Digital Currencies

What Blockchain is and how Cryptocurrency work as Digital Currency?

Febstar research

OBJECTIVES

- **Gain understanding what digital currency is**
- **Gain understand what blockchain is**
- **Complete the Blockchain activity**

DIGITAL CURRENCIES

How does digital currencies affect us nowadays?

KNOWING WHAT YOU KNOW

- Go to : https://joinmyquiz.com
- Use your real name & grade level

Example: Thanh 10G5

DIGITAL CURRENCIES

How does digital currencies affect us nowadays?

Digital Currency

Is any currency that is available exclusively in electronic form.

Four main types

- Cryptocurrencies
- Central Bank Digital Currencies
- Virtual Currencies
- Stable Coins

What exactly Digital Currency is?

- Digital currency is money that is exclusively available only in digital or electronic form. What distinguishes digital currency from the existing electronic currency in bank accounts is that digital currency never assumes [redacted] form, unlike electronic money.
- Digital currency transactions are carried out through computers or electronic wallets linked to the internet or other specific networks. Cryptocurrency is currently the most profitable and volatile asset in the digital space. [redacted], [redacted], and [redacted] are the three most popular kinds.
- Digital currency has the ability to fundamentally alter how society views money. The growth of Bitcoin (BTC), Ethereum (ETH), and thousands of other cryptocurrencies has prompted global central banks to investigate how national digital currencies might function.

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Cryptocurrencies

It is a type of digital currency that regulates the generation of new units and secures transactions using cryptographic methods. A decentralised ledger known as a is used by cryptocurrencies to verify transactions and allow them to operate independently of any centralised authority.

PROs Of Cryptocurrencies	CONs Of Cryptocurrencies
Decentralization and anonymity: There is no central authority to control the transactions, and they are pseudonymous.	**Volatility and risk of price manipulation:** Some cryptocurrencies are susceptible to price manipulation, and some are highly volatile.
High potential for value appreciation: The value of many cryptocurrencies has increased significantly over the past few years.	**Lack of regulatory oversight:** Unlike traditional currencies, cryptocurrencies are not regulated, which can increase investors' risks.

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Central Bank Digital Currencies (CBDCs)

Central Bank Digital Currencies (CBDCs) are digital versions of fiat currency that central banks issue and maintain. CBDCs have been developed to maintain the reliability and security of traditional currencies while simultaneously providing many benefits of digital currencies, such as quick and secure transactions.

PROs Of Central Bank Digital Currencies (CBDCs)	CONs Of Central Bank Digital Currencies (CBDCs)
Improved efficiency and security of transactions: CBDCs provide faster, more secure transactions.	**Possible threat to privacy and financial freedom:** CBDCs may grant governments more access to individual financial records.
Greater control and monitoring by governments: Governments can exert more control over monetary policy with CBDCs.	**Dependence on central authorities:** CBDCs are issued and regulated by central authorities, which limits their decentralization.

Virtual Currencies

Virtual currencies are a type of unregulated digital currency that are used in virtual worlds or online gaming environments to facilitate user transactions. These currencies are frequently used to buy virtual goods, like weapons or clothing for avatars. They are controlled by developers or a founding organisation involved in the process.

PROs Of Virtual Currencies	CONs Of Virtual Currencies
Easy and convenient transactions: Virtual currencies make online transactions easier and more comfortable by eliminating the need for conventional banks.	**Lack of government regulation:** Due to the lack of government regulation of virtual currencies, they are prone to fraud and scams.
Accessibility and inclusion: They provide financial services to people who do not have access to standard banking institutions.	**Volatility:** Virtual currencies can be highly volatile, which makes them risky for investors and users.

Stable Coins

They are digital currencies that are designed to have a constant value in comparison to a traditional currency or other asset. Stablecoins are typically backed by the underlying asset's reserves or by algorithms that modify the stablecoin's supply based on market demand.

PROs Of Stable Coins	CONs Of Stable Coins
Stability and predictability: Stablecoins are designed to reduce volatility and provide value stability.	**Dependence on the stability of the underlying asset:** Stablecoins are only as stable as the underlying asset they are tied to.
Faster transaction processing and lower fees: Stablecoins can offer faster and cheaper transactions than some other digital currencies.	**Potential for regulatory scrutiny and lack of transparency:** Stablecoins may attract more regulatory attention due to concerns about their stability and transparency.

Digital Currencies

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Here's a tabular representation of the differences between the four types of digital currencies.

Criteria	Cryptocurrency	CBDCs	Virtual currencies	Stablecoins
Control/Issuance				
Regulation				
Value Stability	Highly volatile	Stable	May vary	Designed to be stable
Underlying Asset	None	Government-backed	May vary	Tied to an underlying asset
Privacy/Anonymity				
Transaction Processing	May be slow	Fast	Fast	Fast
Fees	Vary	Low to none	Low to moderate	Vary
Adoption	Growing	Emerging	Established	Growing

Here's a tabular representation of the differences between the four types of digital currencies.

Criteria	Cryptocurrency	CBDCs	Virtual currencies	Stablecoins
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Regulation	[illegible]	[illegible]	[illegible]	[illegible]
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KNOW WHAT YOU LEARNED

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- Use your real name & grade level

Example: Thanh 10G3

DIGITAL CURRENCIES

How does digital currencies affect us nowadays?

ACTIVITY

Log-in to https://idea.org.uk and you are to complete

BLOCKCHAIN

- This activity can be found under the ENTREPRENEUR Badge, you are to complete this activity.

CYBERSECURITY

- This activity can be found under the CITIZEN Badge, you are to complete it.

ROBOTICS

- Check the GOLD section for this badge.