

What is Bitcoin, and why should I care?

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The insane volatility of the cryptocurrency market is something the financial world has never seen before.



The hype around Bitcoin and other online currencies reached ridiculous proportions at the end of 2017 with the price of one bitcoin rocketing to almost \$20,000. On the biggest South African cryptocurrency exchange, Luno, the price shot to over R300,000, which was way above the international average.

It's a market where you stand to make crazy profits, but the risk is high and there are so many scammers looking to take advantage of new entrants. So be very careful if you're thinking of putting money into crypto.

Now big companies like Microsoft accept Bitcoin, and the [South African Revenue Service is taxing Bitcoin and other online currencies](#) which further legitimises the entire ecosystem. SARS will also penalise people who don't declare their cryptocurrency earnings.

It's still early days in the lifespan of cryptocurrencies, so don't think you've missed the boat. If you'd like to know more about how it all works, whether it's safe, and how to get involved, then you need to watch [The Rise and Rise of Bitcoin](#) right now.



But what is Bitcoin?

Bitcoin is a new way to send payments over the internet, where thousands of computers around the world work together to make transactions and track ownership of digital currencies like Bitcoin.

When you send someone Bitcoin, the transaction is broadcast to the entire network to be verified. It's then recorded in a public ledger called the blockchain.

The blockchain keeps a record of every Bitcoin transaction that happened since the system began and is shared and maintained on the network. So everyone keeps the books and the system is completely transparent and decentralised.

Why was Bitcoin made?

Bitcoin was born following the financial crisis of 2008. It was created as an alternative to the current banking system where a central authority controls the supply of money.

Bitcoin is designed to let you store, send and receive payments without any banks or credit card companies. And making a payment with Bitcoin to anyone around the world is as easy as sending a text message.

But what's so great about that? Well, banks are slow, expensive and part of a broken financial system where your fees pay for the buildings, lawyers, and holiday houses for the executives. Banks also limit how you can access and spend your money. Bitcoin removes all of that.

Where can I buy Bitcoin in South Africa?

There are quite a few exchanges in South Africa, but the biggest is Luno.com, which was just named the fastest growing tech start-up in London, where it now also operates.

To start investing you'll need to register an account on Luno and verify your personal details. Then you simply deposit money into your Luno account and place an order on the exchange to buy Bitcoin or Ethereum, which are the two cryptocurrencies Luno currently offers.

Where can I learn more about Bitcoin?

Bitcoin is changing the way money works, just like the internet changed the way we communicate, and the cryptocurrency

market has reached a critical mass now that cannot be ignored.

If you'd like to know more about origin of Bitcoin and the impact that the technology behind it may have on various industries, your starting point needs to be this brilliant documentary – [The Rise and Rise of Bitcoin](#). [Watch it now »](#)

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