

Bitcoin: after ten wild years, what next for cryptocurrencies?

Level 2 • Upper intermediate

1 Warmer

Match the currencies to the countries they come from.

- | | |
|-------------|-----------------|
| 1. ruble | a. South Africa |
| 2. yen | b. Turkey |
| 3. zloty | c. Russia |
| 4. rand | d. China |
| 5. renminbi | e. Poland |
| 6. lira | f. Japan |

2 Key words

Fill the gaps in the sentences using these key words from the text. The paragraph numbers are given to help you.

surged	scammer	sidestep	encrypted	blockchain
bubble	gamble	crook	burned	cryptocurrency

1. A _____ is economic growth that is extremely good for a short period of time. (para 1)
2. If you _____ something, you avoid it. (para 2)
3. If data is _____, it is converted into a code to prevent unauthorized access to it. (para 2)
4. If the value of a product _____, it increased rapidly. (para 3)
5. A _____ is someone who uses a dishonest plan to get money, especially online. (para 4)
6. A _____ is a criminal, especially one who steals money. (para 4)
7. A _____ is a digital currency that is independent of a central bank. (para 4)
8. A _____ is a system in which transactions made in a cryptocurrency such as bitcoin are recorded in a computer network. (para 8)
9. If people get _____, they suffer by losing money, especially in an unsuccessful business deal. (para 11)
10. A _____ is an action or plan that involves risks but will bring important benefits if it is successful. (para 11)

3 Find the information

Find the following information in the text as quickly as possible.

1. When was bitcoin born?
2. What was the first purchase made by bitcoin?
3. What was the value of bitcoin at the end of 2017?
4. What is the most bitcoin gained in value in a single day?
5. According to the Winklevoss twins, what will the ultimate total market capitalization of bitcoin be?
6. What value did John McAfee predict for bitcoin by the end of 2020?

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Richard Partington

4 January, 2019

- 1 Two years after bitcoin began, 10,000 bitcoin was only enough to buy a couple of takeaway pizzas. In January, 2019, 10,000 bitcoin is worth nearly \$38m. That is a huge increase but just a fraction of its \$180m value only 13 months before. This is because the digital currency has been at the centre of one of the biggest economic bubbles in history.
- 2 Bitcoin was born on 3 January, 2009. It was created as a digital currency to sidestep the traditional finance industry using encrypted code. In May, 2010, the first purchase using bitcoin took place: those two large pizzas worth \$30 for 10,000 bitcoin.
- 3 But in recent years, bitcoin has become less useful for exchange and more famous for its boom and bust. It surged by more than 1,000%, sometimes gaining \$2,500 in a single day, and was valued at almost \$20,000 at the end of 2017. But the digital currency then collapsed during 2018 and recently was worth just \$3,780. And it wiped out many investments on the way down.
- 4 There have been warnings from economists, and the finance industry has called bitcoin a vehicle for scammers, crooks and terrorists. But there are still lots of cryptocurrency fans, with news websites, blogs and podcasts.
- 5 The digital currency was launched as more than just an opportunity for investors to make millions (then lose millions). The technology it uses has excited businesses, and the growth of cryptocurrencies promised another future for its fans outside the traditional financial system.
- 6 The birth of the digital currency represented a return to the days of private money in the earlier stages of western economic development. We can see a parallel to the mid-nineteenth century as the US expanded westward, when railway companies and construction firms issued thousands of banknotes between them.
- 7 But in the age of private money, governments created monopolies over currency within the central banking system. And it is a similar story now – in order to gain state control and to protect consumers, bitcoin is also facing a more tightly regulated future.
- 8 The UK government is about to give extensive new powers over digital currencies to the Financial Conduct Authority, after members of parliament warned that it and other cryptocurrencies were similar to the “Wild West” and exposed consumers to various risks. However, despite losing some investors millions of pounds, the bitcoin boom and bust has also attracted attention to the technology it uses – the blockchain – which could revolutionize the way companies handle payments or transfer information.
- 9 Wild estimates were made for the future value of bitcoin in early 2018. John McAfee, the software security company founder, predicted it would reach \$500,000 by the end of 2020. The Winklevoss twins, who have invested lots of money in bitcoin, argued it could eventually match gold in value, meaning a price above \$320,000 and total market value of at least \$4tn.
- 10 The argument was that prices only exist for any asset because society agrees it is worth that amount, and why should bitcoin be any different? But while gold also has limited use to justify its value, unlike bitcoin, the precious metal has been highly valued for thousands of years.
- 11 At the start of its tenth year, predictions for Bitcoin’s future are modest. Stephen Innes, head of trading for Asia Pacific at the currency trading firm Oanda, is fairly optimistic: “A bit of risk is still in the air, but I’m starting to see the upside now – we could see \$5,000 and even \$6,000.” Senior analyst Clement Thibault reckons investor confidence has been destroyed: “I believe too many people got burned badly last year, and once an asset has been labelled a bubble, a gamble or a speculative investment, it takes time to rebuild trust.”
- 12 There are still people who believe bitcoin could – or should – be wiped out entirely, while Dutch banker Teunis Brosens reckons it will just gradually disappear: “This time last year, I wrote a note saying bitcoin will become something just a few people use,” he said. “I’m happy to say I’ve been proved right.”

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4 Comprehension check

Are these statements true (T) or false (F) according to the text?

1. The current value of 10,000 bitcoin is \$180 million.
2. The value of bitcoin surged between the end of 2017 and the end of 2018.
3. Businesses are excited by the blockchain technology that bitcoin uses.
4. In the UK, bitcoin will be regulated more strictly in the future.
5. At the beginning of 2019, the predictions for bitcoin are extremely optimistic.
6. Lots of investors in bitcoin got badly burned in 2018.

5 Find the word

Find the following words and phrases in the text.

1. a noun meaning *a small part of something* (para 1)
2. a three-word phrase meaning *periods of success followed by periods of failure* (para 3)
3. a two-word phrasal verb meaning *destroy completely* (para 3)
4. a noun meaning *a way of making something happen* (para 4)
5. a verb meaning *start a major activity* (para 5)
6. a verb meaning *completely change the way that something is done* (para 8)
7. a noun meaning *something such as money or property that a person or company owns* (para 10)
8. an adjective meaning *based on guesses or on a little information, not on facts* (para 11)

6 Two-word phrases

Match the words in the left-hand column with those in the right-hand column to make expressions from the text.

- | | |
|-------------|----------------|
| 1. digital | a. money |
| 2. finance | b. metal |
| 3. economic | c. value |
| 4. private | d. industry |
| 5. market | e. development |
| 6. precious | f. currency |

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7 Word-building

Complete the table using words from the text.

	noun	adjective
1.	tradition	
2.	economy	
3.	finance	
	verb	noun
4.	consume	(person)
5.	invest	(person)
6.	invest	

8 Discussion

Discuss the statements.

- Why not try bitcoin? You never know. You might make a fortune.
- Bitcoin is just another scam. The small investor will lose all their money, as always.

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KEY

1 Warmer

1. c
2. f
3. e
4. a
5. d
6. b

2 Key words

1. bubble
2. sidestep
3. encrypted
4. surged
5. scammer
6. crook
7. cryptocurrency
8. blockchain
9. burned
10. gamble

3 Find the information

1. 3 January, 2009
2. two pizzas
3. almost \$20,000
4. \$2,500
5. \$4 trillion
6. \$500,000

4 Comprehension check

1. F
2. F
3. T
4. T
5. F
6. T

5 Find the word

1. fraction
2. boom and bust
3. wipe out
4. vehicle
5. launch
6. revolutionize
7. asset
8. speculative

6 Two-word phrases

1. f
2. d
3. e
4. a
5. c
6. b

7 Word-building

1. traditional
2. economic
3. financial
4. consumer
5. investor
6. investment