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having control and sovereignty over the private keys to their crypto wallet(s).

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By Alex McCurry.

Over the years, the message of “Not your keys, not your coins” has been prevalent throughout the crypto community. However, in the wake of a multitude of recent high-profile centralized exchanges (CEX) and Crypto Banking collapses, insolvencies, and acquisitions, that phrase is emerging with a newfound vigor in the crypto community.

To understand the importance of this phrase, we first have to dissect what it means.

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These features are not the case with custodial wallets. Instead, custodial wallets are services where a centralized entity, such as an exchange, acts as the custodian for one or more sets of private keys on your behalf. Essentially, these entities operate similarly to banks, where they offer to manage your private keys securely. As a user, you make a deposit, and the exchange or entity keeps track of your balance(s) on an internal ledger. The risks in this are pretty obvious; unlike banks, crypto exchanges are often subject to far less regulation as it relates to the amount of collateral they need to keep, deposit minimums, audits, and what they do with the capital once it has been deposited.

Additionally, many of these exchanges/entities, such as Luna or Celsius, have used the practice of offering outlandish interest rates on the deposits they receive to entice deposits out of customers. As we have seen, this has not panned out very well for many of these major centralized providers, with an estimated over \$40 billion in investor money lost between just those two examples. And there are many more similar stories.

On top of that, the major players that have managed to operate without having issues, such as Coinbase, Binance, and Crypto.com, carry similar risks. Although these entities are far more regulated than the two horror stories I've mentioned, they still operate under a custodial system. The glaring issue here is that these entities are not federally insured by the FDIC the way traditional banks are. This means that should any of these entities go insolvent, all of the uninsured creditors (meaning you) could potentially lose all of the money you have deposited.

Well, how does one protect themselves from these risks? The answer is to set up a secure, non-custodial wallet for your assets.

With a non-custodial wallet, you can securely manage the ownership of your private keys, reducing any potential counterparty risks. The single point of failure is you, the

user. While this may be a bit scary and feel like a lot of pressure for many users, there

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