

What are hot wallets?

In addition to cold wallets or hardware wallets, which offer the best security for your cryptocurrencies and NFTs, since you have the keys to them, there are also hot wallets.

These are digital wallets for cryptocurrencies that are permanently connected to the internet.

This means that you are not in control of your keys at all times, as is the case with hardware wallets. Nevertheless, it can be useful to use them as additional wallet.

This depends on your personal risk profile.

There are these types of hot wallets:

- **Exchange wallets:** These are wallets that you automatically receive when you open an account on a crypto exchange, e.g. Binance. If you buy cryptocurrencies here, they are automatically saved to your wallet in the Binance crypto exchange.
- **Desktop wallets:** As with a commercial program, you can access the wallet directly from your desktop.
- **Mobile wallets:** Mobile wallets are wallets that are optimized for your smartphone. So you can access your wallet from anywhere.
- **Browser wallets:** These are browser extensions that you download. You can connect the wallet at any time when you access a website where you can pay with cryptocurrencies. For example Metamask. Here you can connect online variants as well as hardware wallets.
- **Online wallets:** Some providers offer online wallets. Here you only have to register and you will immediately receive a wallet address that you can use.

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The general rule:

Never give out your access data or seed phrases to anyone else with hot wallets. He can use it to gain access to your accounts and, in the worst case, transfer all cryptocurrencies and NFTs to himself and you lose your assets!

What are the pros and cons of hot wallets?

Pros

- Easy to use: You can simply log in and access your coins at any time
- Hot wallets are usually very user-friendly

cons

- Not your keys - not your coins. If the crypto exchange goes bankrupt, you no longer have access to your assets. Just like what happened with the FTX exchange.
- Hot wallets can be subject to hacker attacks and you can lose your assets as a result of such an attack

Are hot wallets safe?

With hot wallets, there is a high security risk because the wallet is continuously connected to the internet. That's why you should only keep a small number of coins in a hot wallet.

Hot and cold wallet: what's the difference?

While a hot wallet is continuously connected to the internet, the opposite is true for a cold wallet. A cold wallet keeps the private key safe offline.