

# DECODING CRYPTO-CURRENCY



Crypto-currency is a type of virtual currency that uses cryptography (written and generated code) to verify that the person who attempts to use the currency is entitled to do so.

Unlike the USD, it has no central administrative authority and no central monitoring oversight.



**Exchanger.** Exchanges virtual currency for money for a fee.



**Administrator.** Issues virtual currency and establishes rules for its use.



**User.** Holds or uses virtual currency to purchase goods/services or transfers to another person.



**Miner.** Processes or verifies transactions broadcast in the virtual currency system.



**Wallet provider.** Provides a means for holding, storing and transferring virtual currency.

## IS CRYPTO-CURRENCY MONEY?

Crypto-currency is a unique payment system. It is not what we would consider "money" in the legal sense.



## A STORE OF VALUE

Bitcoin is one example of crypto-currency. Unlike real money, whose value is usually predictable, Bitcoin is volatile and is therefore not considered a reliable store of value in comparison to money.

## E-MONEY VS CRYPTO-CURRENCY



Crypto-currency is not electronic money (e-money). E-money is real money which is not held in physical form but is redeemable for cash whereas crypto-currency is tradable for cash.

## IS CRYPTO-CURRENCY LEGAL?



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