

# What is Bitcoin? Why is Bitcoin not 'virtual money'?

What is Bitcoin? Why do hackers use it? Is Bitcoin a virtual currency?

Bitcoin is a currency just like the dollar (dollar) or Vietnamese dong, the Yen, and the Euro is also a currency; Bitcoin has so far been called the CASH of the Internet, or we can also call bitcoin "electronic money" for quick and convenient, I can even say more briefly: "Bitcoin is money. "

## What is Bitcoin?

I see many people call Bitcoin "virtual money" and totally disagree with this call at all, because I think this call is easy to mislead and offensive for those who don't know anything about bitcoin, because The word "virtual" implies something that is not real, is not valid; And I know nothing is far more true than this. Virtual money is a common currency used in the game, controlled by a certain game company, how to create it and how it works completely unlike Bitcoin. Plus, have you ever seen anyone buying Lamborghini with virtual money? If Bitcoin is virtual money, wouldn't that Lamborghini car shop be stupid when receiving bitcoins? Lamborghini is just one example of tens of thousands of other examples, and that number is increasing.



Do you know? Only 8% of money assets worldwide are cash. The remaining 92% are just numbers on the computer? Talk about "virtual money".

"Value" is always a subjective concept: it can be valuable for this person, but not for others, much less different, depending on different times and places. Don't forget that the value of anything is determined by the law of supply and demand.

For example, when we buy an item, we always consider the item to be more valuable than the amount we will spend in exchange, but the seller is the opposite, they see that amount more valuable than the item. The goods they sell, without this condition, will never buy and sell and if they both volunteer to trade, both will feel good.

Bitcoin is different in that it is not created by any country or state, but is created from a network that connects computers all over the world, the term in English is called 'decentralized' (counting words) in which 'centralize' is a focus (in the central), 'de' is a prefix meaning 'disassembly', 'decomposing' (eg: decay, decline, decode, debug). , decrease, deduct, depress, and 'ed' turn it into adjective; So I temporarily translated the word 'decentralized' into Vietnamese as 'middle class'.

## **Who created Bitcoin? A brief history of Bitcoin**

Bitcoin was created by a person (or a group of people) because he didn't want to reveal his identity, so he got the nickname **Satoshi Nakamoto** . So far, there have been many speculations about who Satoshi is, but the guesswork is still guesswork, and we still don't know who Satoshi really is because everyone who is "suspected" will say no. must be me.

In November 2008, Satoshi released an article, a blueprint, a Bitcoin presentation to the world, the English version can be read here, someone translated it into Vietnamese, but I found The translation seems a bit complicated (and there are some translations that are not right) compared to a normal reader. That's why I created this page, plus another reason because I read other articles and articles in Vietnamese online, I found that most of the authors of the articles That writing probably does not seem to have any deep understanding of Bitcoin, as well as economics, and politics, perhaps as they have never spent more than a day studying it thoroughly before write articles, leading to very narrow views.

As of May 21, 2010, the first actual transaction (trade, exchange, exchange) in the history of Bitcoin occurred when Laszlo Hanyecz, a programmer living in Florida, sent 10000 BTC. (bitcoin) gave a volunteer to order him a pizza. (BTC / USD exchange rate details can be viewed here)



## How does Bitcoin work?

Bitcoin works based on advanced cryptographic algorithms (SHA-256 hash). The protocol (platform, structure, architecture) of bitcoin is open source, which means that everyone who knows programming can check through this source code, but cannot change it. Bitcoin protocol can only be changed or upgraded through the majority. Before any change or upgrade, developers (developers) have to give advance notice on the main forum and if the support of the majority is changed, that change will be promoted.

On the one hand, bitcoin is a currency unit; on the other hand, Bitcoin is also a distribution network, middle, peer (peer to peer) currency transfer. That means you can send Bitcoin directly to another person without going through an intermediary, regardless of time, regardless of space, for an extremely low fee, almost zero, or even equal to 0. Think about this a bit. This is an unprecedented revolution happening in human history. Satoshi solved the problem that people still think is impossible to solve - that is, a problem about trust - by making an initiative on a chain block (I'll talk about this later).

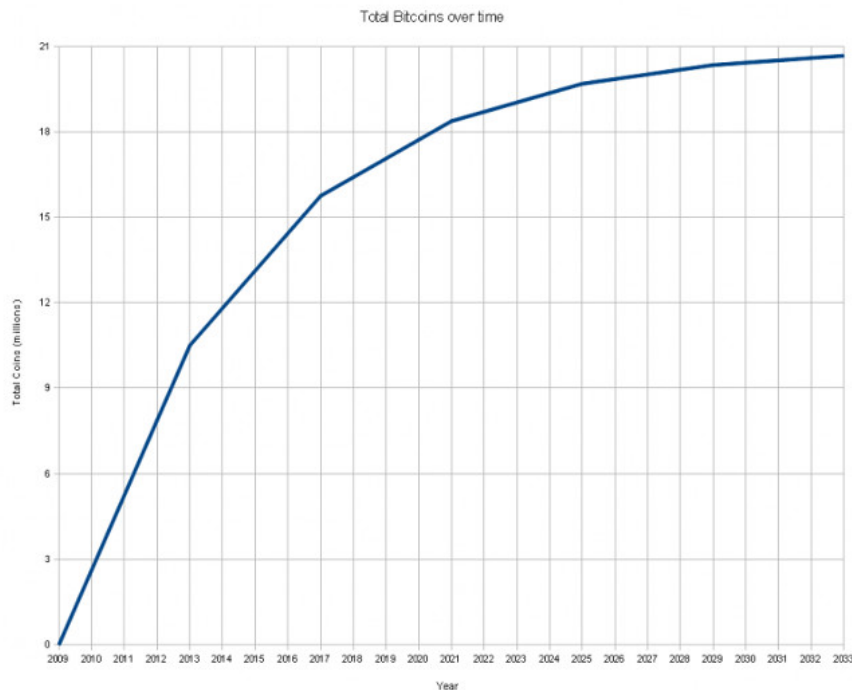
Because when you have a middle intermediary, you have to trust them. How can you be sure that they will not fool you? Never know, and not always your trust is in the right place. How can an overseas Vietnamese send money to relatives in Vietnam on a weekend when the deposit service is not open with a fee of almost zero despite the amount of money to send is several hundred dollars until A few tens of thousands of dollars or more? Even 150 MILLION DOLLARS (cost: zero!). I think perhaps this is the greatest asset movement that has ever happened on earth. In the old days people moved gold and silver jewelry, it is not necessary to say that everyone needs a lot of transportation for such transportation: renting a car, ship, horse, guard, bodyguard . not to mention the time it takes for that transport while with Bitcoin only takes about 60 minutes (the average confirmation of a transaction) of bitcoin takes about 10 minutes, the larger the amount, the more it needs. For more certifications, once you have 6 or more confirmations, you can be sure that 100% of the money sent is safe (CANNOT hack) and cannot be reversed.)

## Blocks and Block Chain

Block Chain is a chain linking blocks, just like a string of beads is a chain that links the particles. Each block is responsible for retaining the latest transactions (which have not been saved in previous blocks). Imagining such as Block Chain is a ledger, a huge public ledger records all transactions, in which each page in that book is a Block, this page is filled with a new page; This book has a feature that has an infinite number of pages. Once the transaction information has been recorded, it can never be changed or deleted. In addition to the latest transactions, each block also contains information linking to the previous block. And it also contains an answer to a problem that is difficult to solve. This answer is different for each block. If the answer is incorrect, the block is invalid and cannot be saved in the chain block.

## How is Bitcoin created?

Suppose, for example, that a bitcoin is equal to one ounce of gold (nearly one quantity (8.3 only), an ounce is a measure of the weight of Western gold), there will be a bit of bitcoin every 10 minutes ( Gold) "dig" up. This number is now 25, because it has halved every 4 years compared to the initial figure of 50. And by 2140, there will be a total of 21 million bitcoins. In other words, after 21 million bitcoins have been dug up by 2140, there will be no more bitcoins to dig.



1 bitcoin can be divided into 100 000 000 times. The smallest indivisible unit is called Satoshi, on behalf of the creator of Bitcoin. So 1 bitcoin = 100 000 000 (one hundred million) Satoshis. Or 1 Satoshi = 0.000 000 01 Bitcoin.

One mistake in many people's psychology is that they now find that a bit of bitcoin is too expensive to think that they cannot afford to buy. In fact, if you can't buy 1 bitcoin, you can still buy 0.5, 0.1, 0.01 bitcoin . But maybe many people won't overcome that psychological barrier that can't stand the feeling owning a small part of something, although it is no different for cold money numbers: if 1 bitcoin equals \$ 1000, 0.1 bitcoin equals 100 dollars, no less.

Or if you find it too expensive, you can also look at Litecoin, a companion to Bitcoin, the price is still very low compared to the potential. If Bitcoin is gold then Litecoin is silver, so maybe it is.

## **Why is Bitcoin worth? What is the true value of Bitcoin?**

Many people mistakenly believe that the value of Bitcoin is calculated by the amount you can redeem from it, in other words, the price of a bitcoin converted to fiat currencies (USD, Yen, Pounds, Euro, VN Dong .) Actually, that is not the true value of Bitcoin, it is just a price, a consequence of the law of supply and demand. So where is the REAL value of Bitcoin located? Please answer, its true value lies in the network, the network, where when you want to participate, you must have bitcoins. Imagine these coins are like the stock of a start-up company (the only thing is that there are no companies here), when more and more people want to buy that stock, of course the stock price must increase. Its value lies in the usefulness, convenience, safety, security in payment and purchase. No bank, government, company intervenes, a genius idea has come true for the first time in human history.

## **Anonymity - Bitcoin gives you privacy**

Bitcoin users do not need to register an account, do not need a bank, do not need a credit card, do not need an email, do not need user-name or passwords, no need to know the name, address, gender, nationality, skin color, class, class, level. to receive or send bitcoins. The number of bitcoins you get is simply in one or more addresses you have. And that number of bitcoins belongs to who is holding the private key (located in the wallet.dat file), and only when that private key is available can it be sent, because without a private key will not "sign name (sign). When you send bitcoins to a person, they only know the bitcoin number is from you, but you can't tell who owns the bitcoins before you.

One can know the number of bitcoins in an address but cannot know the name of the AI ??who owns the address. So for example, you have 1 billion bitcoins, you will not put all of them into a single address, but you have to divide it into different addresses. Because the bigger the amount, the more attention will be paid to the network, and the truth is.

## **Who? Which company operates Bitcoin?**

No one or company operates Bitcoin. Bitcoin is operated by all Bitcoin users who are using Bitcoin Client.

## **What is Bitcoin Client?**

Bitcoin clients are software, Bitcoin programs, or another common name, Wallet. There are many different types of clients used for different purposes. Such as:

1. **Bitcoin-Qt Client** (Download at [bitcoin.org/](http://bitcoin.org/)): The original program was programmed by Satoshi Nakamoto, who gave birth to Bitcoin. Suitable for enthusiasts, diggers, developers, programmers, businesses.
2. **MultiBit Client** (Download at [multibit.org/](http://multibit.org/)): Fast and light on average, suitable for average users.
3. **Electrum Client** (Download at [electrum.org/](http://electrum.org/)): Fastest and lightest. May be suitable for all.

## How is Bitcoin made?

Basically, digging bitcoins is a process of emulation of "miners" to find answers, answers to solve a very difficult problem. The difficulty of this problem is automatically corrected so that on average every 10 minutes, there will be a digger (or a group combined) scattered around the world to solve a block.

This problem can be understood similarly to lottery tickets, the more numbers you buy, the higher your chance of winning, the job of digging bitcoins is to try to figure out the number of hits by . guessing. , generate billions and billions of "lottery tickets" a second, not just one person but also the NETWORK of the diggers working together to do this job, repeating that there will be one person every 10 minutes on average or a group of people who find the winning number. Perhaps everyone knows, it is difficult to get a winning number, "number detection" because it takes time, effort, and energy to check if it is correct is easy.

Because technology and technology are getting more and more progressive, excavator computers are getting faster and stronger, leading to increasing difficulty. You know, the computing power of the Bitcoin network is now 256 times stronger than the 500 Top Super Computers in the world!

As mentioned in the previous article, when each block is solved, those who find that solution will be rewarded with some bitcoins, like a person who suddenly finds a piece of gold buried under the following tree home. Bitcoin is not from the air but rather as a fiat currency of any government in the world. It takes energy and time to operate those computer-digging bitcoin. It's like having to spend resources to dig gold up from the ground.

Many people will say that if that is the case, Bitcoin is indeed a terrible energy waste. I will make two criticisms as follows:

1. "Industry" digging bitcoins is a very competitive market, not the play that the current computer at home can join. A large investment is required to create terrible "fields" (farm) computers. In addition to those terrible machines, the biggest cost is electricity. So wherever it is, a country with cheap electricity will be more profitable there. For example, Iceland is a country with a lot of electricity to say is much cheaper than other countries in the world, because of supply and demand, because of technology in renewable energy (clean energy, recyclable, used re), because electricity is difficult to transport, waste when transporting, difficult to store .

Increasingly advanced technology leads to bitcoins digging machines that will become more and more powerful and consume less energy. Plus, people can take advantage of the heat, heat emitted from the machines to use in other applications. The electricity was then not completely wasted, it produced bitcoins, and generated heat: 1000 Watts of electricity produced 1,000 heat Watts. The law of energy conservation states that energy never disappears, it only moves from one form to another. The problem is whether you can take advantage of that transition or not.

2. I dismiss Bitcoins only for the reason that it consumes electricity without considering its benefits, it is indeed flawed, flawed and childish. You must continue to ask questions such as: Will Bitcoin help anything for economic development or not when it opens new transactions, new payment methods .? Does it speed up development in engineering technology, in clean electricity technology . Saying that Bitcoin charges electricity is like saying that creating windmills to generate electricity is harmful to the environment because to create steel also consumes energy.

## Why only 21 million bitcoins all?

Just like gold has limits, bitcoins are limited. It is this limit that creates a scarcity, creating a value for bitcoins, because often something is rare. Because bitcoins are limited, this creates a rare effect, namely deflation (instead of inflation): an abuse of currency issuance. One of the arguments that is often made to reject bitcoins is: If there is a deflation, leading to an ever-increasing price of bitcoins, people will go on hoarding bitcoins, leading to economic stagnation. because no one buys anything anymore. However this argument is incorrect. I can retort as follows:

Laptops are getting faster and cheaper. If this is the case, then no one will buy a laptop because with that money each year one will buy a faster, better machine. But the reality is, when is it necessary that people will buy, not because people's money becomes more and more valuable (because it is better to buy a machine) (price increase) that people will not ever buy.

Another example is buying Lamborghini with the bitcoins mentioned at the beginning of the article. The higher the price of Bitcoin, the more people will want to spend the bitcoin. Why, because when you buy something, you are LIVING then, if you keep your bitcoin forever, what about it one day if it falls? Bitcoin is the antidote for consumerism, consumerism, consumerism (with the money you don't have) that can be seen spreading to the world today.

## **Sooner or later you will realize the truth about Bitcoin**

Why do I care about Bitcoin so much? What is my purpose when coming to Bitcoin? Those who think that to invest for profit, to get rich are completely wrong. My real purpose when coming to Bitcoin is because I want to invest in the long haul, for the next ten years, not investing in the shooting style. Of course, there are also many people who come to Bitcoin for this purpose only, want to get rich quick, give a word two in a few days . Success is less, there is a lot of disorder; The more panic, the more wrong decisions are made.

Investment is always a game of chance, more or less, Bitcoin, and especially during the time of its boom, perhaps it will start to stabilize in a few years. If you are intending to participate in this revolution, just remember one thing: Don't invest some money that you can't lose, not willing to lose, lose, or make it clear, rather than not being foolish and selling a house to buy it all, this is probably everyone knows but repeating it is still not over. Another thing to remember is not to join Bitcoin if you don't really understand it, but just want to make a little porridge when you see the newspaper reported its price soaring, so the greed emerged.

Bitcoin is not invented to help you become a billionaire, if you have dreams, don't dream anymore. The time of billionaires is probably over. Bitcoin was invented to improve the world, it sounds great, but the truth is, you will realize this, sooner or later, soon to be happy for you, and late, try to go, Don't say no one has told you.

Bitcoin is not for weak hearts; Bitcoin is not for ignorant people. The true value of Bitcoin is not at its price, but in its capabilities and potential. Many ignorant people keep looking at its price and say it is a bubble, oh, virtual money, rotten . These people will be the ones left behind. We have been left behind for the rest of our lives, and the opportunity for a thousand years has one, sometimes literally.

## **Will governments governments intervene in Bitcoin?**

The answer is very likely, because once more and more Bitcoin is accepted by people, becoming more and more like real money, then it will be a threat to the power of the state in hand. Because someone has power in his hand, he holds power in everything else:

*" Give me the right to control the currency of a country, and I won't need to know who made the laws of that country."*

*(A famous quote by Mayer Amschel Bauer Rothschild)*

Bitcoin designed by Satoshi completely eliminates this element, no one can control it, including Satoshi himself. Money is no longer in the hands of government control, but it is possible to return to the hands of individuals and individuals. However, the thought of most people now thinks that the role of the state is necessary, the presence of the state is to protect them, to help them . So the state also completes. It is possible to create a kind of "cryptocurrency" similar to Bitcoin, but only a few points such as THE HILL will be the one who directly controls, manages, THEY will be the one who has the right to change the information numbers whenever they want . And many people still believe in the state, believing in their government will be willing to accept this government-backed currency. This is the problem; whether or not Bitcoin is good for us (because this question has only one answer), the main problem is whether our thoughts understand Bitcoin to accept it or not, understand What is happening in this world or not, understand the basics of economics, politics . That is the core task of the educators at the Ludwig von Mises Institute.

To learn about Bitcoin, it takes more than a day or an article. The map is the only person who has just heard briefly about this and rushed to judge (based on their prejudices and knowledge). Perhaps this article is quite long, so I will save what I have not mentioned in the next articles. In short, I just want to say: Bitcoin is the future of humanity. The boat trip has not yet started and it is only beginning to start the first engine.

According to Tinhte

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