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24 Jul 20 • 14 tweets • dannydiekroeger/status/1286485851317272576

How do I speed up my bitcoin transaction?

Part 2: "Replace by Fee"

What is "RBF" and how you can use it to get your transaction confirmed more quickly 👇

Imagine you discovered some old bitcoin laying around in an @ElectrumWallet , and the price of Bitcoin is up 1,000% on the day, so you'd like to deposit it all to your @CashApp account in order to sell immediately (shame on you! never sell!)

But last time you sent a transaction, the network had a huge fee spike immediately afterwards and your transaction was stuck unconfirmed for a while

You had to create a second transaction (using CPFP) to speed up your first one

> **Danny Diekroeger**
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But that was annoying last time...

Why couldn't you just REPLACE the original one with a new transaction that paid a higher fee?

This would be ideal!

The problem is if you try to replace your original transaction, the Bitcoin Nodes will reject it!

Since they already have a record of your first transaction, the new replacement will look like an attempt to spend the same coins twice...

Here's where RBF comes into play...

RBF lets you encode a little signal in your original transaction that tells the nodes:

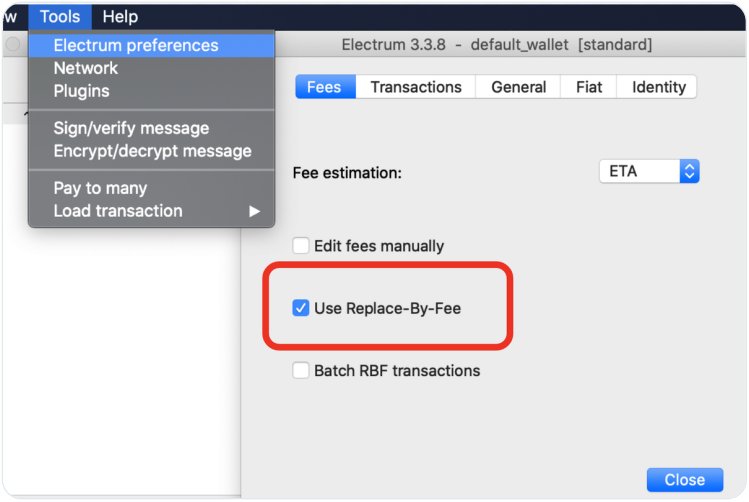
"Hey, let me be replaced in the future if my sender needs to pay a higher fee!"

Most Nodes understand this message

From a deeper technical perspective, you signal it by setting the "nSequence" field on one of your inputs to something less than 0xffffffffe, but its ok if this part doesn't really make sense :)

But don't worry, some wallets make it easy - like in @ElectrumWallet, you can enable this by going to Tools -> Electrum Preferences, and then check the box:

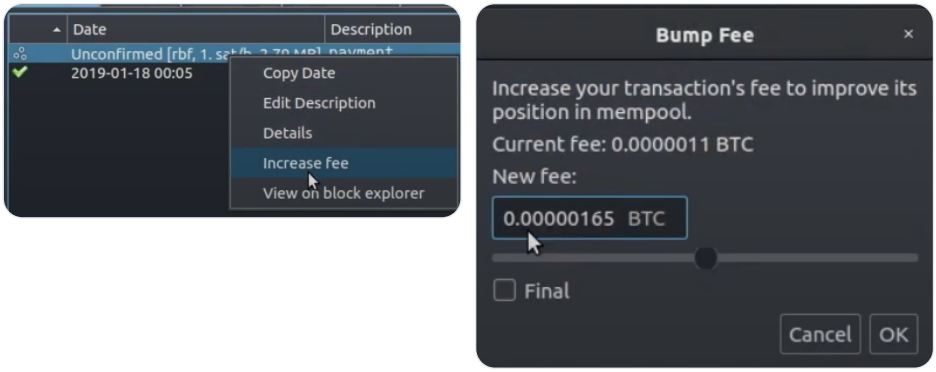
(Note, you must do this BEFORE sending your original transaction)



Now what happens when you send a transaction and there's immediately an unexpected fee spike?

You can simply recreate the same transaction, but this time with a higher fee, and submit it to the network!

Electrum helps you do this easily by clicking on the transaction like so:



This new transaction will be the same as your original one, except it pays a higher fee

Since your original transaction signaled RBF, the Nodes will accept your new higher-fee one and ditch your old lower-fee one

Now you don't have to worry about those unexpected fee spikes (you can just leave RBF enabled by default)

What do ya'll think? What are the tradeoffs to enabling RBF vs not?

To me it seems like mostly a win, and there isn't much downside to enabling RBF on all your transactions

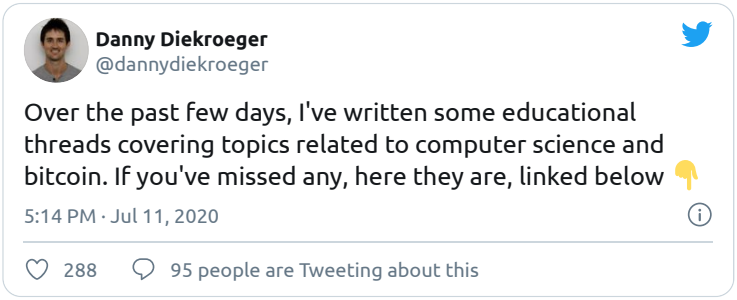
The biggest downside it seems is that people you're sending to will be less trustworthy of your unconfirmed transactions (because they can be replaced)

But most merchants are conditioned to not accept unconfirmed transactions anyway, so this isn't much of a loss

That's RBF in a nutshell, hope it was informative

Let me know your comments and thoughts!

If you liked this one (or if it went over your head and you need some background knowledge), check out all my other threads, linked on this mega thread here:



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