

Understanding Bitcoin as 'monetary technology'

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Bitcoin is a monetary technology. Here is what that means (Source: Getty)

Money is chosen on the market place based on 'saleableness', or marketability. Or put another way: money is chosen based on how well it transports value through space and time.

Gold historically stored value through time, but not as well through space. Government fiat money is bad at storing value over time, but it is transferable through space very easily. Bitcoin blends the best of both worlds, in an interesting and novel way.

When learning about Bitcoin, think about the economics before the technical parts. While you can listen to interviews on Bitcoin podcasts like mine, that go into detail about bitcoin's technical details, most people should start with understanding the economics and macro picture. Hence monetary technology.

- **Also read:** [How do you mine Bitcoin?](#)
- **Also read:** [Bill Gates, Elon Musk: What the experts think of crypto](#)
- **Also read:** [Everything you need to know about Bitcoin in 2021](#)

You don't need to to understand Bitcoin to use it

You might think, "I don't know enough about this Bitcoin thing to use it". But just like how you don't have to be a car mechanic to drive a car, you don't need to know all the intimate technical details of Bitcoin before you're able to start using it.

After all, you already use fiat money, do you know the intimate details of how the fiat money system works? SWIFT? AML and Sanctions? Clearance and settlement? No, most people simply use fiat money without even worrying about how their existing money works in the background, so why impose this higher bar on Bitcoin before using it?

People have a common stumbling block in assessing it like they would investments. Don't confuse Bitcoin for typical investments like stocks, bonds, or real estate.

Bitcoin doesn't have dividends, coupon payments, or rent payments that form part of an income stream. It won't make sense in that framework. Instead, it takes deeper fundamental thought about the system we live in, to grasp the case for Bitcoin. So we must first understand the issues with the current government fiat money system.

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Problems with the current money system

If we were to save in fiat cash, its value is melting away like an ice cube. Governmental interventions in money create an unjust and overly bloated

financial system, where those who get the newly created money first benefit at the expense of people who get that money last.

This benefits some actors in the economy over others, and drives wacky outcomes such as poor housing affordability in major cities around the world.

This tends to hurt wage earners while benefiting savvy entrepreneurs who play the fiat debt game well. It creates a system where political insiders get rewarded, instead of those who are most competent at delivering valuable goods and services. It leads to a system where hundreds of millions of people around the world live under regimes with double digit inflation and massive loss of savings.

Enter Bitcoin, a decentralised, digital, voluntary, open network that anyone can join. Bitcoin's strict 21 million coin cap is enforced by the users of the network. You too can become an enforcing user on the network by running a Bitcoin node on your computer.

This helps us all get the assurance that this 21 million coin cap is not changing, and that anyone can join the network without first asking permission. Bitcoin gives us assurances that the fiat banking system could never provide.

We can accumulate wealth without fear of our savings being 'diluted' via inflation, or without the fear of remote confiscation. This, of course, does rely on the user using their own Bitcoin wallet, but this is easily solved with a free smartphone wallet such as Muun wallet.

How to begin the Bitcoin journey

So how should a person get started? They should start stacking sats (which means accumulate small pieces of Bitcoin, note each Bitcoin is divisible to 100 million sats).

This is best done by setting up an automated Dollar Cost Averaging (DCA) plan, available with the likes of Swan Bitcoin (available internationally via

Wire), Bitaroo, Amber, FastBitcoins and others. Then, start learning by listening to podcasts, reading books such as [Inventing Bitcoin](#) and [The Bitcoin Standard](#). As you understand the reason for Bitcoin to exist, and how it works, you tend to be comfortable buying or earning more Bitcoin.

Bitcoin has historically been very impressive in purchasing power growth over time. Measured in fiat terms, people who stack sats for the long term have achieved Compound Annual Growth Rate (CAGR) around 70 per cent. This is contrasted with say, the S&P500 where you might have got 15 per cent per annum.

Those of us bullish on Bitcoin believe it to be far superior to Gold, which has a market value around \$10 trillion, which implies a Bitcoin price around \$500,000 or so.

Decades from now, if Bitcoin goes the distance and becomes global money of the world, this would put each BTC purchasing power over \$10 million (or if you like, 1 sat would equal 10 cents at that price).

Bitcoin is a technology with a movement behind it, based on the idea that the money supply doesn't have to grow along with the underlying society.

The monetary token can simply rise in value over time due to its scarcity and humanity's increased productivity over time.

Given that it's a valuable monetary network, and the token (Bitcoin) trading on the network is scarce, the only way to join is to buy or earn some sats. Over time, this pushes the price up. You could even call it: Number Go Up Technology.

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