Simulation of the Bitcoin Network Considering Compact Block Relay and Internet Improvements

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Abstract—Improving transaction throughput is an important challenge for Bitcoin. However, shortening the block generation interval or increasing the block size to improve throughput makes it sharing blocks within the network slower and increases the number of orphan blocks. Consequently, the security of the blockchain is sacrificed. To mitigate this, it is necessary to reduce the block propagation delay. Because of the contribution of new Bitcoin protocols and evolution of the Internet, the block propagation delay in the Bitcoin network has been shortened in recent years. In this study, we measure the block propagation delay on the Bitcoin network using a simulator, and investigate the effect of compact block relay—an up-to-date Bitcoin protocol—and Internet improvements from 2015 to 2019. The experimental results reveal that the block propagation delay is reduced by 64.5% for the 50th percentile and 63.7% for the 90th percentile due to Internet improvements, and by 90.1% for the 90th percentile and by 87.6% for the 90th percentile due to compact block relay.

Index Terms—Bitcoin, blockchain, propagation delay, simulator

I. INTRODUCTION

Blockchain is a distributed system with Byzantine fault tolerance. Because blockchain can manage a distributed ledger without a centralized system and has difficulty for tampering with past data, blockchain is used as the core technology for cryptocurrencies. However, Proof-of-Work (PoW), an algorithm used in many blockchains such as Bitcoin, has the limitation that it can process only a small number of transactions at a given time.

One solution to this problem is to shorten the block generation interval; however, this sacrifices blockchain security [1]. If the block generation interval is shortened, it becomes difficult to share the block in the network, and inconsistency in the blockchain arises. Therefore, it is essential to reduce the block propagation delay to share a block in a short interval.

According to [2], the Bitcoin block propagation delay has been shortened in recent years. The block propagation delay has decreased from more than 5 seconds in 2015 (until 50% of peers received a block) to less than 1 second in 2019. Further, the 90th percentile decreased from more than 15 seconds in 2015 to approximately 2 seconds in 2019.

There are several reasons for the decrease in the block propagation delay [3]. The first reason is the use of relay networks, such as Falcon [4] and FIBRE [5], which are structured to efficiently propagate blocks and transactions. Second, expansions of the Bitcoin protocol, such as compact block relay (CBR) [6], reduce the block size and enable high-speed block transmission by sending only the transaction ID, not the entire transaction. Furthermore, improvements to the Internet have reduced network latency between peers, increased bandwidth, and reduced data communication time [7], [8].

Otsuki et al. [9] analyzed the effect of relay networks on the block propagation delay and fork rate by simulating a relay network on the Bitcoin network using the blockchain network simulator SimBlock [10], [11]. However, there has been no quantitative analysis of the effects of CBR or Internet improvements on reducing the block propagation delay. In this study, we simulated CBR and the Internet in 2015 and 2019, and measured the block propagation delay and fork rate on a blockchain network simulator.

The remainder of this paper is organized as follows. In Section II, we provide an overview of Bitcoin, while in Section III we describe a simulator, a procedure for calculating network parameters, and CBR models. In Section IV, we discuss our experimental results, and in Section V, we provide conclusions and present ideas for future work.

II. BITCOIN NETWORK

A. Block generation

Bitcoin uses a data structure called a block to record transactions. Nodes store transactions broadcast to the network in a memory pool and generate blocks from them. The generated blocks are broadcast and the receiving node validates and adds them to the blockchain. In addition to the transaction, a block contains the hash value of the previous block, which makes the blockchain a history of successive transactions. A block also contains a value called a nonce. In the PoW algorithm adopted by Bitcoin, generating a block is equivalent to identifying a block whose total hash value falls below a certain threshold while changing the nonce. This process is called mining. Currently, the block generation interval is adjusted to approximately 10 min according to the difficulty that determines the threshold.

However, the blockchain may be forked by generating multiple blocks from the same parent block. In this case, receiving nodes select a block with the largest total difficulty of all blocks up to that block as the head block. A blockchain...
consisting of the ancestor blocks of the head block is considered a legitimate blockchain.

If malicious nodes attempt to change an approved transaction in a past block, nodes must generate blocks until the total difficulty exceeds that of the current legitimate blockchain. Therefore, the longer the chain is between the block containing the transaction to be changed and the current head block, the more difficult it is to change the transaction.

### B. Block propagation

When a node generates a block by mining, the node sends the generated block to neighboring nodes. There are currently two main protocols for block propagation in Bitcoin: the legacy protocol developed for the first implementation of Bitcoin and CBR.

In the legacy protocol, nodes propagate all transactions contained in a block, which requires significant network resources, typically close to 1 MB per block [12]. In contrast, CBR is a protocol for reducing the amount of bandwidth used to propagate new blocks to nodes. Fig. 1 displays the block propagation flow in the legacy protocol and CBR. In the legacy protocol, after receiving and verifying a new block, node A sends an inv message containing the block’s metadata to node B. If node B has not received the block, it sends a getdata message to node A requesting the entire block including the approved transactions. In contrast, CBR only sends a compact block containing block headers and approved transaction indices. If the receiving node fails to reconstruct a block from these data (i.e., if there is no transaction in the receiving node’s memory pool), the receiving node requests the missing transactions from the sender node.

CBR has two optional protocols: low bandwidth relaying and high bandwidth relaying. In low bandwidth relaying, node A sends an inv message. In high bandwidth relaying, the confirmation that node B has already received the block is skipped, and node A sends the compact block as soon as the block is received before the block validation is over.

### III. SIMULATING BLOCK PROPAGATION

We measured the block propagation delay using a simulator. A simulator was used rather than an actual environment for the following three reasons:

- The cost is lower than that of setting up nodes and building a network.
- The parameters, such as the number of nodes, network latency, and bandwidth can be easily changed.
- The effect of each factor on the block propagation delay can be distinguished and evaluated.

In this study, we used the blockchain simulator SimBlock [10], [11]. Because SimBlock can simulate block propagation between nodes, it can measure the block propagation delay. Table I presents the Bitcoin network parameters used in our simulation.

#### A. Calculation of network parameters

We calculated the 2019 network parameters to evaluate the effect of Internet speed. The network parameters included the node distribution, network latency, and bandwidth. The calculation procedure is as follows.

- a) **Node distribution:** We used data on the number of nodes in each country from Bitnodes [14]. Because SimBlock has six regions (North America, Europe, South America, Asia, Japan, and Australia), the node distribution was calculated using the number of nodes in each country.

- b) **Network latency:** We selected a major city in the country (one city each in the east and west only for the United States), and obtained data on the network latency between the cities from WonderNetwork [7]. The weighted average of the network latencies including the number of nodes in each country was used as the network latency between regions.

- c) **Bandwidth:** We used the bandwidth data of each country from testmy.net [8]. The weighted average of the bandwidths, taking into account the number of nodes in each country, was used as the bandwidth of each region.

#### B. Compact block relay model

Table II presents the parameters related to CBR. We obtained the protocol version of each node from Bitnodes and adopted the percentage of nodes using the version of the following protocols:

| Protocol Version | Percentage |
|------------------|------------|
| Low Bandwidth Relaying | 0.964 |
| High Bandwidth Relaying | 0.036 |

### TABLE I

| Parameter Settings of Bitcoin Network. |
|----------------------------------------|
| Number of Nodes | 6000 (2015) or 9000 (2019) |
| Block Generation Interval | 10 min |
| Block Size | 534 KB (2015) or 1.0 MB (2019) |
| Hash Power | Gaussian distribution |
| Neighbor Distribution | According to Miller et al. [13] |
| Location Distribution | According to Bitcoin |
| Bandwidth | Six regional bandwidths |
| Latency | Six regional network latencies |

### TABLE II

| Parameter Settings of Compact Block Relay (CBR). |
|-----------------------------------------------|
| CBR Utilization Rate | 0.964 |
| Compact Block Size | 18 KB |
| Ratio of Churn Node | 0.976 |
| Churn Node Block Reconstruction Failure Rate | 0.27 |
| Control Node Block Reconstruction Failure Rate | 0.13 |
Nodes using CBR should only behave as low bandwidth relaying. According to Imtiaz et al. [15], the failure rate of block reconstruction differs between the control node (the node that is always connected to the network) and the churn node (the node that repeats connection and disconnection). The ratio of the control node and churn node and the failure rate of block reconstruction in low bandwidth relaying are based on [15]. The failure block size, i.e., the data size to be downloaded upon reconstruction failure, follows the following cumulative distribution calculated from the number of missing transactions measured in [15]. $P_{\text{churn}}$ and $P_{\text{control}}$ represent the probability that the failure block size is larger than a given rate $r$ of the block size, for churn node and control node.

\[
P_{\text{churn}} = e^{-2.12 \times 10^3 r} \quad (r \geq 0) \tag{1}
\]

\[
P_{\text{control}} = 1 - 0.0964 \log(2.89 \times 10^4 r + 1) \quad (r \geq 0) \tag{2}
\]

IV. RESULTS AND DISCUSSION

In what follows, we present the results of our evaluation.

A. Simulator validation

To experimentally validate our simulation, we compared the Bitcoin network in 2015 and 2019 with their respective simulated counterparts. In the 2015 Bitcoin network simulation, the number of nodes was 6000, the block size was 535 KB, and the Internet parameters from 2015 were used. In the simulation of the 2019 Bitcoin network simulation, the number of nodes was 9000, the block size was 1.0 MB, and CBR on Internet from 2019 was simulated.

Table III presents the simulation results and the measurement results of the block propagation delay in [2]. The measured values are the monthly averages for July 2015 and October 2019.

|                        | 2015 Bitcoin network | 2019 Bitcoin network |
|------------------------|-----------------------|-----------------------|
| 50% delay measured     | 7,988 ms              | 401 ms                |
| 50% delay simulated    | 9,673 ms              | 1,340 ms              |
| 90% delay measured     | 16,835 ms             | 2,353 ms              |
| 90% delay simulated    | 14,056 ms             | 2,364 ms              |

Both 90th percentile simulated results were similar to the measurement results. However, the 50th percentile results were larger than the measurement results. This is likely due to the effect of the relay network. A relay network can perform block propagation efficiently to relay network participants using a relay server. In our simulation, the network is a random network without a relay network; therefore, it takes several hops to reach 50% of the network from the block generation nodes. When using a relay network, the block generation node sends the block to the relay server and propagates it quickly to participating nodes, including nodes in other continents. Thus, the measured propagation time to reach 50% of the nodes is shorter than the simulated propagation time. However, because nodes not participating in the relay network propagate blocks on a random network, if the participation rate in the relay network is not high, the 90th percentile of the propagation delay is not affected by the relay network as much as the 50th percentile. The participation rate in Falcon, a relay network, was 2.65% on January 27, 2019 [4].

Therefore, it is reasonable that the 50th percentile simulated results were larger than the measured results and the 90th percentile measured results were similar to the simulated results. This means that our model correctly simulates Internet improvement and CBR.

B. Block propagation delay

Here we discuss the effect of Internet improvements and CBR on the block propagation delay.

In this experiment, simulations with and without CBR were performed with 2015 and 2019 Internet parameters. The number of nodes was 9000, and the block size was 1.0 MB.
Fig. 3 illustrates the 50th and 90th percentile of the block propagation delay measured. Comparing the result of simulation with 2015 Internet without CBR and the result of simulation with 2015 Internet and CBR, the propagation delay is reduced by 90.1% for the 50th percentile and 87.6% for the 90th percentile. Furthermore, comparing the result of simulation with 2019 Internet without CBR and the result of simulation with 2019 Internet without CBR, the propagation delay is reduced by 64.6% for the 50th percentile and by 63.7% for the 90th percentile. These results reveal that CBR greatly reduces the propagation delay.

In terms of Internet improvements from 2015 to 2019, network latency became 0.889 times shorter on average, and bandwidth became 2–3 times wider. In CBR, the compact block size was 0.018 times the block size of the legacy protocol. The product of the data size and bandwidth accounts for most of the propagation delay; thus, CBR has a greater effect on the block propagation delay than Internet improvements.

Finally, the propagation delay was shorter in the simulation with 2019 Internet using CBR than in the simulation with 2019 Internet without CBR. This is because the failure block size was still large; thus, that the communication time was shortened by improving the bandwidth and the network latency was also shortened.

C. Fork rate

We also investigated the effect on fork rate. Fig. 4 shows the measured fork rates, which represent the ratio of orphan blocks among all generated blocks. The fork rate is improved by shortening the block propagation delay; therefore, the security of the 2019 Bitcoin is superior that of the 2015 Bitcoin network.

V. CONCLUSION AND FUTURE WORK

In this study, we investigated the effect of Internet improvements and CBR on the block propagation delay and fork rate. The results indicate that CBR contributes to shortening the block propagation delay more than Internet improvements. This is because the rate of block size reduction by CBR is larger than the rate of network latency reduction and bandwidth increase by Internet improvements.

In addition, in the simulation of the Bitcoin network in 2015 and 2019, the 90th percentile of the block propagation delay was similar to the measurement results in [2]. However, the value of the 50th percentile was larger than the measured value. This is because the simulation assumed a random network; however, part of the actual Bitcoin network is a structured network such as a relay network.

Implementation of the topology and the node behavior of relay networks on SimBlock should improve the accuracy of the simulation. This is left for future work and should make it possible to simulate a more realistic Bitcoin network.

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