

Real-time Payments with Cryptocurrencies

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In brief

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Bitcoin is the most famous digital currency in the world and is known to most people as an investment in the future. They try to speculate with the Bitcoin to get a high return at some point. However, there are already ways to pay with the Bitcoin. Or even to pay the stake in gambling with digital currencies like mentioned in the Crypto casino guide. So far, these speculators have been proven right, because the Bitcoin is currently close to a value of 50,000 USD for just one Bitcoin. However, the idea behind the Bitcoin was initially different, and that was to create a digital currency for everyone, without any control from banks or other institutions.

Who already pays with cryptocurrencies today?

However, the function of payment with Bitcoin is hardly known so far. Especially in Germany, this type of payment is still limited and it is difficult to find services or products that can be paid for with Bitcoin. However, this all seems to be changing now. Accordingly, more and more larger companies and service providers are jumping on the Bitcoin bandwagon. Companies like Tesla, Paypal, Mastercard as well as Visa are pursuing the goal of accepting cryptocurrencies as soon as possible. However, there are also companies that are more future-oriented and already accept cryptocurrencies as a normal means of payment. These companies are, for example, the streaming provider Twitch as well as Microsoft in its Windows own store. In addition, the delivery service Lieferando accepts Bitcoin. Other companies are NGOs that mainly accept donations in the form of cryptocurrencies. Occasionally, there are also retail stores, restaurants as well as bars that accept the modern currency as a means of payment.

What about the security of cryptocurrencies?

Cryptocurrencies are characterized by the fact that they are not regulated and no large institution like a bank or a government can control the currency in any way. Bitcoin works similarly to decentralized networks, so it uses many different nodes in a network to be secure. The whole thing is called a blockchain. In this blockchain, all the info is written down. This makes it impossible for hackers or fraudsters to change or influence the currency without it being recorded on the internal blockchain. This form of security could not be cracked by anyone so far, which is why this technology is considered the most secure ever. However, the risk of loss, as is so often the case, is with the people themselves. Accordingly, many Bitcoin owners have already misplaced their digital wallets or lost or forgotten the corresponding password.

How can I access Bitcoin?

After a Bitcoin or several have been purchased, a wallet becomes the repository for the newly purchased digital currency. This wallet, which translates to the wallet, is the digital wallet for cryptocurrencies. It can best be compared to a normal account. All Bitcoins are then stored on it and can be withdrawn and transferred just like with an account. The wallets are protected by a personal code that each user receives. Forgetting this code is the nightmare of every owner of digital currencies because it is not stored anywhere.

What exactly does a cryptocurrency do for me?

Since there are no regulating instances for cryptocurrencies, the price of bitcoin, for example, has risen so rapidly and continues to rise. Since there are no interest rates on the normal money market at the moment and many currencies are unstable, it is worthwhile for many investors to put money into digital currencies. Experts call bitcoin safe as far as inflation is concerned. The reason for this lies in the finite nature of bitcoin, so a maximum of just over 20 million bitcoins will be available on the open market. When this point is reached, then there will be no more new Bitcoins and the currency can only climb upwards. A wave of inflation is virtually theoretically ruled out here.

How do I pay with Bitcoins?

Each block in the blockchain is a digital record that contains the point of purchase, the amount, and the two sides involved in the transaction. The transaction can be tracked by what is known as a hash. This is a unique code of numbers and letters that is recreated every time a purchase is made with cryptocurrency. This can be considered the DNA of a transaction and cannot be changed once the transaction is completed once. Then the info is sent to the blockchain and stored there. Each new transaction is appended to the end of the blockchain. Because more and more people are making crypto transactions, the size of the blockchain keeps growing as well. These shifts of money are all recorded and encrypted on the blockchain. This whole process takes anywhere from a quarter of an hour to a few days. This depends on the amount of transfers being processed at the same time. The medium used to pay with cryptocurrencies are third-party providers that act as an exchange office, so to speak, and exchange the Bitcoin for real money at the prevailing rate. Accordingly, they form the interface between digital currency and real money. Of course, this service is not free of charge and must be paid for, just like a bank transfer.

Is all the effort even worth it?

Bitcoin's biggest problem so far is also its biggest advantage - the high value of the currency. People who would like to pay with Bitcoin have to ask themselves every time whether they just spend a lot of money or not. This is because bitcoin is regularly subject to large fluctuations. The value changes quickly and so it can be that a Bitcoin was worth 10,000 USD yesterday and 20,000 USD today. This real-world issue must always play a role when paying with digital currencies. So paying with a digital currency, in reality, turns out to be more difficult than the theory says. If you want to pay with Bitcoin, you always have to be aware of the current exchange rate and have to reckon with the possibility of large losses.

Dreams of the future or reality?

Digital currencies are almost certainly the future of digital payments. There are still many problems in practical handling, but these would have to be clarified in the future. At the moment, Bitcoin seems more like a safe investment in the future, because the increase in value is hardly comparable with a share or other investment. However, anyone who wants to pay with a digital currency today must always be careful not to spend thousands of euros for a latte.

References

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