

THE BITCOIN BEGINNER'S HANDBOOK

How to Make Money in
the Bitcoin Economy

CHAPTER ONE

WHAT IS BITCOIN?

Bitcoin is a decentralised, global, peer-to-peer payment network that leverages complex cryptography and economic incentives to facilitate financial transactions without the need for a bank.

In many ways, bitcoin is a currency like the dollar, euro or the pound. However, bitcoin only “lives” on the Internet because it is a digital currency. In other words, **bitcoin is money for the Internet.**

Bitcoin is a protocol that enables anyone in the world with an Internet connection to store, send, and receive money without the need for an intermediary.

The digital currency was created by an anonymous developer (or group of developers) in 2008. The first bitcoin transaction took place in January 2009.

Since then, bitcoin has become a global phenomenon that has revolutionised the way people can transfer value over the Internet.

WHAT'S THIS “MAGIC INTERNET MONEY” ALL ABOUT?

So, you heard about Bitcoin and that it has made some people rich. And now, you want in on the action!

If you don't already know the Bitcoin story, it started with an anonymous cryptographer over ten years ago and continues today with a growing community of users.

AND WHAT ABOUT THE BLOCKCHAIN?

“The blockchain is an incorruptible digital ledger of economic transactions that can be programmed to record not just financial transactions but virtually everything of value.”

– Don & Alex Tapscott, co-authors of Blockchain Revolution

In simple terms, the blockchain is a set of permanent records of data. It is run by a distributed network of computers to ensure that all transactions are confirmed and processed correctly and efficiently.

The blockchain is the underlying technology that the digital currency bitcoin operates on.

UMM, SO WHERE IS THE MONEY?

It's in this book! Seriously.

There are several ways to make money in the blockchain ecosystem, from trading and investing to mining and staking.

The cryptocurrency ecosystem has birthed a new digital economy that has created new ways to earn income. From full-time jobs to one-off micro-tasks, there is something for everyone who wants to earn bitcoin.

So, let's start your bitcoin journey!

CHAPTER TWO

EARNING BITCOIN

Arguably the best way to learn and earn bitcoin is by becoming a part of the Bitcoin community.

From micro-task platforms that pay out small amounts of bitcoin to getting paid in bitcoin as a freelancer, there are many ways to earn bitcoin in the crypto economy.

Let's have a look at some of the most popular ways to earn bitcoin.

FREELANCING

Blockchain and cryptocurrency know-how have become highly sought-after among recruiters. For instance, blockchain led the "Skills Companies Need Most in 2020" study published by LinkedIn. It was the most in-demand skill in the United States, the United Kingdom, Australia, France, and Germany.

Crypto freelance platforms provide you with up-to-date job listings categorised by locations, skills required, and salaries paid in bitcoin (or another cryptocurrency.) These websites are a great way to launch a professional career in the blockchain economy. Jobs available range from community managers, writers, social media managers, developers, analysts, and researchers.

Top crypto freelancing platforms include:

- Cryptocurrency Jobs
- CryptoJobs
- Coinality

Beyond traditional freelance sites, subreddit like r/BitcoinJobs and r/Jobs4Bitcoin are also excellent places to find freelance gigs that pay in bitcoin.

With freelancing-for-bitcoin, you can effectively earn as much bitcoin as you are able to charge for your services.

Online freelancers were actually among the earliest adopters of digital currency because they recognised the benefits of getting paid in a global, peer-to-peer digital currency whose value is not tied to the performance of their local economy.

MICRO-TASK PLATFORMS

Bitcoin micro-task platforms require you to partake in activities to earn bitcoin. These platforms don't give out bitcoin for "free" even though they often market themselves in that way. Instead, you will have to perform tasks or consume ads in exchange for small amounts of bitcoin, called satoshis.

Examples of popular bitcoin micro-task platforms include:

- 1.BitcoinGet
- 2.BitcoinReward
- 3.Bituro

Micro-task platforms will not make you a bitcoin millionaire, but they provide you with an avenue to get your hands on your first few dollars worth of cryptocurrency without needing to buy it.

BITCOIN CASHBACK APPLICATIONS

A relatively new and innovative way of earning bitcoin is through cashback apps. These applications reward you in bitcoin for shopping.

Really? Yes!

Bitcoin cashback platforms pay you rebates in bitcoin when shopping at supported retailers. These platforms support big brands like Walmart, GAP, GoDaddy, Udemy, and OverStock.

Top bitcoin cashback platforms include:

- 1.BitcoinRewards
- 2.CoinRebates
- 3.Lolli

CHAPTER THREE

INVESTING

Investing in bitcoin might be one of the best investment decisions you will ever make.

Despite the regular bashing crypto receives in mainstream media and so-called "financial experts, "bitcoin is the best-performing asset of the last ten years - by a mile.

What exactly is investing in bitcoin, though?

Investing in bitcoin means buying bitcoin and holding onto it for a long time with the expectation that it will increase in value.

This activity - often referred to as "HODLing" - is arguably the most popular method of investing in bitcoin.

As at the time of writing, the bitcoin price sits at \$9,440.00. At this price, if you put \$10 in bitcoin on 1st January 2011, you would have made \$629,402 in profit, and recorded 3,147,010% in returns.

"So what the hell does a millennial do to save for your future, when almost all assets have negative imputed returns for the next 20 years, 10 years? And the answer is, well, you take the optionality of cryptocurrency and Bitcoin."

- Venture Capitalist, Tim Draper

Investing in bitcoin is a risky venture because bitcoin is very volatile. You could lose a substantial amount of your investment if you buy and sell at the wrong time. Moreover, no one truly knows whether "the experiment Bitcoin" will work out.

TIPS FOR INVESTING IN BITCOIN

- Don't invest more than you are willing to lose.
- Only invest money you have. Don't borrow to invest.
- Buy bitcoin from reputable exchanges only.
- Always keep your bitcoin in a secure personal wallet that you control.

Expert tip: Watch out for "investment" schemes that claim to double your bitcoin. "Doubling bitcoin" programs and platforms are scams that promise high returns but are, in reality, Ponzi schemes that will run off with your money.

Examples of reputable exchanges would be:

- LocalBitcoins
- Paxful
- Luno

Additionally, you can keep your bitcoin safe by storing them offline in hardware wallets such as:

- Ledger
- Trezor
- KeepKey

Finally, it is best to always do your own research concerning cryptocurrency investment opportunities. Do not rely solely on advice from others.

CHAPTER FOUR

TRADING

Trading refers to buying and selling an asset in a short period of time to generate a profit.

When trading bitcoin, you are not required to own bitcoin for an extended period like you do when investing. Instead, you look for opportunities to trade in and out of bitcoin (or another digital asset) to earn small but regular trading profits.

Trading bitcoin can be a lucrative way to make money. Of course, that is only if you know what you are doing.

Traders make money by analysing price charts, following market-moving news, and gauging market sentiment to decide when to trade in and out of a cryptocurrency.

Anyone can trade, even though people with prior trading experience stand a better chance of making an income quickly.

To start trading, you will have to find a bitcoin exchange that allows you to buy bitcoin with your traditional currency and preferred deposit method.

There are several bitcoin exchanges with deposit options like bank transfer, bank cards, SEPA transfer, Paypal, Mobile Money, and even gift cards.

MOST POPULAR GLOBAL EXCHANGES:

- Binance
- Bittrex
- Kraken
- Huobi
- Poloniex

After depositing funds, you can buy and sell bitcoin based on your price expectations to potentially earn trading revenues.

Expert tip: Losses may occur while trading. In fact, most people who start trading will make regular losses as "learning lessons." Trading is, therefore, more something for people with prior experience trading stocks or currencies or for people who are truly committed to learning how to trade.

CHAPTER FIVE

MINING

Bitcoin mining is the process by which individuals or companies participate in the Bitcoin network by contributing their computing power to verify and process transactions. In exchange for their service, miners are rewarded with new bitcoin.

Unlike traditional currencies, bitcoin is not printed by a central bank. Instead, it is generated only through a process called mining. This prevents inflation and makes the circulating supply of bitcoin available to all.

You will probably have heard about bitcoin mining being a good investment. Especially from people who are trying to sell you so-called "cloud mining contracts." However, that is not true.

The reality is that it has become effectively impossible for small at-home miners to generate a profit mining bitcoin.

Therefore, if you are going to purchase mining hardware and take the time to learn the technical aspects of cryptocurrency mining, you will need to choose alternative cryptocurrencies to bitcoin, known as "altcoins," to mine instead.

Small altcoins have a lower mining difficulty than Bitcoin and are often geared specifically towards at-home miners. These are the mineable coins you want to go for.

If you do want to delve into cryptocurrency mining, here are the basics concepts you will need to understand:

Mining reward: The mining reward refers to the amount of cryptocurrency a miner earns.

Mining hardware: Highly specialised hardware used to mine digital currency.

Mining rig: Instead of getting pre-built mining hardware, a mining rig is a personal mining device made by you. It usually consists of a combination of graphics cards.

Mining pools: A mining pool is a collation of various individual miners into one group to achieve a higher hash rate.

Hash rate: The speed at which a computer can power a blockchain network.

Miners require a lot of computing power. This requires graphics processing units (GPU) or application-specific integrated circuit (ASIC) miners. In short, the more powerful the device you use, the higher your chances of making money through mining.

HOW TO MINE CRYPTOCURRENCY

To start mining, you need the following things:

1. Mining Hardware
2. Crypto wallet
3. Mining pool
4. Electricity and Internet connectivity
5. Mining software

First, you need to get mining hardware. This could be an ASIC, which you can purchase on Amazon, or you can build your mining rig.

Secondly, you will need a wallet. A wallet is a software application used to store cryptocurrency. It's like your bank account, if you will.

Further, mining is more profitable when you join other miners in a mining pool. Larger mining pools have more significant hash rates, which enable them to mine more blocks.

You will also need a 24/7 supply of electricity and an Internet connection to stay connected to the network. To gain maximum profits from mining, you should use a cheaper source of electricity.

Finally, you will need software to interact with your mining hardware.

Once you acquire all the essential items, you can then connect your miner to your power supply and computer. After, you follow the prompts on your mining software to start mining.

CHAPTER SIX

STAKING

Staking is a relatively new and innovative way of earning cryptocurrency.

Some cryptocurrencies use a different consensus algorithm than Bitcoin, one that does not involve the concept of mining. This consensus mechanism is called Proof-of-Stake (PoS).

In Proof-of-Stake, participants “lock up” cryptocurrency to secure the network. For helping to maintain the network, stakers are rewarded with freshly minted cryptocurrency.

In other words, you de facto earn interest on your crypto holdings by providing them as a stake to the network.

Currently, several cryptocurrencies allow you to stake your coins to earn “interest” on your digital asset holdings. Examples would be:

- Cosmos (ATOM)
- Tezos (XTZ)
- Stellar (XLM)
- Algorand (ALGO)
- NEO (GAS)
- Ontology (ONG)
- Komodo (KMD)
- Stratis (STRAT)

Just like mining, there are staking pools that combine the coins of several users to boost the returns of users. You can also convert your staked coins to bitcoin or back into fiat currency to cash out.

Some exchanges offer staking services that allow you to stake your cryptocurrency balance. This is an easier way for new users to stake since they will receive staking rewards despite their small holdings due to the larger exchange pool.

However, your coins are safer in your own wallet, and the ultimate way to stake is by yourself.

IS THAT ALL?

No!

The money-making methods mentioned in this eBook are arguably the easiest and most accessible ways to take part in the new digital economy. Fortunately, the industry has more to offer.

The blockchain ecosystem is growing rapidly, with more opportunities arising each day. Regardless of where you live or who you are, you can benefit from the new digital economic movement that Bitcoin has sparked.