Bitcoin: The Digital Age Currency

Bitcoin: A Moeda da Era Digital
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Fernando Ulrich's "Bitcoin: A Moeda da Era Digital", “Bitcoin: The Digital Age Currency” in free translation, is composed of 106 pages and 6 excellent and enlightening chapters in which you will enter once and for all into the corporate world of business.

Score

8

8 Aplicability
7 Inspiration
8 Innovation
9 Impact on results
8 Structure

Main ideias of the book

- Understand how Bitcoin can function as a revolutionary currency;
- Bitcoin lowers transaction costs and is a great business draw;
- Loss of financial privacy? Understand what this is;
- Economic theory x Bitcoin. Understand this economic disparity;
- Is Bitcoin an economic good?;
- Electricity and the internet are not a problem for Bitcoin's smooth running;
- Bitcoin-guaranteed monetary freedom may be the secret to a prosperous and successful life;
- Understand the divergence between Bitcoin growth and current government action.

For whom is this book suitable?

Aimed at entrepreneurs who want to broaden their business vision and learn about innovative ways of investing, as well as those who are curious and interested in getting into the digital age market wave.

Overview of the book

What is Bitcoin?

If we travel a bit through history and understand the emergence of the currency, we can find some important information for understanding the concept of Bitcoin.
In the old days, before the emergence of money, trade was carried out through the exchange of goods. This exchange is called barter.
With the increase in population, the need arose to invent an object that would identify the economy in which trade agreements could be made.
Gold and silver then fulfilled this monetary function, which subsequently functioned very well as the government's maneuver.
In the early twentieth century, governments nationalized their own currency.
Fine, but what does all this have to do with Bitcoin?

With technological advancement and the era of market independence, it is valid to create an emerging, portable, incorporeal international currency that exists far beyond government control.

With technological advancement and the era of market independence, it is valid to create an emerging, portable, incorporeal international currency that exists far beyond government control.
The author explains that Bitcoin is a digital and fully decentralized currency. It has a historical record in which users have access to the transactions performed and thus control so that there are no double expenses, for example.
Also, understand that Bitcoin is a payment network that has no third party presence and at the same time has a currency that does not originate from gold. Therefore, it is a virtual currency.

And the bright side?

There are numerous benefits we get from using Bitcoin as a payments network. We can quote:

- Cheaper operations. More favorable, therefore, not only for companies facing a financial problem but also for making transactions straightforward;
- Lower funds transfer rates. So much more favorable and profitable;
- Opens understanding of new ways of thinking financially. Bitcoin can be done besides the transfer of values, transfer of shares, for example.

What were the main reasons for the emergence of Bitcoin?

We are far from the so-called Gold Standard we lived in some time ago.
Precious metals, gold, and silver are no longer a standard of trade simply because they do not support the inflationary behavior caused by governments.
The unbridled impression of money, the onset of the crisis and the arrival of inflation were prime points for thinking about this new idea.
The government-unstable banking system and the population without the control of their own money favored the beginning of Bitcoin.

Understand that it is the beginning of two technologies: database and encryption.
But how can we understand this?
Note that the network architecture is totally different. Remember we talked about the issue of decentralization?
Well, there is the possibility of sharing information without the need for a central server and is known as a peer to peer network.
Encryption emerged many years ago. It is also known as secret writing and is a way of encoding data in a way that cannot be read. Thus ensuring security, authenticity, and truthfulness of user information.

After all, are bitcoins useful?

Discussing utility is unnecessary. I will explain why.
First, the utility has to do with acquired well-being and then refers to one's personal choices and needs.
In this case, bitcoin's analysis ranges from the desire to test encryption, the transfer of this digital currency through the commercialization of something or simply a desire to know the platform.
What we need to understand is that for something to be determined as an exchange model it must first be recognized as direct consumption and then reached the predetermined end.
And it is this end, this destiny, and choice that is proper to each individual.
During the work, the author explains some theories and, among them, is the Theory of Money and Fiduciary Currency. He says that it is impossible for something to be of value if it was previously a means of exchange.
This commodity value can also be explained as use-value.
And there is a reference to the digital currency, since in the beginning when it was used it was not taken as a means of exchange, but as a strategy to satisfy a need.
Is this a sign that points to the establishment of Bitcoin as the currency of the future?
This is the reflection.

The noticeable coins

If you stop to think, what were the most common means of exchange that existed in mankind?
In a cursory way, we can easily remember salt, sugar, cattle, gold, even the current asset of banknotes.
It turns out that with the creation of banks, users began to use the services, such that transactions can be made without the need to contact the actual banknotes.
This can be explained through deposits and checks for example.
Fernando highlights as tangible and intangible currencies. He reports that Bitcoin's intangibility was used by economists as a drag on the growth of this digital currency.
But what the author points out is that it is not the first intangible currency. If we think of a specific bias, banks also work with fractional reserves.
This type of reserve comes from deposits made and not redeemed in kind. Consequently, there may be credit expansion according to the accounting record. It is a form of scriptural currency, that is, intangible.
That is, this is not a problem for something to be established as a medium of exchange, money.
So if it's an existing feature, what's the difference?

Liquidity is the ability of a medium of exchange to become money, that is, a universally accepted medium of exchange.

The difference is that this digital currency so cited in this summary is not vulnerable like the one above, simply because it is not under the control of banks and the like.
It is an autonomous currency and has an essential function: Preserve purchasing power and not erode, as banks do with book entry.
This is the difference.

Advantages and disadvantages of digital currency

Bitcoin can be considered a 'near currency' or a 'secondary medium'.
But why with all these characteristics of which we know, can not yet be considered money?
Well, there are three main characteristics that need to be evaluated for a medium to be considered money:

- Liquidity;
- Reserve of value;
- Transaction costs.

Liquidity is the ability of a medium of exchange to become money, that is, a universally accepted medium of exchange.
The reserve of value that can be understood as purchasing power or the method of measuring wealth.
Transaction costs are expenses charged for any transaction.
Looking at the features individually, we can see Bitcoin and understand that it has advantages and disadvantages that make it recognized as a currency.
The liquidity of digital currency is diminished. This happens for the simple fact that it is not used and recognized against others.
The value reserve is contained, that is, you cannot make digital currency as you do the current currency and, in turn, transaction costs.
These are totally advantageous, as there are no political and territorial boundaries, giving much more autonomy for individual control of users.
Therefore, Bitcoin is likely to become currency in the future, relying more on public acceptance to overcome the existing fiduciary currency barriers.

What about durability and divisibility?

Digital currency presents these aspects.
The author explains that compared to gold or paper money, digital currency is far ahead, as the internet is the key factor in its use.
And as far as divisibility is concerned, compared to the currencies in question, gold is divisible, paper money does not have this characteristic. Since each cell has its own value.
Guiding the characteristics covered we can highlight Bitcoin as follows:

- Uniform;
- Durable;
- Divisible;
- Intangible.

And versatile, why not?

And the criticism goes on...

We know that both people and ideas, products, projects are subject to criticism, disagreement, and skeptical views about how it works
Well, it couldn't be any different from Bitcoin. Among the arguments, we can mention:

Electricity and internet problems

The internet is part of our daily lives, as is electricity. Therefore, they cannot be taken into account and used as a disadvantage in the face of digital currency operation.
We might hypothetically think it would be adversity if the internet and electricity were created for Bitcoin's direct performance, but that's not the case.
Skeptics also raise the possibility of the network being hacked, but they are not taking security into account when opening source code to anyone who wants access.
Another feature is transparency, ie transactions can be tracked with the system. Therefore, the internet and electricity cannot be cited as a hindrance to the advancement of this system.

Bitcoin is a new tool for fiat money

Understand that this is a fallacy because the digital currency is already a currency.
And, consequently, it can be used as a means of payment or even a method of “evading” the current fiat currency model. Do you understand? It makes no sense to look for a new model just as a passport to the established method known worldwide.

Altcoins competition

Initially answer me: Do you know what altcoins are?
They can be called alternative currencies and have various purposes, ranging from modifications to the Bitcoin system to scams or direct copies of the digital currency in question.
Understand that while there is such a hypothesis, Bitcoin is already ahead by being better known, having the lowest transaction costs and highlighting all the features already presented.
What really matters and that people who are interested in the subject and use of currency need understanding is that Bitcoin did not come to dispel fiduciary coins.
The author makes it clear throughout the work that it is by no means exclusive but complementary.
Although it is too early to say whether the other currencies will come to an end, what he really believes is that cryptocurrencies are a strong indication of the advancement of technology. Thus, there are great possibilities for migration from fiduciary to digital.
Although there are barriers in the legal, regulatory field and there is constant criticism from skeptics around Bitcoin, what cannot be denied is the advantageous features and countless possibilities for it to stay.

What other authors say about it?

For "The Dumb Things Smart People Do With Their Money", the author Jill Schlesinger, people should not invest their money in what they do not know. You must have good planning and a thorough knowledge of where to invest. Also, it is important that the investment makes sense for your life purpose in some way.

In "The Smart Investor", Benjamin Graham explains how to invest in stocks and the characteristics of an investor who knows how to play the stock market: discipline and consistency.

Finally, Tony Robbins's book "Unshakable" gives valuable advice: If you're not careful, taxes can easily eliminate 30% or more of your return on investment. It is therefore important to pay attention only to the net amount that you will actually be able to keep.

All the billionaires the author has met have one thing in common: They and their advisers are really smart about this tax issue.

Okay, but how can I apply this in my life?

The book gives perfect tips that you can apply in a variety of ways. Among them, we can mention:

- Learning about Bitcoin is learning technology. Understand that it is a form of money you can use for countless online transactions;
- It's never too late to learn about economics. Being up to date on deposits, transactions, fees will put you ahead of the market and fall short of the competition;
- The book teaches about the freedom this currency guarantees. Also, guarantee your freedom, invest in yourself, in your business.
- Understand that in this system there is no outsourced. You are your bank and learn once and for all that there is a possibility of operations beyond the financial institution you go to;
- Do not be afraid to know the unknown. Learn that it is necessary to study the characteristics of what we desire.
- But if this refers to the digital currency, understand that it is secure and sharing the ledger ensures system reliability;
- Learn not to be skeptical of innovations. Be open to the new. The true visionary needs to see the oasis even in the middle of the desert and solutions even in the midst of the worst obstacles.

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