



Masternodes



What is a Masternode

Masternode is simply a [cryptocurrency](#) full node or computer wallet that keeps the full copy of the blockchain in real-time, just like you have [Bitcoin full nodes](#) and is always up & running.

But [Masternodes](#) are considerably different in their functionality than normal nodes. They are different because they perform several other functions apart from just keeping the full blockchain and relaying blocks/transactions as a full node does in [Bitcoin/Litcoin](#). Some of the special functions that these nodes perform are:

- Increasing privacy of transactions
- Doing instant transactions
- Participating in governance and voting
- Enable budgeting and treasury system in cryptos

These [Masternodes](#) are not standalone but they are always communicating with other such nodes to make a decentralized network and are often referred in short form as MN.

Note: Mostly the Masternodes perform the tasks that I have listed above but it can slightly vary from cryptocurrency to cryptocurrency depending upon how Masternodes have been implemented. But more or less they perform these functions in a cryptocurrency.

A **Masternode** is a network server which performs service functions on the blockchain like PrivateSend (coin mixing) and Governance Voting and increases the network's stability. In return for these services, **Masternodes** receive a portion of each transaction fee reward, in %, as well as transaction fees on a periodic basis.

Any interested party can run a **Masternode** and assist in fulfilling the objective of providing a true global level of decentralization for all countries, geographies, individuals, companies and organizations. **Masternode** setup requires a minimum number of coins to be **deposited** to the operator's wallet, a form of Proof of Stake. **Masternodes** also receive voting rights on the proposals in the network to help guide future expansion.

YOU can become an integral part of the community by going through the **Masternode** setup process and helping us on our way to becoming the largest network in the world providing blockchain based secure decentralized transactions.

What Does It Take to Run a Masternode?

Just like full nodes in a cryptocurrency, **Masternodes** can be run by anyone. However, there is an entry barrier in place to ensure that the system doesn't get malicious. The entry barrier is what one needs to commit or collateralize certain units of that particular cryptocurrency to run a **Masternode**.

This is done to ensure that a **Masternode** owner doesn't cheat or corrupt the system and the best of doing so is by putting this entry barrier where the Masternode operator has something at stake in the whole game.

So naturally, it becomes very less likely that a **Masternode** operator will cheat because he has a stake in running the whole system and even if he chooses to do so he will be punished in the form of devaluation of their own HODLings.

How Are Masternodes Useful for Cryptocurrency Investors?

Masternodes are very useful for crypto investors because of running a **Masternode** you are incentivized. Consider it just like earning a monthly or weekly interest on your crypto holdings. Different cryptocurrencies have different incentive models through which an MN operator can earn a decently monthly or weekly income. I call it *smart passive income*.

If you are invested in a cryptocurrency that allows you to run a **Masternode**, you should definitely explore that option of earning. Another thing to understand here is that you should choose the right currency for investment if you are solely investing in running a **Masternode**. You should compare the percentage yield against the investment. In short, you should smartly calculate your ROI.



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