Bitcoin and Blockchain: What's the Difference?

December 7, 2017 By 3 Comments

On December 7th, 2017, the value of one bitcoin surged to more than $16,000. Quite a feat for the first decentralized cryptocurrency, something that was once ridiculed by just about every financial institution and business. Interest in Bitcoin has skyrocketed in recent months, and it's not just Bitcoin that's generating a lot of buzz. Blockchain technology has also been garnering a lot of attention recently. In August, six of the world's largest banks teamed up to work on a blockchain settlements project called utility settlement coin.

With all the recent buzz about Bitcoin and blockchain technology, we thought it was time to take a look at Bitcoin and blockchain. **While both of these technologies are related, they are not the same.**

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TL;DR:

- Bitcoin is a decentralized cryptocurrency.
- Blockchain is the underlying technology that runs Bitcoin.

Bitcoin is a Decentralized Cryptocurrency

Bitcoin was the first decentralized cryptocurrency, and it was created back in 2009 by an unknown person going by the name Satoshi Nakamoto. While there are now more than 200 cryptocurrencies available, Bitcoin is still the most commonly used cryptocurrency. Other available cryptocurrencies include Ethereum, Litecoin, Monero, and Zcash. Bitcoin and other cryptocurrencies allow people to make payments without the need for a bank or other middle parties.

Users acquire bitcoins by accepting them for goods and services or by mining, a complicated process where specialized computers are used to solve mathematical problems to verify bitcoin transactions. These mathematical problems are embedded in the blockchain technology that runs Bitcoin. Bitcoins exist only digitally and are kept in a highly secure wallet. When Bitcoin users want to turn their bitcoins into fiat money, they can use cryptocurrency exchanges to trade them for fiat currency or other cryptocurrencies.

Developers can use third-party cryptocurrency exchange and processing APIs to enable applications to accept and process cryptocurrency payments, build cryptocurrency trading chatbots, and for many other use cases. Examples of cryptocurrency APIs include Bitcointy, BlockChain, BNC Bitcoin B-WAP, Coinbase, and Nexchange.

Blockchain is the Underlying Technology that Runs Bitcoin

Blockchain is the underlying technology that runs Bitcoin. It’s a distributed public ledger that records and saves a record of every single transaction. Blockchain technology allows payments and other digital information to be exchanged without the need to authenticate transactions through a central

authority or third-party institutions such as banks, stock markets, and governments. This is because public and private blockchains are managed by decentralized, autonomous peer-to-peer networks that verify transactions (via network nodes) – essentially vouching for both parties involved in a transaction without the need for a central institution. Once the transaction is verified by network nodes, it is recorded in a distributed public ledger which is called a blockchain. Blockchains are typically public, but the parties involved in a bitcoin transaction can encrypt specific information so that it remains private.

Blockchain technology allows funds to be transferred anywhere in the world securely, inexpensively, and in a matter of minutes. The applications for blockchain technology are boundless. Blockchain could be used to build systems for e-voting, fraud prevention, trade settling, international payments, and so much more.

Future of Bitcoin and Blockchain Looks Bright

Today many well-known companies including Overstock, Microsoft, and Expedia are allowing customers to pay for purchases using Bitcoin. Some companies like Overstock accept not just Bitcoin but all major cryptocurrencies. Some of the world’s largest banks and financial institutions now view blockchain as an innovative technology that could be used to conduct fiat currency-based transactions. With so much interest in these cryptocurrency technologies, the future looks bright for Bitcoin and blockchain.

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