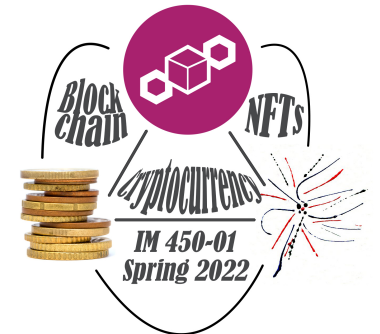


# **IM 450-01 Issues in IM: *Blockchain, Cryptocurrency, NFTs***

**Spring 2022**

**Class 8—February 15**

**Cybercurrency:  
What is it and how does it work?**



# Cybercurrency: What is it and how does it work?

Cryptocurrency refers to a type of digital asset that uses distributed ledger, or blockchain, technology to enable a secure transaction. (Hardle, Harvey, and Reule, “*Understanding Cryptocurrencies*,” August 2019). <<https://www.wiwi.huberlin.de/de/forschung/irtg/results/discussion-papers/discussion-papers-2017-1/irtg1792dp2018-044-1.pdf>>

# **Cybercurrency: What is it and how does it work?**

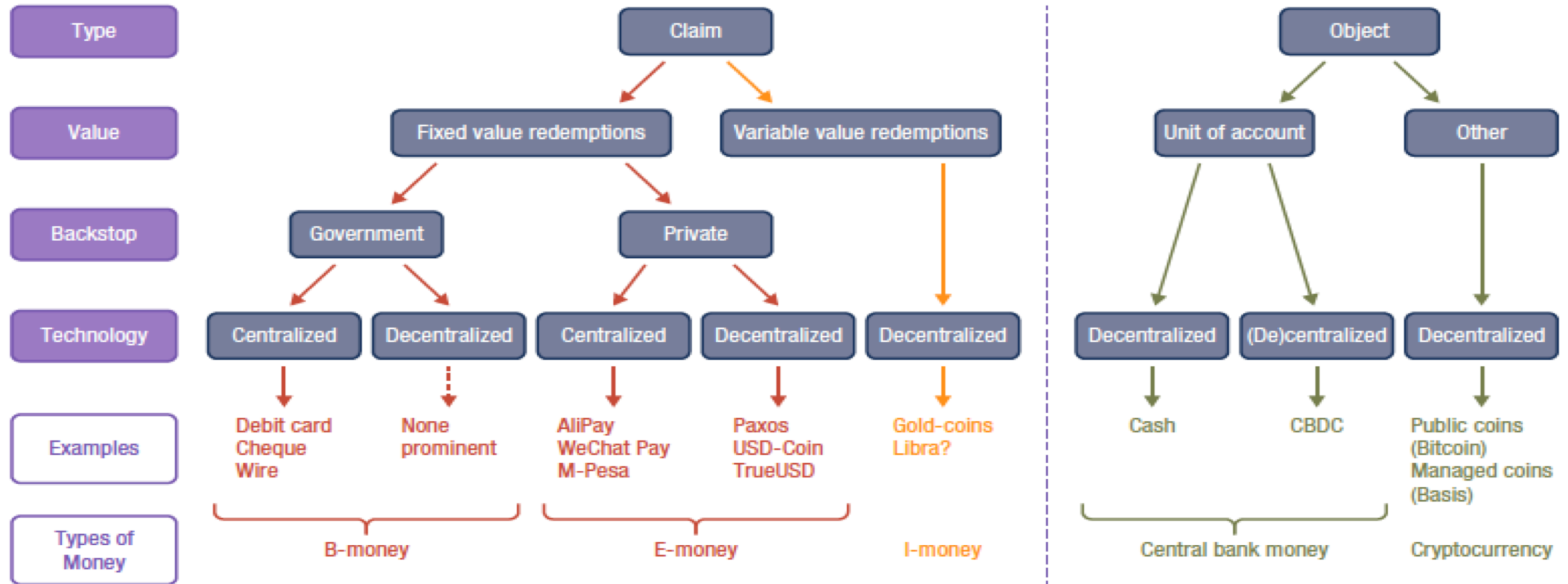
## **Taxonomy of Digital Money**

### **Five Different Means of Payment:**

- (1) central bank money;**
- (2) crypto-currency;**
- (3) b-money, which currently is issued by banks;**
- (4) electronic money, or e-money, offered by new private sector providers;**
- (5) i-money, short for investment.**

# Taxonomy of Digital Money

Figure 1. Money Trees



Source: IMF Staff.

Note: CBDC = central bank digital currency.

# Crypto-Currencies before Bitcoin?

**“Were There Cryptocurrencies Before Bitcoin?”** Nathan Reiff, *Investopedia*, Updated August 26, 2021.

< <https://www.investopedia.com/tech/were-there-cryptocurrencies-bitcoin/> >

**“A Quick History of Cryptocurrencies BBTC — Before Bitcoin,”** Ken Griffith, *Bitcoin Magazine*, April 16, 2014.

< <https://bitcoinmagazine.com/business/quick-history-cryptocurrencies-bbtc-bitcoin-1397682630> >

**“Top 4 Cryptocurrency Projects Created Before Bitcoin.”** JP Buntinx, *The Merkle.com* December 20, 2016.

< <https://themerple.com/top-4-cryptocurrency-projects-created-ahead-of-bitcoin/> >

**“A Look at How Second Life's Linden Dollars Helped Kickstart Bitcoin's Value.”** Jamie Redman, *Bitcoin.com*, January 14, 2021.

< <https://news.bitcoin.com/a-look-at-how-second-lifes-linden-dollars-helped-kickstart-bitcoins-value/> >

# Crypto-Currencies before Bitcoin

- David Chaum's **electronic coins** (USA, circa 1983)
- Chaum in the Netherlands, **DigiCash** (circa late 1980s)
- Russia, **WebMoney**, off-shoot of DigiCash (circa 1990s)
- **PayPal** (originally mostly for e-Bay--USA circa 1990s – to present)
- Linden Lab's (Second Life) Linden (USA circa 2003 – present)
- Nevis' **e-gold** (USA circa late 1990s-early 2000s)
- Wei Dai's **B-Money**, (USA, 1998)
- **Hashcash** (USA circa mid-1990s)
- Nick Szabo's **Bit Gold** (USA 2005)

# Cybercurrency: What is it and how does it work?

"Cryptocurrency explained"

<https://www.youtube.com/watch?v=Mvrrq8hLjcRk>

"How is One Cryptocurrency Different From Another?"

<https://www.youtube.com/watch?v=MJIR3l8qeus>

**“From Bitcoin mining to ATMs, Illinois is positioning itself as a center for the booming cryptocurrency industry,” Robert Channick, *Chicago Tribune*, Jun 18, 2021.**

**< <https://www.chicagotribune.com/business/ct-biz-cryptocurrency-illinois-bitcoin-mining-atm-20210618-j4hg5xjkmnamtkdaoukggt6v3y-story.html> >**

**<<https://www.governing.com/finance/illinois-could-become-new-hub-of-the-cryptocurrency-industry>>**

**We could save this for our jobs day, but it’s “local” and helps whet our interest so we’ll have a look at it today.**



**“Going for Broke in Cryptoland,” David Segal  
*NYT*, Aug. 5, 2021 (Updated Nov. 2, 2021).**

**<https://www.nytimes.com/2021/08/05/business/hype-coins-cryptocurrency.html>**

# Cybercurrency: What is it and how does it work?

<http://ledger.pitt.edu/ojs/ledger>

**Welcome to *Ledger*, the first peer-reviewed journal dedicated to the study of blockchains and cryptocurrencies! In our digital pages, you'll find high-quality, scholarly research on the uses, implementations, and implications of this burgeoning sector of the technology landscape. First published in 2016, *Ledger* was, is, and will continue to be a free and open-access academic journal, backed by an open, traceable peer-review process.**

# **Q&A? Cryptocurrency: What is it and how does it work?**