



Lightning Payments One-Pager

For Consumers & Staff

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Concise reference for Lightning vs on-chain Bitcoin payments and when to use each.

What Lightning Is

The Lightning Network is a payment system built on top of Bitcoin. It lets you send small amounts of Bitcoin instantly and cheaply, without waiting for on-chain confirmations.

Think of it like a motorway with a fast lane. Most everyday transactions can happen in the fast lane. Bigger or more important transactions go on the main road.

Lightning payments settle in seconds. On-chain Bitcoin payments settle in 10–60 minutes.

Lightning vs On-Chain

| | ⚡ Lightning | 🔗 On-Chain |
|------------------------|----------------------------|---|
| Speed | Seconds | 10–60 minutes |
| Fees | Typically very low | Variable; can spike during busy periods |
| Best for | Small everyday purchases | Larger payments, final settlement |
| Practical limit | Up to a few hundred pounds | Any size, no practical limit |
| Complexity | Requires compatible wallet | Works with any Bitcoin wallet |
| Privacy | More private | Visible on public blockchain |

When to Use Lightning

- You're buying a coffee, lunch, or a small item (£1–£200)
- You want the payment to be instant
- You want very low fees
- The merchant supports Lightning

Use on-chain when:

- You're making a larger purchase
- You need a permanent, publicly verifiable record
- The merchant only accepts on-chain payments
- You're sending to a wallet that doesn't support Lightning

Key Terms

| Term | Meaning |
|---------------------|--|
| Invoice | A request for payment. Has an amount, destination, and expiry time. You scan the QR code to pay. |
| Channel | A connection between two Lightning nodes. Think of it as a payment pipe. |
| HTLC | Hash Time Locked Contract — the smart contract that makes Lightning payments trustless. |
| Routing node | A computer that helps move Lightning payments across the network from payer to recipient. |

Fees — What to Expect

Lightning fees are typically very low — a fraction of a penny per transaction. At current fee rates, sending £10 over Lightning usually costs less than 1p. Unlike on-chain fees, Lightning fees are not directly proportional to the amount sent.

→ Next Step

Next time you buy a coffee, ask if the merchant accepts Lightning Bitcoin — it's fast, cheap, and simple to use.

This document does not constitute financial, tax, legal, or investment advice.

<https://buywithbitcoin.com/>