

Begin



What is Cryptocurrency?



**Bank of
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Cryptocurrency is a digital or virtual currency. Its transactions are secured by a method called cryptography which makes the currency difficult to counterfeit. A main feature of cryptocurrencies is that they are decentralized and not issued by any central authority, such as a Central Bank or other government institution.

Cryptocurrency as a currency

Some people view cryptocurrency as a possible currency of the

future. However, it should be noted that a currency needs stability so that merchants and consumers can determine what a fair price is for goods. Bitcoin and other cryptocurrencies have been anything but stable through much of their history. Currently a handful of companies have begun to accept cryptocurrency as a form payment but it is not yet a mainstream form of payment².

| Different Cryptocurrencies | |
|-----------------------------------|-----------------|
| Bitcoin (BTC) | XRP (XRP) |
| Ethereum (ETH) | Dogecoin (DOGE) |
| Tether (USDT) | Polkadot (DOT) |
| Bitcoin Cash (BCH) | USD Coin (USDC) |
| Cardano (ADA) | Litecoin (LTC) |

Source: CoinMarketCap.com³

¹ [nerdwallet.com/article/investing/cryptocurrency-7-things-to-know#:~:text=A%20cryptocurrency%20\(or%20%E2%80%9Ccrypto%E2%80%9D,at%20times%20driving%20prices%20skyward.](https://nerdwallet.com/article/investing/cryptocurrency-7-things-to-know#:~:text=A%20cryptocurrency%20(or%20%E2%80%9Ccrypto%E2%80%9D,at%20times%20driving%20prices%20skyward.)

² businessinsider.com/more-companies-accepting-bitcoin-cryptocurrency-paypal-starbucks-2021-4?r=US&IR=T

³ coinmarketcap.com/all/views/all/

Cryptocurrency mining

Mining is the process in which new coins are entered into circulation. Miners are required to authenticate batches of transactions by solving complex puzzles. Whoever solves the puzzle first is rewarded with coins. These puzzles are intended to be sufficiently hard to prevent criminal activity and hackers⁴. Miners use powerful computers to solve these puzzles and as a result mining consumes a large amount of electricity when running. According to a report earlier this year by Cambridge University, Bitcoin is now consuming more energy than the whole of

Venezuela⁵. In February Tesla CEO Elon Musk announced that Tesla had bought about \$1.5 billion of bitcoin and that Tesla would begin to start taking payments in bitcoin. In the middle of May this year Musk announced that Tesla would stop accepting Bitcoin for payment due to the environmental concerns around mining⁶.

(Source Financial times: 20th May 2021)

Bitcoin

Bitcoin is one the longest cryptocurrencies in existence and one of the most popular. According to Investopedia it was created in 2009 by an individual named as Satoshi

Bitcoin Price History since 01/10/2013



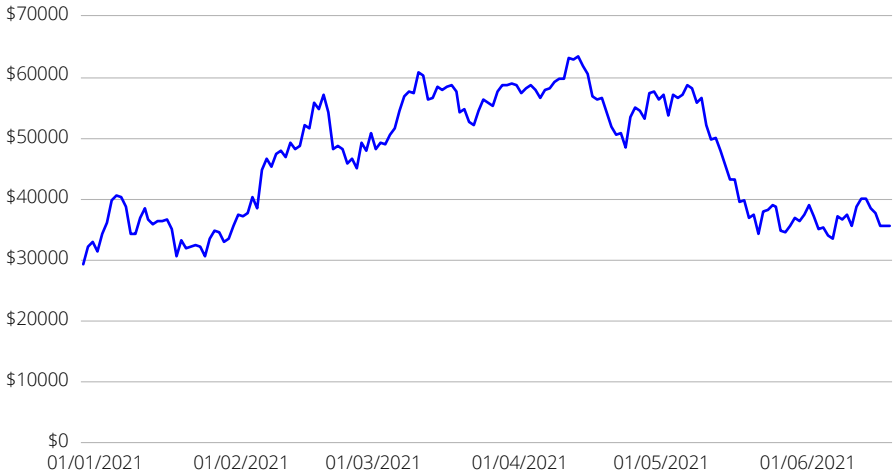
Source: 21st June 2021 Coindesk.com⁹

⁴ ft.com/content/1aecb2db-8f61-427c-a413-3b929291c8ac?shareType=nongift

⁵ cbeci.org/cbeci/comparisons

⁶ ft.com/content/1aecb2db-8f61-427c-a413-3b929291c8ac?shareType=nongift

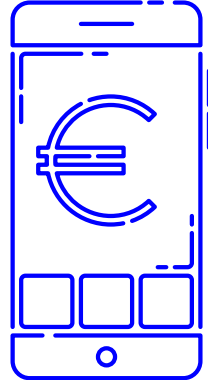
Bitcoin Price History since 01/01/2021



Source: 21st June 2021 Coindesk.com

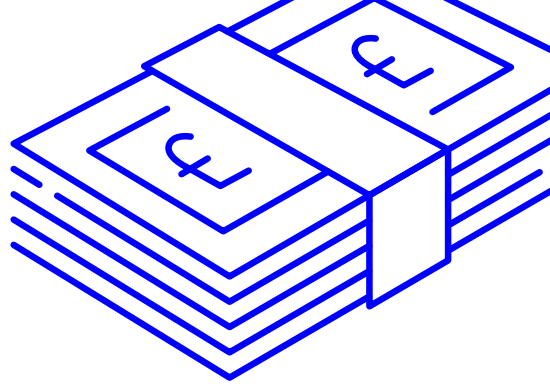
Nakamoto⁷. The identity of the founder Nakamoto is actually unknown and it is still unknown whether this is an actual person - so the identity of the creator has yet to be confirmed.

Bitcoin is known for having an extremely volatile price history. For example, in December 2020 it had a value of around \$29,000. It then rose to over \$41,000 by the 8th January 2021. Three days later however the value fell to just over \$30,000. The charts above highlight the volatile price movements in this specific cryptocurrency⁸.



⁷ investopedia.com/terms/b/bitcoin.asp

⁸ coindesk.com/price/bitcoin



Bitcoin Market Capitalisation

Historically it has taken multiple decades for some of the largest companies to reach a worth of \$1 trillion. However, it only took 12 years for Bitcoin to reach this \$1 trillion mark earlier this year¹⁰. Again due to the high volatility of Bitcoin this has fluctuated over time and shortly after, in May 2021, this value fell below \$700 billion¹¹.

Bitcoin Market Cap 2015 - 2021



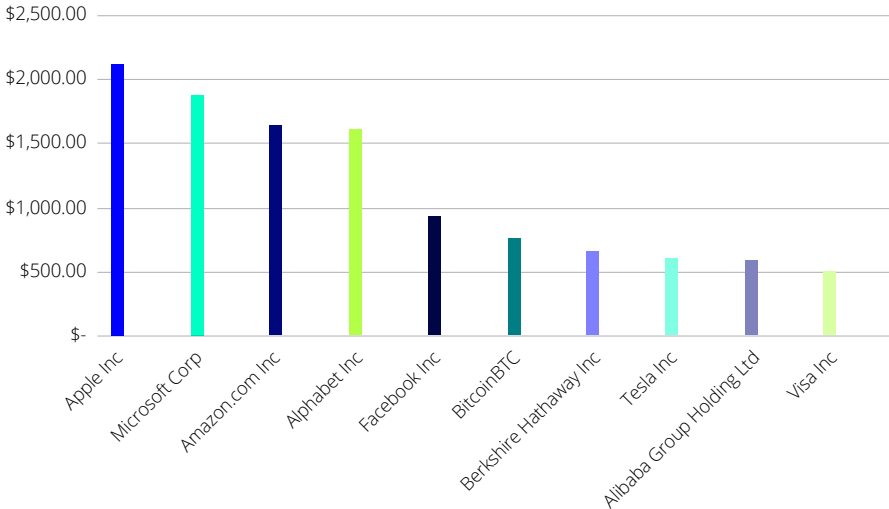
Source: 21st June 2021 Coindesk.com⁹

⁹ coindesk.com/price/bitcoin

¹⁰ visualcapitalist.com/bitcoin-is-the-fastest-asset-to-reach-a-1-trillion-market-cap/

¹¹ coinmarketcap.com/currencies/bitcoin/historical-data/

Bitcoin vs The Biggest Companies And Assets In The World by Market Cap



Source: 28th May 2021 CoinMarketCap.com¹³

Pros & Cons of Cryptocurrency¹⁴

| Pros | Cons |
|------------------------------|--|
| High potential returns | High volatility |
| Diversification | Possibility of large losses |
| Growing acceptance and usage | Cryptocurrencies are unregulated and so they are not backed by any central authority. If cryptocurrency investors find themselves a victim of financial crime they have less protection and legal options than traditional investors ¹⁵ . |

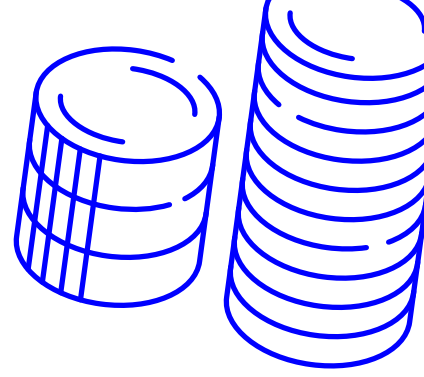
Source: efginternational.com/Insights/2021/Pros-and-cons-of-cryptocurrency.html¹⁴

¹² coinmarketcap.com/currencies/bitcoin/

¹³ coinmarketcap.com/largest-companies/

¹⁴ efginternational.com/Insights/2021/Pros-and-cons-of-cryptocurrency.html

¹⁵ investopedia.com/tech/what-are-legal-risks-cryptocurrency-investors/



| 5 Year Performance | | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Bitcoin | 120.3% | 1254.5% | -72.5% | 93.2% | 305.7% | 21.6% |
| XRP | Data not available | Data not available | Data not available | -46.3% | 15.2% | 226.3% |
| Ethereum | 752.6% | 8431.8% | -82.7% | -6.5% | 470.6% | 209.3% |
| Dogecoin | Data not available | Data not available | Data not available | Data not available | 131.2% | 5089.8% |
| Tether | Data not available | Data not available | Data not available | -0.4% | 0.3% | -0.1% |
| Polkadot | Data not available | Data not available | Data not available | Data not available | Data not available | Data not available |
| Bitcoin Cash | Data not available | Data not available | Data not available | 27.9% | 68.7% | 64.3% |
| USD Coin | Data not available | Data not available | Data not available | Data not available | Data not available | 0.1% |
| Cardano | Data not available | Data not available | Data not available | -29.5% | 439.8% | 0.1% |
| Litecoin | Data not available | Data not available | Data not available | 31.8% | 199.7% | 23.7% |

* Some Cryptocurrencies above have only launched as of late hence data may not be available to compute 5year performance

Source: Coindesk.com¹⁶ 21st June 2021

¹⁶ coindesk.com/coindesk20

WARNING: Past performance is not a reliable guide to future performance.

WARNING: The value of your investment can go down as well as up.

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