

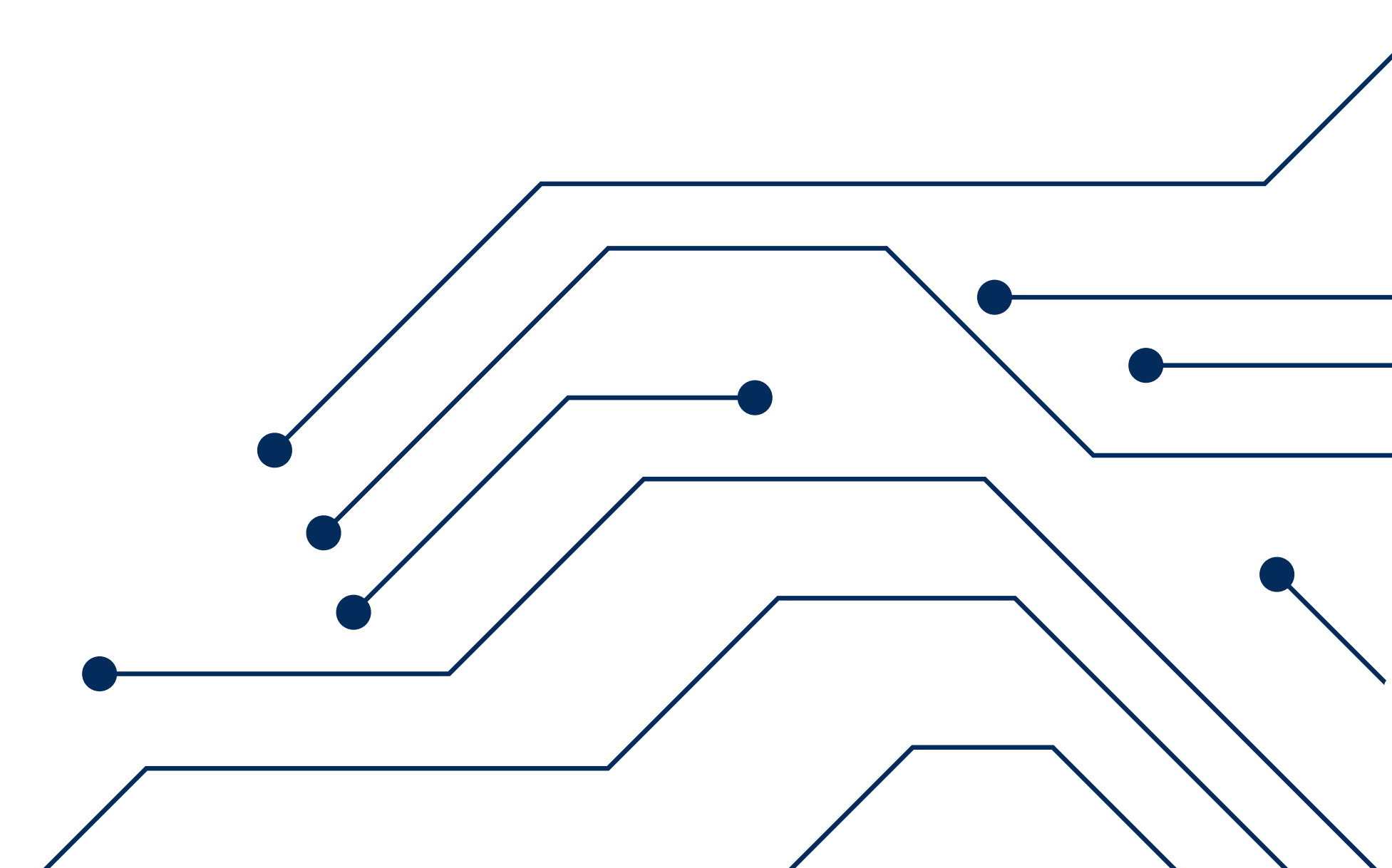
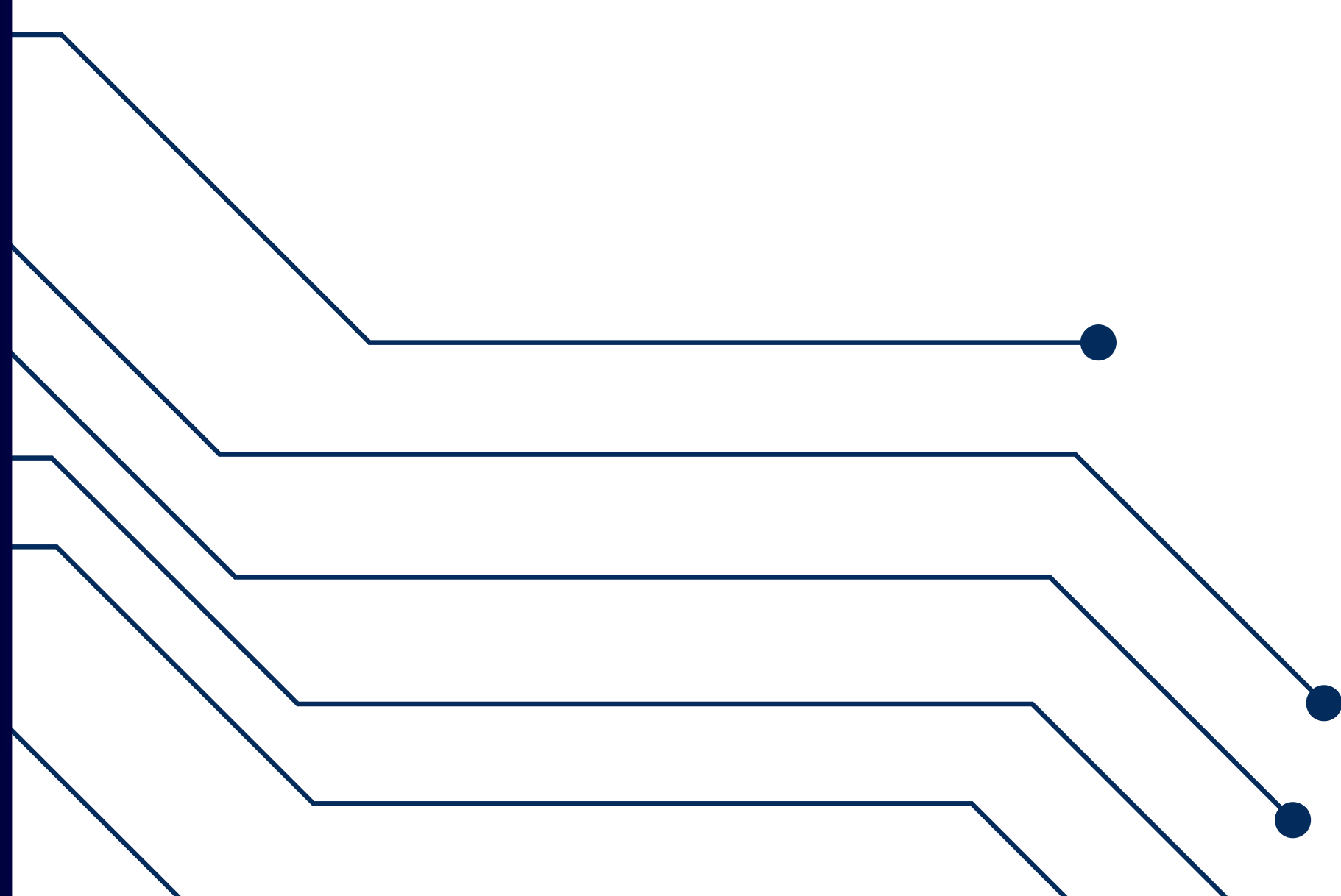
WHAT IS ETHEREUM?



Ethereum is a blockchain based software language and platform that accommodates the second largest cryptocurrency in the space, ether. Ethereum is also a payments platform that can transfer value globally without any third-party interference.

Today Ethereum's main purpose is value transfer using its native token, ether. It is also open source software, however, on which thousands of other cryptocurrency projects have been built. Developers have been drawn to the blockchain of Ethereum because of its security and ability to more easily control online data and finances.

Ethereum has ambitious plans to say the least about becoming a “world computer.” While Bitcoin was mainly seen as a tool to disrupt the banking system, Ethereum was built open source in a way to allow thousands of people around the world to build decentralized applications on the platform that would be leaderless. These applications could track finances, store data, and create compound interest in some cases with no interference by their creators.



Vitalik Buterin proposed Ethereum in 2003 when he was only 19 years old. He was one of the pioneers of creating blockchain technology with more use cases than just financial transactions. Vitalik saw the internet as mostly a bunch of centralized actors controlling all of the user data. Him and his peers wanted to change that by creating decentralized open source software that could be used to give control back to the end users. By using smart contracts that would define the rules automatically, there were no centralized actors in play that could accidentally leak information or sell it to another company.

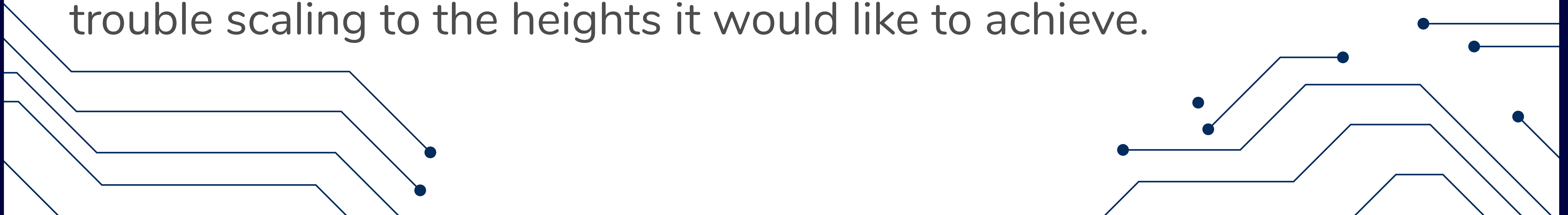
What makes Ethereum different from Bitcoin is quite simple. While they are both blockchain technologies and cryptocurrencies, Ethereum is built to decentralize more than just finances. From social media networks, to data security, and even video game tokenization, Ethereum is able to decentralize all of this different data. While Bitcoin is mainly used only as a store of value. Because Ethereum is run by volunteers using independent nodes all across the world, proponents of Ethereum view the Ethereum blockchain as a “world computer.”



This makes Ethereum apps able to compete with the likes of Facebook and Google and at the same time give users more control over their personal data. Though Ethereum has ambitious goals of replacing social media networks and other huge institutions, it has seen a scalability problem. Because all of these decentralized apps run on Ethereum, and Ethereum total supply is limited, these apps need ether to perform which costs money. The more users that use the Ethereum network, the more congested it gets and the more money it takes just to transact a small amount of ether.

Ethereum has been working on Ethereum 2.0 since 2020, and when live promises to tackle these scalability issues the Ethereum blockchain has at the moment. Ethereum 2.0 would make it cheaper essentially to perform the small tasks done on Ethereum apps like posting a photo or listing something for sale on a marketplace. As of writing this, the transaction fees associated with using Ethereum are outrageous.

For example, if someone purchases \$10 worth of Ethereum from an exchange, it might only be \$5 to \$6 that he or she ends up with after the transaction goes through. For these reasons, Ethereum is having trouble scaling to the heights it would like to achieve.

A decorative graphic at the bottom of the page consisting of several blue lines that resemble circuit traces or a stylized network diagram, extending from the left and right edges towards the center.

Because of Ethereum's wide range of use cases for blockchain technology, it will definitely be a valuable asset in the future. Though it has some high fees for simple tasks at the present, with the advent of Ethereum 2.0, hopefully the Ethereum blockchain will be more frictionless and easier to transact upon. The future is bright for Ethereum!

