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## The Key Difference Between Bitcoin and Ethereum

Original:

<https://www.btcc.com/en-US/academy/research-analysis/the-key-difference-between-bitcoin-and-ethereum>

**Although both Bitcoin and Ethereum networks are driven by distributed ledgers and cryptography principles, there are many technical differences between them.**

For example, transactions on the Ethereum network may contain executable code, while the data posted on the bitcoin network transaction is generally only used to save notes. Other differences include block times (Ethereum transactions are confirmed in seconds, while bitcoin is a few minutes) and the algorithms they run. SHA-256 algorithm of bitcoin and ethash algorithm 910 of Ethereum.

### Consensus Protocol

Bitcoin and Ethereum currently use a consensus protocol called proof of work (POW), which allows the nodes of their respective networks to agree on the status of all information recorded on their blockchain and prevent some types of economic attacks on the network. In 2022, Ethereum will switch to a different system, called proof of equity (POS), as part of its eth2 upgrade, which is a set of interrelated upgrades that will make Ethereum more scalable, secure and sustainable.

A major criticism of the proof of work is that it is highly energy intensive due to the need for computing power. The bet proved to replace computing power with bets, making it less energy consuming, and replaced miners with verifiers, who activated the ability to create new blocks with their cryptocurrency bets.



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## Overall Goals

But more importantly, bitcoin and Ethereum differ in their overall goals. Bitcoin was created as a substitute for national currency, so it hopes to become a medium of exchange and value storage, while Ethereum is used as a platform to promote immutable and programmed contracts and applications through its own currency.

BTC and ETH are both digital currencies, but the main purpose of Ethereum is not to establish itself as an alternative currency system, but to promote and monetize the operation of Ethereum smart contract and DAPP platform.

Ethereum is another use case of blockchain supporting bitcoin network, which should not really compete with bitcoin in theory. However, Ethereum's popularity has pushed it into competition with all cryptocurrencies, especially from the perspective of traders. For most of the time since its launch in mid-2015, Ethereum has been following bitcoin in the ranking of top cryptocurrencies by market value.

## Ethereum's Ecosystem

Ethereum's ecosystem is developing rapidly, thanks to the rapid popularity of its dapps in the fields of finance (decentralized finance, or DFI applications), art and collectibles (non fungible tokens, or NFTs), games and technology. This led to a 510% surge in ETH in 2021 (as of November 29, 2021), while BTC's revenue was 93%. Therefore, although the market value of ETH was only about one tenth of that of BTC in January 2020, as of November 2021, the market value of ETH was \$528 billion, about half of that of BTC.