



## CARY COMMUNICATIONS INSIGHTS

# Common Crypto Terms Explained

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Digital currency terms are often used without explanation. It can seem like it's an "insider's only" language. This glossary breaks down the most common ones in clear, straightforward language so conversations are easier to follow and decisions are easier to evaluate.

Click [here](#) for an alphabetical list of terms.

### Core Concepts

- **Bitcoin** – The first cryptocurrency, created to show that digital money could exist without banks or centralized control.
- **Blockchain** – A shared digital ledger that records transactions permanently and is checked by many independent computers.
- **Coin** – A cryptocurrency that operates on its own blockchain, such as Bitcoin or Ether.
- **Crypto/Cryptocurrency** – Digital money secured by cryptography that operates independently of central banks.
- **Digital Currency** – Money that exists only in electronic form and is transferred digitally rather than as physical cash.

### Platforms and Infrastructure

- **Crypto Infrastructure** – The underlying networks, software, and systems that allow crypto platforms and applications to function.
- **Ethereum** – A blockchain platform designed to support applications, smart contracts, and digital assets beyond simple payments.
- **Exchange** – An online platform where users can buy, sell, or trade cryptocurrencies.
- **Wallet** – A digital tool that stores the credentials needed to access and manage crypto assets.

### Keys, Access, and Transactions

- **Public Address** – A shareable identifier that allows others to send cryptocurrency to a wallet.
- **Private Key** – A confidential cryptographic code that proves ownership and grants control over crypto assets.
- **Gas Fees** – Transaction fees paid to process and validate activity on a blockchain network.
- **On-Chain** – Transactions or data recorded directly on the blockchain.
- **Off-Chain** – Transactions or data handled outside the blockchain but still connected to it.

### Financial Concepts

- **Stablecoin** – A cryptocurrency designed to maintain a consistent value.
- **Liquidity** – How easily an asset can be bought or sold without significantly affecting its price.
- **Market Cap** – The total value of a cryptocurrency, calculated by multiplying price by circulating supply.
- **Volatility** – The degree to which an asset's price moves up or down over time.
- **Fiat Currency** – Government-issued money such as U.S. dollars or euros.

### Advanced Capabilities

- **DeFi (Decentralized Finance)** – Financial services built on blockchain technology that operate without traditional banks or intermediaries.
- **Smart Contract** – A self-executing digital agreement that automatically enforces its terms when conditions are met.
- **Staking** – Locking up crypto assets to help secure a blockchain network and earn rewards.

- **Mining** – The process by which computing power is used to validate transactions and add them to a blockchain.

## Ownership and Assets

- **Token** – A digital asset created on an existing blockchain that can represent value, access, or ownership.
- **Tokenization** – The process of converting ownership rights in an asset into digital tokens.
- **NFT (Non-Fungible Token)** – A unique digital asset that represents ownership of a specific item.
- **Real-World Assets (RWA)** – Physical or traditional financial assets represented digitally on a blockchain.

## Governance and Adoption

- **Institutional Adoption** – The use of crypto by large organizations such as banks, asset managers, and corporations.
- **Regulatory Clarity** – Clear rules and guidance governing how crypto can be used, traded, and managed.
- **Quantum-Resistant Security** – Cryptographic protections designed to remain effective against future advances in computing power.
- **Decentralized AI (DeAI)** – Artificial intelligence systems designed to run on distributed networks rather than being controlled by a single organization.

## Glossary of Crypto Terms (alphabetical)

| Term                          | Definition                                                                                                                     |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Altcoin                       | Any cryptocurrency other than Bitcoin, often offering alternative features or improvements.                                    |
| Bitcoin                       | The first cryptocurrency, created to show that digital money could exist without banks or centralized control.                 |
| Blockchain                    | A shared digital ledger that records transactions permanently and is checked by many independent computers.                    |
| Bull Market                   | A prolonged period of rising prices and optimistic sentiment in the crypto market.                                             |
| Bear Market                   | A prolonged period of falling prices and pessimistic sentiment in the crypto market.                                           |
| Coin                          | A cryptocurrency that operates on its own blockchain, such as Bitcoin or Ether.                                                |
| Cold Wallet (Hardware Wallet) | An offline device for storing private keys and crypto assets, offering high security against online threats.                   |
| Consensus Mechanism           | The process by which a blockchain network agrees on the validity of transactions (e.g., Proof-of-Work or Proof-of-Stake).      |
| Crypto/Cryptocurrency         | Digital money secured by cryptography that operates independently of central banks.                                            |
| Crypto Infrastructure         | The underlying networks, software, and systems that allow crypto platforms and applications to function.                       |
| Decentralized AI (DeAI)       | Artificial intelligence systems designed to run on distributed networks rather than being controlled by a single organization. |
| Decentralized Exchange (DEX)  | A peer-to-peer trading platform without a central authority, using smart contracts for trades (e.g., Uniswap).                 |

| <b>Term</b>                    | <b>Definition</b>                                                                                                                                                  |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DeFi (Decentralized Finance)   | Financial services built on blockchain technology that operate without traditional banks or intermediaries.                                                        |
| Digital Currency/Digital Money | Money that exists only in electronic form and is transferred digitally rather than as physical cash, including both government-issued and crypto-based currencies. |
| Ethereum                       | A blockchain platform designed to support applications, smart contracts, and digital assets beyond simple payments.                                                |
| Exchange                       | An online platform where users can buy, sell, or trade cryptocurrencies.                                                                                           |
| Fiat Currency                  | Government-issued money such as U.S. dollars or euros.                                                                                                             |
| FOMO (Fear Of Missing Out)     | The anxiety that drives buying during price surges, often leading to impulsive decisions.                                                                          |
| FUD (Fear, Uncertainty, Doubt) | Spreading negative information to create doubt and potentially lower prices.                                                                                       |
| Gas Fees                       | Transaction fees paid to process and validate activity on a blockchain network.                                                                                    |
| Halving                        | A programmed event (e.g., in Bitcoin every ~4 years) that reduces mining rewards by half, often influencing supply and price.                                      |
| HODL                           | Slang for holding crypto assets long-term despite volatility (a.k.a. Hold On for Dear Lift) originated from a typo for "hold."                                     |
| Hot Wallet                     | An online-connected wallet for convenient access, but more vulnerable to hacks than cold storage.                                                                  |
| Institutional Adoption         | The use of crypto by large organizations such as banks, asset managers, and corporations.                                                                          |
| Layer 2 (L2)                   | Scaling solutions built on top of a base blockchain to enable faster and cheaper transactions.                                                                     |
| Liquidity                      | How easily an asset can be bought or sold without significantly affecting its price.                                                                               |
| Market Cap                     | The total value of a cryptocurrency, calculated by multiplying price by circulating supply.                                                                        |
| Mining                         | The process by which computing power is used to validate transactions and add them to a blockchain.                                                                |
| NFT (Non-Fungible Token)       | A unique digital asset that represents ownership of a specific item.                                                                                               |
| Off-Chain                      | Transactions or data handled outside the blockchain but still connected to it.                                                                                     |
| On-Chain                       | Transactions or data recorded directly on the blockchain.                                                                                                          |
| Private Key                    | A confidential cryptographic code that proves ownership and grants control over crypto assets.                                                                     |
| Proof-of-Stake (PoS)           | A consensus mechanism where validators stake assets to secure the network and earn rewards (more energy-efficient than mining).                                    |
| Proof-of-Work (PoW)            | A consensus mechanism requiring computational work (mining) to validate transactions and secure the network.                                                       |
| Public Address                 | A shareable identifier that allows others to send cryptocurrency to a wallet.                                                                                      |

| Term                       | Definition                                                                                         |
|----------------------------|----------------------------------------------------------------------------------------------------|
| Quantum-Resistant Security | Cryptographic protections designed to remain effective against future advances in computing power. |
| Real-World Assets (RWA)    | Physical or traditional financial assets represented digitally on a blockchain.                    |
| Regulatory Clarity         | Clear rules and guidance governing how crypto can be used, traded, and managed.                    |
| Seed Phrase                | A 12-24 word backup phrase used to recover access to a wallet if the device is lost.               |
| Smart Contract             | A self-executing digital agreement that automatically enforces its terms.                          |
| Stablecoin                 | A cryptocurrency designed to maintain a consistent value.                                          |
| Staking                    | Locking up crypto assets to help secure a blockchain network and earn rewards.                     |
| Token                      | A digital asset created on an existing blockchain that can represent value or ownership.           |
| Tokenization               | The process of converting ownership rights into digital tokens.                                    |
| Volatility                 | The degree to which an asset's price moves up or down over time.                                   |
| Wallet                     | A digital tool that stores the credentials needed to access and manage crypto assets.              |
| Whale                      | An individual or entity holding a large amount of crypto, capable of influencing market prices.    |

Need help simplifying a complex topic? Let's talk. Contact Cary Communications for a free 15-minute consultation.

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