

## Bitcoin ≠ Currency

Conner Davidson

*Distinguishing between Bitcoin the currency and Bitcoin the ledger is of utmost importance when it comes to considering the technology for social applications.*

To many, Bitcoin is simply a digital currency, but that's not entirely true, and it often provides an unfortunate misunderstanding. To be clear, Bitcoin offers a system of exchange via a global public ledger, and the most obvious first application for such a technology is a currency. Bitcoin is considered a currency, but that's an unfortunate misunderstanding.

Still, the central innovation of Bitcoin is not the currency, but the ledger itself. And, while Bitcoin's ledger has a handful of important advantages over traditional ledgers, there is one that stands out – Bitcoin's ledger is not controlled by anyone or anything. Instead, it is a new form of public good that, for the first time in history, is *truly* public. Further, this novel absence of a third party offers the potential to vastly improve the layers of trust in any type of transaction.

Because of this, Bitcoin can be called upon to handle a number of traditionally thorny, *non*-currency based transactions as well. These include deeds, contracts, stocks, etc. – all of which customarily involve brokers<sup>1</sup>. In fact, the transition to a Bitcoin-type infrastructure can provide most of Wall Street's core functions in such a way that is significantly cheaper, more global, more dynamic and infinitely easier to audit.

In comparison, the only real service an investment bank provides a company during an IPO is an expensive and sluggish form of third-party accounting, something Bitcoin can do for free. So it is important to separate bitcoin the currency (spelled with a little 'b' and suffering from high volatility) with Bitcoin the ledger (which acts as an accountant and suffers no volatility). If the two were in

<sup>1</sup> In the Bitcoin literature, assets issued on top of the blockchain are referred to as '[colored coins](#)'

competition, the ledger, so far, would be the clear winner. In the five years of its existence, the Bitcoin ledger has functioned flawlessly, involving no bankers, brokers, thefts or court cases (not so true of the currency).

And this distinction is important, because for something like shares of carbon, Bitcoin not only appears ideally suited but marvellously capable.