

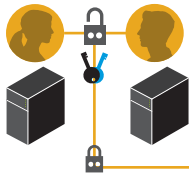
The bitcoin economy


Bitcoin is a digital currency that enables payment in a decentralized peer-to-peer network that is powered and approved by the consensus of its users. There is no central authority or middleman that controls it.

Transactions

- 1 A user generates a request to transfer a bitcoin value from their account to another using a mobile device or computer.

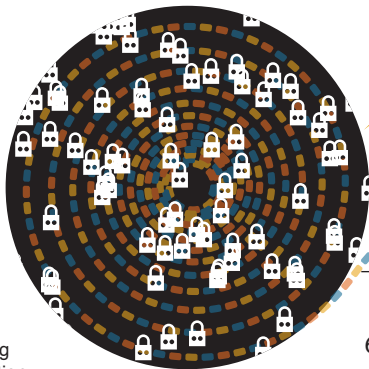
Transaction



-  Bitcoin client software is required to create a virtual wallet, a private key, and public key for authenticating and securing each transaction.

- 2 The request floats on the bitcoin network until users in the network called "miners" pick it up for processing.

Bitcoin network



Mining

- 3 During the mining process, transactions are packed into data blocks and are randomly assigned with a header.

- 4 Miners compete to match the block's header with a nonce, an arbitrary number used only once, to get a short alphanumeric code called hash, which must have a value below a certain difficulty target.

Miners



- 5 Each hash accepted by the bitcoin network is rewarded with bitcoins, currently at 25, but this will exponentially decrease as more miners join the network.

It takes about 10 minutes to process a transaction and once it's done, it is irreversible.

- 6 The hash values are then added to the next block's header, creating a block chain, which serves as the public ledger of all transactions ever made in the bitcoin network.

