

The world of **CRYPTOCURRENCIES**



Numerous people are dabbling in the world of cryptocurrencies.

Many are attracted by the amazing fortunes some have made in this space. Many have FUD – Fear, Uncertainty and Doubt.

They also have a lot of unanswered questions on the whole new ecosystem.

Take a peek into some of the questions that are bothering you.

What are **CRYPTOCURRENCIES?**

The easiest way to understand this is that it is a digital asset.

You treat these just like any other stock or bond or commodity.

You buy when the price is low and sell when the price is high and make profit of the difference in the price.



How to store **CRYPTOCURRENCIES?**

You store your crypto assets in what is known as digital wallets - a password protected web address - just like your email address.

Please keep the passwords protected and remember them as they are the only keys available to access your digital assets.

If you lose them - they are locked forever, and if you give them to anyone – they can do whatever they want with them!!!





Buying **CRYPTOCURRENCIES?**

You now want to buy some asset (coin) – may be some Bitcoin or some Ethereum.

For this – you will have to have a doorway to enter that ecosystem.

Exchanges are those gateways which will take you into that space.

So, download the app of any exchange of your choice, create an account in just 5 minutes.

Upload your KYC documents, link your bank account, secure your login credentials with authenticators – transfer some money to the exchange account.

BINGO – you are all set up to purchase your first Crypto.

Which coin to **PURCHASE?**

Now comes the most important aspect - which one to purchase.

There are over 14 thousand coins and tokens in the crypto environment.

You can pick and choose from any of them.

Keep in Mind

It is important to know about the project which is backing that particular asset just like you do some research about the company whose stock you want to purchase.

Download the project document – usually known as whitepaper and read it.

Visit its website – look for blogs and discussions surrounding that particular project and form your opinion.



TRADER or INVESTOR?

You also need to decide on how you want to play.

You may like to be a trader – in which case you would love the volatility these digital assets present you with.

You just need to employ your technical analytical skills to time your entries and exits.

OR

You may also like to become an investor for the long run.

The crypto market will call you a HODLER.

Here you need to ignore the sharp movement in prices and stick in for the time horizon you have in your mind.

Perhaps buy every dip as an opportunity to expand your investment.

But, whatever you do, you should respect the risk associated with trading and should manage your investments actively.



OPPORTUNITIES

These instruments present a plethora of opportunities.

Let's say, you have purchased the coins or tokens for long term - you can just hold them in your wallet and enjoy the price appreciation.

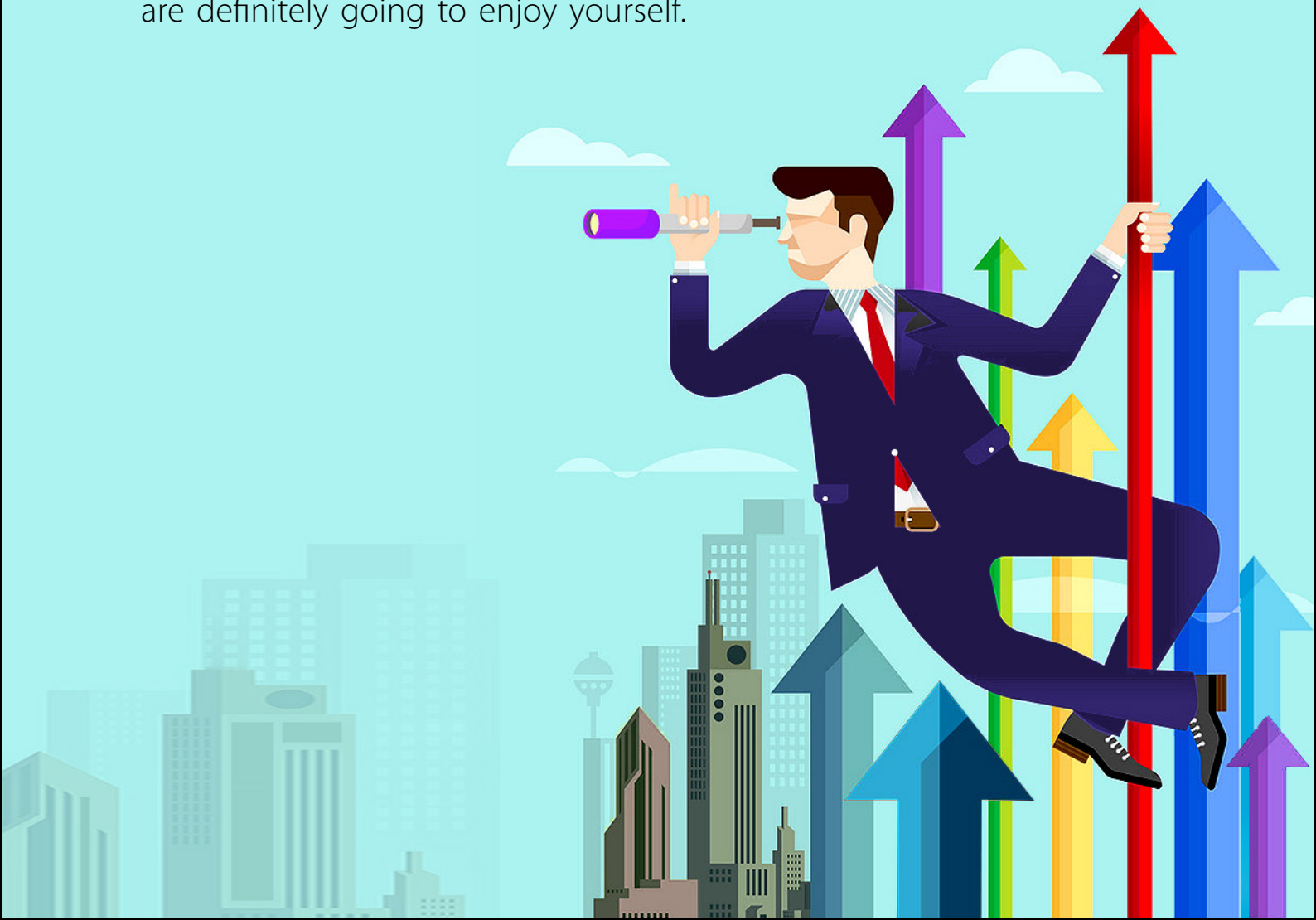
Additionally, you can also Stake your coins and earn additional interest along with the price appreciation in your favour.

You can participate in the **Liquidity Pools** of your coins and earn some yield from providing liquidity to these instruments-this is called **Yield Farming** - it is similar to earning coupon yields from bond investment by lending money.

There are a number of Decentralized Finance or **DeFi** projects - which will allow you to Borrow or Lend your assets – just like a bank.

They will give you additional interest if you Lend your crypto and you can borrow Crypto assets paying an interest on these platforms.

There are a lot of things that you can do in this ecosystem - and you are definitely going to enjoy yourself.





ISSUES

Few scarecrows you may be worried about.

IS THIS LEGAL?

Being a brand-new asset class – it isn't regulated yet.

So weren't stocks when they first appeared – neither were any of the financial instruments that are regulated today.

Regulations have always followed the new market instruments – historically.

So, cryptocurrency will be regulated soon and the investment environment around these would become more attractive.

ARE THESE THE TOOLS OF CRIMINALS? CYBER CRIMINALS

NO!!!! absolutely not.

Criminals still deal in dollars and euros – well for the bulk of their activity.

Yes, there are a few attempts of utilization of these instruments by criminals believing that no one would be able to track them.

Thanks to the transparent digital ledger – dark web organizations like the Silk Route – dealing in drugs and illegal arms were brought down with the help of Bitcoin blockchain by the FBI tracking their transaction trail!

BE AWARE

You need to be aware of a few things.

You will have to safeguard yourself from dishonest and mala fide actors in the environment trying to extract an investment from you with promises of unnatural or hefty returns.

Please investigate the economics of their business model and judiciously take an investment call.

Equip yourself with information and knowledge that **Cryptowire** strives to extend for you.





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