

The Ultimate Guide to Bitcoin: How to Buy it, Spend it, & Make Money Doing It – EminiMind.com

Is digital money like Bitcoin the future of transacting payments online, offline, and wherever goods are sold?

Cryptocurrency has certainly become more of a mainstream term over the past few years, but what is it exactly and how can you put it to use?

This is the ultimate guide for understanding Bitcoin, answering your questions as to how to buy it, where to spend it, and how to make money doing it!

What exactly is Bitcoin? How do you get it? And what can it be used for?

Bitcoin was introduced in late 2008/early 2009, created by an unidentified programmer who goes by the name of Satoshi Nakamoto.

Bitcoin is a type of cryptocurrency, a peer to peer digital money system that allows you to send or receive money across the internet without being linked to a real identity or 3rd party (ex: PayPal or Amazon). These transactions are completely transparent, verified by network nodes and recorded in a public distributed ledger called the blockchain.

Cryptocurrency versus regular money

In centralized banking such as the Federal Reserve, corporate boards or governments control the supply of currency by printing units of fiat money or money deemed by the government to be legal.

Bitcoin by contrast, is not controlled by any government body and is currently the largest cryptocurrency of its kind in terms of total market value. At the start of 2017 there were around 700 cryptocurrencies in the marketplace.

694 Currencies / 87 Assets / 2064 Markets Market Cap: \$27,560,317,342 / 24h Vol: \$1,061,629,884 / BTC Dominance: 78.1%

CryptoCurrency Market Capitalizations

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#	Name	Market Cap	Price	Circulating Supply	Volume (24h)	% Change (24h)	Price Graph (7d)
1	Bitcoin	\$19,266,146,144	\$1184.96	16,258,900 BTC	\$520,293,000	5.72%	
2	Ethereum	\$3,873,765,565	\$42.82	90,471,761 ETH	\$142,169,000	-5.80%	
3	Ripple	\$1,174,270,898	\$0.031300	37,516,282,515 XRP *	\$48,768,900	-14.48%	
4	Litecoin	\$506,886,225	\$10.03	50,522,907 LTC	\$224,313,000	-5.50%	
5	Dash	\$467,958,565	\$64.86	7,215,225 DASH	\$21,295,700	-11.21%	
6	Monero	\$272,328,999	\$19.11	14,248,514 XMR	\$11,948,800	-3.09%	
7	Ethereum Classic	\$237,342,492	\$2.62	90,431,690 ETC	\$10,888,200	-4.58%	
8	NEM	\$147,774,600	\$0.016419	8,999,999,999 XEM *	\$875,069	-5.29%	
9	Augur	\$103,109,050	\$9.37	11,000,000 REP *	\$1,265,350	-11.78%	
10	MaidSafeCoin	\$81,892,979	\$0.180958	452,552,412 MAID *	\$1,751,620	-8.52%	

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How are Bitcoins created?

Bitcoin are generated using a process called mining.

Mining is the act of record keeping that verifies transactions in the blockchain. Miners collect newly broadcast transactions into a new group of transactions called the block.

Using powerful computers, miners take the information in the block and apply a mathematical formula to it, turning it into a seemingly random sequence of letters and numbers known as a hash. Every time someone successfully creates a hash, they get a reward in Bitcoin.

In this episode of EconTalk: [Jim Epstein on Bitcoin, the Blockchain, and Freedom in Latin America](#) Jim talks about how the people of Venezuela have been able to use government electricity subsidies to make a large profit mining for Bitcoin and are feeding their families with its purchasing power.

Security

Bitcoin only keeps track of addresses where the money is. Each address has two important pieces of cryptographic information or keys, a public one and a private one.

- A **public key** is what determines the ownership of bitcoins, and is very similar to an ID number. If someone wanted to send you bitcoins, all you would need to do is supply them your bitcoin address.
- A **private key** is similar to an email password; only with it can the owner send Bitcoins from it.

How can I acquire Bitcoin?

You can purchase Bitcoin using an exchange platform called [Coinbase](#). This is what I use. Coinbase allows you to you to purchase Bitcoin using USD or your country's currency and store them in a digital wallet.

Where can I spend my Bitcoins?

You can transact with any other person or merchant who accepts Bitcoin via digital wallets. A simple QR code can be captured using your phone and the money sent/received instantly.

One of the coolest things to be rolled out with Bitcoin is the [BitPay Card](#), a prepaid Visa debit card. I just got mine a few weeks ago and have found it incredibly easy and convenient to use.

The BitPay Card allows you to load dollars onto it from your Bitcoin wallet and spend the money anywhere Visa cards are accepted. I used mine last week to buy groceries, it's super slick.

[Purse.io](#) is another popular tool to spend your Bitcoin. It allows you to purchase products on Amazon at discounts using your Bitcoin wallet.

Hardware wallets

We've talked about digital wallets to store your Bitcoin. The other type of wallet that exists is a physical hardware wallet such as [Trezor](#). The hardware wallet stores the user's private keys in a secure hardware device.

Bitcoin for your business

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With [Coinbase](#) you can create a merchant account and accept Bitcoin transactions for your product or services that you already sell.

Making money with Bitcoin

Just like any “investment” buying Bitcoin and allowing it to appreciate in value is a great way to grow your money. Buy on dips, spend on rallies!

Etherum, the second largest Altcoin

Etherum is another open-source Cryptocurrency that is making its way into the mainstream market. Etherum went live in July of 2015, so it’s relatively new, but it is growing at an incredible rate. The two are built on different platforms and Etherum uses a different algorithm, but by in large the same concepts apply.

Where to start?

I would start by opening up a [Coinbase account](#). Here you can buy your first Bitcoin. Coinbase will give you \$10 of free Bitcoin using [this link](#).

Then, once your Bitcoin appreciates in value you can order a BitPay card and send your Bitcoin directly to your new debit card to spend. Sit on your Bitcoin for a while and let them appreciate so when you make purchases you’re spending the profits.

Who knows in 10 years 1 Bitcoin could be worth \$10,000 USD and used to transact purchases all across the world!

Interested in Learning More?

The book **Digital Gold by Nathaniel Popper** does a great job of telling the story of Bitcoin.

Here is a great chronological series of Econtalk interviews on the subject of Bitcoin, how it has evolved and been applied over the years.

- [Andresen on Bitcoin and Virtual Currency](#) 4/4/2011
- [Gavin Andresen on the Present and Future of Bitcoin](#) 5/5/2014
- [Nathaniel Popper on Bitcoin and Digital Gold](#) 6/8/2015
- [Wences Casares on Bitcoin and Xapo](#) 7/20/2015
- [Bitcoin, the Blockchain, and Freedom in Latin America](#) 2/13/2017

Links from this article:

- [Coinbase](#) – Bitcoin exchange and digital wallet
- [BitPay Card](#) – Visa prepay debit card
- [Trezor](#) – Hardware Bitcoin wallet
- [Purse.io](#) – Website used to purchase products on Amazon using Bitcoin