

What is cryptocurrency and how does it differ from normal fiat currency

Cryptocurrencies are a form of electronic money, tokens to which we assign value and are as liquid as normal fiat currencies. There are currently over 600 cryptocurrency already in the market. They are the same as regular currencies, except that they use cryptographic techniques to ensure they cannot be changed and we know where they come from. Cryptography offers with it the ability to securely store and transfer sensitive information.

Cryptocurrencies are based on complex computer encryption and mathematics rather than the traditional money and the banking system. They are not backed up by a country's central bank or gold reserves but by the distributed community of users of that system. This allows users more control of their own money because there is no central control from any governments. When you hold cryptocurrency, you are not bound by any term of service agreement, giving you more out of your money in the long-term.

"Cryptocurrency was designed as a wealth enrichment currency as they are usually limited. Because of this, the supply and demand factor of economics come into play. As more people start using a particular cryptocurrency, the demand rises and because it is limited, the lesser they become. This in-turn allows for the price of the currency to continually rise, as long as there is a demand for it as it continues to grow. It is also viewed more as a commodity than a general currency," says Shireen Ramjoo, Founder of LiquidMoney Cryptocurrency Institute.

Using cryptocurrency is also much cheaper than using traditional fiat currencies. As the need decreases of using the middle-man in this case the bank. With cryptocurrency you can send money directly to anyone in the world, and it clears in minutes. There is no need anymore to wait for our banking system's traditional verification & clearing processes that usually takes a number of days. Another advantage is that there is a minimum fee to transfer money whether you send R100 or R1 00 0000, its a standard fee of 0.01%. As cryptocurrency is also a decentralised system, meaning that as no governments currently own it, authorities have no power to do anything to your account.

"Essentially, what we are seeing is that we now have more options to becoming our own bank and taking full control of our finances. The blockchain technology has brought with it another level of sophistication in terms of user experience. Some of the leading financial industries have started analysing this tech in order to integrate this feature into their services," says Ramjoo.

The blockchain is a revolutionary transparent system that was created with the world's first digital currency, Bitcoin in 2009. It is a public-ledger that records all the transactions that happens worldwide of users transferring or receiving bitcoin and updates live. Anyone can view this at anytime and moment. This is the key innovation that bitcoin brought, and what allows it to be decentralised. And this is what other cryptocurrencies stem from.

"There is a major need for more people to understand what bitcoin is and how it actually works so that they are more informed on the subject,"concludes Ramjoo.