



CRYPTOCURRENCY AND ITS PLACE IN COMMERCE

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GENESIS OF CURRENCY

- Barter trade.

The earlier form of commerce and trade was through barter, an activity of simply trading goods or services directly without any intermediary “medium of exchange”.

GENESIS OF CURRENCY



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GENESIS OF CURRENCY

■ Primitive money

“All money that is not coin or like modern paper money, a derivative of coin” P. Griesson, Professor of Numismatics at Cambridge.”

Primitive money was the only form of money until coinage was invented in Lydia (Greece) in the 7th Century BCE.

These included;

- Cowry shells
- Cattle
- Tobacco
- Grain
- Whales teeth

GENESIS OF CURRENCY



GENESIS OF CURRENCY

- Fiat currency

The general consensus is that paper currency emerged in China. By 1120, the government had recognized the potential of paper money and started issuing the first generally circulating bank notes, granting itself a monopoly in the area. Currency remained regional until 1265, when the song government produced a national currency, with notes representing 1 to 100 strings of cash



FROM COMMODITY MONEY TO FIAT MONEY TO.....

■ CRYPTOCURRENCY

WHAT IS CRYPTOCURRENCY?

- Simply call it a digital currency /asset
- Lets take the most prominent example i.e. Bitcoin



WHAT IS BITCOIN ?

- A Digital currency launched in 2009
- Mysterious founder(s) authored original white paper and software
- Built on open source code
- Based on mathematical strength of cryptography and on self-interest of involved parties
- Trustless and unforgeable ledger of transactions (on the blockchain)

WHAT IS THE IMPLICATION

- Not tied to any national authority
- Nearly instantaneous transactions across the globe without intermediaries and with extremely low transactions cost
- A currency native to the internet

NATURE OF CRYPTOCURRENCY

- **Private:** not issued by an official state authority
- **Decentralised:** no centralized issuing party/ counter-party, instead units are issued to a decentralized group of users.
- **Digital:** fully electronic currency, no physical coins or notes
- **Cryptography:** Anti-counterfeiting is conducted through cryptography. No fake coins

THE BLOCKCHAIN

- A single file which serves as a ledger, a record of transactions or interactions
- Distributed amongst many parties/ parties in a network
- Each block is signed with cryptographic hash of the previous block creating an inviolable and integral chain of incontrovertible blocks
- The nodes check each others' work and combats fraud

HOW THE BLOCKCHAIN TECHNOLOGY WORKS

HOW BLOCKCHAIN WORKS

“ A Blockchain is a cloud based database shared by every participant in a given system, in the case of this exemplar, its a currency trade. The Blockchain contains the complete transaction of the cryptocurrency or other record keeping in other applications. Think of it as a cloud based peer to peer ledger. ”

1 Alice wants to send money to Ben



2 The first Block is created online and represents the transaction



3 This Block is broadcast to every party in the network



4 Those in the network approve the transaction and validate it



5 The Block is then added to the Chain which provides a permanent, nonrepudiable and transparent record of the transaction



6 Ben receives the money from Alice



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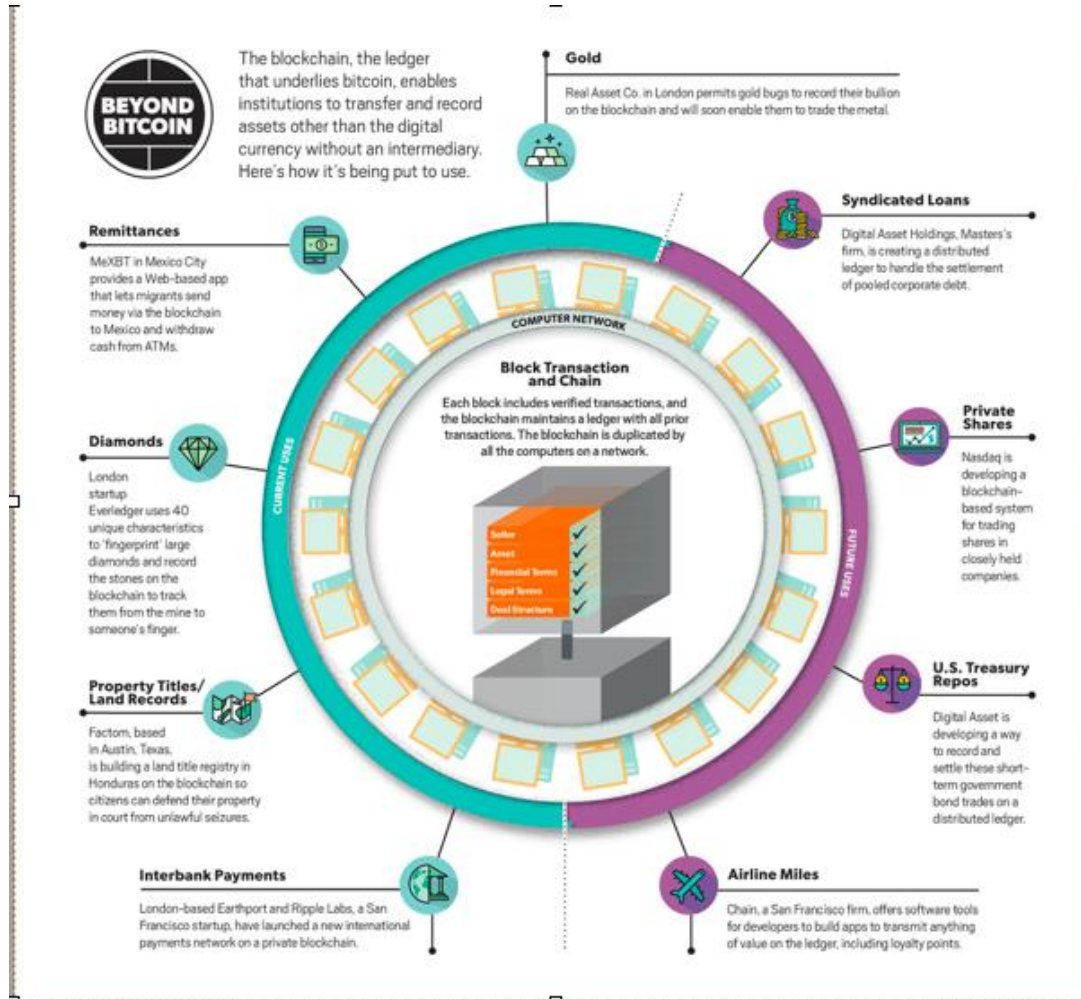
Notes: Transactions are not valid until added to the Chain. Tampering is immediately evident.

The Blockchain is regarded as safe as everyone in the network has a copy. The Source of any discrepancies are usually evident immediately.

THERE IS MORE TO BLOCKCHAIN THAN CRYPTOS : 3 GENERATIONS OF BLOCKCHAIN



BEYOND BITCOIN



PLACE OF CRYPTOCURRENCY IN COMMERCE : E - COMMERCE

Why e-commerce ?

- Any one in the audience who has not bought something on the internet ?
- I don't know many people who haven't **bought something over the internet** at some stage. Meaning, e-commerce has grown tremendously over recent years and it is changing the way we live and do business.
- Our dependence on online transactions has inevitably created a need for a digital currency to meet the demands of the e-commerce industry.
- The e-commerce market is characterized by fast paced high tech systems whose demands can longer be met by mainstream financial institutions. Thus the rise of Fintechs like BitPesa, Wala, Coin Pesa and SureRemit using blockchain to transfer huge sums of money across borders at reduced costs within record time.

CRYPTO CURRENCIES MEET THE DEMANDS OF E- COMMERCE

- According to the United Nations Economic Commission for Africa Draft Report (2017)

“ Blockchain technologies are being deployed in Africa to replace single points of financial system failures with decentralised market structures. They are helping expand financial inclusion to the estimated 2 billion unbanked population who are currently not being served by the global financial system.”

CRYPTO CURRENCIES MEET THE DEMANDS OF E-COMMERCE

As more industries continue to adopt the use of blockchain technology, from financial payment systems (fintechs), digital identity management, smart contracts, eradicating fraud and corruption surrounding governance systems, access to justice, dispute resolution on the blockchain, insuretech, healthtech, edutech, agritech to registration and verification of land.

The adoption of a currency which is native to the internet and the blockchain technology is inevitable.

THE FUTURE OF COMMERCE AND CRYPTO CURRENCIES

- The largest data companies who are the major drivers of commerce in the world are increasingly applying the use of blockchain technology and slowly accepting crypto currencies as a mode of payment.

THE FUTURE OF COMMERCE AND CRYPTO CURRENCIES





THANK YOU

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