

# Crypto For Beginners: Introduction or how to Setup Your First Wallet

A crypto wallet is a place where you can securely keep your crypto, be it Bitcoin or Ether or Dogecoin or any other token. These currencies are secured through the use of private keys, and you can store these keys in a number of different ways, all of which are simply called wallets.

There are many different types of crypto wallets, but the most popular ones have hosted wallets, non-custodial wallets, and hardware wallets. As a crypto investor, you don't need to 'mine' the tokens you own – you can simply buy and sell them on an exchange or even directly from others, and once you do that, you transfer the 'keys' to the coins in order to access them.

## Private And Public Keys:-

As the name suggests, cryptocurrency is based upon encryption technologies and this uses a combination of keys: a public one to identify the block of tokens, and a private one to access them. That's already a massive oversimplification, but if you're simply here to learn to trade about crypto, then it can be simplified further.

Such as your username on a payment app that allows you to receive money, your public key on a crypto wallet allows you to receive tokens. Private keys are the passwords that allow you to check your balance, execute transactions and other services. Remember both are equally important.

## Cryptocurrency wallet

A crypto wallet is essentially software or an app on your

mobile device where you store your digital assets such as Bitcoin, Dogecoin, and Ethereum. Not just that, you also use the same wallet to digitally sign your cryptocurrency transactions. A crypto wallet also keeps your digital currencies secure as access to it is protected by a password.

If someone likes holding a wallet, you can opt for a physical device on which you can run your wallet apps. Bitcoin price in India stood at Rs. 29.75 lakhs, Dogecoin price in India stood at Rs. 15, and Ethereum price in India stood at Rs. 2.05 lakhs as of 11 am on August 6.

### **Hosted wallets**

The most popular and easy-to-set-up crypto wallet is a hosted wallet. When someone buys crypto using an app like Coinbase, your crypto is automatically held in a hosted wallet. It's called hosted because a third party keeps your crypto for you, similar to how a bank keeps your money in a checking or savings account. Some people face "lose their keys" or "losing their USB wallet" but with a hosted wallet you don't have to worry about any of that.

The main benefit of keeping your crypto in a hosted wallet is if one forgets their password, then he/she won't lose their crypto. A drawback to a hosted wallet is you can't access everything crypto has to offer. However, that may change as hosted wallets start to support more features.

### **One can set up a hosted wallet as following:-**

1. Choose a platform on which you trust. Your main considerations should be security, ease of use, and compliance with government and financial regulations.
2. Create your account. Enter your personal info and choose a secure password. It's also recommended to use 2-step verification (also called 2FA) for an extra layer of security.

Buy or transfer crypto. Most crypto platforms and exchanges allow you to buy crypto using a bank account or credit card. If you already own crypto, you can also transfer it to your new hosted wallet for safekeeping.

### **Non-custodial wallets**

A non-custodial wallet, like Coinbase Wallet or MetaMask, puts you in complete control of your crypto. Non-custodial wallets don't rely on a third party – or a “custodian” – to keep your crypto safe. While they provide the software necessary to store your crypto, the responsibility of remembering and safeguarding your password falls entirely on you. If you lose or forget your password – often referred to as a “private key” or “seed phrase” – there's no way to access your crypto. And if someone else discovers your private key, they'll get full access to your assets.

Why have a non-custodial wallet? In addition to being in full control of the security of your crypto, you can also access more advanced crypto activities like yield farming, staking, lending, borrowing, and more. But if all you want to do is buy, sell, send, and receive crypto, a hosted wallet is the easiest solution.

### **The next option could be a hardware wallet:-**

A hardware wallet is a gold standard for security. It is a physical device you must purchase, like a Ledger Nano S, which is designed to allow you to interact directly with your coins from a device exclusively in your possession. It has major advantages over software wallets, including:

- private keys are often stored in a protected area of a microcontroller, and cannot be transferred out of the device in plaintext
- immune to computer viruses that steal from software wallets
- can be used securely and interactively, as opposed to a

paper wallet which must be imported to software at some point

- Much of the time, the software is open-source, allowing a user to validate the entire operation of the device.