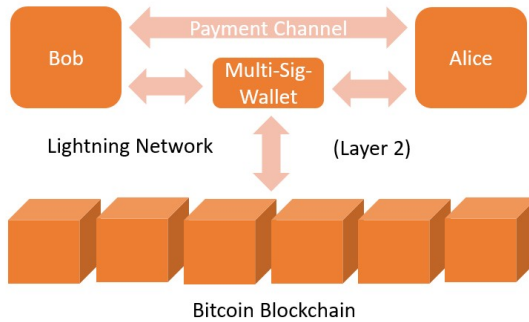


The Lightning Network

The Lightning Network is a technology to make the Bitcoin network more efficient and scalable

The Lightning Network is a technology that helps make Bitcoin faster and more adaptable. Similar to an additional layer on top of the actual Bitcoin network, it allows users to transact directly with each other without every single transaction being recorded on the main Bitcoin blockchain. This is done via so-called »Payment channels«, which work like pipelines and allow users to send Bitcoin back and forth between each other without recording every transaction on the main blockchain. With these payment channels, users can conduct unlimited transactions with each other by simply adjusting the amount each of them holds in the channel.

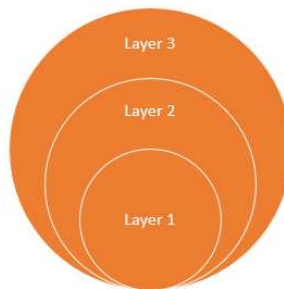
One advantage of the Lightning Network is its ability to efficiently process microtransactions, which can be expensive and slow on the standard Bitcoin blockchain. The Lightning Network enables such transactions to be carried out quickly and cheaply, opening up new possibilities for applications. The Lightning Network offers several advantages such as faster transactions, lower fees and better scalability for Bitcoin. However, it is still under development and carries some risks. Nevertheless, it is a promising innovation that could revolutionize the use of Bitcoin.



EXAMPLE OF A LIGHTNING CHANNEL IN WHICH THE BITCOIN IS LOCKED BY THE MAIN NETWORK AND MADE AVAILABLE TO THE LIGHTNING NETWORK.

Other layers that build on Bitcoin

In addition to layer 2 solutions, there are also layer 3 solutions that build additional functions and applications on top of Bitcoin. These enable more complex smart contracts, tokens and extended functions within the Bitcoin blockchain. One example of this is the RSK network, which implements smart contracts and decentralized applications (DApps) on the Bitcoin platform.



FURTHER LAYERS THAT BUILD ON BITCOIN LAYER-1.