must enter a special key called a seed phrase or a password if they access their crypto via an exchange.

How to store your Cryptocurrency

While there are many types of storage means available if you plan on trading the cryptocurrency market, it is okay to leave coins on an exchange such as Zipmex. You should check that your exchange is insured and make sure you have security such as two-factor authentication for withdrawals.

Zipmex has insurance that automatically protects your investment up to the value of 100 million USD.

Where to Buy or Sell Cryptocurrencies?

One of the safest ways to purchase crypto is through an exchange. Zipmex is registered and follows stringent guidelines on securing user assets. We recommend you always use a licensed cryptocurrency exchange platform to buy, sell and trade crypto. If you choose to buy and sell through a Zipmex account, you minimise your risk of losing your holdings.

Sign up to Zipmex and follow the KYC (Know Your Customer) process to verify your account. The KYC process has been put in place to ensure only legitimate transactions can take place. Once the account has been set up, you can then transfer AUD directly to Zipmex. After which, you can choose to purchase Bitcoin, Ethereum, Litecoin and others.

Cryptocurrency Security and Why It's Important

One of the most important things when buying, holding or trading cryptocurrency online is your account security. Without a secure account, anyone can guess your password or hack into your computer to steal your personal information. Therefore, at Zipmex, we recommend using a very strong password to access your account. On top of this, we highly recommend using 2FA (Two Factor Authentication).

2FA works by a third-party app called Google Authenticator. Install Google Authenticator on your phone and then navigate into your Zipmex account to activate 2FA. When setting up 2FA, you will be prompted to enter a six-digit number that appears for a short amount of time on the Google Authenticator app. If you enter the randomly generated number on your Zipmex account when prompted, you will add an extra layer of security to your account.

Final Words On The Fundamentals of Cryptocurrencies

Cryptocurrency is a fascinating field whether you're a developer or an investor. It allows us to build decentralised applications using blockchain technology and is the core of Web 3.0 tech.

After reading this article, you should now have an understanding of what cryptocurrency is and how to use it. All you need to know is that it is the most secure, decentralised network available when transferring or trading. We can say this because its built with cryptography which is the most secure way of encrypting a network. If you have any questions surrounding investing,

tokens, strategies, markets or trends, visit Zipmex learn, which offers a wealth of knowledge.