



FINANCIAL TECHNOLOGY & AUTOMATED INVESTING > BLOCKCHAIN TECHNOLOGY

How to Make a Cryptocurrency

What you need to know to make your own cryptocurrency

By ALLIE GRACE GARNETT Published January 14, 2022

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How Are Cryptocurrencies Made?

If you want to create a [cryptocurrency](#), then you have a few different options. From most to least difficult, you can:

- Create your own blockchain and native cryptocurrency.
- Modify the code of an existing blockchain.
- Establish a new cryptocurrency on an existing blockchain.
- Hire a blockchain developer to create a cryptocurrency for you.

The majority of these options require at least some technical computer knowledge, in addition to financial and human resources. The most technical alternatives afford the highest degree of customization, which for some cryptocurrency developers is worth the expense.

Keep reading to dig into each possible way to make a cryptocurrency.

KEY TAKEAWAYS

- Anyone can create a cryptocurrency, but the process requires the commitment of time, money, and other resources, in addition to advanced technical knowledge.
- The main options are creating your own blockchain, modifying an existing blockchain, establishing a coin on an existing blockchain, or hiring a blockchain developer.
- Making a cryptocurrency is the easy part—maintaining and growing it over time is usually more challenging.

You can write your own code to create a new blockchain that supports a native cryptocurrency. Pursuing this option usually requires extensive technical training to develop coding skills and a fundamental understanding of blockchain technology—but it also affords the greatest amount of design freedom. If you want to create a cryptocurrency that is truly new or innovative in some way, then building your own blockchain to support that coin is probably your best option.

You can design your native coin in any way that you like. Native coins, which by definition have their own blockchains, are considered as superior to [tokens](#), which are digital currencies that operate on other blockchain networks.

If you decide that building a new blockchain is your next step, then here's what you need to do:

- **Choose a consensus mechanism.** A blockchain's operating protocol is also known as its consensus mechanism. The most commonly used consensus mechanisms are [proof of work](#) (PoW) and [proof of stake](#) (PoS).
- **Design your blockchain architecture.** Should your blockchain be private or public? Permissioned or permissionless? You get to decide, and it all depends on your reasons for making a cryptocurrency.
- **Audit your new blockchain and its code.** Many cryptocurrency developers choose to hire specialized blockchain auditors to review their blockchain's code and identify any vulnerabilities.
- **Verify legal compliance.** It's a good idea to pay for expert legal advice before you mint any new cryptocurrency. Legal professionals can confirm that your cryptocurrency is compliant with all relevant laws and regulations.

And then, finally, you are ready to mint your new cryptocurrency. How many coins you decide to issue initially is completely up to you. You can decide to mint the complete supply of coins in a single batch, or gradually increase the coin supply over time as new blocks are added to the blockchain.

Option 2: Modify the code of an existing blockchain

You can decide to use the source code of another blockchain to create a new blockchain and native cryptocurrency. Pursuing this option still likely requires technical knowledge, as you may choose to modify the source code to satisfy your design objectives.

Tip: The code for most blockchains is open source, meaning that anyone can view and download it. You can find the source codes of most blockchains on the GitHub platform. [\[1\]](#)

After you download and modify the source code of an existing blockchain, you still need to work with a blockchain auditor and obtain professional legal advice. After that, you are ready to mint your new cryptocurrency.

Option 3: Establish a new cryptocurrency on an existing blockchain

You can make a new cryptocurrency without first creating or modifying any blockchain. Platforms like the [Ethereum](#) blockchain are designed to host the cryptocurrencies of many different developers. ^[2] The resulting new currency would be classified as a token, which is any digital money that is not native to the blockchain on which it operates.

Creating a token that uses an existing blockchain can require some technical expertise, but anyone with moderate computer knowledge can probably create their own token without too much difficulty. Let's run through the basic steps to create a new token on an existing blockchain platform:

- 1. Choose the blockchain platform:** Your first step is to decide which blockchain should host your token. You have many options, with the Ethereum platform and Binance Smart Chain being among the most popular.
- 2. Create the token:** The process required to create your token varies based on how much you wish to customize the token. Creating a highly customized token generally requires advanced technical knowledge, but free online tools such as WalletBuilders can also facilitate the token creation process in just a few clicks. ^[3]
- 3. Mint your new cryptocurrency:** After creating the cryptocurrency, you are ready to mint the new tokens. Using a trusted platform like Binance Smart Chain or Ethereum means that you may not need the services of a professional auditor or lawyer before issuing a batch of tokens.

Tokens are generally less customized than coins, but making a token is usually the fastest and cheapest way to make a cryptocurrency. Your token can benefit from the security provisions of an established blockchain platform, and the blockchain platform may offer other innovative features for token creators. Being associated with a well-established blockchain platform can help to enhance your token's value and credibility.

Option 4: Hire a blockchain developer to create a cryptocurrency for you

You can create a new coin or token with any degree of customization by hiring a blockchain development company. Many enterprises, known as [blockchain-as-a-service](#) (BaaS) companies, exist to create and maintain new blockchain networks and cryptocurrencies.

customized token on an existing blockchain platform. Some of the most prominent BaaS companies include Amazon Web Services, Microsoft Azure, ChainZilla, and Blockstream.

Pros and Cons of Making a Cryptocurrency

Pros

- Can customize the cryptocurrency in any way
- Opportunity to learn more about blockchain technology
- Potential for the cryptocurrency to gain value

Cons

- Generally requires technical knowledge
- Can be time consuming and costly
- Requires ongoing maintenance for the cryptocurrency to be successful

What to Know Before Making a Cryptocurrency

Anyone can create a cryptocurrency, even just for fun. But launching a cryptocurrency that is successful and gains value generally requires the commitment of time, money, and other resources, in addition to advanced technical knowledge. Making a cryptocurrency is the easy part—maintaining and growing it over time is usually much more challenging.

If you are simply curious about crypto, then there's likely no harm in creating your own token. Just make sure to avoid any activities that might be considered as an [initial coin offering](#) (ICO) by the Securities and Exchange Commission, as you don't want to accidentally violate any U.S. securities laws. ^[4] With so many coins and tokens being released, you won't be the only person or organization experimenting with making your own cryptocurrency.

Can I make my own cryptocurrency?

You can make your own cryptocurrency. Usually creating a new [coin or token](#) requires some computer coding expertise, but you also can choose to hire a blockchain developer to create a digital currency for you. Launching a token on an existing blockchain platform like Ethereum can be accomplished with relatively little technical expertise.

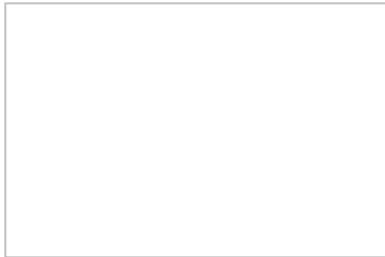
The cost of creating a cryptocurrency varies widely based on how much you choose to customize the coin or token. Highly customized coins established on native [blockchains](#) are the most expensive to create, while launching a standardized token on the Ethereum platform can be free through apps like WalletBuilders.

Is creating a cryptocurrency legal?

Creating a cryptocurrency is generally legal, although some countries and jurisdictions have partially or fully banned cryptocurrency. In China, for example, raising money through virtual currencies has been illegal since 2017 and all cryptocurrency transactions have since been banned. ^[5] ^[6] Even where cryptocurrency is legal, it's possible to run afoul of existing [securities regulations](#) when launching and promoting a new cryptocurrency.

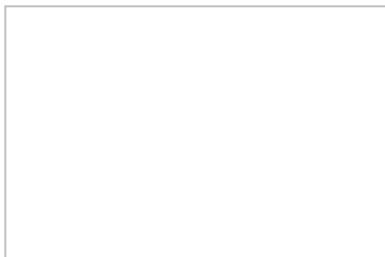
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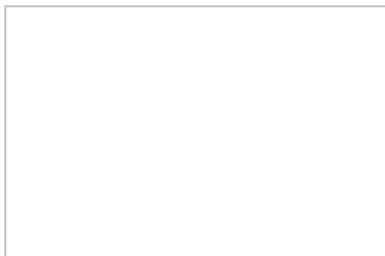
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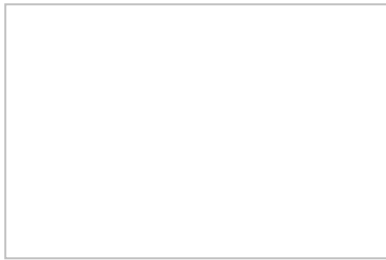


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Crypto tokens are a representation of a particular asset or a utility on a blockchain. [more](#)

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Blockchain Explained

A blockchain is a digitally distributed, decentralized, public ledger that exists across a network. It is most noteworthy in its use with cryptocurrencies and NFTs. [more](#)



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