ARC Academy

Explanatory dictionary of CRYPTO terms

Airdrop - marketing action that involves sending virtual currencies (Tokens) free of charge to users in order to promote a new blockchain project

APR (annual percentage rate) - is the annual percentage rate acquired for investing in different financial opportunities (staking, farming, borrowing, etc.)

APY (annual percentage yield) - The APR to which the annual reinvestment percentage is added

ATH (all time high) - the maximum value reached by a given currency

BEP-20 - the token standard on the Binance Smart Chain (BSC) blockchain

BEP-32 – encoding standard

BIP39 - standard that helps to access crypto wallets through a secret phrase instead of private and complicated keys

Block - a fundamental data structure in a blockchain, in which transactions are recorded

Block time – the time required to write a new block in a blockchain

Bridge - software with which data can be transferred between two or more blockchains

d'Apps - decentralized digital applications running on blockchain networks

DAO (descentralized autonomous organization) - a blockchain system that allows organizations to coordinate and govern themselves in an automated and decentralized way

DeFi (descentralized finance) - generic term used for financial services on public blockchains

DEVNet - a dedicated network for IT developers to create and test products on the blockchain without affecting the main network

ERC-20 - the token standard on the Ethereum blockchain

Blockchain Explorer - an interface that allows the visualization of data and operations performed on a specific blockchain

Faucet - an interface through which tokens can be distributed for free, usually on TestNet/DevNet type networks

Network Fee/Transaction Fee/Gas Fee - a fee (commission) paid to validators/miners for transactions on the blockchain

LP (Liquidity Provider) Fee - a percentage fee paid to liquidity providers for a swap action

Swap Fee - Network Fee + LP Fee

FIAT - currencies issued and backed by governments (EUR/USD)

FOMO (Fear Of Missing Out) - fear of missing an opportunity

FUD (Fear, Uncertainty and Doubt) - a marketing strategy designed to spread insecurity and uncertainty among investors

Gas - unit of measurement in which blockchain transaction fees are expressed

(Transaction) Hash - a unique code that identifies a transaction on the blockchain

Hashing - a cryptographic algorithm by which a unique code is generated from certain data

Herotag - allows associating the wallet with a name, being easily identifiable by all users

ICO (initial coin offering) - process used by companies to raise capital by selling a new token

KYC (know your customer) - global know-your-customer term that refers to the obligation to verify the user's identity

KPI (Key Performance Indicator) - a measurement of performance over time for a specific objective

Layer 1 Protocol - a core network such as Bitcoin, Ethereum or Elrond and their underlying infrastructure

Layer 2 Protocol – a secondary network built on a Layer 1 protocol in order to solve scalability problems

Ledger:
1. ledger where all balances and wallets of a blockchain are stored
2. external cryptocurrency storage device (cold wallet)

LP Token (Liquidity Pool Token) - proof of deposit of liquidity (pair of tokens) in pools in DEXs

Mainnet - the main network of a blockchain, where tokens with real value are traded (as opposed to DevNet and TestNet where tokens with fictitious value are traded)

Marketcap - the total value of a cryptocurrency, calculated by multiplying the price of the cryptocurrency by the number of coins in circulation

NFT Marketplace - online platform where users trade NFTs

Mnemonic Phrase/Secret Phrase - phrase of 12/24 words in a specific order used to access or retrieve a crypto wallet

Multisig - a type of wallet that needs two or more approvals to sign transactions

Nod/Node - forms the infrastructure of a blockchain, processes, validates transactions and stores the ledger

Peer to peer (P2P) - decentralized (no intermediary) interactions between parties on a distributed network

Liquidity Pool - the place where tokens are deposited in pairs to facilitate the swap on a DEX

Pump and Dump - manipulation of the price of a cryptocurrency to obtain improper income

Rewards - rewards offered by an ecosystem (staking, mining, liquidity, farming, etc.)

Royalties - royalties received by NFT creators for trading them

Scalabilitate/Scalability - the ability of a blockchain to adapt to the demand to process a larger number of transactions

Slashing – the "reduction" that will occur if a validator behaves maliciously (attacks the network or runs modified software on the network). The percentage of the stake that is reduced depends on the severity of the violation.

Swap - the exchange of one cryptocurrency for the equivalent value of another cryptocurrency, on a DEX

Smart Contract - software algorithm/logic, stored on a blockchain, that becomes active and processes when predetermined conditions are met, enables the execution of credible transactions without third parties validating the transactions

TestNet - secondary network of a blockchain where users can test its functionality without affecting the MainNet network

Token Burning - "burning", the permanent removal of tokens from circulation, by sending them to an address from which they cannot be recovered (dead address)

Tokenomics - tokenomics comes from "token economics", a term used to describe how a token is used in the project ecosystem

TPS (transactions per second) - the number of transactions a network is capable of processing each second

Two Factor Authentication (2FA) - form of security that requires two different types of identification to access a computer system

UI (user interface) - the interface that ensures the interaction between people and software

Web 3.0 (Web3) - idea for a new iteration of the internet based on blockchain technology, incorporating concepts such as decentralization and the token-based economy

Whale/Balena - addresses that hold large amounts of cryptocurrency, having the potential to manipulate the market

Whitepaper - document published by developers explaining the technology and purpose of the project they are working on

Wrapped Token - duplicate tokens that also work on other networks on the blockchain