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A Beginner's Guide to Bitcoin Cash

What is Bitcoin Cash (BCH) ?

Bitcoin Cash is a proof-of-work blockchain network and cryptocurrency which is cheaper and faster to use than Bitcoin. Though growing explosively, Bitcoin — the world's first cryptocurrency — is still suffering from scalability problems and long processing time. This is where Bitcoin Cash comes into play. The idea of Bitcoin Cash was raised in 2017 as a way to solve Bitcoin's longstanding problems so as to make the transactions faster. While, such solution finally caused a break in the crypto community. Even though this two cryptocurrencies may coexist easily, there are many disputes over which will be the asset of the future.

How does Bitcoin Cash work?

In terms of the technical level, Bitcoin Cash works exactly the same as Bitcoin. Both have a hard cap of 21 million assets, use nodes to confirm transactions, and use a PoW consensus algorithm. PoW means that miners confirm transactions utilizing computer power and are rewarded in BCH for their contributions.

However, Bitcoin Cash operates faster and has lower transaction fees than its predecessor, thanks to the larger block size. It's much better suited for smaller transactions, such as buying a bottle of cola with cryptocurrency. Besides, Bitcoin Cash supports smart contracts and Apps such as CashFusion and CashShuffle.

CashFusion, rather than mixing transactions with others, places your Bitcoin Cash in a single large transaction full of other CashFusion users. Right after that it sends that BCH back to your wallet — except your transaction has been mixed up and combined with so many other transactions that

(ideally) no one can trace your holdings.

BCH holders using certain wallets can enjoy CashShuffle — a coin mixing process that shuffles your Bitcoin Cash with other holders before a transaction. As a result, your transactions are private and far harder to trace, considering Bitcoin Cash is a public ledger.

However, coin mixing isn't always reliable. To start, it requires users to trust a third-party service, which is somewhat ironic since crypto is supposed to be autonomous or pseudonymous. Mixing can cost a fee, which isn't ideal for people who trade often. Many jurisdictions have targeted cryptocurrency mixers, claiming that the funds entering such platforms are usually obtained illegally.

These are two prevalent applications within the Bitcoin Cash ecosystem, though they're just the tip of the iceberg. Bitcoin Cash has inspired dozens of protocols and other projects to expand the technology and make it more accessible to all.

What is Bitcoin Cash vs. Bitcoin?

So, what's the difference between Bitcoin Cash and Bitcoin? Bitcoin Cash can support 25,000 transactions per block compared with Bitcoin's 1,000 to 1,500 per block. The embrace in block size, from 1MB to 8MB, was enough to create a following. This has resulted in BCH being a top 20 cryptocurrency and one of the most popular Bitcoin forks out there. After that, Bitcoin Cash has expanded to a block size of 32MB.

It's important to note that Bitcoin was working on its own way to these problems at the time of the fork. Segregated Witness, or SegWit, was an upcoming upgrade at the time of BCH's inception, intending to change transactions to off-chain solutions in the hopes of speeding up transaction processing. Many people were unsatisfied with this solution, thus why the Bitcoin Cash hard fork took place.

Bitcoin Cash launched at about \$240 per coin and has risen significantly higher. Its price hasn't reached anywhere near Bitcoin's peaks, but considering that Bitcoin Cash is meant to be a form of payment, that lack of overall value may work in its favor. The higher price of Bitcoin, however, lends it to function more as a store of value.

It's worth noting that bigger block size and faster confirmation tend to cater more toward businesses. A shop can easily manage smaller-priced transactions on Bitcoin Cash, which is

something that Bitcoin struggles with to this day. This solution also lends itself to tipping creators online or making donations. These smaller use cases make it easy to see why some prefer Bitcoin Cash over the world's first cryptocurrency, Bitcoin.

That said, Bitcoin Cash isn't perfect. For one, its name can be quite confusing to new investors, an issue that probably should have been considered during the hard fork. To new users, Bitcoin Cash will consider like a cryptocurrency that is copying Bitcoin. It can be confusing to some who don't yet know the differences between Bitcoin Cash and Bitcoin.

Furthermore, Bitcoin Cash is much cheaper than Bitcoin, while it isn't as prominent when it comes to its overall cryptocurrency market dominance, which may provide less incentive to mine on its network. Otherwise, the asset simply doesn't have as many trading pairs as Bitcoin, which can be used across all exchanges and as a trading pair for hundreds, if not thousands, of cryptocurrencies. Bitcoin Cash is used more as a way to replace cash and, as such, serves a different use.

One might ask: Does the prices of Bitcoin Cash depend on Bitcoin? While the two aren't directly tied together, if Bitcoin's price is going up, Bitcoin Cash will generally follow. This is for a few reasons: Big spenders may want to diversify their portfolio as the market increases, and as one of the top cryptocurrencies, Bitcoin Cash is certainly a natural choice.

How to buy and use Bitcoin Cash?

Many popular exchanges list BCH as an asset you can buy, sell and trade. Generally, signing up for an exchange is quite easy, though doing so anonymously might not be an option, as most major exchanges require Know Your Customer and Anti-Money Laundering verification in the form of a photo ID, and in some cases, address and income verification.

Otherwise, the asset is also available at certain cryptocurrency ATMs that it's not hard to find in your local area. And depending on your country of residence, PayPal also supports Bitcoin Cash.

What is Bitcoin Cash used for? First of all, using BCH is simple. If you have it, all you need to do is using a wallet address to send the assets to a wallet. The recipient could be another person or a merchant Multiple merchants around the world accept BCH for payment. There are also websites for travel, goods and services, e-commerce accept it too.

But unfortunately for BCH holders and proponents, the asset is simply not as popular as Bitcoin. You're much more likely to find sellers that accept Bitcoin rather than Bitcoin Cash.

The future of Bitcoin Cash

When it comes to the future of cryptocurrencies, Bitcoin Cash is certainly finding its unique space in the market. While Bitcoin has the mindshare, much of that interest will certainly carry over to Bitcoin Cash as more merchants accept the asset. After all, there's no denying that Bitcoin Cash is much faster and cheaper.

However, Bitcoin Cash is competing against similar projects, chief of which is Litecoin (LTC), which features different pros and cons. It's really about which platform fills the needs of a particular user, and which platform brings forth the characteristics that will be desired more by the general public.