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## Introduction

Why venture into the wonderful world of cryptocurrencies and blockchain?

If you're reading this book, you heard of cryptocurrencies and want to know more. My interest started with XRP, a cross-border payment and settlement coin. It was brought to my attention by Bill McLellan. He was interested in setting up a peer to peer service for people sending small amounts of money to their families abroad. We were concerned by the devastating effects of the 2008 financial crisis. He came across Ripple Labs and we decided to investigate further. What follows is what I discovered.

The blockchain, which underpins cryptocurrency, is a groundbreaking technology. It has the potential to transform our lives as much as the Internet has, if not more.

This small book will give you an honest appraisal of the state of crypto now, in January 2019. It will show you what to look for in a cryptocurrency start-up, and briefly look at the development of older blockchain technology, like Bitcoin, which is ten years old. The crypto space is still very new, and to some extent, lawless. But that will change.

Bitcoin, Satoshi Nakamoto's invention, gives us ownership of our own money. It's a powerful idea; a secure, digital alternative to cash. In fact, the complex cryptography protocols associated with blockchain can encrypt any kind of data transfer, not just money. It will be used for smart contracts. Anything that requires transparency, accuracy, security and speed. For example, automating the process of buying a house, voting in an election, or claiming on an insurance policy.

For all its potential, cryptocurrency has had its share of problems. 2018 saw a long bear market, the price of coins going steadily down from an all-time high in December 2017. There was the Bitconnect Ponzi scheme, which promised up to 120%