Bitstamp

# Crypto Categories Unveiled

Finding Your Way Through Cryptocurrencies

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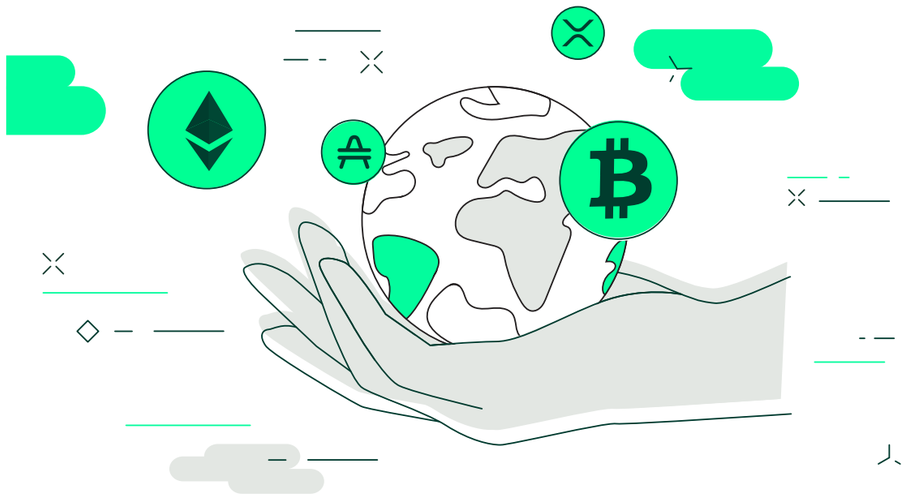
# Welcome to the World of Cryptocurrencies

Welcome to the world of cryptocurrencies, an exciting and dynamic realm that has the potential to transform the way we interact with money, technology, and even each other.

Cryptocurrencies have captured global attention, presenting everyone with new opportunities and practical applications. However, with over 20,000 cryptocurrencies, understanding the differences between them can be overwhelming for newcomers and seasoned enthusiasts alike.

This guide aims to classify and groups cryptocurrencies into 14 categories based on similar features, allowing you to think in terms of buckets of crypto rather than individual ones. We will embark on a journey to demystify the vast crypto landscape, giving you the tools to successfully navigate through the wide array of options and find the digital assets that resonate with you.

But before we dive into the crypto categories, let's begin with a brief overview. At its core, cryptocurrencies are digital currencies that are designed to work as a medium of exchange through a network that is not reliant on any central authority. Instead, they operate on decentralized networks known as blockchains. These blockchains are like digital record keepers, diligently recording and verifying transactions, much like an incorruptible ledger. They ensure trust, transparency, and immutability in the sense that the information about transactions can’t be changed after they’re completed. Plus, it’s all done in a way that doesn't rely on intermediaries like banks or governments.





## Coins and Tokens - What's the Difference?

In the crypto world, we differentiate between coins and tokens. Coins, such as Bitcoin and Litecoin, are native digital currencies, operating on their own blockchain networks and possess unique characteristics and functionalities. On the other hand, tokens, like Ethereum's ERC-20 tokens, are created and hosted on existing blockchains. They represent assets or specific utilities within an ecosystem and can be used for a wide range of purposes, like accessing various services via decentralized applications (dapps). Dapps are programs that run on a blockchain network. They offer users a wide range of functionalities, including the ability to borrow or lend cryptocurrencies, trade digital assets on decentralized exchanges, and participate in social media platforms.

The rules that define either coins or tokens are called protocols. They determine how cryptocurrencies are created, validated, and transferred. Essentially, protocols enable the creation and functionality of coins on their own blockchain, and facilitate the issuance and use of tokens on existing blockchain platforms.

As blockchain technology continues to evolve, the concept of coins and tokens has expanded, leading to the emergence of a diverse array of cryptocurrencies.

Understanding the different types of cryptocurrencies is crucial in this rapidly evolving landscape. Each category in this guide groups cryptocurrencies based on a distinct set of features, use cases, and underlying technologies, catering to diverse needs and user aspirations. By grasping these nuances, we hope to equip you with the tools to make your own informed decisions, identify promising projects, and explore the possibilities that best align with your interests and goals.

## How did we Categorize Cryptocurrencies?

Each category represents a group of digital assets that share common characteristics and serve specific functions in crypto.

In this guide, we explore a range of crypto categories, each with its own unique attributes. By learning about the categories and their use cases, we hope to help you make well-informed choices, seize opportunities, and better engage with the crypto market in a way that suits you.

# Where It All Started: A Brief History of Cryptocurrencies

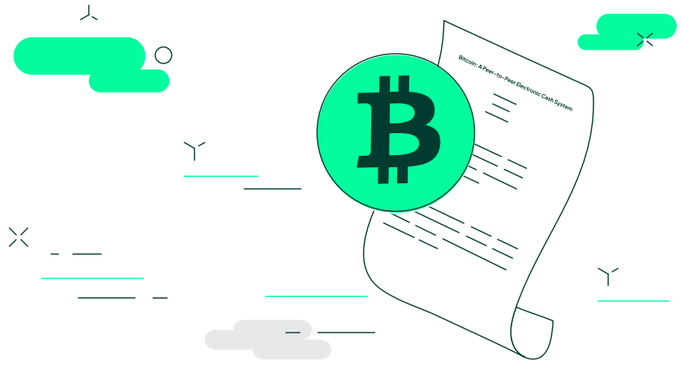
Bitcoin emerged in 2009 as a breakthrough in decentralized digital currencies. Created by an anonymous individual or group known as Satoshi Nakamoto, Bitcoin introduced a new way to conduct peer-to-peer transactions without the need for intermediaries and has since evolved into a global phenomenon.

## Why was Bitcoin so special?

Bitcoin and other main cryptocurrencies (Layer 1; but more about that later on) are like the backbone of blockchain systems. BTC, specifically, does two important things. First, it's used to reward people who help run the network (miners) and to pay for transactions. This is a bit like giving a prize to people who keep things running smoothly. And because lots of people want this prize, they all work hard to make sure transactions are processed fairly and that the network is not controlled by just one group. This competition is crucial in maintaining the network's decentralization.

Second, the Bitcoin network doesn't rely on regular money like dollars or euros. It has its own special money which isn't reliant on any government or centralized institution. This further solidifies the platform's decentralization, making the whole system even more independent and secure.

So, in simple terms, the ability for users to send digital money to each other without trusting a central party was a groundbreaking innovation introduced by Bitcoin, and this was powered by BTC being used to pay for transactions and reward miners. It's what makes the blockchain strong and fair, and it's one of the amazing things that Bitcoin introduced to the world. It created a self-sustaining ecosystem where incentives for miners and the network's security are tightly intertwined, contributing to the remarkable resilience and decentralization of the blockchain.






## And soon there were more

Following the success of Bitcoin, numerous other cryptocurrencies entered the scene. Some aimed to improve upon Bitcoin's limitations, while others sought to explore new use cases and functionalities. For example, Litecoin was created in 2011 to improve upon Bitcoin's slower transaction confirmation times, and XRP, introduced in 2012, aimed to facilitate seamless cross-border payments.

Another significant milestone in the crypto world happened when blockchain researcher Vitalik Buterin introduced Ethereum in 2013, which was later launched in 2015. Ethereum brought forth the concept of smart contracts, which are self-executing agreements with predefined rules and conditions. Smart contracts are designed to execute automatically when two or more conditions are met, rather than having to trust different parties to come to a conclusion. Imagine you want to sell a piece of digital artwork. Instead of relying on a middleman, like a gallery, the smart contract holds the digital artwork and the agreed-upon price. When someone sends the payment, the smart contract automatically transfers the ownership of the artwork to the buyer.

This innovation enabled the development of dapps on the Ethereum blockchain, with notable examples including Uniswap, a decentralized exchange; Aave, a crypto lending and borrowing platform; OpenSea, a marketplace for buying, selling, and trading non-fungible tokens (NFTs, more about these later); and Decentraland, a decentralized metaverse platform.

As Ethereum and Bitcoin gained popularity, the increase in users created a bottleneck on their networks, and a need for scalability became clear. Layer 2 solutions (L2s) emerged as a way to address this challenge. L2s are protocols built on top of a blockchain with the aim to offload some of the transaction processing to increase scalability and reduce costs. They enable faster and more efficient transactions while still benefiting from the security of the underlying network.

You will see throughout this journey that coins and tokens are important pieces in how these protocols work. They can serve as tools or resources within a platform, grant owners the right to make decisions, or simply be used for making payments. They are the lifeblood of these decentralized ecosystems, enabling users to participate, transact, and interact within their respective crypto networks.

In the following sections, we will explore different cryptocurrency categories, highlighting their unique roles and functions. By understanding the connection between these protocols and their tokens, we hope to help you gain a deeper appreciation for the diverse opportunities and possibilities that the world of crypto can offer.

# Bitstamp Learn Center

Your hub for levelling up your crypto knowledge

**We are passionate about providing crypto enthusiasts like you with tools to help you get your bearings around the crypto ecosystem.**

Our vision is to make crypto accessible to all, and with Learn Center we aim to provide you with the knowledge, understanding and confidence needed to navigate this vibrant world.

Dive deeper into individual cryptocurrencies or explore broader topics such as "What is crypto-currency?" or "What is a blockchain?". Our Learn Center is a wealth of resources to expand your understanding and continue your educational journey, featuring in-depth articles, tutorials, and guides that cover various aspects of cryptocurrencies, blockchain technology, and more.

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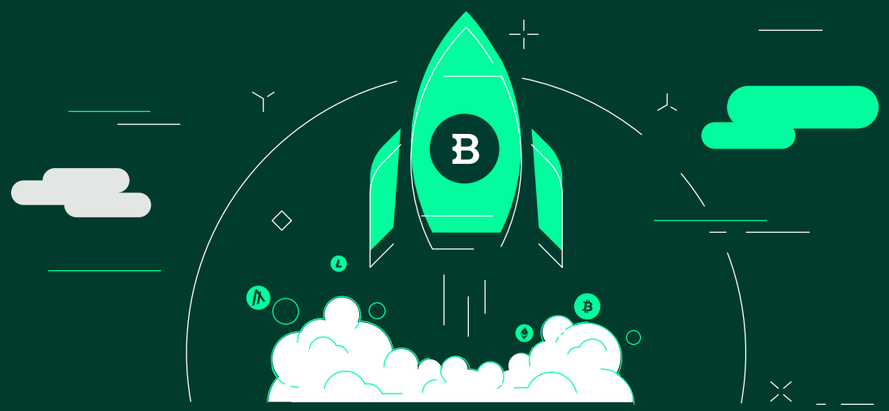
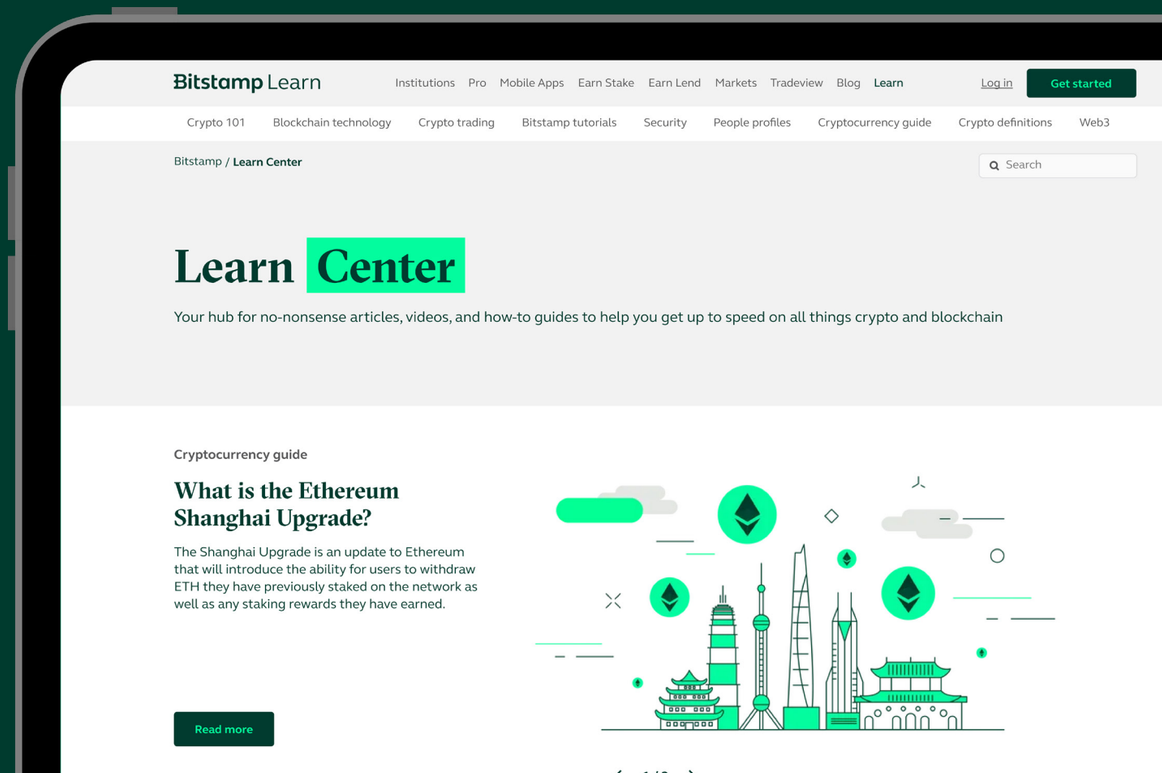






# Cryptocurrency Categories

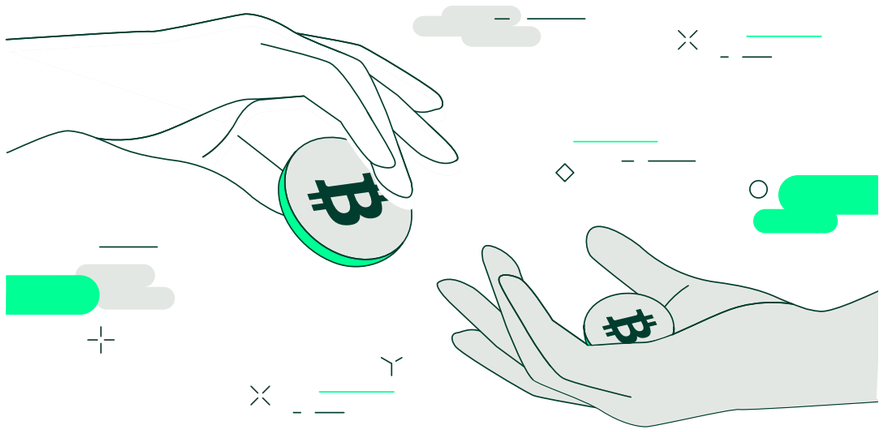
## Payment Cryptocurrencies

Payment cryptocurrencies are digital assets created as an alternative to traditional cash currencies, also referred to as fiat currencies (like the USD, or the Euro), and are primarily used as a medium of exchange, store of value, or unit of account.

They are also designed to facilitate fast, secure, and cost-effective transactions for goods and services internationally without the need for an intermediary like a central bank or payment processor. Unlike traditional currencies issued by governments, payment cryptocurrencies don't have physical coins or notes; instead, they exist only in digital form and can be stored in digital wallets.

Payment cryptocurrencies are typically built using a decentralized ledger (a record of all transactions) that is operated and maintained by computers globally, called nodes. This is intended so that no government or corporate entity can dictate how the currency works or how it is used.

Here's how it works: when you make a payment using crypto, you initiate a transaction by transferring a specific amount from your digital wallet to the recipient's wallet. This transaction is then recorded on the blockchain, creating a permanent and transparent record of the history of transactions.





### Examples of payment cryptocurrencies

**Bitcoin** was created as the first payment cryptocurrency and was intended to get around centralized systems to transfer value worldwide. While some think that the time it takes for the blockchain to verify transactions is too slow for everyday transactions, there are solutions built on top of Bitcoin (like the Lightning Network) that aim to create a fast monetary system using Bitcoin's decentralization and security.

**Litecoin** was originally a software fork of Bitcoin (meaning it copied Bitcoin's code) and modified its code to address some of Bitcoin's perceived shortcomings, such as faster transaction speeds and lower fees.

**XRP** is the cryptocurrency of the XRP Ledger, a decentralized payment network that aims to facilitate international payments in a fast, cheap, and energy efficient manner. The XRP Ledger and XRP cryptocurrency were developed by Ripple, a for-profit company that is continuously building and maintaining their capabilities.

**Monero** is a privacy payment cryptocurrency aimed at offering transaction anonymity to its users. Although Monero's blockchain is open-source and operates as a decentralized, public network, all transaction details, including sender and recipient addresses and amount transferred, are hidden.

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- What is Bitcoin? (BTC)
- What is Litecoin? (LTC)
- What is Ripple? (XRP)
- How to store Ripple? (XRP)
- How to Choose the Right Crypto Wallet

# Stablecoins

Stablecoins are a type of cryptocurrency whose value is tied to another asset such as the U.S. dollar or gold, allowing them to mirror that asset's price in a stable manner.

Stablecoins offer clients the advantages of transparency and transferability, similar to other cryptocurrencies, while offering better protection from fluctuations commonly associated with these assets.

Various methods are employed by stablecoins to sustain their peg to the asset. Some use reserves of the underlying assets as backing, while others depend on smart contracts to adjust the cryptocurrency's supply according to the token's demand.

**Here's how it works:** For fiat-backed stablecoins, if you own a stablecoin pegged to the US dollar via traditional financial assets such as bank deposits or money market debt, for every stablecoin in circulation, there should be at least an equivalent amount of USD assets held in reserves by the company issuing it. This reserve is meant to ensure that the stablecoin can be redeemed for U.S. dollars at any time.

## Examples of stablecoins

**EURC** is a stablecoin meant to mirror the price of the euro. Like USDT, EURC is a cryptocurrency backed 1:1 by euros held in a treasury maintained by Circle, the company that issued the stablecoin. This means that each EURC is always redeemable for one euro.

**USDT** is a stablecoin released by Tether that aims to mirror the US dollar. USDT is a cash-collateralized stablecoin, meaning that each token is backed 1:1 by the U.S. dollar or cash equivalents (e.g., US government bonds) held in a treasury. Tether monitors the circulation of USDT and maintains the reserves so that individuals can always redeem cash for each token owned.

**DGLD** is a gold-pegged stablecoin created on the Ethereum blockchain. It is supported by actual gold bullion held in reserve, offering cryptocurrency users the opportunity to access the gold market from the Ethereum blockchain.

**DAI** is a special type of stablecoin, called an algorithmic stablecoin, that is also pegged to the US dollar. Its stability is achieved with Ethereum-based smart contracts and users generate DAI by depositing other cryptocurrencies, such as Ethereum, as collateral. To account for the volatility of the underlying cryptocurrency, depositors need to ensure that the value of the collateral exceeds the value of the generated DAI. To reclaim the underlying cryptocurrency deposit, users will need to return the stablecoins to the system and pay a minor fee.

**Other examples include:** USDC, GUSD, PAXG, WBTC, PAX.

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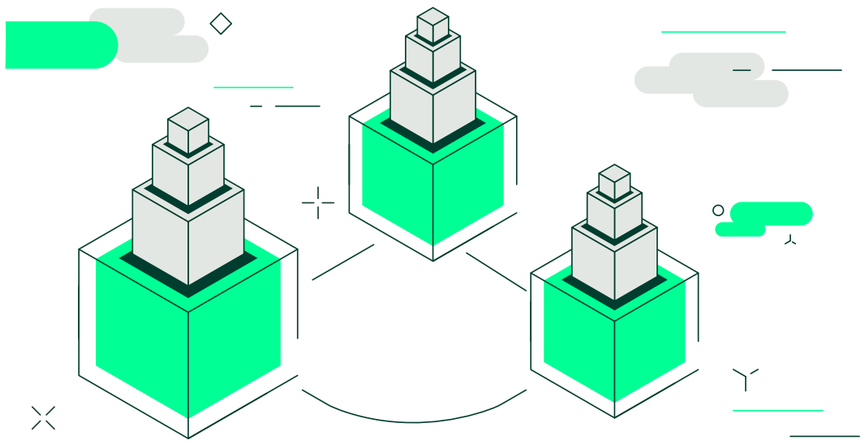
- What is Euro Coin? (EURC)
- What are stablecoins?
- What is Tether? (USDT)
- What is DGLD?
- What is the DAI stablecoin?

# Layer 1
# Cryptocurrencies

The layer 1 network (L1) refers to the foundational layer of a blockchain. It delivers the crucial services required by a decentralized network, such as registering transactions and maintaining proper security measures.

Just like a skyscraper, the foundation of a blockchain is its most important layer. Imagine layer 1 as the foundation of a tall building—it bears the weight of the structure and keeps it stable. This fundamental layer also ensures the security and stability of the blockchain network upon which other layers are built.

**Here's how it works:** Layer 1 cryptocurrencies, also known as infrastructure cryptocurrencies, are like the backbone of the digital money system. They are built on their own networks and have their own special rules. These cryptocurrencies make sure transactions are safe and don't need a central authority to control them. They help people send money to each other directly, without relying on banks or other middlemen. Layer 1 cryptocurrencies are also typically used to pay the nodes (computers around the world) responsible for running the network and pay transaction fees.





## Examples of layer 1 network cryptocurrencies

**Bitcoin's** layer 1 is the foundation of the network and is responsible for maintaining its decentralized ledger, the proof of work consensus mechanism, and the nodes who run the blockchain. Further, the layer 1 is responsible for verifying and completing all transactions and incorporating them into new blocks generated roughly every 10 minutes.

**Ethereum** brought smart contracts to the blockchain, allowing developers to create decentralized applications (dapps) and various other decentralized solutions within the realm of cryptocurrencies. The cryptocurrency that powers Ethereum is called Ether (ETH) and must be purchased to create and use dapps on its network. Additionally, those who use the blockchain's DeFi (decentralized finance) platforms (e.g., Aave), NFT marketplaces (e.g., OpenSea), decentralized exchanges (e.g., Uniswap), and other dapps will need ETH to pay for transaction fees.

**Fantom** is a layer 1 platform that employs a directed acyclic graph (DAG) instead of a blockchain to focus on optimizing speed and scalability within its network. Fantom's native cryptocurrency, FTM, serves multiple purposes, including covering transaction costs, for network security, and as a governance medium to vote on platform upgrades.

**Other examples include:** Solana, Avalanche, Polkadot, Cardano, Hedera, Near, Algorand, Sui, Injective, Songbird, Flare, Vega Protocol.

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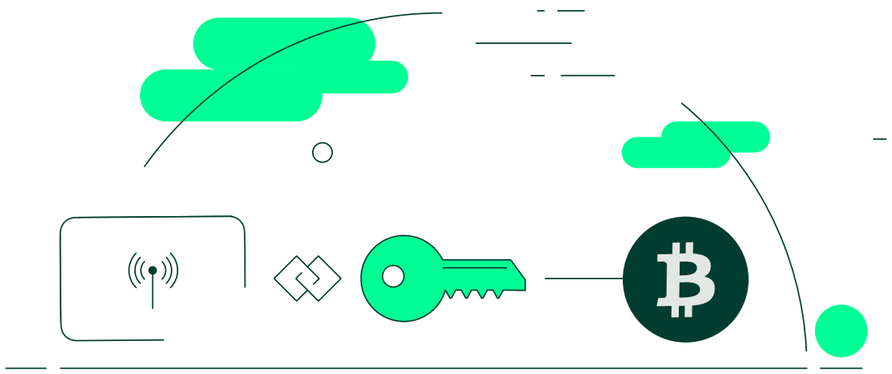
- What is a layer 1 blockchain?
- How is decentralized consensus achieved?
- What is Bitcoin? (BTC)
- What is Ethereum?(ETH)
- What is Fantom? (FTM)

# Layer 2 Cryptocurrencies

Layer 2 (L2) cryptocurrencies refer to secondary protocols built on top of existing layer 1 blockchains that aim to enhance transaction throughput (also known as the number of transactions per second) and scalability while minimizing costs. Layer 2 solutions rely on the security and decentralization of the underlying layer 1 blockchain to operate.

Layer 1 networks can sometimes struggle to handle large transaction volumes. Layer 2 solutions shift a portion of the load from the primary chain to the L2, lessening the data volume stored directly on the blockchain. This results in an increased capacity for the blockchain, facilitating a higher transaction rate and enhanced network efficiency. L2s also periodically settle transactions on the L1 chain so that there exists a permanent record of all transactions.

Layer 2 tokens can function as mediums of exchange, to pay for transaction fees, and to help secure the L2 network. Further, L2 validators (nodes) can typically lock their tokens in a smart contract in exchange for additional crypto rewards.



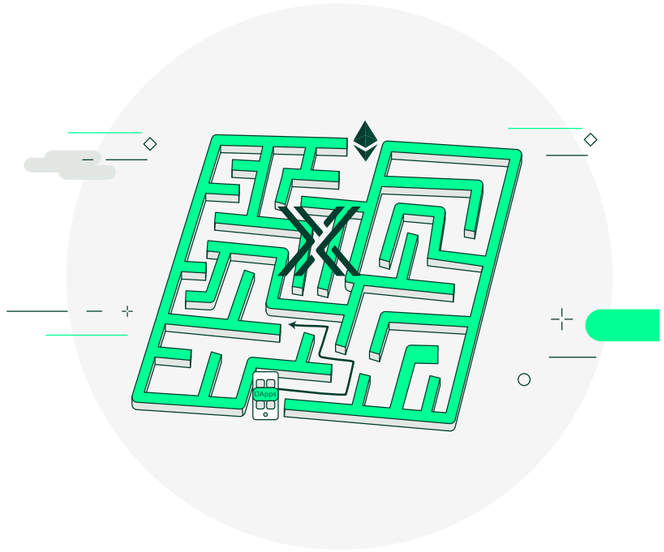


## Examples of layer 2 cryptocurrencies

**Polygon** is a layer 2 scaling solution built on Ethereum that uses a variety of techniques to enhance the speed and affordability of transactions, thus making them more efficient. MATIC, Polygon's layer 2 cryptocurrency, serves as a medium of exchange and for settling transaction costs on its network and applying additional scaling methods employed by Polygon.

**Immutable X** is an Ethereum-based layer 2 scaling solution created to enhance the affordability and practicality of web3 gaming, as well as the production and exchange of non-fungible tokens (NFTs). Its native cryptocurrency, IMX, is used to pay for protocol fees, secure the network via staking and for community voting to help guide its projects.

**Other examples include:** Skale, Optimism, Arbitrum, Loopring, Cartesi.



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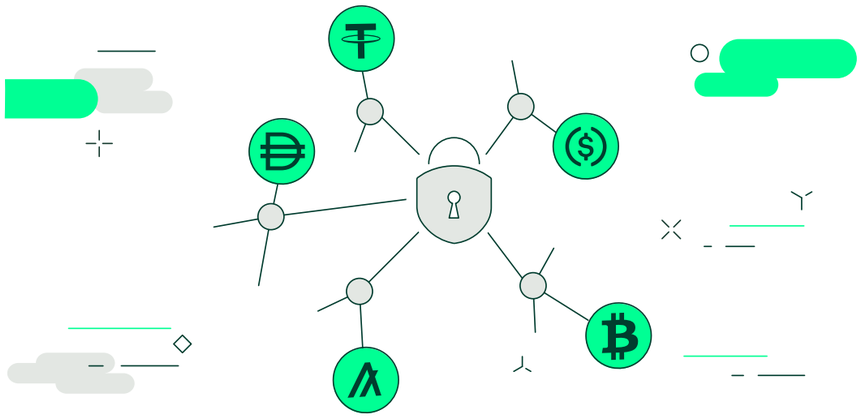
- What are layer 2 solutions?
- What is a layer 1 blockchain?
- What is blockchain scaling?
- What is Polygon? (MATIC)
- What is Immutable? (IMX)

# DeFi Cryptocurrencies

Decentralized Finance (DeFi) is the umbrella term for using blockchain technology as a set of financial services that operate without traditional intermediaries. DeFi cryptocurrencies are digital assets that power these blockchain-based ecosystems.
Bitcoin paved the way for decentralized finance in 2008 by introducing electronic peer-to-peer cryptocurrency and eliminating the need for third-party institutions. The advent of Ethereum brought about smart contract capabilities. With that, not only could digital assets be transferred, but developers could also emulate other aspects of conventional financial systems through unchangeable code, without relying on traditional intermediaries like banks.

This development unlocked the potential for using cryptocurrencies in various financial services, including lending and borrowing, trading, insurance, venture funding, and engaging in the derivatives markets.

**Here's how it works:** You wish to gain more control over your finances and your access to financial services using a blockchain network. By using DeFi cryptocurrencies, you can earn rewards through lending your assets, borrow without having to ask permission, trade while retaining control over your crypto, and vote in governance decisions of your favorite platforms. DeFi aims to work smoothly thanks to the secure and transparent nature of blockchain technology.





## Examples of DeFi cryptocurrencies

**Uniswap** is an Ethereum-based decentralized exchange (DEX) that facilitates the purchasing, selling, and exchanging of cryptocurrencies. Uniswap's native DeFi cryptocurrency, UNI, serves as a governance mechanism for the protocol, enabling holders to vote on proposals, establish fee structures for liquidity pools (used by traders to exchange assets), consider the deployment of the protocol on alternative networks, and decide on the allocation of funds from Uniswap's community treasury.

**Aave** is a DeFi platform that enables users to earn rewards by lending their crypto assets and borrow both crypto and real-world assets on the blockchain. Aave uses smart contracts to carry out transactions and to handle funds, which ensures that the platform's code autonomously executes all transactions. The AAVE DeFi cryptocurrency can be used as a staking (locking) medium to secure the protocol and as collateral for loans.

**Curve** is a decentralized exchange built on Ethereum that focuses on the stablecoin market. The Curve cryptocurrency, CRV, provides holders with the ability to vote on network upgrades through the Curve decentralized autonomous organization (CurveDAO), and as a reward incentive for those who provide liquidity in one of Curve's many liquidity pools.

**Other examples include:** Synthetix, Maker, Convex Finance, 1inch, dYdX, Compound, yearn.finance, sushi, 0x, Kyber Network, Perpetual Protocol, Maple Finance, Swipe.

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Your hub for levelling up your crypto knowledge

- What is Decentralized Finance? (DeFi)
- What is decentralized lending and borrowing?
- How do smart contracts work?
- What is Uniswap? (UNI)
- What is Aave? (AAVE)
- What is Curve Finance (CRV)?

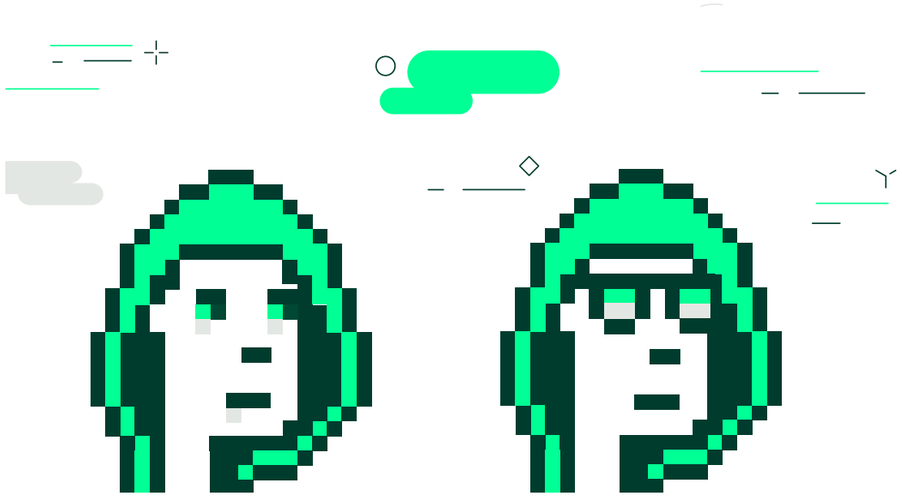
# Non-Fungible Tokens (NFTs)

NFTs are unique cryptographic tokens that exist on a blockchain and cannot be replicated. This enables artists, creators, and collectors to tokenize and exchange unique digital artwork, collectibles, and other virtual goods.

NFTs are a type of token that represents a unique digital asset or piece of artwork, and many companies distribute NFTs to their users which grant them specific perks and privileges. NFT cryptocurrencies are fungible tokens associated with these NFTs that grant users additional benefits.

For example, owners of the DeGods NFTs could lock their NFTs to receive DUST tokens, which could subsequently be used in-store to purchase merchandise such as clothing and artwork.

**Here's how it works:** If you own an NFT, it means you have a digital certificate proving your ownership of that specific item. NFTs represent ownership or proof of authenticity for things like art, collectibles, and virtual property. NFT cryptocurrencies are specifically designed for the NFT ecosystem and can be used for buying, selling, and trading NFTs.





## Example of an NFT

**BAYC (Bored Ape Yacht Club) NFT collection** is a popular example, consisting of a series of unique, hand-drawn cartoon ape illustrations, each representing a specific NFT. These NFTs are sold as digital assets on blockchain platforms, and ownership of a Bored Ape NFT grants certain privileges, such as access to a virtual club and exclusive events. The uniqueness and rarity of each Bored Ape NFT make them highly sought after in the NFT and crypto-collectible community, and they often sold for significant sums of money.

**Other examples include:** DUST

### Bitstamp Learn Center

Your hub for levelling up your crypto knowledge

- What is NFT minting?
- What are Ethereum NFTs?
- What is OpenSea?
- What is DeGods?

# Metaverse Cryptocurrencies

The metaverse is an online environment where individuals can form connections, communicate, and partake in shared experiences.

Metaverse users can engage with one another through activities such as playing games and attending virtual events, among many other things. Due to its interactive nature, the metaverse is frequently regarded as the future evolution of social networking platforms.

**Here's how it works:** Metaverse cryptocurrencies enable you to purchase virtual land, virtual goods, or engage in virtual experiences like gaming or socializing. They leverage blockchain technology to provide secure and transparent transactions within the virtual realm. It's basically money for imaginary worlds. By using metaverse cryptocurrencies, you can have ownership and control over your virtual assets, establish economies within the community, and even earn rewards in the metaverse ecosystem.

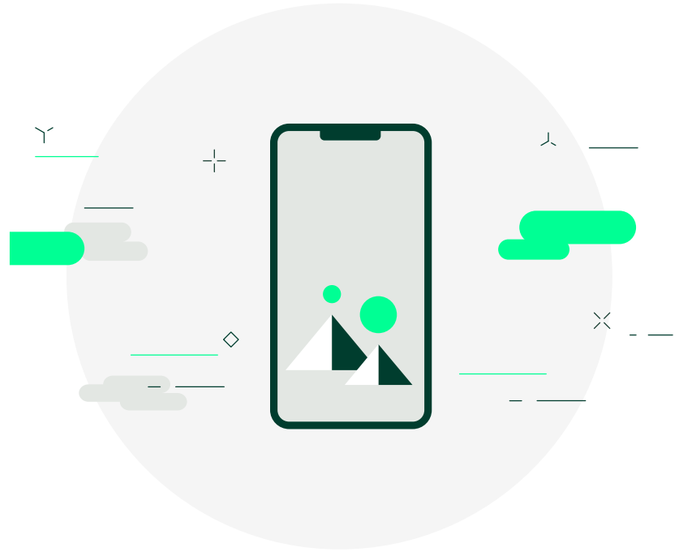


## Examples of metaverse cryptocurrencies

**Decentraland** is a metaverse built on the Ethereum network that offers a wide array of experiences to its users, all driven by the capabilities of smart contracts and non-fungible tokens (NFTs). The MANA metaverse cryptocurrency is used to buy and sell NFTs like LAND (Decentraland's customizable land plots that make up its world), make transactions in the metaverse, and vote on proposals to upgrade its software.

The **Sandbox** is a metaverse where users can create distinctive experiences on top of their land and engage with each other in a virtual environment. All transactions in the Sandbox are made using SAND, its native metaverse cryptocurrency, which can also be used to buy land and assets on the Sandbox marketplace.

**Other examples include:** Star Atlas, Voxels.



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What is the metaverse?

What is Decentraland? (MANA)

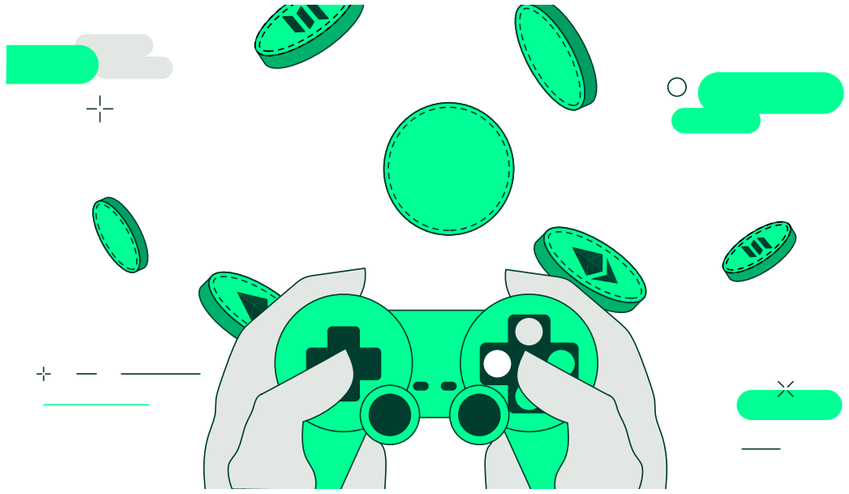
What is the Sandbox? (SAND)

# Gaming Cryptocurrencies

Gaming and play-to-earn (P2E) cryptocurrencies are digital assets that fuel the world of blockchain-based gaming, allowing players to earn rewards, trade in-game items, and monetize their skills and time.

Gaming has been a major application of blockchain technology, contributing to a considerable percentage of blockchain transactions. This growth can be attributed to technological advancements in gaming that allow for innovative features and in-game mechanics, such as representing gaming assets (like currencies, virtual real estate, avatars, or level-ups) through tokens and NFTs.

Consequently, the play-to-earn (P2E) model has emerged, allowing players to earn gaming cryptocurrencies as reward for their in-game achievements. P2E gained traction during the 2021 crypto bull market, with projects like Axie Infinity, The Sandbox, and Splinterlands witnessing substantial user growth.





## Examples of gaming cryptocurrencies

**Enjin** is a platform that empowers game developers to create in-game assets on the Ethereum blockchain, helping simplify the game development process. Its native cryptocurrency, ENJ, is used to mint (or create) these in-game assets and as a means of payment and exchange in its marketplace.

**Axie Infinity** is a blockchain-based game developed on the Ethereum network, where users can gather, breed, and engage in combat with digital creatures. In the game's ecosystem, two unique tokens are employed: Axie Infinity Shards (AXS), which are governance tokens granting holders influence over the game's evolution, and Smooth Love Potions (SLP), used for breeding creatures within the game.

**Other examples include:** Gala, Gods Unchained.

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What is GameFi and play-to-earn (P2E)?

What is Enjin? (ENJ)

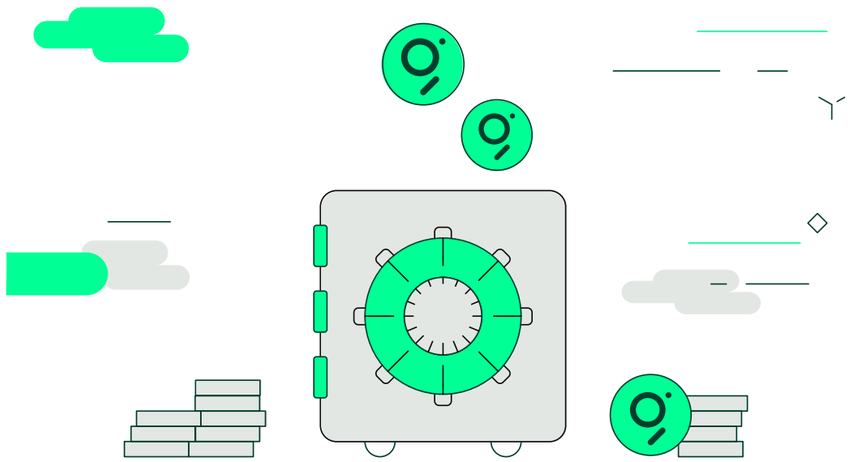
What is Axie Infinity? (AXS)

# Infrastructure Cryptocurrencies

Infrastructure cryptocurrencies provide solutions for handling personal or business data on the blockchain, while also assisting blockchain-based products in accessing and verifying information from external sources. In essence, they provide the underlying technology and infrastructure that enables developers to create and run decentralized systems, such as decentralized finance (DeFi) platforms, and aim to expand the range of decentralized applications that might be reliant on external data (that is, data outside of the blockchain) to operate.

Some cryptocurrencies, like BAND, also known as "oracles", help transfer information from outside the blockchain to it in a decentralized way. Other cryptocurrencies, such as The Graph (GRT), help blockchain apps manage and use data both on and off the blockchain more effectively.

However, some of the most important use cases for infrastructure cryptocurrencies involve providing users with links to personal records from the real world to the blockchain. These could range from medical records to real estate titles, as well as many other use cases.





## Example of infrastructure cryptocurrencies

**Chainlink** operates as a decentralized oracle network, bridging the gap between blockchain-based smart contracts and real-world data. Its LINK service cryptocurrency serves as a form of remuneration for the tasks carried out by Chainlink network operators in supplying the necessary data to smart contracts.

**The Graph** is a decentralized platform for data search and aggregation, enabling blockchain decentralized applications (dapps) to handle the organization, retrieval, and utilization of their stored data. The GRT cryptocurrency enables The Graph to execute various ecosystem functions such as staking, delegation, participating in network governance, and compensating network participants.

**Radicle** is a platform for software development management, facilitating collaboration among software developers on projects through a peer-to-peer approach. Its native cryptocurrency, RAD, is used for platform governance and for incentivizing holders, who receive discounted or free use of the protocol.

**Other examples include:** Fetch.ai, Band, Ethereum Name Service, UMA, Aragon Network.

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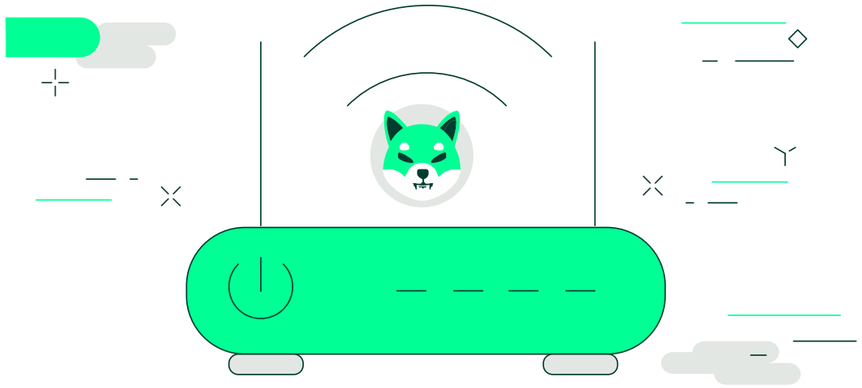
- What are oracles?
- What is Chainlink (LINK)?
- What is The Graph? (GRT)

# Meme Cryptocurrencies

Meme coins are cryptocurrencies that often emerge from internet trends and social media hype, gaining popularity and value through their humorous nature and the strong online communities that rally around them. Their value is primarily driven by social media hype, community sentiment, and speculative trading.

These tokens have historically gained popularity through viral marketing campaigns, social media engagement, and endorsement from influencers or celebrities. While some meme cryptocurrencies have experienced significant price increases and gained large communities of supporters, they are often considered highly speculative and can be subject to extreme price volatility.

Some well-known examples of meme tokens include Dogecoin (DOGE), which was inspired by the popular Shiba Inu dog meme, and Shiba Inu (SHIB), another token featuring the same breed of dog as its mascot.





## Example of meme coins

Initially conceived as a humorous take on cryptocurrencies, **Dogecoin** has evolved into a widely recognized peer-to-peer digital currency, largely due to its devoted community. One of the first use cases for the DOGE meme coin was to tip content creators online (on platforms like Reddit). DOGE remains a popular choice for online transactions, with numerous payment gateways and vendors accepting it as payment for goods and services.

**Shiba Inu** is a dog-themed meme cryptocurrency named after the Shiba Inu dog breed that also inspired DOGE and operates on the Ethereum blockchain. The SHIB cryptocurrency serves various purposes, including facilitating transactions among users and engaging with Ethereum-based DeFi platforms.

**Other examples include:** PEPE, FLOKI.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What is Dogecoin? (DOGE)

What is Shiba Inu? (SHIB)

# Social Tokens

Social tokens are a type of cryptocurrency that represents value within online communities or networks, enabling users to engage, support, and interact with their favorite content creators, artists, and influencers.

These tokens provide an easy way for creators and brands to monetize their services while allowing users to benefit from their success. For example, an artist can monetize their brand through social tokens by giving holders access to Q&A sessions or lessons on their skills.

Artists and influencers looking to create their social token have a host of platforms that they can use to create, launch and distribute their tokens. Through these platforms, artists can also own, control and monetize the value of their social interactions.

## Example of social tokens

**The Open Network** is a decentralized and open internet ecosystem that has been developed using technology designed by Telegram. The platform places a strong emphasis on achieving extensive cross-chain interoperability, all the while operating within a highly scalable and secure framework. The Open Network was envisioned as a platform where users could seamlessly purchase, send, and store funds. In this ecosystem, users pay transaction fees and utilize TON tokens to settle payments and validate transactions, thus forming the backbone of the network's economic model.

**Roll** is a social token platform that allows anyone (such as content creators, influencers, celebrities, and more) to create their own social token and have the flexibility to determine the initial supply (amount originally distributed) and vesting schedule (how much is distributed over time). Those who create and mint their own social tokens can then determine how the token can be used by their community of holders, which could include access to private membership groups (Discord, Telegram, etc.) and revenue sharing.

**Other examples include:** SoCool, iMe Lab, Torum, Rally, DTTD.



# DePIN Cryptocurrencies

Decentralized Physical Infrastructure Networks (DePIN) are systems that leverage blockchain technology by connecting physical hardware devices to them. They manage and optimize real-world assets and resources, like cellphone data networks, through cryptocurrency-based rewards.

DePINs typically offer an approachable solution that simplifies the complexities of traditional infrastructure management (like access to WiFi) and fosters transparency, efficiency, and collaboration among stakeholders.

DePIN initiatives aim to develop decentralized technologies that challenge or supplant centralized tech solutions. Contributors who form the network supply the required hardware to promote both the widespread use and decentralization of the service, and they are usually compensated with cryptocurrency for their contributions.

## Examples of DePIN cryptocurrencies

**Storj** is a decentralized cloud storage service that allows users with surplus hard drive capacity to lease it to those seeking file storage solutions in exchange for STORJ tokens. Storj acts as an alternative to cloud storage platforms like those offered by Amazon or Google. However, instead of a company owning and maintaining the software, Storj relies on a network of computers to manage its data storage.

**Render** offers a similar service to Storj, but, rather than lending their extra storage, the network pairs nodes with excess GPU power with creators who need digital rendering work done. Those lending GPU power get compensated in RNDR, Render's native DePIN cryptocurrency, for processing tasks for creators.

**Other examples include:** DIMO, Helium, Filecoin, Theta Network.

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What are Decentralized Physical Infrastructure Networks? (DePIN)

What is Render? (RNDR)

# Exchange Tokens

Exchange tokens are associated with centralized cryptocurrency exchanges and offer additional benefits on their platforms.

For example, most exchange tokens typically attempt to enhance an exchange's liquidity, encourage trading activities (through discounted fees), or support the community governance processes within the exchange. They can also offer other exclusive features like greater commission for referrals to the exchange or access to token sales through the exchange's platform.

Of note, exchange tokens do not equate to equity in the company, but their prices are often tied to the performance of the exchange.

## Examples of exchange tokens

**NEXO** is the exchange token for the Nexo cryptocurrency exchange. Traders can use NEXO to facilitate cryptocurrency trades without fees, borrow funds for a lower interest rate, or increase loyalty tiers (which, in turn, would allow holders to gain free withdrawals and receive cash back on each transaction).

**Other examples include:** OKB, BNB.



# Media & Entertainment Cryptocurrencies

Media & entertainment cryptocurrencies are digital assets designed to support the creative industries, offering a way for artists, creators, and audiences to engage with content online.

Media & entertainment cryptocurrencies encompass a diverse range of applications. These include advertising with unique incentives to connect advertisers and consumers, rewarding content creation and distribution, facilitating social media interactions, or powering streaming platforms that allow anyone to publish or stream content without having to pay subscription fees.

## Examples of media and entertainment cryptocurrencies

**Basic Attention Token** (BAT) is the native cryptocurrency of the Brave browser. Brave is designed to provide an alternative to the internet's established advertising model by creating more equity between consumers, creators, and advertisers. Brave aims to establish a value ecosystem centered on user engagement, allowing users to select the ads they want to view and earn BAT rewards for consuming ad content. Consequently, advertisers gain insight into what their target audience is genuinely interested in, while publishers are motivated to present quality ads to attract more viewers.

**Audius** is a decentralized music streaming platform where artists can publish their music and listeners can consume it without paying subscription fees. Instead, artists can earn the AUDIO cryptocurrency if their track appears on any of the "trending" lists within the platform (like the "top 5 weekly tracks"), or listeners can use it to pay their favorite artists. AUDIO can then be used as a staking cryptocurrency to earn additional tokens and as a means to participate in the platform's governance.

**Other examples include:** Rally, Chiliz.

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What is Basic Attention Token? (BAT)

What is Chiliz? (CHZ)

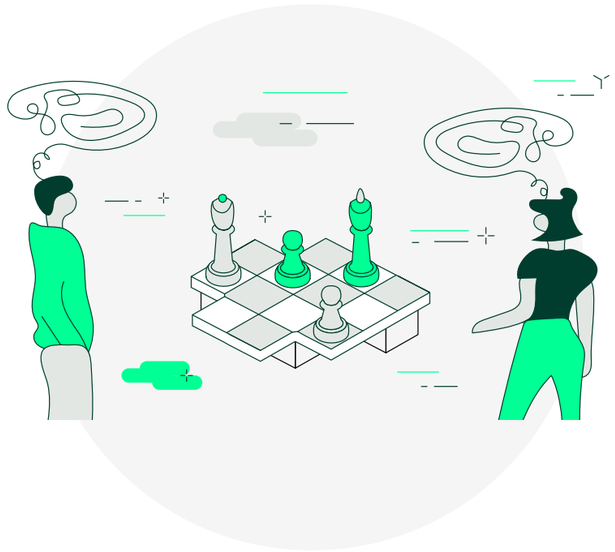
Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment, and you should not expect to be protected if something goes wrong. Take 2 mins to learn more.

# Empowering You on Your Journey

Hopefully, this guide has helped demystify the world of cryptocurrencies for you and empowered you to navigate this rapidly evolving landscape with more confidence.

By understanding the fundamental concepts of cryptocurrencies and their underlying blockchain technology, you now possess a solid foundation to explore the opportunities offered by various types of crypto.
Whether your interest lies in payment coins, DeFi tokens, metaverse currencies, or even having fun with meme coins, we hope this guide has provided you with insights into their purpose and potential.

As the crypto market continues to evolve, this guide can serve as a valuable reference to help you navigate the ever-changing landscape and discover the digital assets that resonate with you. Our vision is to make crypto accessible to all and, through carefully crafted guides like this one, we aim to provide you with the knowledge, understanding and confidence needed to navigate this vibrant world.



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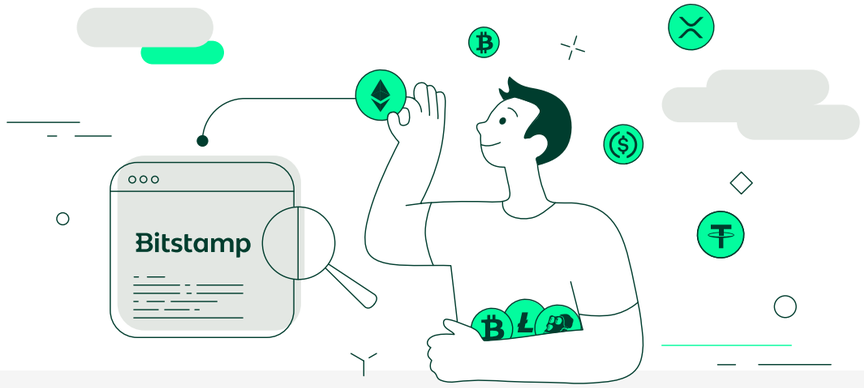
# Feel Good about Crypto with Bitstamp

Bitstamp is the world's original and longest-running cryptocurrency exchange, supporting consumers and leading financial institutions since 2011.

Bitstamp has been named the #1 crypto exchange in the world by CCData's (formerly CryptoCompare) Exchange Benchmark for the second time running, and is also the only exchange to receive five prestigious AA ratings in a row. With more than 50 licenses and registrations globally, Bitstamp is held to the highest standards of compliance and must follow strict regulation policies to protect users' funds and personal information.

We offer a wide range of cryptocurrencies for trading, carefully hand-picked under rigorous selection criteria in accordance with country-level regulations. Globally, Bitstamp provides access to trade over 80 of the most well-established coins and tokens. For users in the USA, Bitstamp presents the gateway to crypto with over 35 cryptocurrencies.




With a proven track record, cutting-edge market infrastructure and a dedication to personal customer service with a human touch, Bitstamp's secure and reliable trading platform is trusted by millions of customers worldwide. Whether through an intuitive web platform or two mobile apps, one designed for new and experienced users alike, and one built for pro traders and crypto experts, we are here to make crypto accessible to all.

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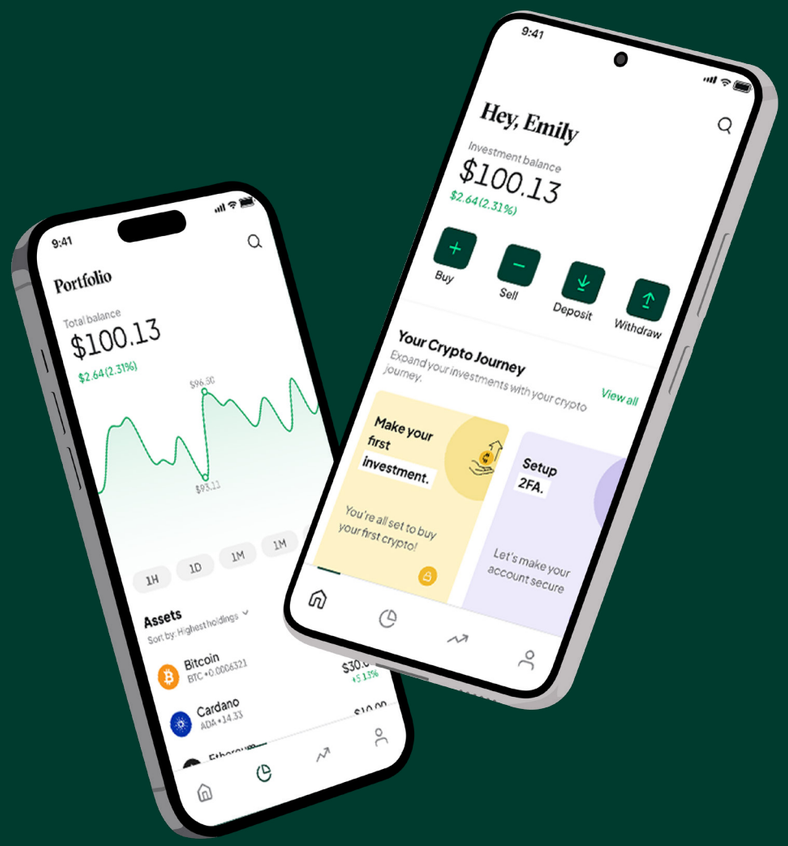


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# Glossary

**Coin:** A digital unit of currency that acts as a medium for payments and is based on their own dedicated blockchain.

**Crypto wallet:** A digital wallet that allows users to send, receive, and store cryptocurrencies. Wallets also offer various other types of functionality and integrations such as giving users the ability to interact with various dapps.

**Decentralized applications (dapps):** Web applications coded onto the blockchain.

**Decentralized autonomous organization (DAO):** Organization on a blockchain without a typical management structure or board of directors. Instead, token owners are granted voting rights for the projects based on the amount held.

**Decentralized exchange (DEX):** A cryptocurrency exchange built on a blockchain that facilitates trades by connecting users directly.

**Decentralized finance (DeFi):** blockchain-powered financial services free from the intermediaries of traditional banking.

**Layer 1 (L1):** A layer 1 blockchain is the fundamental, base-level chain in a network that provides the most essential services to a network like recording transactions on the public ledger and ensuring adequate security.

**Layer 2 (L2):** Separate networks built and running on top of the layer 1 blockchains. Layer 2 networks are seen as scaling solutions that intend to remove certain difficulties associated with the L1 networks, such as high fees and slow transaction settlement times.

**Metaverse:** Virtual space—or collection of spaces—in which people can connect, interact, and share experiences through the internet.

**Nodes:** Computers connected to each other on a distributed blockchain network that broadcasts data. Nodes run the blockchain protocol software and usually store the history of transactions.

**Non-fungible tokens (NFT):** One-of-a-kind blockchain based tokens that can represent anything that is unique. They usually represent ownership or proof of authenticity of a specific item or piece of content, such as artwork, music, videos, or collectibles, on a blockchain.

**Smart contracts:** Self-executing agreements built with pre-defined rules and designed to execute automatically when two or more conditions are met.

**Token:** A digital unit of currency that offers functionality beyond that of transferring value. Tokens are typically released on a blockchain and are often associated with their own dapps.

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