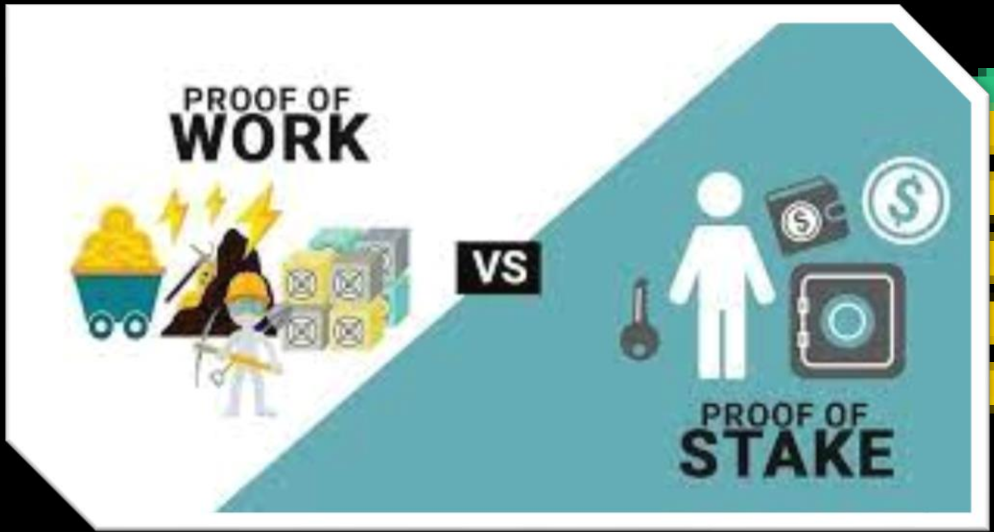
Cryptocurrency Staking

Defined: Process and Risk

WHAT IS STAKING IN CRYPTO?

Crypto staking is the process of **locking up crypto holdings in order to obtain rewards or earn interest.**

Cryptocurrencies are built with blockchain technology, in which crypto transactions are verified, and the resulting data is stored on the blockchain.



Proof of stake

Proof-of-stake protocols are a class of consensus mechanisms for blockchains that work by selecting validators in proportion to their quantity of holdings in the associated cryptocurrency. This is done to avoid the computational cost of proof-of-work schemes.

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WHAT IS STAKING?

Staking is a way of earning rewards for holding certain cryptocurrencies is the key takeaway.

HOW DOES STAKING WORK?

The reason your crypto earns rewards while staked is because the blockchain puts it to work. Cryptocurrencies that allow staking use a "consensus mechanism" called proof of stake, which is the way they ensure that all transactions are verified and secured without a bank or payment processor in the middle. Your crypto, if you choose to stake it, becomes part of that process.

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WHAT ARE THE ADVANTAGES OF STAKING?

Staking has the added benefit of contributing to the security and efficiency of the blockchain projects you support. By staking some of your funds, you make the blockchain more resistant to attacks and strengthen its ability to process transactions. (Some projects also award “governance tokens” to staking participants, which give holders a say in future changes and upgrades to that protocol.)

Proof of stake (pos) is a less resource-intensive alternative to bitcoin’s proof of work (pow) consensus mechanism. Users deposit their crypto funds in a smart contract to perform various network functions (such as validating transactions). In return, they receive staking rewards. The stake incentivizes the maintenance of the network’s security through ownership.

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WHAT ARE SOME STAKING RISKS?

Staking often requires a lockup or "vesting" period, where your crypto can't be transferred for a certain period of time. This can be a drawback, as you won't be able to trade staked tokens during this period even if prices shift. Before staking, it is important to research the specific staking requirements and rules for each project you are looking to get involved with.

Other risks include the specific blockchain's stability and liquidly in a down market can trap funding into a downward spiral devaluing your position.

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WHAT ARE SOME STAKING RISKS?

1. Slashing
2. Malicious attacks
3. Technical requirements
4. Unsustainable tokenomics

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checkout the online-link to see definitions

5. Human error is the most common and lack of education, like wallet security.

Please Note: the Yellow and Green links to 2 different webpages with more details where this information was obtained.

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CRYPTO.COM DEFI WALLET TUTORIAL

The concept is relatively the same, so here is Crypto.Com defi wallet not the trading platform video showing additional items how the earn.

Video

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Thanks for your time and attention, please feel free to contact me with specific questions or concerns.

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