

Free Sample Chapter

Chapter 1: The First Questions Everyone Asks

We'll start with some good news: compared to the early days in this market, buying and trading cryptos is actually very easy. In fact, once you are set up, it only takes a few clicks. In the next chapter, we will show you how to get set up, what to buy, and when to buy.

We'll talk through the experience of some of the most successful traders in our group: from newbies who turned £12k into £116,000 in their first year, to more sophisticated traders who have quit their jobs to focus on crypto full-time.

But no matter what level you are at, people always have the same questions when they first start out in crypto. We have compiled a comprehensive list over the years so let's start there.

Q: How can I make money from Bitcoin or cryptos?

A: You can buy and hold cryptos (such as Bitcoin) just like you can any asset such as shares, property or gold. If the value goes up over time you can sell it back into pounds, dollars or euros for a profit.

You can also trade them for other cryptos (more on this later) and again the principles are the same. If you buy low and sell high you make a profit. Advanced traders can make money from Bitcoin in falling markets too by 'shorting' it (making a prediction the price will go down) like you can with spread betting.

Q: Who created Bitcoin?

A: Bitcoin was invented on the 31st October 2008 by Satoshi Nakamoto and then released as open-source software in 2009.

It has an in-built system of checks and balances that means it's at all times audited and provable by anyone who cares to look. This means it cannot be corrupted in the same way that 'traditional' currencies can.

Satoshi's anonymity often raises unjustified concerns because of a misunderstanding of Bitcoin's open-source nature. Satoshi has no way of undermining the system – it is entirely independent of him – and indeed everyone has access to all of the source code all of the time.

The Bitcoin system is peer-to-peer and because of this no one person or group controls it or can manipulate it. That means any developer can review or modify the software code and indeed the original code has been adapted and improved over the years. So, in this sense the

identity of Bitcoin's creator is about as relevant today as the identity of the person who invented paper.

Q: How does Bitcoin work?

A: Bitcoin is a 'digital' currency. You can send it from one person to another or use it to buy goods and services. From a technical perspective, the blockchain (the technology which powers Bitcoin) is the brains behind it.

The blockchain records every single Bitcoin transaction – past and present – and the ownership of every Bitcoin in circulation. Once again, this record (often referred to as a decentralised ledger) cannot be forged or manipulated by individuals, groups or even governments.

This is one of the reasons that Bitcoin is so popular. Technology-wise it's a bit like upgrading from snail mail to email.

Q: Do I trade cryptos or do I actually own them?

A: You actually own them*. You can exchange them for different cryptocurrencies, if you want to, and of course you can sell them back into currency (pounds, dollars, euros etc.). More on this in a moment.

* Some companies now offer the opportunity to buy options on them, but we suggest that until you are very familiar with cryptocurrency trading you stick to the traditional investing style.

Q: It looks very expensive; do I have to buy a whole Bitcoin?

A: Absolutely not. Otherwise you'd have to stump up thousands for a single Bitcoin each time, which would make it out of reach for most.

Think of Bitcoins in decimals. You can buy 0.1 of a Bitcoin if you want to, or 0.5 and so on. In the exchanges where you buy Bitcoin you can simply enter the sum you want to spend on them, e.g. £100, and it'll work it out for you.

Q: How do I access my funds? Is it real money?

A: Yes! It's absolutely real money. If you want to sell any of your coins back into currency it's just a case of following a few simple steps and the money is transferred into your bank account.

You can do this any time you want. Most exchanges say it can take a few days to clear but typically it's less than 24 hours.

Q: How do I buy Bitcoin and other cryptos?

A: The most common place to get hold of Bitcoin and other cryptos is on one of the online cryptocurrency exchanges. These are websites where you can exchange your money (pounds, dollars, euros) for crypto.

In return the exchange takes a small commission. There are also some offline vendors as well where you can buy and sell Bitcoin and even a growing number of Bitcoin ATMs.

Three reputable online exchanges where you can buy and sell crypto on in the UK and Europe are Coinbase, Kraken and Bitstamp (Important Note: we are not acting as an affiliate to any of these exchanges but mention them purely because they are the ones our team use. You'll find more information about our favourite exchanges in the Resource Guide at <http://thecta.io/resourceguide>.

Q: How is Bitcoin priced?

A: Bitcoin is like any other currency in that its value can go up and down relative to other currencies.

As there are only a fixed number of Bitcoins that can ever be in circulation (the total number of Bitcoin is capped at 21 million) it's not subject to inflation in the same way that state or national currencies are. You can't just print off more Bitcoin.

So the price is entirely dependent on supply and demand. If 10 million people are all trying to buy Bitcoin at the same time, the price will rocket and vice versa.

Q: What's the difference between Bitcoin and other cryptos or cryptocurrencies?

A: Bitcoin is the original and by far the most widely-used and accepted cryptocurrency. So why do these alternative cryptocurrencies even exist?

Well, like Bitcoin, they also offer a way to pay for things or to transfer money from person A to person B. Where they differ slightly is in how they use the technology.

Some claim to be completely untraceable to governments or individuals (Bitcoin, with a lot of effort can be traced). This makes them appealing to people who want total anonymity.

Others claim they are faster or require less energy to run. The Bitcoin network uses quite a lot of electricity when you tally up the whole enterprise.

So there are some differences between them and each has its own target users. You then also have non-currency-based cryptos. You may have heard of coins like Ethereum.

This is a crypto platform where developers can build services powered by its own coin, Ether.

So when you invest in Ether, you're effectively investing in the company or the idea and how scalable it is – a bit like if you were to invest in stocks or shares.

Simply put:

Coins like Bitcoin = cryptocurrency

Coins like Ethereum = platforms that use cryptocurrency (or blockchain) technology

Q: What are the advantages of using Bitcoin?

A1. Long term, it's considered a better store of value than 'traditional' currency.

Bitcoin cannot be manipulated, counterfeited or otherwise meddled with by governments, corporations or any one individual.

This might not sound like a big deal but this is really important.

Governments can, and do, regularly manipulate national currencies to suit their own ends.

In Argentina, a country recently beset by bad debt and economic mismanagement, inflation hit 40% in 2016.

In Venezuela, a once prosperous economy bursting with oil and natural resources, inflation recently hit 248.6%!

And in Zimbabwe the government printed so much money to cling onto power that inflation reached 79.6 billion per cent in 2015.

These are not isolated cases.

Even in developed countries, inflation can be high and it can compound over many years, devaluing national currencies.

In countries where there is high inflation but good Internet access, Bitcoin is extremely prevalent and it's easy to see why.

Bitcoin is a secure and valid store of wealth and method of payment for people in uncertain economic environments.

After all, why put your trust and hard-earned money into the national currency when it could be worth half as much in a year's time as it is today?

While we might feel immune from this kind of economic mismanagement in countries like the UK and USA we are still at the mercy of government policy. Regardless, if there's a change of government, a war, a regime change, Bitcoin cannot be meddled with.

A2. It's popular with individuals who don't want their activity traced.

Bitcoin is popular with libertarians who don't think that governments and individuals should be able to control and manipulate wealth.

They want an alternative model that puts freedom in the hands of people not governments.

It has also found a fanbase among some darker regions of the Internet and is often used by criminals to buy and sell drugs online because, like cash in the offline world, it is harder to trace. (However, Bitcoin itself is not completely untraceable and unless users go through

some effort to cover their tracks it often can be linked back to an individual. With that said, there are alternative cryptocurrencies which cannot be tracked).

A3. It's a more advanced way to deal with financial transactions and doesn't require middlemen.

When you make transactions using traditional currency you need all sorts of complicated, often manual, checks and balances in place as well as intermediaries... a bank, a clearing house, all the associated staff and, of course, all the regulators, including the government.

Bitcoin dispenses with a lot of that while providing a more secure and transparent system with which to make transactions.

Q: Who uses Bitcoin?

1. Ordinary people who want to use a currency that isn't held and controlled by banks and governments.
2. People in countries that are suffering from economic problems (whether that's hyperinflation, government corruption or strict controls) and want a safer space to store their wealth and a trustworthy way to transfer money to friends and family both domestically and internationally.
3. Investors who can see the rapid adoption of this exciting new technology and currency as inevitable and want to profit from its increasing value.
4. The biggest proven use of blockchain so far is money. Bitcoin has become a substitute for gold in many countries. And the cryptocurrencies that followed in its wake are disrupting many of the traditional pillars of the financial system: lending, securities, derivatives, exchanges. Billions of pounds and dollars have migrated to this new system in the last year. And there are huge potential gains for early investors.

Q: How are Bitcoins created?

A: There are 21 million Bitcoins in total although not all of them are in circulation yet. The remainder have to be brought to the surface in a process called 'mining'.

Think of it like gold. There's only a fixed amount of gold on our planet. It's there for the taking, but it needs to be mined (we'll cover what 'mining' for Bitcoin involves later!). It's the same with Bitcoin. Current estimates are that this won't be completed until around the year 2140. Even after the very last Bitcoin has been mined, miners will still be incentivised to keep confirming transactions.

Q: Is it risky to invest or trade in Bitcoin/cryptos?

A: It can be, but there are ways to reduce that risk significantly.

While the markets can be very volatile, at the Crypto Traders' Academy, we firmly believe cryptos are here to stay.

Commented [RMI]: Possibly add a Q and A about what are altcoins?

The useful ones that find a place in our day-to-day lives will continue to go up in value.

From an investor's point of view they are extremely volatile and coins can go up 2,000%, 3,000%, 5,000% in a matter of weeks or months. By the same token they can also crash hard.

You do need to have a strong stomach. Wild gains can easily be followed by devastating losses. It's important to only put in what you can potentially afford to lose in the short term. If you are prepared to wait for the long term, the potential returns could be extraordinary.

What Next...

We hope that's given you a taster. If you're new to this world we understand it can feel a little scary and strange.

There's so much hype and nonsense written about this subject that our mission is to cut through all that. Most of it's written by people who don't have a clue what they're talking about.

This misinformation makes us angry because it's dangerous and could lose you money. So, our aim at Crypto Traders' Academy is to guide you on the right path and give you the right tools and mindset for trading the crypto markets profitably.

If you're careful, and you follow a few basic rules, then this really could be the most incredible opportunity to make money that many of us will ever encounter in our lifetimes.

We can't emphasise that strongly enough.

As one of our lead traders, Michael, always says, "If we have another year like 2017" – and he strongly believes that we will – then "we may never have to work again."

His analysis of the six major cycles so far is that there is an average upside of 6,000% from peak to trough. So, the opportunity here is outrageous, really.

That's why we've created this book.

Your next step: Get some skin in the game and buy some Bitcoin.