If you’re not aware of what Cryptocurrency Wallets are, the easiest way to look upon them, is as bank accounts in the Cryptocurrency Ecosystem. But, one which you have a lot more control over, and isn’t riddled with endless paperwork in regards to setting one up.

If you’ve gone forth and ever searched for the term “Cryptocurrency Wallet”, you’ll more than likely have been inundated with options. From which you can’t distinguish what the the best wallet to use is.

This wallet is the best!

This wallet is the newest!

This is the safest wallet, and so on!

Having options is great, but, for those of you getting started in this ecosystem, it just adds to the confusion. As if grasping the concept of Cryptocurrencies wasn’t difficult enough for the newbies of you.

What I want do in this lecture is clearly distinguish the two key different types of wallets with you, hence going forward, you’ll be able to understand which wallet is best suited for your needs.

First, Hot Wallets.

These types of wallets are connected to the Internet, one way or another. In my experience with being involved in this ecosystem for many years now, hot wallets generally, are:

Easier To Setup.

More Convenient To Access.

Accept A Larger Variety Of Tokens.

However, due to Hot Wallets being connected to the Internet, this makes them a more open target for hackers. There’ve been many cases where Cryptocurrency Hot Wallets have been compromised.

Examples of Hot Wallets include:

Coinbase

Exodus

Blockchain

And, Jaxx.

Second, Cold Wallets.

These types of wallets are not constantly connected to the Internet, in any way shape or form. In my opinion, Cold Wallets are far more secure than Hot Wallets. So, if you’re storing large amounts of Cryptocurrency, this would be my go-to type of wallet. Remember this with Cold Wallets:

They Generally Cost To Purchase.

As Your Coins Are Kept Offline It Provides Great Security.

And, It’s Not As Convenient As A Web Wallet.

Examples of Cold Wallets include:

Trezor.

Ledger Nano S.

Keep Key.

Remember, the most secure forms of Cold Wallets such as those mentioned, come as physical devices. Hence, making them not as convenient as Web Wallet, but, far more secure.

Personally, I wouldn’t recommend anything other than a Cold Wallet for storing large amounts of Cryptocurrencies that you may begin to acquire. Cryptocurrencies allows you to be your own bank, so relevant security precautions need to be taken.

See you in the next lecture, where we’ll dive deeper into which wallet to choose!