

What it is: Cryptos such as Bitcoin, Ethereum, XRP, etc. work as digital assets and forms of exchange. Their typical functionality is to operate as a currency that can be used to pay for goods or exchange one currency for another (i.e. dollar for XRP), though they can also be used for things such as running applications or exchanging information.

How it works: Virtually all cryptos operate on what is known as blockchain technology. Blockchain is the backbone to crypto and is at its core a catalog of transactions that everybody can see and authenticate. On the front end, instead of going through a bank to make a transfer / payment, blockchain – or cryptos – enable the two transacting entities to cut out the third party (i.e. banks & credit card companies) by linking up directly with one another. On the back end, blockchain is being used to verify that payments between two parties are genuine, while also keeping a ledger of who has sent and received crypto. The ledger is like a personal budget – it shows where crypto is flowing to and from. Instead of having a central figure that is keeping track of who owns what, blockchain and its ledger are self-operating.

One of the keys to blockchain being secure is its decentralization. Blockchain is divided across multiple computers and networks that function in conjunction with one another to verify and maintain accuracy of transactions. Decentralization is critical to blockchain technology, as it means there is no single entity or database that can be altered, hacked, or stolen that would bring down the system. The fascinating part about crypto is that transactions can range from hours to even seconds, whereas ACH / wires often take days. This is also true for any international transactions.

Where to get it: There are two main places that function as exchanges for crypto: Coinbase and Kraken. Both Coinbase and Kraken work similarly to having a brokerage account with Charles Schwab or Fidelity. Opening an account involves linking your bank account and verifying your identity. Once this is done, buying, selling, and trading with cryptos is only a click or two away.

How it is regulated: Regulations for Coinbase can be found [here](#) and Kraken [here](#).

How to use it: As mentioned before, cryptos can be used as a digital asset or a form of exchange. Having an exchange platform such as Coinbase or Kraken is essentially required to move cryptos from one account to another, though it is likely that cryptos will become more easily accessible over time.

When to use it: Most businesses have not adopted a policy for accepting crypto currency, so for now they are frequently being used for asset appreciation and as a hedge in portfolios.

