

# Decoding Cryptocurrency

JEN: Wow, the universe is so huge, really makes you wonder whether... Oh no! Are you here to replace me with a creepy duplicate? Beam me to the mothership? Conquer the earth?

ALONSO: Relax, I'm just here to trade some cryptocurrency.

JEN: Oooh, phew. You know, I know what cryptocurrency is, but I also kind of don't know, you know?

ALONSO: No...but allow me to explain! Cryptocurrency is digital currency that exists online as part of a distributed ledger, on a decentralized network of computers called nodes. Instead of being backed by a central authority, like a government, you are instead trusting the consensus of a network secured by cryptography.

JEN: So, say I buy a bitcoin. What happens?

ALONSO: First you set up a digital wallet, typically on a cryptocurrency exchange, and convert your dollars into a bitcoin or, ahem, a fraction of a bitcoin. Then, the transaction is recorded as part of a cryptographically secured string of data blocks called a blockchain, and stored on the network.

JEN: OK, and then what? Ooh! Can I buy a spaceship?

ALONSO: Yeah...probably not. You can use cryptocurrency to exchange for goods and services like regular currency, but it can also be used as an investment vehicle!

JEN: To the moon! Woooo! Am I doing this right?

ALONSO: Cool your jets! You've got to be extremely careful when investing in cryptocurrency. The market volatility can be totally bonkers, and because the whole system is decentralized, there's no central authority regulating it. If you forget your password or send a transaction to the wrong address, or if your sketchy fund manager mysteriously disappears, you could lose it all with no recourse.

JEN: Yowza! OK, if I decide to dip a toe into crypto, I'd better be smart about it.

ALONSO: Just be very selective about who you trust with your money, and don't invest what you can't afford to lose entirely.

JEN: So, which cryptocurrency are you going to invest in?

ALONSO: I'm thinking... none! The crypto on planet Blingstax is more advanced. Bye!

JEN: Sup. Whooaaaaaa!