

Description

In what ways is UTX different from traditional currencies?

UTX can be used to pay for things electronically, if both parties are willing. In that sense, it's like conventional dollars, euros, or yen, which are also traded digitally.

But it differs from fiat digital currencies in several important ways:

1 – Decentralization

UTX's most important characteristic is that it is decentralized. No single institution controls the UTX network. It is maintained by a group of volunteer coders, and run by an open network of dedicated computers spread around the world. This attracts individuals and groups that are uncomfortable with the control that banks or government institutions have over their money.

UTX solves the "double spending problem" of electronic currencies (in which digital assets can easily be copied and re-used) through an ingenious combination of cryptography and economic incentives. In electronic fiat currencies, this function is fulfilled by banks, which gives them control over the traditional system. With UTX, the integrity of the transactions is maintained by a distributed and open network, owned by no-one.

2 – Limited supply

Fiat currencies (dollars, euros, yen, etc.) have an unlimited supply – central banks can issue as many as they want, and can attempt to manipulate a currency's value relative to others. Holders of the currency (and especially citizens with little alternative) bear the cost.

With UTX, on the other hand, the supply is tightly controlled by the underlying algorithm. A small number of new UTX trickle out every 9 minutes, and will continue to do so at a diminishing rate until a maximum of 21 million has been reached. This makes UTX more attractive as an asset – in theory, if demand grows and the supply remains the same, the value will increase.

3 – Pseudonymity

While senders of traditional electronic payments are usually identified (for verification purposes, and to comply with anti-money laundering and other legislation), users of UTX in theory operate in semi-anonymity. Since there is no central "validator," users do not need to identify themselves when sending UTX to another user. When a transaction request is submitted, the protocol checks all previous transactions to confirm that the sender has the necessary UTX as well as the authority to send them. The system does not need to know his or her identity.

In practice, each user is identified by the address of his or her wallet. Transactions can, with some effort, be tracked this way. Also, law enforcement has developed methods to identify users if necessary.

Furthermore, most exchanges are required by law to perform identity checks on their customers before they are allowed to buy or sell UTX, facilitating another way that UTX usage can be tracked. Since the network is transparent, the progress of a particular transaction is visible to all.

This makes UTX not an ideal currency for criminals, terrorists or money-launderers.

4 – Immutability

UTX transactions cannot be reversed, unlike electronic fiat transactions.

This is because there is no central "adjudicator" that can say "ok, return the money." If a transaction is recorded on the network, and if more than an hour has passed, it is impossible to modify.

While this may disquiet some, it does mean that any transaction on the UTX network cannot be tampered with.

5 – Divisibility

The smallest unit of a UIX is called a Utoshi. It is one hundred millionth of a UIX (0.00000001) – at today's prices, about one hundredth of a cent. This could conceivably enable microtransactions that traditional electronic money cannot.

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Read more to find out how UIX transactions are processed and how UIX are mined, what it can be used for, as well as how you can buy, sell and store your UIX. We also explain a few alternatives to UIX, as well as how its underlying technology – the blockchain – works.

The UIX Wallet is a full node. A full node is a program that fully validates transactions and blocks. Almost all full nodes also help the network by accepting transactions and blocks from other full nodes, validating those transactions and blocks, and then relaying them to further full nodes.

Most full nodes also serve lightweight clients by allowing them to transmit their transactions to the network and by notifying them when a transaction affects their wallet. If not enough nodes perform this function, clients won't be able to connect through the peer-to-peer network—they'll have to use centralized services instead.

Many people and organizations volunteer to run full nodes using spare computing and bandwidth resources—but more volunteers are needed to allow UIX to continue to grow.