



Binance

Lesson 12

As I prepare to add to my portfolio of cryptocurrency assets, I'm deliberating on the appropriate time to begin adding altcoins. For that reason, I'll share what I'm learning about some of the most popular altcoins of February, 2024.

In our earlier lessons, we've touched upon the innovation and utility altcoins bring to the blockchain ecosystem.

Today, we'll go further into the Binance Coin (BNB). From its origins to its current multifaceted roles, BNB exemplifies the dynamic evolution of digital tokens beyond mere transactional tools.

The Origins of Binance Coin

Changpen Zhao, commonly known as CZ, founded Binance in 2017. It quickly became a leading crypto exchange, making it possible for people to trade and store cryptocurrency assets. At the same time that he founded the company, he introduced Binance Coin through an Initial Coin Offering (ICO).

Initially, the developers introduced BNB as an ERC-20 token on the Ethereum blockchain, which was the same platform that FTX used to launch FTT, which we described in lesson two.

BNB had a primary purpose of offering an integrated utility token for the Binance exchange platform. As with the FTT, users could benefit from reduced trading fees on the exchange by using BNB to pay for them, fostering loyalty and enhancing user experience.

The Binance White Paper and BNB's Utility

Just as Satoshi Nakamoto introduced a white paper to help the world learn about Bitcoin, founders behind Binance introduced the Binance White Paper to lay out the ambitious vision for BNB, detailing its utility in not just reducing trading fees but also in a variety of other use cases within the Binance ecosystem, including:

- » Payment for transaction fees on Binance's exchange and future platforms.
- » Participation in token sales on Binance Launchpad.
- » Use as a payment method for goods and services across various partners and platforms.

Evolution and Expansion

BNB's journey from an ERC-20 token (described in lesson 8) to the native currency of Binance's own blockchain (described in lesson seven), Binance Chain, marks a significant evolution. The founder made this transition to create a high-performance blockchain that could handle the vast transaction volumes associated with Binance's trading volume, which had grown rapidly to become one of the leading crypto exchanges in the world.

The launch of Binance Chain and later, Binance Smart Chain (BSC), provided a powerful, scalable platform for decentralized applications (DApps), with BNB at its core.

These transitions provide evidence that digital assets evolve to meet market needs.

Binance Smart Chain and DeFi

Binance Smart Chain, a parallel blockchain to Binance Chain, introduced smart contract functionality and compatibility with the Ethereum Virtual Machine (EVM—described in lesson nine). This expanded BNB's utility far beyond fee payments, making it instrumental in the burgeoning field of decentralized finance (DeFi). BSC has quickly become a preferred platform for DeFi

projects thanks to its low transaction fees and high throughput, with BNB used for transaction fees (gas), governance, and staking.

BNB's Role in the Digital Economy

Today, BNB stands as more than the utility token of the Binance exchange. It's a cornerstone of a vast ecosystem that includes DeFi, payments, governance, and more. Its deflationary model, through regular token burns, ensures that BNB's value is intrinsically tied to the growth and success of the Binance ecosystem.

Looking Forward

As Binance continues to expand its services and platforms, BNB's utility and value proposition are likely to grow even further. From its humble beginnings as a means to reduce trading fees, BNB has become a pivotal element of the crypto landscape, demonstrating the potential of digital tokens to evolve in response to the needs of the blockchain ecosystem.

BNB's journey is a testament to the innovative spirit of the cryptocurrency world, where tokens can evolve to meet the changing needs and opportunities within the digital economy. As we continue to explore the vast universe of altcoins, BNB's story may inspire you to think about the potential for growth and transformation in this dynamic field.

In our next lesson, we'll discuss Cardano (ADA) another prominent altcoin, offering insights into its technology, utility, and impact on the blockchain ecosystem.

Investment:

I am holding onto the four Bitcoins in my account, pausing my purchasing while we move closer to the halving. On Tuesday, February 20, 2024, at 4:01 am Pacific time, the price of Bitcoin settled at \$52,301.06.

- » Total investment in BTC at end of day, February 19, 2024: \$192,202.76.
- » Total holdings: 4 BTC
- » Total value: \$209,206.40
- » Gain or Loss: \$17,003.64

The value of my holdings surpassed the total amount that I had paid by \$17,003.64 since I began investing in cryptocurrency, on January 31, 2024.

Disclaimer:

For full transparency, I am not an investment advisor. Our nonprofit, Prison Professors, offers these lessons for the singular purpose of helping people learn more about the digital economy. I provide information on my personal investments to show that even a person who served 26 years can participate in the digital economy. I am an investor and a speculator, understanding the risks. No one should invest in any asset class without a strategy and a plan, as shown through our introductory course: Preparing for Success after Prison. Always develop an understanding of investment risks—especially with cryptocurrency.

Critical Thinking Questions:

How does BNB's evolution from an ERC-20 token to the native currency of Binance's own blockchain reflect broader trends in the cryptocurrency space? In what ways does BNB's utility within the Binance ecosystem and beyond contribute to its value as an altcoin?

Consider the impact of regular token burns on BNB's value. How does this deflationary mechanism affect investors and users of the Binance platform?

Advocacy Initiative:

Please share your story and responses through the manner that works best for you:

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Three most recent lessons sequences:

- » Lesson 11: Intro to Altcoins
- » Lesson 12: Binance (BNB)
- » Lesson 13: Cardano (ADA)