

# Decoding CRYPTOCURRENCY

- IT'S A -  
**MONEY  
THING®**



## What is cryptocurrency?

Cryptocurrency is a digital or virtual form of currency that uses cryptography for security.

It is designed to work as a medium of exchange, just like traditional currencies such as the U.S. dollar, euro or Japanese yen. Unlike traditional currencies issued and regulated by central banks, cryptocurrencies operate on decentralized networks, typically based on blockchain technology.

An entire language of related terms has sprung up alongside the cryptocurrency phenomenon. This jargon can make a challenging subject even harder to comprehend. Here's a simple glossary to introduce you to some of the basic cryptocurrency lingo.

### INVESTING CAN BE RISKY

**Investments made in cryptocurrency are not insured by the federal government and carry the risk of losing money. If you're interested in cryptocurrency, talk with a professional, and proceed with caution.**

BROUGHT TO YOU BY

**HORIZON**  
CREDIT UNION  
[hzcu.org/trainingground](http://hzcu.org/trainingground)

<b>BITCOIN</b>	The original, largest and best-known cryptocurrency.
<b>BLOCKCHAIN</b>	A blockchain is essentially a complete ledger of transactions held simultaneously by multiple nodes on a network. It is the underlying technology used by nearly all cryptocurrencies.
<b>COIN</b>	A colloquial term for a cryptocurrency.
<b>CRYPTOGRAPHY</b>	A method of keeping information secret and secure by scrambling it into indecipherable codes. The information can only be decrypted and read with the necessary key.
<b>DISTRIBUTED LEDGER</b>	In traditional finance, a financial institution holds a ledger of all its customers' transactions. Distributed ledgers use nodes, or independent computers, to record, share and synchronize transactions on the electronic ledger. A blockchain is a type of distributed ledger.
<b>ENCRYPTION</b>	The process of making digital information into a form that prevents unauthorized access. If you use a password to access a website, the site should be encrypting it so that it is of no use to hackers if stolen.
<b>ETHEREUM</b>	The second-biggest cryptocurrency after bitcoin (measured by market capitalization).
<b>EXCHANGE</b>	A website or app that allows users to buy and sell crypto assets.
<b>FIAT CURRENCY</b>	Traditional currencies backed by the full faith and credit of a nation state. The U.S. dollar, the euro and the British pound are fiat currencies.
<b>ICO</b>	An acronym that stands for initial coin offering. An ICO is the cryptocurrency equivalent of an initial public offering (IPO). It offers investors the opportunity to back a new crypto project.
<b>LEDGER</b>	A record of transactions maintained by centralized financial institutions and by decentralized finance applications. Data for each transaction entered into a ledger may include times, dates, amounts, senders and recipients.
<b>NODE</b>	A computer or device connected to other computers or devices that all hold a copy of a blockchain. Each node supports the broader network by sharing information and validating transactions.
<b>PRIVATE KEY</b>	Also known as a secret key, this is essentially the encrypted password to someone's crypto holdings. It's an extremely long number that's practically impossible to guess. You authorize a transaction by signing it with your private key. Private keys can be used to access and manage your crypto assets.
<b>PUBLIC KEY</b>	The public-facing address of your crypto wallet. To receive funds into your account, you have to share your public key. Each public key pairs with a private key; in theory, the private key is only known to you.
<b>WALLET</b>	A digital storage device or location for keeping crypto assets secure. Wallets can be online (hot) or offline (cold).