GLOSSARY OF TECH TERMS

Blockchain: A shared ledger for recording the history of transactions, which are linked and secured using cryptography. One explanation is to think of blockchain as Google Docs. Prior to Google Docs, if you wanted collaboration on a project in Microsoft Word, you had to email the file to everyone and ask them to edit it. Then, they would make edits, save the file and email it back.

Cryptocurrency: Any kind of peer-to-peer digital money powered by the blockchain technology. Since Bitcoin's appearance in 2009, hundreds of new cryptocurrencies have been created, all of which offer different advantages and disadvantages.

Decentralization: An important characteristic of blockchain and Bitcoin is that the systems are decentralized. No single institution controls the Bitcoin network. It is maintained by a group of volunteer coders and run by an open network of computers around the world.

Bitcoin: A type of digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank. Bitcoin mining: With Bitcoin, miners use special software to solve math problems and are issued a certain number of Bitcoins in exchange. According to reported protocol, there are 21 Bitcoins available to be mined.

TECH TERMS

Smart contract: Self-executing contracts with the terms of the agreement between buyer and seller being directly written into lines of code to digitally facilitate, verify or enforce the negotiation or performance of a contract.

Immutability: Unlike electronic flat transactions, Bitcoin transactions cannot be reversed. This is because there is no central "adjudicator" that can return the money.

Fiat system: A type of currency based on a government's mandate that the paper currency it prints is legal tender for making financial transactions. Legal tender means that the money is backed by the full faith and credit of the government that issues it. The U.S. dollar and just about every other national currency are fiat systems.

Divisibility: The smallest unit of a bitcoin is called a satoshi. It is one hundred millionth of a bitcoin (0.00000001)—at today's prices, about one hundredth of a cent.

Permissioned blockchain: Restricts who has rights to validate the block transactions. A permissioned blockchain may also restrict access to those who can create smart contracts.

Permissionless blockchain: In this type of blockchain, anyone can join the network, participate in the process of block verification to create consensus and create smart contracts. A good example of permissionless blockchain is the Bitcoin and Ethereum blockchains, where any user can join the network and start mining.