

TheCryptoDen

Cryptocurrency Glossary

Airdrop

A token distribution method used to send cryptocurrency or tokens to wallet addresses.

Altcoin

Anything but Bitcoin

Cold Wallet

An offline wallet that is never connected to the internet. These wallets protect cryptocurrencies from getting hacked online.

Confirmation / Block Confirmation

A confirmation means that the network has verified the blockchain transaction. This happens through a process known as mining, in a Proof of Work system (e.g., Bitcoin).

DAO (digital decentralized autonomous organization)

Decentralization

The transfer of authority and responsibility from a centralized organization, government, or party to a distributed network.

Decentralized Application (dapp)

An open-source, software application with backend code running on a decentralized peer-to-peer network rather than a centralized server.

Decentralized Finance (DeFi)

Decentralized finance—often called DeFi or open finance—refers to the economic paradigm shift enabled by decentralized technologies, particularly blockchain networks.

ERC20 Token Standard

ERC is the abbreviation for Ethereum Request for Comment and is followed by the assignment number of the standard.

Exchange

A place to trade cryptocurrency.

Fiat Currency

Government-issued currency.

Gas

A measure of the computational steps required for a transaction on the Ethereum network that then equates to a fee for network users paid in small units of ETH specified as Gwei.

Halving

Many cryptocurrencies like Bitcoin, have a finite supply, which makes them a scarce digital commodity.

Hardware Wallet

A physical device—like the famed Ledger Wallet—that can be connected to the web and interact with online exchanges but can also be used as cold storage (not connected to the internet).

Initial Coin Offering (ICO)

Occurs when a new cryptocurrency sells advance tokens in exchange for upfront capital.

Mainnet

The primary network where actual transactions take place on a specific distributed ledger.

Mining

The process of blocks getting verified and added to the blockchain.

Non-Fungible Token (NFT)

Fungibility refers to an object's ability to be exchanged for another.

Oracle

Typically, an oracle is any entity or person that is relied on to report the outcome of an event. In a blockchain network an oracle (human or machine)

Private Key

A private key is an alphanumeric string of data that corresponds to a single specific wallet or "public address".

Proof of Stake (PoS)

An alternative consensus protocol, in which an individual or "validator" uses their own cryptocurrency to validate transactions or blocks.

Proof of Work (PoW)

A protocol for establishing consensus across a system that ties mining capability to computational power. Public Key

Shard

Splitting the network into multiple portions

Smart Contracts

Recorded in computer code instead of legal language.

Stablecoin

Any cryptocurrency pegged to a stable asset, like fiat or gold. It theoretically remains stable in price as it is measured against a known amount of an asset not subject to fluctuation.

Testnet

Alternative blockchain developers use to test applications in a near-live environment.

Token

A Token represents an asset built on an existing blockchain (different from a coin). Tokens are designed to be unique, liquid, secure, instantly transferable, and digitally scarce.

Transaction Block

A collection of transactions on a blockchain network gathered into a set or a block that can then be hashed and added to the blockchain.

Transaction Fee

A small fee imposed on some transactions sent across a blockchain network. The transaction fee is awarded to the miner that successfully hashes the block containing the relevant transaction.

Validator

A participant in Proof of Stake consensus. Validators need to submit a security deposit in order to get included in the validator set.

Wallet

A designated storage location for digital assets (cryptocurrency) that has an address for sending and receiving funds. The wallet can be online, offline, or on a physical device.