

Contents

1	The History of Money	1
1	The Importance of Money and Bartering	1
2	Primitive Forms of Money	4
3	The Impact of Money on the Development of Civilisations	10
4	The Invention of Coinage	12
	4.1 China	12
	4.2 Lydia	13
5	The Transformative Impact of Money	15
	5.1 Greece	15
	5.2 Rome	17
6	Faith and Money	19
	6.1 Buddhism	19
	6.2 Islam	19
	6.3 Christianity	20
7	The Italian Bankers and the Renaissance	23
8	China and the Rise of Paper Money	25
9	Portugal, Spain and the Age of Discoveries	27
10	The Dutch Innovations	28
11	The British and the Bank of England	29
12	The American Colonies and Paper Banknotes	31
13	The Return of the Gold Standard	34
14	Leaving the Gold Standard and the Financial Crisis	37
15	The Bitcoin Whitepaper	38

2	Bitcoin	45
1	The Basics of Cryptography and Encryption	45
1.1	Early Encryption Techniques	45
1.2	Asymmetric or Public Key Cryptography	46
1.3	Early Experiments with Cryptocurrencies	47
2	The Bitcoin Whitepaper	49
2.1	The Role of Cryptography in Bitcoin	49
2.2	The Role of Decentralisation in Bitcoin	51
2.3	The Role of Immutability in Bitcoin	53
2.4	The Role of Proof-of-Work in Bitcoin	54
3	The Growth of Bitcoin	58
4	Retail Adoption of Bitcoin	70
5	Bitcoin as Legal Tender?	75
6	Bitcoin as Company Treasury	79
7	Challenges Facing Bitcoin	81
8	The Bitcoin Lightning Network	83
9	Proof-of-Stake	88
3	Ethereum	91
1	History of Ethereum	91
2	How Is Ethereum Different?	92
2.1	What Is the Concept of “Gas” on the Ethereum Blockchain?	94
3	What Is Ethereum 2.0?	97
4	The Emergence of New Blockchains and Crypto-Assets	99
1	Examples of Cryptocurrencies and Tokens	101
1.1	Algorand (ALGO)	101
1.2	Avalanche (AVAX)	102
1.3	Binance Coin (BNB)	102
1.4	Bitcoin Cash (BCH)	103
1.5	Bitcoin SV (BSV)	104
1.6	Cardano (ADA)	104
1.7	Chainlink (LINK)	105
1.8	DASH (DASH)	105
1.9	Dogecoin (DOGE)	106
1.10	Eos	107
1.11	Hedera Hashgraph (HBAR)	108
1.12	IOTA (IOTA)	109
1.13	Litecoin (LTC)	109
1.14	Monero (XMR)	110

1.15	Polkadot (DOT)	110
1.16	Polygon (MATIC)	111
1.17	Ripple (XRP)	111
1.18	Shiba Inu (SHIB)	113
1.19	Solana (SOL)	114
1.20	Stellar (XLM)	116
1.21	Tezos (XTZ)	116
1.22	Tron (TRX)	117
1.23	Vechain (VET)	118
1.24	ZCash (ZEC)	118
5	The Technology Behind Bitcoin: Blockchain	121
1	Defining the Characteristics of a Blockchain	121
2	Differences Between Private and Public Blockchains	123
3	Challenges of Blockchain	125
4	Use Cases of Blockchain	128
6	Cryptocurrencies	133
1	Fungible and Non-fungible Tokens	135
2	Payment Tokens	137
3	Cryptocurrencies	139
3.1	Decentralised Cryptocurrencies	140
3.2	Centralised Cryptocurrencies	141
3.3	Privacy Coins	142
7	Stablecoins	149
1	Fiat-Collateralised Stablecoins	152
1.1	Regulated Fiat Stablecoins	153
1.2	Non-regulated Fiat Stablecoins	155
2	Crypto-Collateralised Stablecoins	157
3	Non-collateralised Stablecoins	160
4	Facebook's Libra (Meta's Diem)	163
4.1	Libra 1.0	164
4.2	Libra 2.0	166
4.3	Diem	170
8	Central Bank Digital Currencies	171
1	Benefits for Central Banks	174
2	History and Catalysts for CBDCs	177
9	Wholesale Central Bank Digital Currencies	185
1	National Model	185
2	Cross-Border (Corridor Model)	188

3	Cross-Border (Multi-CBDC) Model	195
3.1	Compatible CBDC Systems	195
3.2	Interlinked CBDC Systems	197
3.3	Single mCBDC Multi-Currency System	198
10	Retail Central Bank Digital Currencies	203
1	Token-Based Issuance	206
2	Account-Based	210
3	Forms of Retail CBDC	211
3.1	Decentralised Approach	213
3.2	Direct Approach	216
3.3	Synthetic Approach	216
3.4	Two-Tier/intermediated Approach	218
3.5	Platform Approach	223
11	Utility Tokens and Social Tokens	233
1	Utility Tokens	233
2	When Is a Token a Security?	234
3	Social Tokens	239
12	Security Tokens	241
1	What Is Tokenisation?	241
2	Tokenisation of New Investment Instruments	243
3	Tokenisation of Pre-existing Investment Instruments	245
13	Non-Fungible Tokens	249
1	Non-Fungible Tradable Tokens	249
2	Non-Tradable and Non-Fungible NFTs	257
14	Bitcoin and Crypto Mining	259
1	The Evolution of Bitcoin and Crypto Mining	259
2	What Are Mining Pools?	262
3	The Environmental Impact Debate	263
4	Where Does Mining Take Place?	273
15	Crypto-Asset Creation and Distribution	277
1	Initial Coin Offerings	277
2	Initial Exchange Offerings	283
3	Security Token Offerings	284
4	Hard and Soft Forks	285
5	Airdrops	287
6	Liquidity Mining/Yield Farming	288

16	Decentralised Finance (DeFi)	291
1	What Is DeFi?	291
2	Can DeFi Be Regulated?	293
3	DeFi Stablecoins	296
4	DeFi Borrowing and Lending	298
5	What Are Flash Loans?	300
6	DeFi Exchanges	301
7	What Are Automated Market Makers (AMM)?	303
	7.1 What is Total Value Locked (TVL)?	306
	7.2 What Is Impermanent Loss When Referring to Decentralised Exchanges?	306
8	DeFi Synthetic Assets	308
9	DeFi Insurance	309
10	Aggregators	310
11	Benefits and Challenges of DeFi	311
17	Crypto Regulations and Compliance	315
1	Different Approaches to Crypto Regulations	316
	1.1 A Positive Disposition to Crypto-Assets	316
	1.2 A Neutral Approach to Crypto-Assets	317
	1.3 A Negative Approach to Crypto-Assets	317
	1.4 The Future of Crypto-Asset Regulation	318
2	Different Approaches to Crypto Tax	319
3	Crypto and Illicit Activities	321
4	Crypto Compliance	325
18	Crypto Exchanges	335
1	Centralised Crypto-Asset Exchanges	335
	1.1 Fiat-to-Crypto Exchanges	337
	1.2 Crypto-to-Crypto Exchanges	340
	1.3 Crypto Derivative Exchanges	341
2	Decentralised Crypto-Asset Exchanges	344
3	Cybersecurity and Hacking Considerations	346
	3.1 Inherent Risks with Crypto-Assets	346
	3.2 Centralised Crypto Exchange Hacks	347
	3.3 Decentralised Crypto Exchange Hacks	348
19	Crypto Funds	351
1	Active Crypto Funds	353
2	Passive Crypto Funds	358
3	Crypto ETFs	360
4	Venture Capital Crypto Funds	361
5	Tokenised Funds	362

20	Crypto Ecosystem Enablers	363
1	Traditional Financial Institutions	363
2	Crypto-Focused Banks	365
3	Crypto Borrowing and Lending Platforms	366
4	Institutional Investors	369
5	Crypto-Asset Custodians and Wallets	374
	5.1 Third-Party Crypto Custodians	376
	5.2 Self-Custody	377
6	Large Tech Firms	377
7	Service Providers	378
8	Crypto Media Ecosystem	379
21	Future Trends to Watch	381
1	Web 3.0	381
2	The Metaverse	383
3	Quantum Computing	384
4	Zero-Knowledge Roll-Ups	389
5	Decentralised Autonomous Organisations (DAO)	391
	Conclusion	395
	Notes	397
	Index	449