How to Get Started in Cryptocurrency

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"To kickstart your journey I would like to give you some free cryptocurrency for signing up to Liquid. Just click this link, sign up and verify your account. At the end of the month, I'll credit you with USD10 in our QASH token."

You’ve no doubt heard about cryptocurrency. There’s non-stop news about crypto, Bitcoin and how this technological revolution is going to change the world. There are also countless stories about the kind of profits that been be made with crypto, as well as the losses.

Everyone has an opinion about cryptocurrency. Some people are all for it, and others are the opposite. We have seen numerous self declared experts predicting the rise and fall of Bitcoin.

So is crypto still a legitimate long-term investment? How can you get a piece, do it safely and minimize your risk? What does all this even mean?!

We’re going to answer all these questions to help give you the knowledge you need to get started in investing in crypto.

You may know already that the cryptocurrency market moves in cycles, and currently we have been in a bear market for just under a year. Based on past market cycles, this could mean there are lots of opportunities in the crypto space.

“Bear market: A sustained period in which an increased selling pressure results in prices decreasing more than they increase. Bear markets can last months or even years”

One of the most exciting things about cryptocurrency is that despite the market movements, companies are making significant progress towards bringing crypto and blockchain to the mainstream.

If you are interested in getting involved with cryptocurrency, now might be the perfect time. Learn the basics of cryptocurrency, risk management and some simple trading strategies so you can begin making solid investments and build your portfolio at your own pace. You can even use the lending app on Liquid to grow your portfolio without doing any work.

We’ll touch on that more at the end.
Why would you get into cryptocurrency?

Many people begin investing in cryptocurrency expecting large profits in a short time frame.

Crypto markets move in cycles:

When prices are going up, it’s easy to make profits.

When the markets turn, it can mean disaster if you’re overexposed and haven’t protected yourself.

There are profits to be made, for sure, but there’s also the tech that underpins the whole sector.

At Liquid we believe that the fundamental use cases of blockchain will be a driving force behind the success of cryptocurrency.

It’s not all about riding the hype, but making well-informed decisions about where you invest your funds while analysing fundamentals for potential growth in the future.

What is cryptocurrency?

The million dollar question to get you started:

What even is cryptocurrency?

Fortunately, it’s a fairly simple answer.

Cryptocurrency is a type of currency that can be sent online without the need for banks or other third parties. Complex mathematical algorithms work behind the scenes to make sure the transactions are logged. Once these transactions are logged, they can’t be changed, making for an effective payment system. In a few words:

“Cryptocurrency is a digital peer-to-peer medium of exchange that uses cryptography to process and secure transactions.”
Many cryptocurrencies are designed to be decentralized, which means that the upkeep of the transaction records is maintained by a network of computers around the globe.

The network works together to ensure that only legitimate transactions are entered onto the blockchain.

Most cryptocurrencies are built on top of a blockchain.

**A brief intro to blockchain**

Cryptocurrency and blockchain are two terms often used together but they mean quite different things.

A blockchain is a list of records that are linked together using cryptography. Cryptocurrency is a digital currency that is often built using blockchain technology to control payments and transactions.

Therefore, blockchain is the technology that powers cryptocurrency.
What is the point of cryptocurrency?

Why use cryptocurrency when you have a bank account and you can send money online?

To answer this question, consider that 1.5 billion people in the world are completely unbanked, meaning they have no access to financial services at all.

Cryptocurrency doesn't discriminate. It’s digital cash. Anyone with internet access can set up a wallet and send, receive or store cryptocurrency.

One of the goals of cryptocurrency is to achieve financial inclusion, so no-one suffers from being unbanked.

Crypto is a new and exciting asset class that has the potential to flourish as technology grows and improves. Cryptocurrency could reshape the future of money as we know it.

### Crypto can help to counter inflation: A case study

Venezuela is a great example showing how important cryptocurrency can be. The local currency is bolivar, which experienced hyperinflation making the currency essentially worthless.

If you were to buy a chicken, the weight of the notes required would be more than the weight of the chicken because of how many notes are needed. Cryptocurrency users in Venezuela were able to use their funds which were not affected by the hyperinflation to purchase supplies.
It is important to note that past market performances are not indicative of what is to come.

Over the last two years the price of Bitcoin has increased 413%, and at its highest price you could have sold at a 2500% profit increase. Similar or even larger percentage increases can be found throughout cryptocurrency.

In comparison, the price of gold has increased 5.7%, while the S&P 500 increased 22.7% over the last two years. Neither of these profits are anything to laugh at, but compared to Bitcoin it does show the potential upside to investing in an emerging asset class.

Diversifying your investments is key. Cryptocurrency is an asset to consider as part of your portfolio.

It is up to you, the investor, to assess the fundamentals and decide whether investing in cryptocurrency can contribute to your financial future.

The tech is great and the profits can be too, if you take the time to learn.

“Once you are hooked on crypto, regardless of the how you got here, you begin to discover the underlying technology. You start to learn and understand that cryptocurrency is more than just magic money. Each different cryptocurrency serves a different purpose, and many of them may go on to revolutionise entire industries.

The real reason to get into cryptocurrency is the disruptive potential it has. If you do some research you will see how powerful cryptocurrency and blockchain technology could be. Cryptocurrency can be viewed as an alternative asset class. Traditionally you would invest in things like stocks, bonds, or precious metals. Cryptocurrency brings an interesting new dynamic to traditional investment, providing a new angle to allocate some a percentage of investment.

That’s why I’m passionate about crypto.”
What is Bitcoin?
Bitcoin was the first cryptocurrency. The original white paper, written by the mysterious Satoshi Nakamoto in 2008, outlined a proposal for peer-to-peer, decentralized digital cash.

Bitcoin is a decentralized digital currency that has no central authority and can be sent from one person to another.

Every transaction that has ever occurred on the Bitcoin network is traceable on the blockchain, which holds a growing record of the transactions occurring in a series of blocks.

What’s in a block?
Each block contains information about the transaction including a time stamp and details about the block before it.

It can be verified that the transaction train has not been broken because each block contains information from the previous block.

How Bitcoin works
This topic can get a little technical, so we’ll try and keep things simple here.

Double spending is an issue that can be exploited allowing users to use their funds in more than one transaction, essentially doubling their money by purchasing two sets of goods with one set of funds. When cryptocurrency was first conceived, double spending was a real problem. Consensus protocols were developed to prevent this.

Bitcoin uses a proof-of-work consensus protocol, which means it is possible to mine Bitcoin. Miners use computers to solve mathematical problems in order to confirm transactions. This is the “work“.

If a miner successfully solves a problem they can process the next transaction and earn themselves some Bitcoin.
Earlier we mentioned that Bitcoin is decentralized. This is an important fundamental aspect of Bitcoin and cryptocurrency in general. Decentralized means that there is no central authority that controls the Bitcoin network. Instead, the network is maintained by computers spread across the world.

**What is Ethereum?**

Ethereum is probably the second most well-known cryptocurrency, but it’s very different to Bitcoin. Ethereum is responsible for vastly changing the cryptocurrency landscape.

Ethereum is what’s known as a platform, designed to allow developers to build digital applications on the Ethereum network. Ethereum also introduced the cryptocurrency world to a new concept: smart contracts.

These digital contracts execute themselves and have introduced a whole new realm of possibilities for cryptocurrency.

Smart contracts are the key to making the Ethereum network useful. Developers are able to use smart contracts as a utility. Smart contracts record agreements and allow transactions to be sent and received based on the agreements.
**Which cryptocurrency is right for you?**

There are more than 1,500 different cryptocurrencies available for trading. It would be a tall order to know and understand the purpose of every single one of them. Each one is made for a different reason.

For example, there are cryptocurrencies known as utility tokens, which are used to pay for services on a platform. There are no limits to where cryptocurrency can be applied.

A lot of cryptocurrencies are targeted at massive industries, aiming to infiltrate at the top level by providing value and offering improvements to existing business models.

For example, some cryptocurrencies are focussed on specific areas of finance, whether it be lending, banking or financial start-ups.

Other cryptocurrencies are set to transform the supply chain industry by improving the efficiency and accuracy of data capture and security at every stage.

There are endless possibilities for how cryptocurrencies can be used. Do some research into projects to see which ones you think have potential. We have lots of projects available to buy on Liquid, and we would love to share a few of them with you so you can start to dive deeper into cryptocurrency.
Lendingblock is introducing the world of securities lending to the cryptocurrency space. It is an open exchange that allows users to borrow or lend cryptocurrency in a fully collateralized agreement.

In traditional markets, lending generated more than USD4 billion in revenue in 2017. Lending is a popular financial service and Lendingblock has created a simple yet expertly presented platform bringing a lending marketplace to cryptocurrency.

SophiaTX is a cryptocurrency project designed to help existing businesses with blockchain solutions. It is clear that blockchain has the potential to add value to numerous business processes, but it can be challenging to implement.

SophiaTX has built an open-source platform that allows businesses to take advantage of the power of blockchain without having to alter their business models and operations.

AdHive is an influencer marketing platform that is powered by artificial intelligence. The platform automates all of the required steps when interacting with influencers, which saves advertisers a significant amount of time and money.

With AdHive, marketers are able to place a thousand or more videos on influencer pages in the time it would take to do just once manually. This is all built with the help of blockchain technology.

All three projects are available for trading on Liquid.
How to buy your first Bitcoin (on Liquid)

If you are ready to give cryptocurrency a go, Liquid is the place to start. Liquid is a regulated crypto exchange with top-level security. We keep all of our users’ funds offline, which is the safest way to store cryptocurrency.

You can transfer money from your bank account straight to Liquid and then buy some Bitcoin.

One important thing to note is you do not have to buy Bitcoin in integer values. It is possible, and even encouraged for first timers, to purchase Bitcoin in smaller amounts. You could purchase as little as 0.001 Bitcoin if you wanted, which costs less that USD5 at the moment.

To begin, you will need to deposit some fiat currency into your Liquid account.

Click on Wallets at the top right of the page to see your balances.

Hover your mouse over the user icon at the top right and you can see what your home currency is. This will be the currency you will want to deposit.
You can fund your account through a bank transfer. Alternatively, you can buy cryptocurrency elsewhere and deposit it into Liquid to trade for other cryptos.

In the Wallets window, type in your home currency in the search and click Deposit.

Follow the steps shown to deposit money to Liquid and then you’re good to go.

Once you have successfully deposited, head over to the exchange by clicking ‘exchange’ in the top left.
I’m going to show you how to buy Bitcoin with USD. On the exchange you can change your trading pair at the top left. We have selected the BTC/USD pair.

After selecting the trading pair you will be able to see the order book and the order form on the right. The order book shows orders to buy Bitcoin in green and orders to sell Bitcoin in red.
To buy Bitcoin, we either need to create a buy order at the same price as a sell order, or create a buy order and wait for it to be filled. For now, we will buy a sell order. Click on one of the sell orders in the order book. When you click it the price will be copied into your order form. The closer the sell order is to the bottom, the better the price is.

Next, enter the quantity you want to buy. If you aren’t sure, you can use the percentage buttons and Liquid will automatically enter the % amount you can buy with your available USD.
Click on place buy order, and confirm the details before submitting the order.

Once you have submitted your order it will be live in the order panel at the bottom left until it is filled.

Once your order is filled you can see the completed order under executions in the bottom right.
Congratulations, you have now bought your first bit of a Bitcoin. To see it, click on wallets at the top right.

Here you can see your Bitcoin.

Congratulations, you are now a Bitcoin holder!

Use crypto to improve your financial wellness

Once you have completed your purchases, Liquid is a safe place for your to store your cryptocurrency. Having your crypto on Liquid means you are always ready for whatever the market brings next.

Increase the amount of cryptocurrency you hold while the market does its thing.

If you are looking to hold your cryptocurrency on Liquid, I would recommend you check out the lending app. You are able to lend your crypto to margin traders, earning yourself daily interest while you are holding.
Here’s how to get started with lending.

To begin the lending process, firstly login to Liquid and head over to the lending page by clicking on lending on the top left of the home page.

Now you can choose the currency that you would like to lend, or you can just view the open lending offers.

Once you have chosen your currency, you will see the lending offers below.
When you are ready to lend out your holdings, make sure you have selected the currency you want to lend out, and then click on create an offer.

All you have to do is enter the amount of interest you would like to receive per day, and the amount of your holdings you would like to lend out.

You can see the total funds you have available for lending at the bottom. Keep in mind, your offer is more likely to be filled if the interest rate is lower.

Once you have created your offer, click on the offer tab to see the progress of the offer.

This will show you your open offers, the amount that has been filled and the interest you have earned by lending your assets.
Welcome to the world of crypto

We have reached the end of your first lesson in cryptocurrency. We hope you have developed an understanding about the basics of how cryptocurrency works and why it’s important.

Do some research of your own and see if there are any cryptocurrencies out there that you believe in.

It could be your key to financial freedom.

If you are interested in investing in cryptocurrency, Liquid.com is just a few clicks away. We work hard to ensure you and your funds are safe.

If you ever need us, we are available for 24/7 support at help.liquid.com.

If you are interested in learning more about the world of crypto, the Liquid blog is a great place to expand your knowledge. Check it out.

Claim your free crypto

We are offering all readers of this eBook cryptocurrency worth USD10, paid in our QASH token. To claim yours all you have to do is head to Liquid.com through this link, sign up and verify your account. We will then credit your Liquid account with USD10 in QASH.

To qualify to receive the QASH you must be a new Liquid user. Existing Liquid users will not be able to claim this QASH reward.
I've created a list of some Liquid blog posts you might be interested in if you would like to learn more.

What is cryptocurrency?

What are some of the most popular cryptocurrencies?

Who is Satoshi Nakamoto?

What are ERC-20 tokens?

What is a stablecoin?

How to stay safe in crypto: top tips for traders and investors

Hot wallet vs Cold wallet: How should you store crypto?

When have crypto exchanges been hacked?

What is XRP?

What is Bitcoin Cash?

What is market cap in cryptocurrency?

How to trade cryptocurrency

How to manage risk as a cryptocurrency trader

3 tips to survive the crypto bear market

What is blockchain technology?

What is distributed ledger technology?

What are privacy coins?

What are smart contracts?
Glossary

Here are some words used in this ebook that may be new to you, along with a few others to get you started

**Altcoin** - Altcoin means alternative coin. The term is used to refer to any cryptocurrency that is not Bitcoin, although other more prominent coins (Ethereum for example) are not usually referred to as Altcoins.

**Bear market** - A term used to describe a negative market, where prices are falling and investors are selling and suppressing prices further. This term is not exclusive to cryptocurrency.

**Bitcoin** - Bitcoin was the first cryptocurrency, launched in 2009. It is a decentralized peer-to-peer online currency.

**Blockchain** - Blockchain is the technology that cryptocurrencies are built on. It is a decentralized ledger that stores records of transactions.

**Bull market** - A positive market, where prices are increasing and new investors are entering the space to buy.

**Circulating supply** - The amount of a cryptocurrency that is in circulation. This means the amount that is currently tradable on the market. This is not always the same as the total supply because of things such as mining and lock up periods.

**Cold storage** - Storing cryptocurrency somewhere that is offline - not connected to the internet. Cold storage is the most secure way to store cryptocurrency.

**Crypto** - Crypto is a short way to write cryptocurrency.

**DYOR** - An acronym for Do Your Own Research. The term is used to encourage new investors to do their own due diligence into a project before investing, instead of blindly listening to the advice from others.

**Dapp** - A decentralized application that is run on the blockchain. Dapps require multiple users in order to run. Dapps do not require third parties to remain operations and they are open source.

**Decentralized** - If something is decentralized, there is no central entity and it is spread out geographically. Usually, if something is decentralized, the decision making is not controlled by one central entity either, but is shared between a number of users or voters.
**Ethereum** - The second most known cryptocurrency after Bitcoin. It is an open source blockchain platform, and the first to introduce smart contracts.

**Exchange** - A third party that facilitates the trading of cryptocurrencies. They can also offer features beyond trading, such as margin trading, ICOs, lending, and more.

**FOMO** - An acronym for Fear Of Missing Out. This term relates to when investors fear they are missing out on a good opportunity, usually when a certain crypto has largely increased in price. The FOMO mindset would suggest that the price will continue to increase, so get in while you can so you don’t miss it.

**Fiat** - Fiat money is a currency that is declared legal tender by a government, like US dollars, but is not backed by a commodity. Value is controlled based on supply and demand.

**HODL** - A meme that originated from a post on Bitcointalk in 2013. It is a misspelling of the word “hold”. Cryptocurrency investors say hodl to express the fact that they will not be selling their investment.

**Hot wallet** - A wallet that is permanently connected to the internet. These are regarded as the most risky kind of wallet.

**ICO** - Acronym for Initial Coin Offering. An ICO is when a company raises funds for their project in major cryptocurrencies, usually ETH, in exchange for some of their own new tokens.

**Market cap** - The total valuation of a cryptocurrency. This is calculated by multiplying the circulating supply by the current trading price. The market cap is a much better indicator of value in comparison to the trading price.

**Proof-of-Stake** - A method used to process transactions on the blockchain. In a Proof-of-Stake (PoS) protocol, miners have more control based on the amount of the specific crypto they hold.

**Proof-of-Work** - A method used to process transactions on the blockchain. Proof-of-Work (PoW) allows miners to process transactions by solving mathematical problems, and earn rewards for being the first to solve the transaction.

**Satoshi** - A Satoshi or ‘sat’ is a unit of Bitcoin. 1 Satoshi = 0.00000001 BTC. Satoshi comes from Satoshi Nakamoto, the creator of Bitcoin.
**Smart Contract** - A self executing contract built on the blockchain. Smart contracts can execute under specific parameters without the requirement for a third party, and the results are unchangeable.

**Spread** - The price difference between the best buy and sell offer on a specific market.

**Token** - A tradable digital asset that provides some kind of utility within the ecosystem of the project that issued it.

**Total Supply** - The amount of total amount of a cryptocurrency that will ever be able to exist. This includes coins that are locked up and that will be mined in the future.

**Whale** - A whale is someone who holds a lot of crypto.

**Whitepaper** - A document that holds all of the technical details about the project. This includes how it works, token details such as tokenomics, details about the team, and often a future roadmap.