

# New to Crypto? These are the Answers to Your Top 10 Questions

Lately, it seems like everyone is talking about cryptocurrency. Whether it's Facebook introducing the Libra stablecoin, Square making lots of money on its Bitcoin services or JP Morgan talking about creating a "digital dollar," some of the biggest global enterprises are jumping into this new world. Cryptocurrency markets are young and growing, so you're likely to have many questions. Paxos has been the regulated leader in digital assets from the beginning, so we have the expertise to provide the answers you need.



## 1. What is Bitcoin?

[Bitcoin](#) is the first and biggest cryptocurrency by market capitalization. It's a "digitally native" asset that can easily be sent from person to person (P2P). The idea of Bitcoin was introduced by Satoshi Nakamoto in the [Bitcoin whitepaper](#) in 2008. The first Bitcoin was mined in 2009 and it introduced blockchain technology to the world.

## 2. Is blockchain the same thing as Bitcoin?

Blockchain is a digital ledger technology and Bitcoin is the first asset to use that digital ledger. Think of a blockchain as a digital database that anyone can see and search. But blockchain technology can have many different use cases. Said another way, blockchain can exist without crypto, but crypto cannot exist without blockchain. Today, some of the most widely used blockchains include [ethereum](#), [stellar](#) or [ripple](#).

## 3. Are there multiple cryptocurrencies and how are they different?

Yes, there are many cryptocurrencies available today. Some of the most well known and widely traded are Bitcoin (BTC), Ethereum (ETH), [Bitcoin Cash](#) (BCH) and [Litecoin](#) (LTC). These differ primarily in value, usability and blockchain. Each lives on its own blockchain and has distinct characteristics. Notably, Bitcoin is still the most popular cryptocurrency and accounts for more than 66% of the entire crypto market. You can see how other tokens stack up through data aggregators like [CoinMarketCap](#) or [Messari](#).

#### 4. How do people hold their crypto?

Cryptocurrencies are held in digital “wallets” – a sort of bank account that only the wallet owner has the ability to access. Every wallet has its own unique cryptographic address where users can send crypto. There are many digital wallets available today, but some popular wallets include Trust Wallet or MetaMask. Most wallet platforms only require an email account to get started, making it much easier to access than the traditional banking system. Similar to a bank account, your digital wallet displays the total amounts of individual cryptocurrencies you hold.

#### 5. How do I see the blockchain?

Every blockchain has its own search engine, called a “block explorer.” Each block explorer allows anyone to lookup the history of a specific transaction (known as a “hash”), wallet or token. If you held 1 bitcoin in your wallet, you could use the [bitcoin block explorer](#) to see when the bitcoin was transferred to your wallet, from where, the time of transaction and the total cost of the transfer.

#### 6. Where do people use cryptocurrency?

Cryptocurrency came into existence in 2009 – it is still a young and growing asset class! Today, the entire market has a market capitalization of \$450 billion, which is just a fraction of the world’s \$600 trillion worth of assets. As this crypto ecosystem grows in size, the use cases for crypto will also increase. Most crypto in existence is used for trading, but new ways to borrow, lend, earn interest or make payments with crypto are popping up every day. Some big companies have started accepting crypto for payment through apps like BitPay and Bakkt.

#### 7. How much cryptocurrency is available today?

Crypto is different from government-issued – or fiat – currency. Fiat has a limitless supply because governments can always print more dollars, euros, pounds or yen. Most crypto existing today has a limited supply and needs to be “mined.” The current Bitcoin supply is 18.5 million tokens and it is coded to have a maximum supply of 21 million tokens.

#### 8. How is cryptocurrency created or mined?

Crypto mining is the process of supercomputers completing complex cryptographic problems to unlock new blocks of the blockchain. As mining continues, it becomes increasingly harder to unlock new blocks and it requires more and more energy for the computers to do so. While there is 18.5 million bitcoin available today, it [will likely take until 2140](#) for miners to unlock the total 21 million token supply. Stablecoins, on the other hand, are like US dollars, have an unlimited supply, and can be easily minted.

#### 9. What are stablecoins?

Stablecoins are a class of cryptocurrency that have a real-world equivalent – the US Dollar. Many stablecoins are backed 1-to-1 by US Dollars, making it easier for people to access cryptocurrency markets. Paxos powers three USD-backed stablecoins – [Paxos Standard \(PAX\)](#), [Binance USD \(BUSD\)](#), and HUSD. You can deposit USD with Paxos and we will “mint” digital stablecoins. That means for every PAX, BUSD or HUSD in the crypto ecosystem,

Paxos holds dollar reserves in US, FDIC-insured bank accounts backing the total supply. Paxos is a regulated Trust company and completes [monthly attestations](#) to ensure transparency and safety in our stablecoins.

## **10. Why are people so excited about crypto and why should I care?**

Cryptocurrency is designed to be a true peer-to-peer system of commerce. No one person, company or government controls it and anyone can access it. It is mobile, global and 24/7 and users do not need to rely on intermediaries to complete transfers of value. For now, crypto is exciting because it's a rapidly growing space with endless possibilities, thanks to the underlying blockchain technology.

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