

УДК 336.741:811.111

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Crypto

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In modern conversations, it is possible to hear the words cryptocurrency, bitcoin, NFT, DeFi – words somehow related to the crypto.

What is cryptocurrency? Cryptocurrency is a means of payment and at the same time money on the Internet. They exist only virtually. Sometimes they are called "crypto", "digital money", "cryptomonets". They do not belong to any state or Ministry of Finance, they do not have a body that would administer them, so such finances are called decentralized (DeFi). As a result, banks, tax, judicial and state authorities cannot influence the transactions of cryptocurrency users [1]. What is the cryptocurrency based on?

The cryptocurrency database is stored as a block chain based on Blockchain technology. Each new block contains information about previous transfers, commissions and other service information. Anyone can view information about all transfers.

Each new block appears as a result of the miners work. This work (process) is called "mining". Mining is the process of writing block code; the people who do it are called miners. Miners support the network and allows the cryptocurrency to function: make transactions and protect it from hacking. In return, they receive a reward from transaction fees and mining of new coins.

The system is built in such a way that blocks are created with the help of thousands of computers around the world

every second, while there should not be a single discrepancy in the block code on at least one of them. This makes cryptocurrency the safest currency in the world, as it cannot be hacked or forged, unlike fiat money, which can be forged and printed.

But blockchain technology is not used only for cryptocurrencies. NFT, DAOs, DeFi – things that open up a lot of opportunities in the world of crypto – also work on blockchain technology [2].

NFT stands for non-fungible token. Non-fungible is an economic term that you can use to describe things like your real estate, an audio recording, or your computer. These things are not interchangeable for other items because they have unique properties. NFTs are tokens that can be used to denote ownership of unique items. They allow you to secure such things as art objects, collectibles and others. They can have only one official owner at a time, and they are protected by the blockchain.

NFTs solve some of the problems that exist on the Internet today. As everything becomes more digital, there is a need to confirm the rarity or uniqueness of a digital object, as well as the ownership of a particular thing. For example, NFT can represent: GIF files, collectibles, music, videos, car documents, tickets to a real world event, legal documents, signatures and much more!

But we cannot ignore another important technology that works on cryptocurrency, which should soon change our understanding of the device of digital applications – this is DAOs. Decentralized autonomous organizations (DAOs) is an effective and safe way to work with like-minded people around the world. Decisions are made on the basis of proposals and voting to ensure that every member of the organization has the right to vote. There is no CEO who can authorize expenses based on his own whims, and there is no chance that a cunning

CFO manipulates the books. Everything is open, and the rules regarding expenses are laid down in the DAO through its code [3].

Why do we need DAOs? Creating an organization with someone who involves funding and money requires a lot of trust in the people you work with. But trust when working with money must be provided with something. With DAOs, you don't need to trust anyone else in the group, only the DAO code, which is 100% transparent and can be verified by anyone. This opens up so many new opportunities for global cooperation and coordination.

But what if you're not going to start a new project? Then everything is simple – thanks to the technology of voting for the distribution of expenses and rewards, you can literally improve the performance of all applications. You will be able to decide for yourself which of the bloggers, taxi drivers or waiters should be paid more for the fact that they do their job efficiently, and who should not be paid at all. Moreover, by creating a DAOs bank in which you will invest money, you can be sure that no one will take it away from you, since this is simply not provided by the code!

Without exaggeration, the crypto has a huge influence on the development of the Internet and, as a result, on the development of our everyday life. It is highly probable that in 10 years all the above mentioned definitions will become key concepts in the new generation of free and secure Internet.

References:

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