

# How to build your own cryptocurrency

February 4 2014, by Pj Radcliffe

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Will you build the next top cryptocurrency? Credit: kurichan+

While cryptocurrencies such as Bitcoin are relatively new, there are still opportunities for new players to enter the scene and make good money. You may have seen the launch of [Nyancoin](#), based upon the catchy cat meme, earlier this year.

These opportunities won't last forever, though – as a market matures, it gets harder for new players to successfully enter the game and make money from it.

So here you are with a challenge: can you follow this guide, dream up clever ideas and novel twists and become the founder of the next top

cryptocurrency?

First, some background on the key players in any cryptocurrency:

**Technology creatives:** the clever programmers who can take open-source code such as Bitcoin, and modify it to do what you want. Think of it like starting a new band: the lead singer has to be good (that's you), and the lead guitarist must be good (that's the technical creatives). If you are already good at programming, you could take both roles.

**Infrastructure support:** the people who provide the infra-structure which keeps the whole system running. For Bitcoin, this is the miners who provide computing resources to run the system and in return mine coins for themselves.

**Users:** those who actually use the currency for trade, purchase, speculation, or some other reason.

**The spoilers:** the people and institutions who don't want you to succeed, lest your success reduce their profits or power.

Now it's time for your inspirations. Work through the questions below, brainstorm with (trusted) friends and see what you can dream up!

## 1. Why use your cryptocurrency at all?

What does your cryptocurrency allow people to do that they could not do otherwise, and how does it help them do existing tasks more quickly or cheaply?

Now here is a twist: don't just think of existing needs but of needs you manufacture, or needs that people have not realised yet. Imagine you have a good chat to your friend Justin Bieber and he agrees to sell all his

products via your new BieberCoin. You have a monopoly and a keen purchaser base, so it's hard to go wrong.

Another place to look is where existing players charge ridiculous fees (such as currency transfers and credit card fees), or take too long (such as bank cheque clearing). Some organisations will claim to have done a currency transfer at the worst time of day, even if they did it at a good time.

Imagine a system that allows the user to do a currency transfer within seconds of when they want it to occur. If you are into high frequency trading (a form of gambling, really), consider a cryptocurrency where the fees per trade are much lower than the share market.

Another good source of "wants" can be seen in active [online communities](#) and activist groups. If a cryptocurrency can help their cause, it may well be actively embraced. Think of GetUp, Greenpeace, governments in exile and more – there are [loads](#) of online communities with more than one million participants to give you more ideas.

## **2. Who's in your target community?**

What will keep people giving you infrastructure support, and an active and supportive community? Most cryptocurrencies use a combination of mining and small fees so that other people will willingly provide infrastructure support free of charge.

You could use the same approach, but are there other ways? Are there other incentives? Can a system such as frequent flyer points or loyalty cards be rolled into your cryptocurrency? Will corporate support be a blessing or curse?

### 3. Who will try to sink you?

If you are making money, someone else will want it—or, you are reducing their profit and they will want to stop you. Think very carefully and identify possible spoilers and what they could do.

First, think of any trademark infringement. The guys who started Coinye West used the hip hop artist [Kanye West](#) as their mascot without his approval ... and you can guess what [Kayne's lawyers did](#).

In some countries, you may be violating banking rules. Will [PayPal](#), [eBay](#) and [credit card](#) companies love you, or make your life difficult?

### 4. What should you pay for?

Do you have to pay for technical creatives? Most successful cryptocurrencies have an active community where people devote time with no expectation of payment. Without that, the start-up and maintenance costs can be huge.

The new and very successful start up [Dogecoin](#) has managed to forge a strong community [quite quickly](#), and has really taken off since its introduction in December 2013.

If you are not a programmer, it may be necessary to pay a core group to get the thing started. You could start with a package that automatically generates a cryptocurrency for you, such as [Coingen](#).

### 5. Safety (and security) first

Where can you get a trustworthy technical creative? Technocrats tend to be honest, but you can never bet on that; so, you must build in

safeguards. Just imagine what would happen if the code leaked mined coins into the account of the technocrat? There are two easy things you can do:

1. make the code open-source
2. ensure other people look at it.

It may be worth having a code of conduct that all technical people must sign, including sanctions for unlawful behaviour.

## **And then ...**

Finally, on your first pass of the questions above, you won't get all the answers. Give it time; think about it a little more; let your subconscious have time to rattle around and give you a "eureka!" idea. Talk to friends you trust and see what happens. The best ideas are those that your competition will find difficult to copy.

After your inspiration there will be a lot of detail and hard work to make it really happen. Have fun, but don't take out a mortgage to do it. The risks are still high, but success is certainly possible if your ideas are clever enough.

Coinversation, anyone?

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