What determines the value of cryptocurrencies
More people willing to buy and sell cryptocurrencies;
Notable companies willing to invest on them;
Their advantage and disadvantage;
The value of cryptocurrencies depends solely on the market. And the prices of various cryptocurrencies are really diverse. The cryptocurrency market is one of the most unstable markets currently.
Like any other products, the value of cryptocurrencies is dependent on demand and supply. The value increases if there's an increase in demand and limited supply. Additional units are managed by the miners to balance the trend. However, the supply of tokens is limited by most of their currencies.
For example, 21 million is the total amount of Bitcoin issued. Therefore, the supply of Bitcoin will reduce over time and will reach its final value by 2140. This explains why Bitcoin's value is higher than other cryptocurrencies.
"**What is cryptocurrency used for?"** should be the next question in your mind.
Cryptocurrencies can be a means of exchange in different transactions and the amazing side of it is that, all transactions are done online! Cryptocurrencies can be used for these three transactions only:

1. **Bitcoin Trading**
2. **Personal Spending**
3. **Crowd Funding**

Bitcoin trading:
Buy and Sell Bitcoin is very efficient for both professionals and starters. The market is a recent one, where arbitrage and margin trading is so possible. The currency's possibility of booming has been a major factor that brings new investors to the market.
Bitcoin has a minor contradicting factor to entry compared to other financial currencies. No verification is required once you already own a Bitcoin and you can begin trading almost immediately. Moreover, Bitcoin is not a fiat currency meaning that the price is in no way related to the economy or government policies of any country.
There are no profound Bitcoin exchanges, unlike the stock markets. Instead, hundreds of Bitcoins are being exchanged 24/7 worldwide. Due to the lack of official exchanges, there's no official Bitcoin price with its currency known for its rapid and frequent price movements.
Personal spending
The next is **personal spending**. Bitcoins can be used to purchase anything ranging from buying cars to the purchase of travel tickets.
In December 2013, a Tesla model S was bought for a reported price of 91.4bitcoins. The dealer, who is located in California still accepts bitcoin as a means of payment. Since then, they have successfully sold a Lamborghini Gallardo for 216.8 Bitcoin.
Amazingly, you can now tour the world using Bitcoins! Via www.cheapair.com. On 22nd November 2013, it was announced that they would be the first online traveling agents to accept

Bitcoin. With bitcoin, you can purchase flight tickets, hotels, car rentals and cruises. You might even decide to book the whole package.
With cryptocurrency, you can also **give back to the society**. Through what means? By crowd funding. Your support can go a long way in helping someone by giving to a crypto crowd funding project. Notable companies like Lighthouse have used Bitcoin to build their crowd funding platform. A major benefit of donating through this means is that you will not be charged for your giving and money won't be released until the project meets its requirements. Also, you can decide to retract from the campaign before its final stage.
You fully entitled to control anything about the donation process! Some cases of successful funding campaigns are from Dogecoin, which involves campaigns run for Nascar driver Josh Wise. **Best place to trade bitcoin and other altcoins**

BIG question is, Why Cryptocurrency?

Other than the fact that cryptocurrency is very secure and is only operated through a decentralized network, there are other important features of it that has made it trendy. It has also been believed to be a great means of investment that return massively to the investor.
Is the name Erik Finman familiar? The young Bitcoin millionaire who started from picking up Bitcoin at the rate of $12/ piece in May 2011, when he was 12, he got the Bitcoin as a tip from his brother and a $1000 gift from his grandmother.
He now reportedly possesses 403 Bitcoins which values approximately to $2,600 which has accumulated to a stash of $1.08 million and some extras.
There are multiple real reasons why you should consider investing in cryptocurrency. More of this would be discussed in chapter 6, but here is a summarized benefit of investing in the system.
Firstly, it has some transactional properties. Cryptocurrency transaction is efficient and worldwide. Transactions are immediately reported in the network and are confirmed within a short period of time. Since it is a global network of computers that manage the transactions, they don't record the user's physical location. Though you could possibly send your cryptocurrency to someone very close to you geographically or even if they are living at the extreme of the world.
Secondly are their monetary properties. The currencies' supply is highly controlled thus there is the tendency of the appreciation of the currency over time. As it had been earlier stated, Bitcoin will eventually get to its final value sometime in 2140.
The third is their revolutionary property: here you can control how your account works and how the system operates. This is as a result of the unconsolidated network of peers which employs

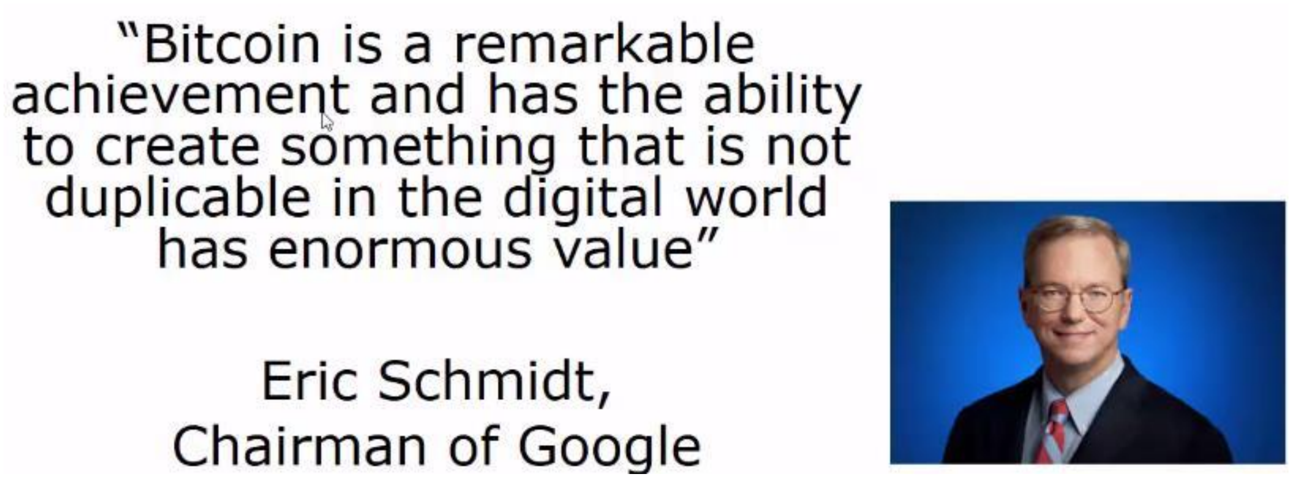
mutual agreement on account balances and the transactions carried out. Compared to your usual bank account, which can anytime be manipulated by people you don’t know or see or influenced by a strange policy.

2. DIFFERENT TYPES OF CRYPTOCURRENCIES

Everything about cryptocurrency has always been about Bitcoin until recently, when after people have seen the importance of these virtual currencies hence the drift towards cryptocurrencies instead of fiat moneys.
Do you know that there are over 800 cryptocurrencies apart from the popular Bitcoin? However, we will only touch the most popular 5 cryptocurrencies. They are:

1. Bitcoin 2. Ethereum, 3. Litecoin, 4. Monero, 5. Ripple

2. Bitcoin.



This remains the most prominent cryptocurrency because it is the first ever created one. Bitcoin is referred to as the digital gold standard in the cryptocurrency system. As discussed earlier, Bitcoin is at the fore front of Blockchain Technology which has made online money a possibility. It is the first ever peer-to-peer network that isn't centralized but powered by its users without the interference of any third party, which means, no unwarranted charges are included in the digital money transaction.

As Bitcoin has been in use for many years, its value has seriously been unstable ranging from zero to over $4000 per bitcoin till date. Its transaction volume has also amassed 300,000 daily transactions.
A major edge the Bitcoin has over the other currencies is that it can neither be faked nor inflated. This is so because there are only 21 million bitcoins made for mining. Therefore, it has been predicted that by 2140, all bitcoins would already have been mined.
Fortunately, because of its blockchain technology, you can have full control over your money without needing a third party or PayPal. Money sent through PayPal and any other money transfer service that accepts credit cards can be easily reversed by the sender, even after several weeks. Therefore, you should only accept PayPal in trades with people you trust very highly. This is why newbies are not likely to sell their PayPal USD for bitcoins successfully. Some other services that are not totally safe:
- Bank transfers (ACH, etc.) except wire transfers
- Most gift cards.
- Moneypak
- AlertPay
- Paysafecards
- Dwolla

- Western Union (they reportedly will sue the recipient to recover money in some cases)
Bitcoin transactions are also irreversible. Therefore, it's advisable to only deal with trusted users only as Bitcoin could also be used in cyber-crimes like dark net markets or ransomware.
Media outlets and investment companies in South Korea, India, Australia and Japan have started deliberating on a means by which Bitcoin will overtake the value of some fiat currencies as an alternative monetary system in the future.
ABC News, a national news outlet in Australia have recently reported that there's a possibility of the Bitcoin replacing even the USD in the next ten years if it retains its current exponential growth.
Second in line of most popular currency is **Ethereum**.

Created by Vitalik Buterin, it has climbed up the ladder in the hierarchy of cryptocurrencies reaching the second spot. It was launched in 2015 has been predicted to surpass Bitcoin and probably be on top in the nearest future. Since its launch, Ethereum is currently worth $279. Ethereum, which broke onto the scene only within the last 2 years, thanks to a very successful crowdsale, has since experienced astronomical gains. ICO's and their effect of ETH prices. The recent announcement from China to stop ICO (Initial Coin Offerings in China). I never know how it will affect Eth because Eth is largely ICO dependent. The China stoppage on ICO can directly affect the price of the Eth in a positive or negative way. So be careful on this. Research before and study the current event before you invest.

How Ethereum differ from Bitcoin?

They have a form of similarity but not so pronounced. Like Bitcoin, Ethereum is also a part of the blockchain system. The major difference between these two currencies is that Bitcoin blockchain specializes in tracking the ownership of the digital money while Ethereum blockchain specializes in running the programming code or network.
Ethereum allows for the development of thousands of different applications in a single platform Instead of having to build an entirely original blockchain for each new application. In the Ethereum blockchain, miners work to generate "Ether." Ether is a crypto token that runs the network.
Another important use of the Ethereum blockchain is its ability to decentralize any already centralized service. For example, Ethereum can decentralize services like bank loans, digital transactions using PayPal and voting systems and many more.
Ethereum is also useful in generating a Decentralized Autonomous Organization (DAO). A DAO is a fully autonomous organization that has no leader or executive. DAOs are controlled by programming codes on a set of smart contracts designed in the Ethereum blockchain. DAO is made to replace the setup of a local organization and like Bitcoin does, removing the need for human and centralized operation.

What are the most obvious benefits of Ethereum?

Firstly, the data can't be altered by a third party. The network luckily can't be corrupted or manipulated. The reason is because Ethereum is designed based on a system formed around mutual agreement. As a result, making it impossible to be censored.
Secondly, like the Bitcoin, Ethereum is monitored by a secure cryptography. Therefore, the applications are sure to counter any form of hacking.

Nr 3. Litecoin.

At the launching of Litecoin in 2011, it aimed at being the 'silver' to Bitcoin's 'gold.' Litecoin has once recorded the highest market cap of another mined cryptocurrency other than the Bitcoin, after its launch.
The main reason for creating the Litecoin is to fill up the loops of Bitcoin. The major difference between Litecoin and Bitcoin is the 2.5-minute time to build a block for Litecoin, compared to Bitcoin's 10 minutes.
For miners and technical experts, the Litecoin differs from Bitcoin in a very important way which is the more advanced work algorithm which hastens the hashing power and system altogether. One major benefit of the Litecoin is that it can carry a higher volume of transactions, thanks to its algorithm. Its block time speed also prevents double spending attacks.Though Litecoin has been unable to take up the second position after Bitcoin, it is still widely mined and traded and is used by investors as a backup possibly if Bitcoin fails. The current value of Litecoin is $46.
Nr. 4. Monero.

Monero kick-started in 2014, and its sole aim was to create an algorithm to include the privacy features missing in Bitcoin. Monero invented a system referred to as the "ring signatures" to protect the identity of its senders and receivers.
Ring signatures combine a user's personal account keys with public keys gotten from Monero's blockchain to build a ring of prospect signers that block outsiders from tracing any signature to a particular user.
Though Monero users can keep their data private, they could also decide to share their information respectively. Every Monero account has a "view key", which enables anyone in its possession to view the account's transactions.
Initially, the ring signature setup protected the senders and recipients involved in the Monero transactions without concealing the amount involved in the transaction. However, an advanced and updated type of the ring signature system referred to as the "Ring CT" allows the value of separate transactions together with its recipients to be protected.
Other than ring signatures, Monero also advanced its privacy settings by adopting "Stealth Addresses", which are randomly created, one-time addresses. These addresses, on behalf of the recipients are created for each transaction.
With this function, the recipients use a single address but their received transactions go to diverse, unique addresses. After this, Monero transactions cannot be traced to the published address of the recipients.
By delivering a high level of privacy, Monero allows each unit of its single currency to be substituted for one another. That is, each of its coin have the same rate.
Like the other cryptocurrencies, Monero presents interested parties to mine blocks. Individuals may decide to be part of a mining pool, or they may become Monero miners.
A computer literate and owner can mine a Monero, because they don't require any special hardware or circuit like Bitcoin. Instead, Monero uses a Proof-of-Work (PoW) Algorithm designed to accept numerous processors, a function which was included to ensure that mining was open to all in the network.
The price of Monero has been unstable quite frequently since its launching date till May 2017, the current rate of the currency is now $43.80.
The acceptance of multiple dark web marketplaces has been received by Monero and has generated its own fan base as a result of its privacy settings. Therefore, it is less speculative as

compared to other digital moneys and currency traders purchase Monero as an advantage over other cryptocurrencies.