



Business English News 48 - Cryptocurrency

You've probably heard stories of young investors **lured by** the **promise** of **quick gains** in the world of "crypto," or **cryptocurrency**. And while it's **Bitcoin** that gets the **lion's share** of attention, there are over 10,000 **digital currencies** in use today. There's the big names, like **Ethereum**, Binance, and Ripple. And then there's currencies like **Dogecoin** and Loser Coin, which started as jokes. If you're confused by the **hype**, you're not alone. So just what is cryptocurrency? According to Investopedia:

A cryptocurrency is a digital or **virtual currency** that is secured by **cryptography**, which makes it nearly impossible to **counterfeit** or **double-spend**. A **defining feature** of cryptocurrencies is that they are generally not issued by any **central authority**, **rendering** them **theoretically immune** to government interference or **manipulation**.

Because they aren't centrally regulated, cryptocurrencies are **touted** for one major advantage: funds can be transferred directly between two **parties**. There's no need for an **intermediary** or **third party** such as a bank or a credit card company. And this is made possible by a transformative technology called **blockchain**. Techbullion defines blockchain in this way:

Blockchain is a **decentralized ledger** operating in a decentralized system, unlike the banking system where all **transactions** are **centralized** and maintained by a **singular authority**. Blockchains can be interpreted as **databases** that are **infinitely scalable** due to the nature of their design. The individual **cells** in the database are **blocks** that can be filled with data. Once the block is full, it is connected to the previous block to make a chain. Unlimited blocks can be attached, forming a blockchain.

So is the world ready for virtual currencies? Early activity was dominated by people on the **fringe** of the **digital economy**. And much of the current energy is created by **outsized personalities** like Elon Musk, whose **pronouncements** are often **viewed with skepticism**. It appears, however, that we've **crossed a threshold** of acceptance, as crypto values increase. As Bull and Bear notes:

Much of the recent increase in cryptocurrencies' value is **driven by** large financial institutions' **newfound** acceptance of the technology as a **viable investment**. The CEO of JP Morgan, Jamie Dimon, went from calling Bitcoin a "**fraud**" in 2017 to allowing clients to access Bitcoin funds in March. **Legendary hedge fund** manager Paul Tudor Jones has used bitcoin as a **hedge against** inflation, and CitiGroup claimed in a March 2021 report that Bitcoin was "at the **tipping point**" of going **mainstream**. **To top it off**, El Salvador made Bitcoin **legal tender** in June, becoming the first country to do so.

Of course, governments get **twitchy** when **novel investment vehicles** start **taking off**. And because cryptocurrency transactions may be **anonymous** or semi-anonymous, they could be attractive to criminals. For these reasons there's lots of talk of regulation. In the U.S., Gary Gensler, the chair of the U.S. **Securities and Exchange Commission** or **SEC**, has **taken a firm stand**. As the Guardian reports:

Gensler said on Tuesday that the crypto market involved many **tokens** that may be **unregistered securities** and left prices **open to manipulation** and millions of investors **vulnerable** to risks. "This **asset class** is **rife with** fraud, **scams** and abuse in certain applications," Gensler told a global conference. "We need additional **congressional** authorities to prevent transactions, products and platforms from falling between **regulatory cracks**."

Concerns about cryptocurrencies are not limited to the financial and criminal risks. There are environmental **implications** to **mining** crypto, which depends on vast networks of computers consuming vast amounts of energy. By **verifying** transactions and adding blocks to the blockchain, miners can earn currency themselves. But this **resource-intensive** activity is **sullying** crypto's **reputation**, as CNBC reports:

Bitcoin's poor environmental **credentials** have made it a controversial **asset** at a time when **social and environmental responsibility** have become **top of mind** for investors. In May, Tesla CEO Elon Musk said he would stop accepting bitcoin for vehicle purchases unless miners **transition** to more sustainable energy.

The jury is out on whether people in the future will be buying their groceries with Bitcoin. Perhaps cryptocurrencies won't become a common **medium of exchange** but just a form of investment. And there are certainly many investors thinking now is the time to **jump on the bandwagon** if you want to **make a killing**. But will it last? Will the investment pay off? According to Stuff.com:

The **basic premise** of cryptocurrencies that there will only ever be a limited amount, is simply not true. Bitcoin may have a **finite** number of coins mined, but other cryptocurrencies are **popping up** all the time. And some major ones, like Ethereum, have a potentially unlimited supply. So while **membership to one crypto club**, bitcoin, might be **restricted**, if there are other similar clubs opening up **down the road**, how can it stay **exclusive**? When there are **tons** of something around, it's usually not worth much.

Vocabulary

To be lured by the promise of: attracted by the signs that something will happen in the future; "I was lured to the company by the promise of a great culture, but it turned out to be pretty terrible."

Quick gains: fast profits; "My financial advisor told me that chasing quick gains isn't wise, and that I should think more about long-term investments."

Crypto / Cryptocurrency: a digital form of money validated by cryptography.

Bitcoin: a virtual currency created in 2009 and one of the most popular of all digital currencies; "The value of Bitcoin has dropped recently, but this hasn't stopped investors from buying it."

Lion's share: the large majority; "The lion's share of expenses for many companies go to facilities and staffing."

Digital currency/ Virtual currency: any currency or money-like asset that is exchanged and managed primarily over the Internet.

Ethereum: a decentralized, open-source blockchain and host to the cryptocurrency Ether.

Dogecoin: one of several "meme coins" created as a joke but now considered a real investment product.

Hype: public excitement or advertising attention; "WeWork and its founder created a lot of hype and attracted a lot of investment before investors realized it wasn't as great as they'd thought."

Cryptography: the use of codes or security keys that protect information or exchanges on the Internet.

To counterfeit: to make illegal copies of something, especially money; "Police recently caught a group of criminals counterfeiting \$100 bills in Florida."

To double-spend: to use a digital currency twice.

Defining feature: an essential or important element or aspect of something; "Safety has long been a defining feature of Volvo vehicles."

Central authority: an organization that plays a key role in facilitating or regulating an activity or area of the economy or society.

To render: to cause someone or something to be or become something; "A move to remote work has rendered much of our office space useless or unnecessary."

Theoretically immune: not affected by, in principle; "While healthcare is theoretically immune to economic recessions, many clinics have seen decreasing revenue during the current downturn."

Manipulation: influencing or controlling something in a clever or dishonest way; "Employees have accused the manager of emotional manipulation, as he constantly made them feel they weren't working hard enough."

To tout: to praise something or say that it is good and should be supported, or bought; "Doctors are touting Maris Inc's new drug as the best treatment for depression available."

Party: one of several people or groups involved in a transaction or contract.

Intermediary: a person or organization that acts between other people or groups in a transaction or relationship; "An HR consultant can help by acting as an intermediary between the hiring committee and job applicants."

Third party: a person or group that is not one of the two main people or groups involved in a transaction or relationship; "Some companies are hiring third parties to negotiate with unions on their behalf."

Blockchain: a public digital record of transactions that is copied and distributed across a network; "Because it's a public record of transactions, blockchain is said to increase trust, security, and transparency."

Decentralized: not controlled by one main person, organization, or government; "We have a decentralized leadership structure in which a dozen managers come together to make key decisions."

Ledger: a record of transactions.

Transaction: an single exchange in which people or companies buy and sell something; "Please keep your receipt as a record of your transaction in case you need to return the item."

Centralized: controlled or managed by one person or organization; "With our new communications director, we have centralized decision-making on key messages."

Singular: one and only one; "Instead of having a singular website for the entire company, we've given each of the divisions their own site."

Authority: a group or organization that has legal control over something.

Database: an organized digital system of information; "We have a good database of customer information, but I think we need to improve how it's organized and accessed."

Infinitely scalable: able to be increased in size forever; "With this new infinitely scalable cloud service, we'll never run out of space like we did with our own server."

Cell: one unit in a structure or database.

Block: a public record of transactions connected with others in a blockchain.

Fringe: people or activities considered strange or uncommon; "10 years ago people thought Elon Musk and Tesla were a fringe company, but look at their success now!"

Digital economy: the economy that is mostly based on digital technologies and computers; "With the availability of ecommerce platforms like Shopify, many more people are able to participate in the digital economy."

Outsized personality: a famous, influential, and interesting person; "Companies may have difficulty shifting from a founder who is an outsized personality to their next leader."

Pronouncement: an official public statement; "Investors are expecting a major government pronouncement on new financial regulations."

Viewed with skepticism: considered by many people to be unbelievable or possibly untrue; "It's funny to think so many people viewed the iPhone with skepticism when it was first released."

To cross a threshold: to begin a new phase or pass a limit; "Many countries have promised that when they cross a threshold of vaccination rates they will begin sending vaccines to other countries."

Driven by: forced or motivated by; "While much of our growth has been driven by our food products, we're hoping to focus more on health products in the future."

Newfound: recently discovered.

Viable investment: an asset that is worthwhile to buy in the hopes of making a profit; "With the shift toward a greener economy, many people are questioning whether oil and gas are really still viable investments."

Fraud: the crime of getting money by lying to people.

Legendary: famous for a long time; "Legendary CEO Lee Iacocca is known in part for helping Chrysler become a strong company again in the 1980s."

Hedge fund: a financial services company that puts money in high-risk investments.

Hedge against: to protect yourself from possible financial risks; "We're making some really safe long-term investments to hedge against the possibility that our big risky moves don't pay off."

Tipping point: a time when things suddenly change and can't be changed back; "With this latest accident, I think we've reached a tipping point and we now have to completely transform our approach to safety."

Mainstream: normal or accepted by many people; "Remote work wasn't so common before the pandemic but now it's almost a mainstream expectation of office workers."

To top it off: used to add one more piece of information to an already positive or negative idea; "I've just given you five good reasons to support this project. And to top it off: finance has just approved spending on it."

Legal tender: officially accepted form of money; "Many countries with their own currency also accept U.S. dollars as legal tender."

Twitchy: nervous or worried; "Why was Janet getting so twitchy in that planning meeting? Do you think she's considering leaving us?"

Novel: new, interesting, and innovative; "Creating an empathy map is a novel way of helping our designs and services become more user-friendly."

Investment vehicle: an asset offered by a financial services company as a way of making money; "We've used real estate as an investment vehicle in the past, but we're unsure it will continue to pay off in the future."

To take off: to become popular; "Zoom was slowly growing in the late 2010s, but with the COVID-19 pandemic it really took off."

Anonymous: made or done by someone without anyone knowing their name or identity; "Our whistleblower policy allows people to make anonymous complaints so that they can't be punished for exposing problems."

SEC / Securities and Exchange Commission: an independent agency of the U.S. federal government that enforces laws against improper financial services activity.

To take a firm stand: to strongly support an opinion or position; "While many people want to work from home five days a week, we've taken a firm stand that everyone must be in the office 40% of the time."

Token: one unit of cryptocurrency.

Unregistered: not registered with the SEC, for shares or assets; "To protect the public, only qualified or wealthy investors are allowed to purchase unregistered shares."

Securities: documents showing ownership of shares or an investment asset.

Open to manipulation: able to be unfairly influenced or controlled; "Young people eager to make a good impression can be very open to manipulation by bad managers."

Vulnerable: easily damaged or hurt; "We're in a strong financial position in Europe, but I feel we're more vulnerable in Asia."

Asset class: a group of financial investments that have similar characteristics or features; "To ensure a more balanced mix of investments, we're moving into the fixed income asset class and buying more bonds."

Rife with: having a lot of something bad or unpleasant; "After years of having a workplace rife with dissatisfaction, we've now got a workplace culture that many young people are keen to join."

Scam: a dishonest or illegal way of earning money; "This email promising huge returns on a new stock looks like a scam. Don't open it!"

Congressional: related to the U.S. Congress.

Regulatory crack: a gap in government regulations that could be used for profit or gain; "Our accountants have found a regulatory crack that enables us to reduce our reported income and therefore how much tax we have to pay."

Implications: possible effects or results; "The COVID-19 has affected the entire economy, but the implications for travel and hospitality have been especially serious."

To mine: to take something out from a source, such as metal from the earth or information from files; "Our information officer has been mining our sales data to identify trends that will help us focus our marketing."

To verify: to check or prove that something is true or correct; "Before we give you access to your account, we just need to verify your identity with a few questions."

Resource-intensive: requiring a lot of time, energy, money, or other resources to accomplish; "Developing new drugs is very resource-intensive, as pharmaceutical companies spend a lot of money on research and development."

To sully something's reputation: to damage or spoil the opinion that people have about something; "Reports of environmentally destructive practices has really sullied the reputation of several major tech companies."

Credentials: reasons to have confidence or believe in something; "People questioned my credentials when I joined the company, but they can clearly see that I've turned it around."

Asset: anything such as money or property that a person or company owns.

Social and environmental responsibility: a company's commitment to taking care of people and the environment, demonstrated through actions and decisions; "Yes, we say we have a commitment to social and environmental responsibility, but what spending decisions really prove that?"

Top of mind: a priority or high in one's thoughts; "You need to call or visit your clients regularly so that you stay top of mind for them."

To transition: to shift from one place or state to another; "As our economy transitions away from manufacturing, we need to retrain older workers."

The jury is out: something hasn't been decided or it isn't clear whether something will be accepted; "As we come out of the pandemic, the jury is still out on whether we'll require all workers to be vaccinated or not."

Medium of exchange: an item that is accepted in exchange for goods and services, such as money; "There are places in the world where gold and silver are still accepted as mediums of exchange."

To jump on the bandwagon: to join others in doing or liking something popular or successful; "I *like* the new design, but I'm not ready to jump on the bandwagon and fully support it yet."

To make a killing: to earn a lot of money; "Everyone thinks they can make a killing buying and selling old houses, but it takes a lot of time and effort."

Basic premise: the simplest or most important idea on which other things are based; "The basic premise of our new strategy is that we need to integrate the company across the different units for greater effectiveness."

Finite: having limited number; "Realizing that oil resources are finite, many countries are trying to transition to alternative energy sources."

To pop up: to appear; "When Amazon opened a big new office downtown, we saw lots of interesting restaurants and service businesses pop up around it."

Membership to a club: inclusion in some activity that is restricted or difficult to access; "We want people to feel like buying one of our cars is like gain membership to a club that everyone wants to join, but only a few can."

Restricted: limited to only some people or things; "The new tax break is restricted to companies that have less than \$500,000 a year in revenue."

Down the road: in the future; "Sure, our system works now, but if we grow then is it going to serve our purposes 10 years down the road?"

Exclusive: limited to only some people, especially for things that are expensive; "We're happy to announce an exclusive new deal for our existing customers."

Tons: much or many; "I wish I could join you this weekend, but I've got tons of paperwork to catch up on."

Language Review

A. Collocations

Match words from each column to make collocations found in the article.

1. Asset	a. skepticism	
2. Tipping	b. a threshold	
3. To cross	c. premise	
4. Viewed with	d. the road	
5. Third	e. class	
6. To jump on	f. party	
7. Basic	g. the bandwagon	
8. Down	h. point	

B. Vocabulary Quiz

- Which of the following includes all the others in the list below?
 - Bitcoin
 - Ether
 - Virtual currency
 - Dogecoin
- One of the advantages of cryptocurrency is that funds can be transferred directly from person to person without involving a(n) _____.
 - ledger
 - legal tender
 - investment vehicle
 - intermediary
- Which of the following are parts of a blockchain? [Choose 2]
 - cell
 - party
 - block
 - crack

4. If people don't believe in a person or thing, then we say the person or thing _____.
- a. crosses a threshold
 - b. is viewed with skepticism
 - c. is open to manipulation
 - d. is top of mind
5. Which of the following is illegal? [Choose 2]
- a. scam
 - b. hype
 - c. unregistered securities
 - d. fraud
6. The CEO's criminal behavior has unfortunately _____ the entire company's _____.
- a. verified / credentials
 - b. restricted / basic premise
 - c. sullied / reputation
 - d. opened / manipulation
7. Which of the following expressions means to join something that is becoming popular?
- a. make a killing
 - b. take a firm stand
 - c. top it off
 - d. jump on the bandwagon
8. Experts expect the current crisis to have negative _____ for oil companies five years _____.
- a. implications / down the road
 - b. legal tenders / top of mind
 - c. hype / newfound
 - d. credentials / twitchy

Answers

A. Collocations

1/e, 2/h, 3/b, 4/a, 5/f, 6/g, 7/c, 8/d

B. Vocabulary Quiz

1/c, 2/d, 3/a, c, 4/b, 5/a,d, 6/c, 7/d, 8/a