

# Cryptocurrency Checklist

Cryptocurrency Beginners Guide



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## Checklist

This is a quick reference checklist for the e-book, **Cryptocurrency Beginners Guide – Learn How to Make Money with Cryptocurrency**. It allows you to quickly find areas of interest in the e-book that you can study in-depth.

### Introduction

The first paper currency was developed by the Chinese in 770 BC. Coins as currency were developed in Europe about 600 BC. Now virtual currency (cryptocurrency) is the most recent development as a form of money.

### What is Cryptocurrency?

Cryptocurrency is virtual money. There are no physical paper dollars or coins. No third party is involved. This is a person-to-person exchange of value. Cryptocurrency allows for absolute anonymity.

### Cryptographic Currency

The word cryptocurrency is a combination of two different words, "cryptographic" and "currency". A cryptographic formula is used to protect each transaction.

### The History of Cryptocurrency

Virtual currency began in the 1980s with DigiCash. It was the precursor for all other cryptocurrencies. Fast-forward to the late 1990s and electric payment systems became widespread. Several things combined a few years later to create a virtual perfect storm for crypto coins.

In 2008 there was a global financial crisis. This solidified the idea in many people's minds that they couldn't trust financial regulatory bodies and traditional currency. Bitcoin was released to the world in 2009 by Satoshi Nakamoto.

The fourth generation of mobile technology (4G) was launched in 2009. Between 2007 and 2010, smartphones and tablets were in the hands of just about everybody. All of these events were perfect contributing factors for a new type of currency that would exist in the virtual world.

## **Traditional Money vs Cryptocurrencies**

Traditional money is physical. In the past, you had to give someone physical currency to purchase things. This began to change with digital payment processors and credit cards. You didn't have to exchange physical money anymore to purchase something.

This led people to understand that transactions could be virtual. All that changes are the numbers in a couple of bank accounts when you purchase something with a credit or debit card. This acceptance of payment transactions in a virtual sense made the acceptance and understanding of cryptocurrencies easier to grasp.

Additionally, traditional currency requires a lot of personal information. That's not the case with cryptocurrencies, where you can remain absolutely anonymous.

## Bitcoin, the King of Cryptocurrency

You probably recognize Bitcoin (BTC) as the biggest cryptocurrency. Bitcoin valuation in April of 2021 was a jaw-dropping \$1 trillion. Global adoption of BTC as a trustworthy form of currency paved the way for literally thousands of crypto coins. Here are a few of the biggest, most frequently traded cryptocurrencies as of this writing.

- Bitcoin (BTC)
- Ethereum (ETH)
- Binance Coin (BNB)
- Tether (USDT)
- Solana (SOL)
- Cardano (ADA)
- XRP (XRP)
- Dogecoin (DOGE)

## What Is the Blockchain?

The block chain is what bit coin and many other cryptocurrencies are built upon. Here's a definition from EuroMoney.

*"A system of recording information in such a way that makes it difficult or impossible to change, hack, or cheat the system. A blockchain is essentially a digital ledger (or notebook) of transactions that is duplicated and*

*distributed across the entire network of computer systems on the blockchain."*

## **Should You Get a Cryptocurrency Wallet?**

A cryptocurrency wallet is where you can hold your virtual coins. Like the traditional wallet you probably have right now, crypto wallets can be physical. They can also be virtual, existing as software.

## **How to Choose the Right Wallet**

There are many crypto wallets to choose from. If you go with an off-line wallet (paper wallet or hardware wallet), your coins are more secure. Online wallets are more susceptible to hackers and cyber thieves since they're always accessible through an Internet connection.

### **Online Wallet**

This is where your cryptocurrency exchange keeps your coins. There are other websites which offer online wallet services. Remember that this type of wallet is always connected to the Internet, which means it's not the most secure.

### **Paper Crypto Wallet**

This is simply a piece of paper where you write down or print out your private and public cryptography keys. That information is all that's needed to make purchases with cryptocurrencies, or to buy, sell and trade them. This is super-safe because

it's not accessible through the Internet. However, every time you buy or sell crypto coins, or make a purchase with them, you have to enter this information.

## **Software Wallet**

These are pieces of software or computer programs. They install on your computer, tablet or smartphone. They take up a great deal of computing space, and they are only accessible by potential cyber criminals when you are connected to the Internet.

## **Hardware Wallet**

Hardware wallets are super-secure. This is a physical crypto wallet that often looks like a thumb drive. You have to connect it via a USB port whenever you want to access your crypto coins. They cost between \$50 and \$200.

## **Choosing a Cryptocurrency Exchange**

A cryptocurrency exchange is where you buy and sell your virtual currency. When choosing one, be sure to make certain it's accessible in your country. Become familiar with all deposit and withdrawal requirements, and get to know the fees inside and out. Make sure to shop around for the best free cryptocurrency bonuses for new account holders.

## **The Risks of Investing in and Trading Cryptocurrency**

Understanding the risks of cryptocurrency means getting to know volatility and market capitalization. Cryptocurrencies, by their very nature, are extremely

volatile. This means they can potentially rise and fall a great deal in a very short period of time. Sometimes in just a few minutes or a couple of hours a virtual currency can lose most of its value, or double in value.

Market capitalization is important. This information for virtual currencies is widespread and easy to obtain. It's a figure which represents how much total dollar value all circulating coins of a particular cryptocurrency equal.

### **How to Get Free Cryptocurrency**

Yes, you can get free crypto coins. When you sign up an exchange will often add a small amount of bonus coins to your account. You can also refer other people to that exchange and earn more free virtual currency.

Exchanges reward user loyalty by giving you free cryptocurrency when a new coin is launched. You can also earn free virtual currency by playing games or using a specific web browser.

### **Trading Strategies – How to Make Money with Cryptocurrency**

- HODLing is a popular virtual currency investing strategy. It stands for Hold On for Dear Life, and is a very long-term, buy-and-hold ideology.
- Another trading strategy is to buy coins as soon as they're launched. Cryptocurrencies are often released at a valuation of less than one penny per unit, so it's easy to amass a lot of coins this way.

- Some cryptocurrencies offer dividends. This means you're paid a percent of their value every 30 or 90 days as a reward for holding them in your account. This is a built-in passive income source.
- Dollar Cost Averaging (DCA) is an investment strategy that works for purchasing stocks or cryptocurrencies. You invest the same amount of money on the same day every week or month. This protects you against big drops in value and takes your emotions out of investing.
- Day trading cryptocurrencies is not recommended for beginners. It requires a large amount of money and nerves of steel. Daytraders make several trades in a single day and only need to capture a very small price movement while large sums of money are risked.
- Swing trading means looking for patterns. You notice a cryptocurrency is rising and falling on a somewhat predictable schedule and you buy and sell accordingly.

## 6 Ways to Minimize Risk and Trade More Safely

1. Diversify your trades. Invest in more than just one coin.
2. Minimize your trading costs by shopping around for the best bonuses for new account holders. You can also shop around for the most attractive fees.
3. Stay in the know. Learn from your exchange. Join online groups and forums that center around cryptocurrencies. Always educate yourself.



4. Stop losses can be used to minimize risk. You set buying and selling price ranges and give this information to your online exchange. Orders are placed automatically whenever your price targets are hit.
5. When you stake a cryptocurrency, you receive a small interest payment once or several times a year. The downside is that you can't buy or sell any crypto coins that are staked.
6. Don't trade on the spur of the moment. Take your time. Think carefully before making any trade. Sometimes it pays to walk away from your computer or smartphone and do something else for a while. Only place trades with a clear head and not impetuously.

## **Cryptocurrency Beginners Guide and Checklist - Conclusion**

It's possible for a beginner to make money buying and selling cryptocurrencies. This report gives you the information to do exactly that. It's up to you to take action. Good luck with your cryptocurrency education, and here's wishing you success as a virtual currency investor.

