

For starters, they say altcoins basically any cryptocurrency other than the legendary Bitcoin. They do share some particular characteristics but differ from that same character as a result of their invention being a supply-demand competition with the mother crypto. These do usually include a different consensus mechanism to produce blocks or validate transactions, or better yet, they distinguish themselves from Bitcoin by providing additional capabilities, such as smart contracts or low-price volatility.

Whoa, that was a lot of words; let's make things simple as we dive into the world of altcoins.

As of March 2021, altcoins accounted for more than 40% of the total cryptocurrency market. This is because their derivation from the mother crypto causes their price movements to somewhat mimic Bitcoin's trajectory. However, analysts say in no time, the maturity of cryptocurrency investing ecosystems, as well as the development of new markets for these coins, will make price movements for altcoins independent of Bitcoin's trading signals.

Also for some key takeaways, Altcoins might include only mining-based cryptocurrencies other than Bitcoin in the nearest future as usage continues to develop with technology with Ethereum (ETH) and Binance coin (BNB) being the largest altcoins by market capitalization as of March 2021.

Altcoins improve upon Bitcoin's perceived limitations to establish a competitive advantage. Several altcoins use the Proof-of-Stake (PoS) consensus method to minimize energy consumption as well as the time required to create blocks, and validate new transactions

The future outlook for altcoins is mixed, and the expanded use of crypto as a mainstream form of currency will no doubt be needed for altcoins to catch on in the mainstream. For now, they're relegated to the sidelines of the crypto space – with bitcoin reigning supreme, with that trend set to continue for some time.

Trading altcoins on exchanges just like the FTX Cryptocurrency Derivatives Exchange means that you're taking a speculative position on the price of a coin rising or falling. You won't ever take direct ownership of the coins, so you won't need to worry about creating an exchange account or virtual wallet.