BITCOIN GUIDE FOR BEGINNERS AND DUMMIES

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Introduction:

Now is a very good time to take an interest in Bitcoin and invest in it. It has been going strong for 10 years and its popularity has soared. In order to make the best returns on Bitcoin investments you need to understand what it really is and how it works.

You also need to know the best way to obtain Bitcoins and the best investment strategies. This guide will show you all of this and more. Many people think that Bitcoin is a scam but it certainly isn't.

However there have been some scams in the cryptocurrency world and you will find out how to avoid these and stay safe in this guide.

We have worked hard to ensure that everything in this guide is explained in the simplest ways. Bitcoin and the underlying blockchain technology are fairly complex but you will be able to easily understand by reading this guide.

Bitcoin started out with a value of zero and has hit highs of $10,000. It is a valuable commodity and once you have your Bitcoins you need to keep them safe. You will learn exactly how to do that.

Although Bitcoin is a volatile commodity it should be possible for you to make a good return on your investment if you follow the advice in this guide. While there are no guarantees with any form of investing, the advice provided here has worked well for others in the past.

You have probably heard of Bitcoin but you may not be completely sure what it is. That's OK because by the time you have read through this guide you will know what it is and how you can make money with it.

Bitcoin is a cryptocurrency which is another term that you need to be familiar with. The other important thing that we will explain is the

technology behind Bitcoin and most other cryptocurrencies which is blockchain.

Before we get into the details of Bitcoin, it is important that you understand what cryptocurrencies are and how they work.

What are Cryptocurrencies?

In basic terms a cryptocurrency is a medium for exchange online. A cryptocurrency has a number of cryptographical functions which are there to support financial transactions. Most cryptocurrencies use the blockchain technology platform (more on this a little later) as it offers immutability, transparency and decentralization.

Cryptocurrencies are not controlled by any central powers – not yet at least. This is deliberate because the whole idea of cryptocurrency and Bitcoin is that they provide immunity from government interference and control.

A cryptocurrency can be transferred from one person to another by using public and private keys. There are minimal processing fees involved with cryptocurrency transactions which are part of their appeal. Usually financial institutions have high charges for any monetary transaction.

Cryptocurrencies were invented by accident. The inventor of Bitcoin, Satoshi Nakamoto, created a peer to peer electronic cash system and Bitcoin was a byproduct of this system. Before this there had been numerous attempts to create a digital cash system but all had failed.

The key to the success of Nakamoto's system was that it provided a decentralized financial network rather than the established centralized system. If you wanted to set up your own digital cash system you would need to create a payment network that provided three key things:

- Accounts
- Balances
- Transactions

A problem that all payment networks face is “double spending”. This is all about preventing spending the same amount twice. Up until the creation of Nakamoto’s system this had always been achieved using central server balance records (this is still in existence today).

With a decentralized payment network there is no central server. Instead every single network entity or node has to perform its job properly. They all need to have a list of transactions so they can monitor if future transactions are a “double spend” or valid.

All of the peers of a decentralized payment network have to agree on everything – there has to be complete consensus. If this doesn’t happen then the transaction will not take place. The problem was how to achieve this total consensus without a central server. Nakamoto figured this out.