



BITCOIN: THE INTERNET OF TRUST

# The Origins Of Bitcoin

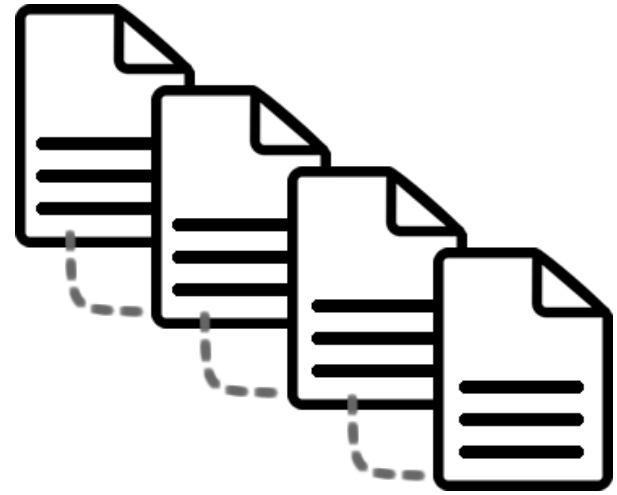
- Released in 2009 to the public, bitcoin is the first successful digital currency
- Satoshi Nakamoto, The Anonymous Inventor(s), was frustrated with the need for Bank Bailouts in 2008
- Personal wealth out of the control of government

# The Bitcoin Technology

- Peer-to-peer financial transaction network
- Near unbreakable encryption – “sha-256”
- All transactions use Bitcoins as currency
- Transactions occur from wallet to wallet
- All wallets exist on the blockchain
- All transactions are anonymous

# The Blockchain

- All transactions are recorded on a public ledger
- Transactions are confirmed by “mining” computers
- Confirmed transactions are added to the current block (file)
- Blocks are linked to each other forming a chain: The Blockchain
- Blocks are solved and added approx. every 10 min
- The blockchain is online and distributed  
<https://blockchain.info/>



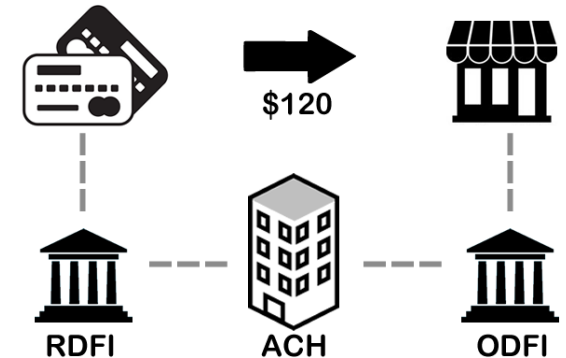
# Bitcoins

- Bitcoins are awarded to miners for processing transactions on the network
- Currently 25btc are awarded
- Only 21 million possible “coins” will be mined
- The last coin is estimated to be created in 2140
- Their value is supported by market forces
  - Human Trading, Computer Trading, Speculators, Investors, Merchants
- Trading Volume: ~200,000/day
- Today Bitcoin is worth: \$520 Canadian  
\$380 US

# Genius of Bitcoin: The Internet of Trust

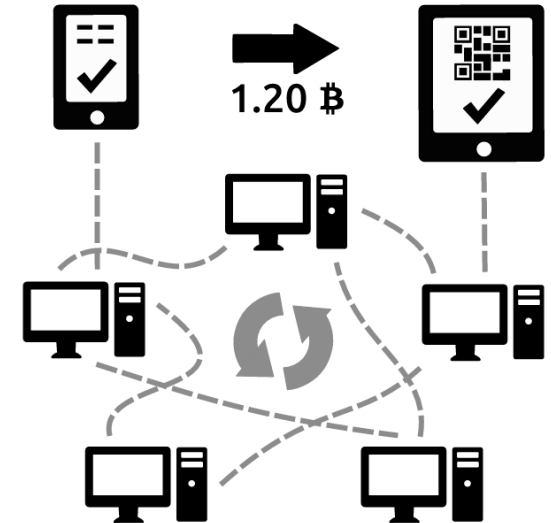
Current Fiat Transactions involve

- Third party verification
- Single point of clearance
- High level of industry regulation and trust
- Cost to Merchant: ~ 3%



Bitcoin Transactions are different...

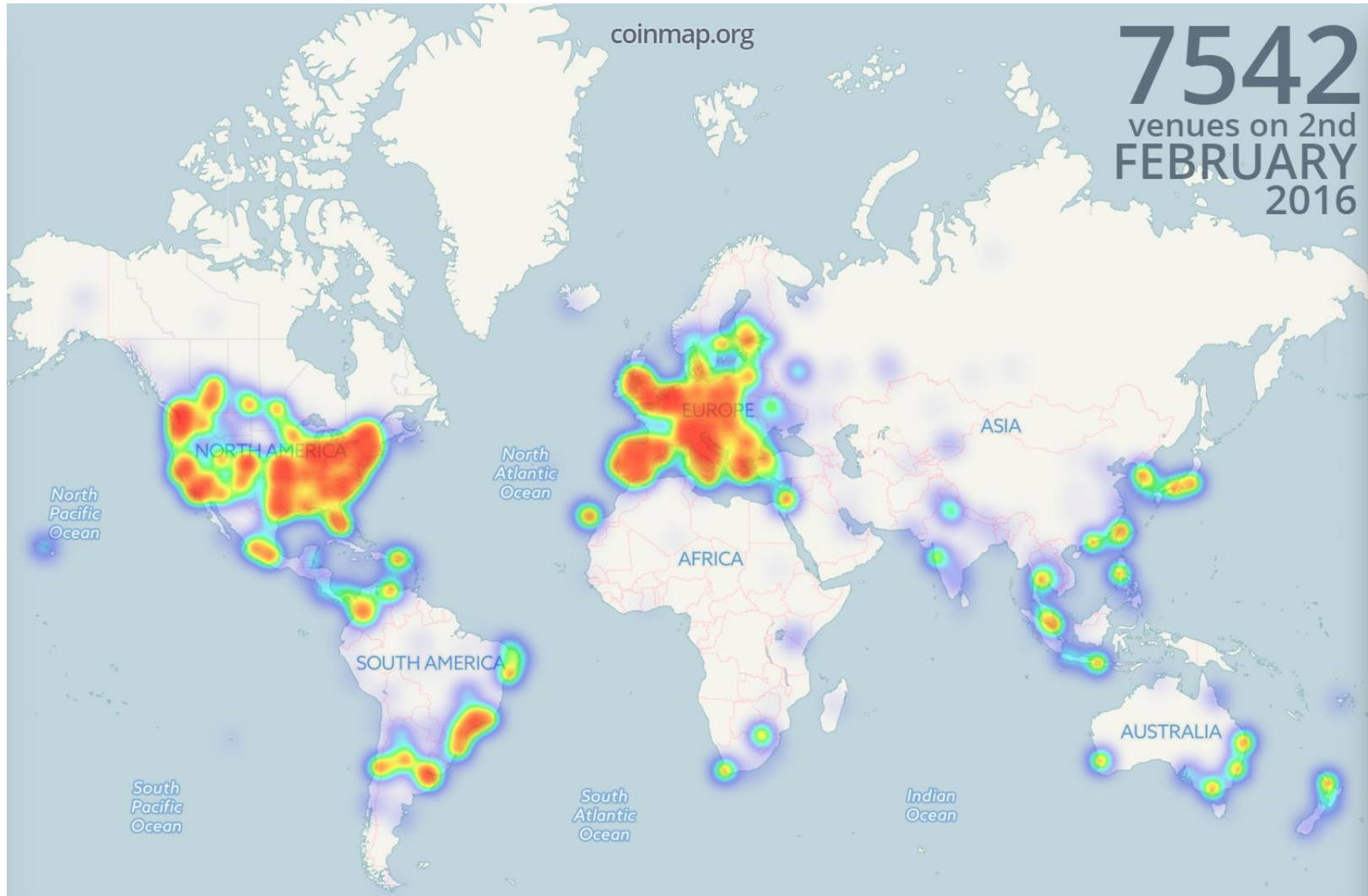
- Peer-to-peer computer verification
- No human interference needed
- Low level of regulation needed
- Cost to Merchant: Free to ~ 1%



# Bitcoin History



# Global Bitcoin Activity





# Bitcoin in Canada



- Bitcoin is legal in Canada
- Users of Bitcoin are required to pay tax on transactions:
  - "Barter transaction rules apply where bitcoins are used to purchase goods or services" - Canada Revenue Agency
  - "When bitcoins are bought or sold like a commodity, any resulting gains or losses could be income or capital for the taxpayer depending on the specific facts" - Canada Revenue Agency
- Honor System due to anonymity
- ~310 Merchants in Canada accept bitcoin

# The Future of Bitcoin

## Potentials

- Disrupt money transfer systems such as Western Union
- Facilitate International trade
- Possible anti-Spam tool
- Moores law suggests the cost of doing business with Bitcoin will fall as technology improves every 18 months

## Hindrances

- Bitcoin has a checkered past: Silk Road, MT Gox
- Viewed as a threat to fiat currencies
- Currently very little regulation
- Experiencing growing pains

# The Future of Blockchain

- Blockchain Technology is launching a FinTech revolution
- **BNP Paribas, Société Générale, Citi Bank, UBS, Barclays, Goldman Sachs, Banco Santander & JP Morgan Chase**
- The decentralized nature of the blockchain is leading to the creation of alternative blockchains with different purposes
- Ethereum for Smart Contracts
- Personal Identification
- Secure Blockchain Voting
- Secure online data storage

# Bibliography

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