

Trading Cryptocurrencies: A Beginner's Guide

Bitcoin, Ethereum, Litecoin

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SAMPLE

Chapter 2: Getting Started

Cryptocurrency has its own trading infrastructure. Trading and investing in a cryptocurrency is quite like stocks but without many of the costs and without some of the layers.

The gold standard cryptocoin in the arena is Bitcoin. This was the first cryptocurrency, outlined by the still anonymous Satoshi Nakamoto. It put together a number of ideas and consolidated them into what Bitcoin became.

Bitcoin is a distributed system, using a trustless ledger (called the blockchain) producing virtual tokens that can be a store of value and used like money. 'Trustless' means that no central issuing authority is needed, because an immutable record is kept on machines spread around the internet that act together through a machine-intermediated political process. Anyone can participate at any level without permission. The system and its use is protected, secured and driven by cryptographic processes which enable Bitcoin to be outside of centralised control, while being tamper-proof and universally accessible.

I could go on... but you get the picture. Bitcoin is cool and has lots of utility, which makes it valuable.

Bitcoin is the king of crypto and the most expensive coin.

To get going you first need to get some Bitcoins. To do that you need to exchange some 'fiat currency' for Bitcoins.

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Note: Fiat currency

Fiat currency is any currency issued by a government. It can be dollars, yen, euros, pounds, reals, Aussie dollars, bhat... it's a long list but if a country issues money, it is 'fiat.'

The word fiat is a bit of a sneering term used by cryptocurrency folks to deride mainstream currencies they see as a tool for repression. Fiat means made so by decree. Fiat means "because I say so," implying it's a bit of a con trick. Fiat promises only to replace a dollar with another paper dollar, whereas once it could be swapped with gold. This classic government financial betrayal is a driver for many who love Bitcoin. Their anti-establishment viewpoint prefers money outside of governments' historical profligate control.

Anyway, it's a convenient term to bundle up all the money from the old system and not have to list individual currencies when we refer to using classic money in our trading process.

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Bitcoin Exchanges

So the first job is to get some ‘fiat’ into Bitcoin. You need a Bitcoin exchange to send your money to.

There are a host of services for cryptocurrency. I wouldn’t trust most of them more than I could throw them. The whole situation is the Wild West. So I’m not going to profile all the different players because I can’t test them all. Instead, I will simply highlight the companies that I have used successfully and I feel offer a good service. This is a bootstrap for you to get going.

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