

COIN GABBAR

MONTHLY BULLETIN

1ST NOVEMBER, 2023

What will Bitcoin ETF mean for the **CRYPTO WORLD?**

- *What are Bitcoin ETFs?*
- *Spot Bitcoin ETFs vs Derivatives-Based Bitcoin ETFs*
- *Why could ETFs be a big leap for Bitcoin?*





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EDITORIAL

The month marked a steady rise in the overall market capitalisation. Despite a few hiccups, the prices were stable overall and the Fed decision on the Interest Rates throttled the upward movement of Bitcoin Prices.

The anticipation about the approval of Bitcoin ETF led to another upsurge. However, this seems like a long battle to go because a lot of infrastructural and clinical changes need to be made in the policy framework before an ETF on any Virtual Digital Asset can be considered.

The Ripple legal battle led to another significant step in the positive direction and the recognition of the fact that authorities have started recognising the utility in the Crypto Assets in the real life scenario. This also enlightens the path to the advent of Digital Assets in the real world scenarios.

Although, completely accepting Crypto as a part of the real world business projects is still a forefront beyond certain time, but the acceptability in itself is a positive move.

The future seems bright from here.



Sudeep Saxena

GLOBAL MARKET WATCH

b1"Bitcoin Analysis Based on Daily Chart"

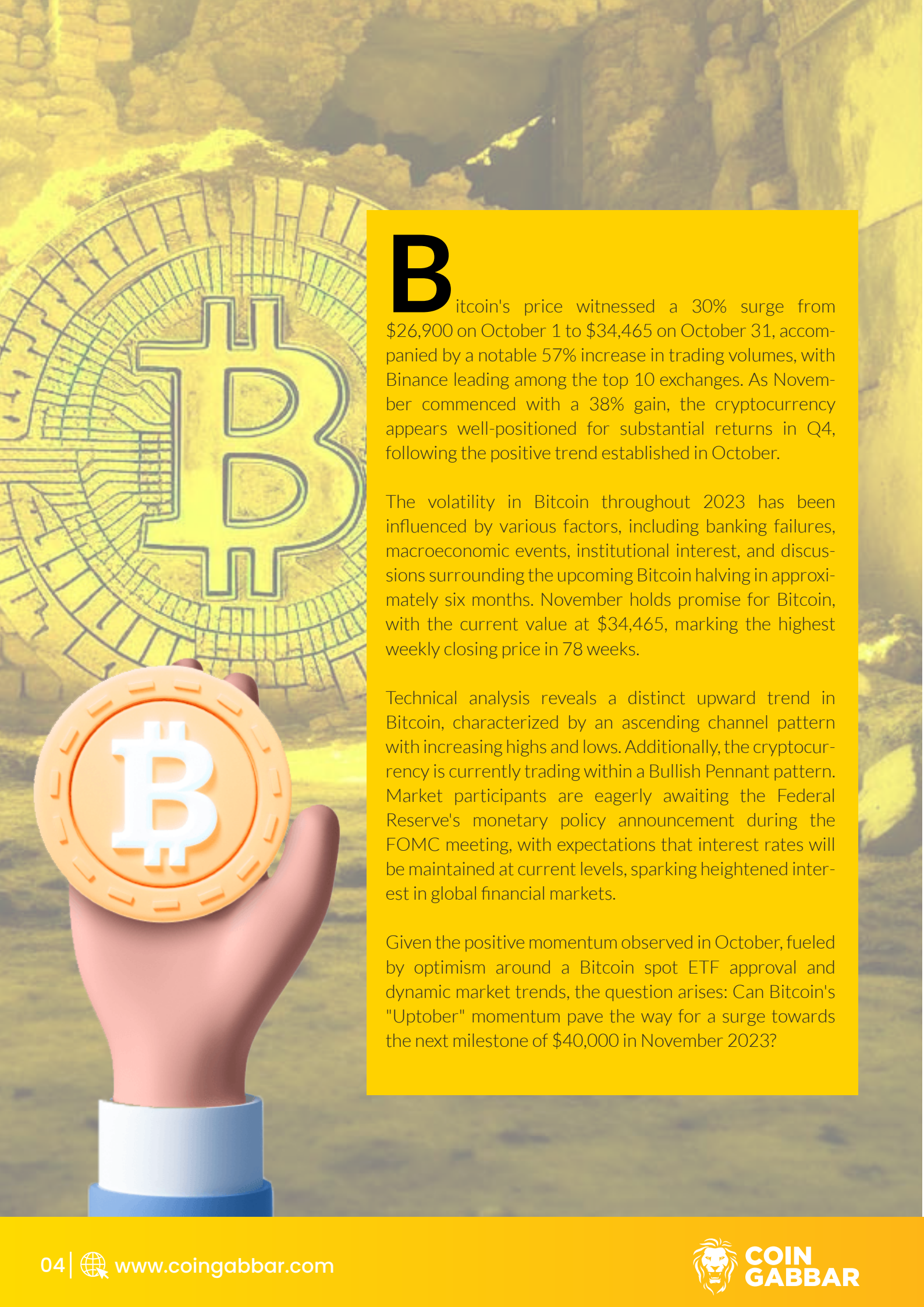


Bitcoin's golden cross forms after 9-month high monthly gain

In October, dubbed "Uptober," the crypto markets experienced a notable upswing. Bitcoin, after lingering between \$25,000 and \$30,000 from March to mid-October, broke out on October 23, reaching a new yearly high of \$35,198. This surge was attributed to optimism about the US economy and the expectation of SEC approval for a Bitcoin spot ETF.

The positive movement gained momentum as institutional players like Fidelity and BlackRock expressed support for Bitcoin spot ETFs. Ethereum also followed suit in the upward trend. Grayscale Investments achieved a significant milestone by advancing its bid to convert the Grayscale Bitcoin Trust (GBTC) into a spot ETF.

Despite October marking the first positive month in nearly six, the sustainability of this growth remains uncertain due to factors such as low crypto liquidity and persistently low coin volatility. The potential approval of the first Bitcoin ETF by the SEC could reshape market dynamics.



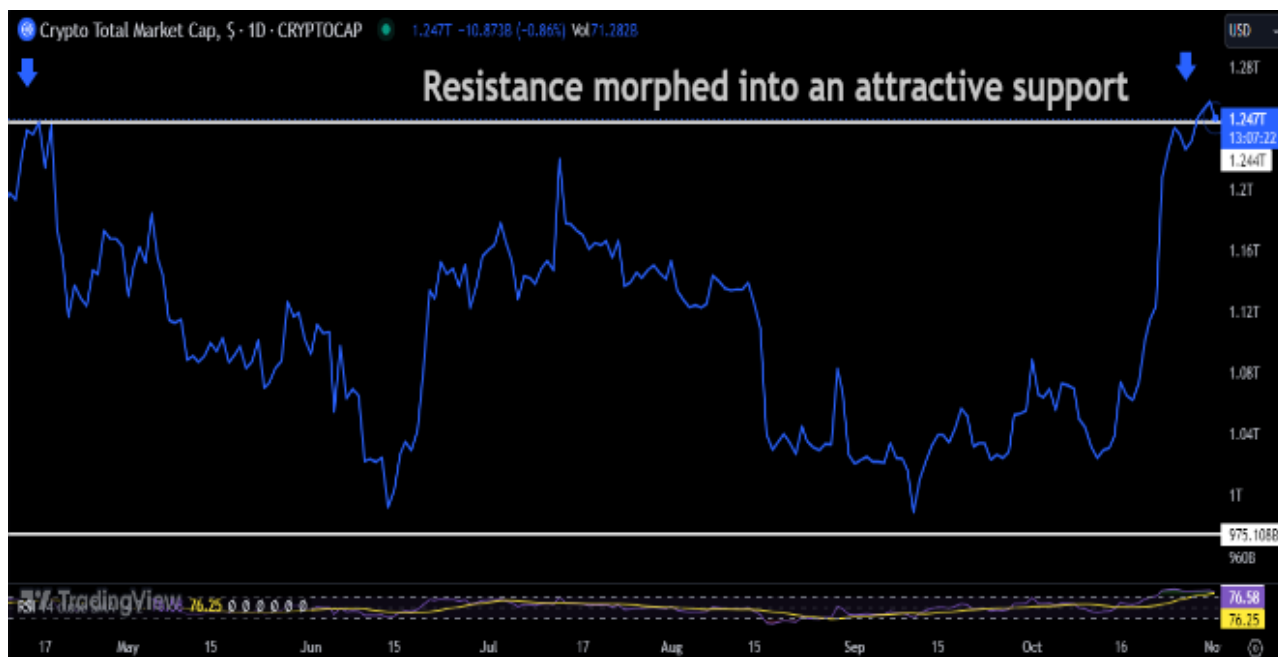
Bitcoin's price witnessed a 30% surge from \$26,900 on October 1 to \$34,465 on October 31, accompanied by a notable 57% increase in trading volumes, with Binance leading among the top 10 exchanges. As November commenced with a 38% gain, the cryptocurrency appears well-positioned for substantial returns in Q4, following the positive trend established in October.

The volatility in Bitcoin throughout 2023 has been influenced by various factors, including banking failures, macroeconomic events, institutional interest, and discussions surrounding the upcoming Bitcoin halving in approximately six months. November holds promise for Bitcoin, with the current value at \$34,465, marking the highest weekly closing price in 78 weeks.

Technical analysis reveals a distinct upward trend in Bitcoin, characterized by an ascending channel pattern with increasing highs and lows. Additionally, the cryptocurrency is currently trading within a Bullish Pennant pattern. Market participants are eagerly awaiting the Federal Reserve's monetary policy announcement during the FOMC meeting, with expectations that interest rates will be maintained at current levels, sparking heightened interest in global financial markets.

Given the positive momentum observed in October, fueled by optimism around a Bitcoin spot ETF approval and dynamic market trends, the question arises: Can Bitcoin's "Uptober" momentum pave the way for a surge towards the next milestone of \$40,000 in November 2023?

Total Crypto Market Capitalization



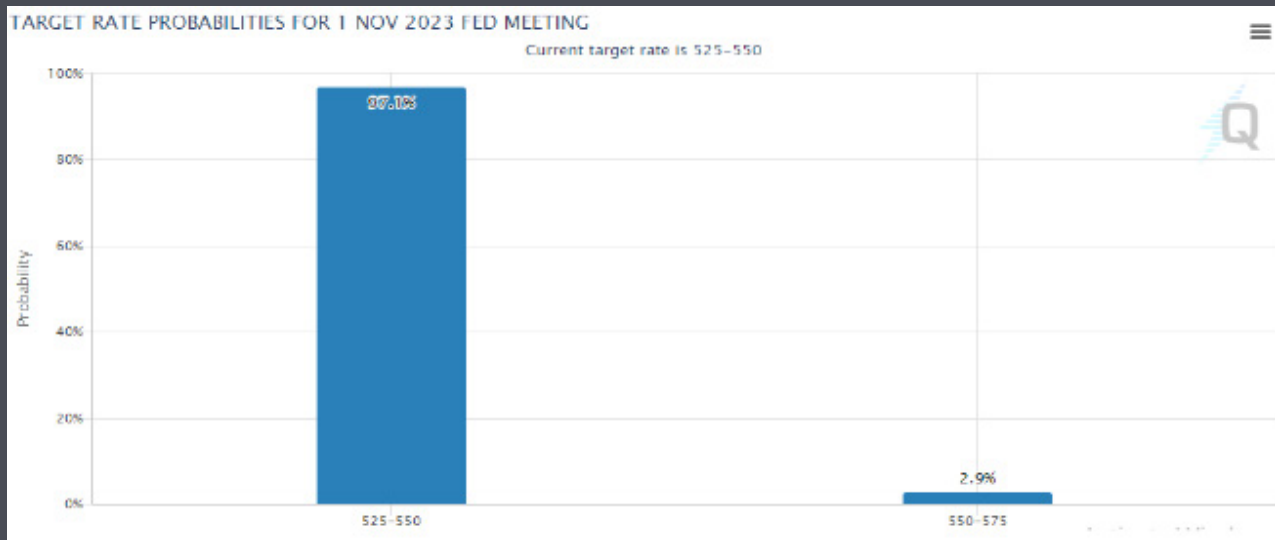
Key Observations

On October 31st, the worldwide cryptocurrency market capitalization reached \$1.25 trillion, signaling a favorable change in market sentiment. Over the past month, the market has seen a significant 19.30% increase. Bitcoin remains in the forefront with a market capitalization of \$673 billion. The overall cryptocurrency market capitalization has experienced a surge, highlighting heightened buying interest, largely driven by the anticipation of a potential approval for a Bitcoin Exchange-Traded Fund (ETF).

U.S. FOMC Meeting and Fund Rate

The US Federal Reserve is expected to maintain its historically high interest rates during the policy meeting scheduled for October 31 to November 1, despite the economy's resilience and inflation surpassing the 2 percent target. The most recent GDP report, which indicates an annualized growth rate of 4.9 percent, further supports this position. According to the CME's FedWatch tool, there is a 97.1 percent likelihood that the Fed will keep rates within the range of 5.25 percent to 5.5 percent. While a few policymakers have hinted at a potential 25 basis points (bps) rate hike in the future, analysts suggest that the tightening cycle may have reached its peak, with only a slight possibility of another 25bps increase by the end of the year.





Bank of England Interest Rate Decision

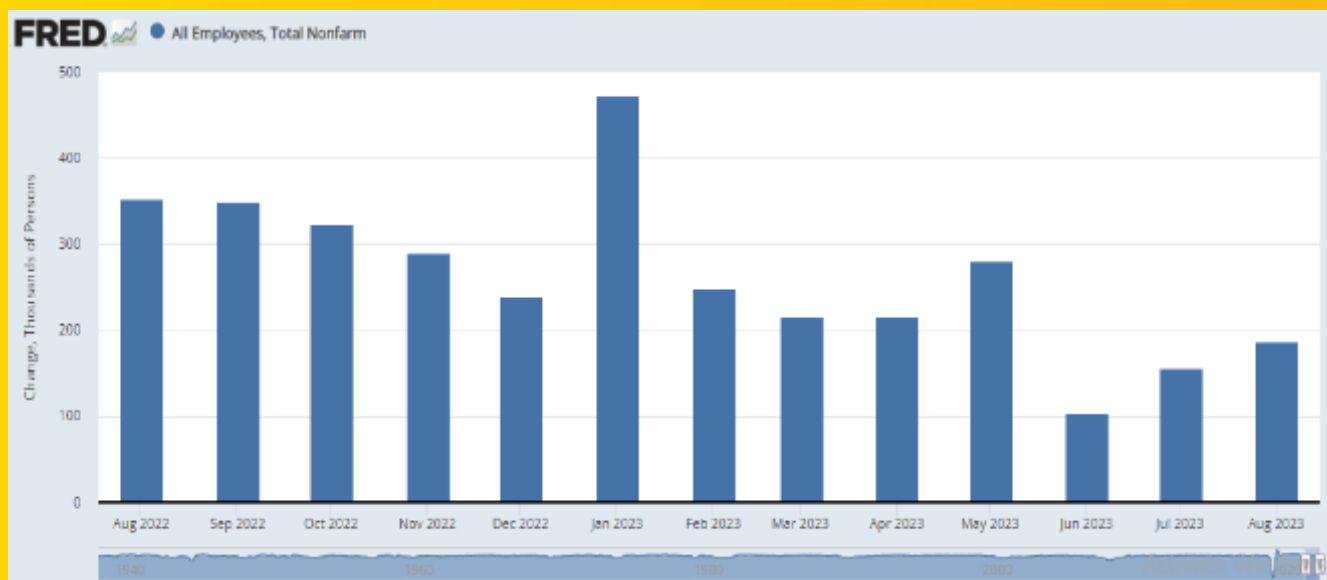
Following the Federal Reserve's recent moves, the Bank of England will join the trio of central banks making monetary policy decisions. The BoE, like the US, has raised interest rates significantly since December 2021, going from 0.1% to 5.25%. They've also reduced their bond holdings by 15% to £758 billion, with a plan to further cut the balance sheet by £100 billion over the next year, aiming for £658 billion. At this meeting, no changes in Quantitative Tightening are expected, and the BoE is likely to maintain the 5.25% interest rate, taking a hawkish stance due to elevated inflation. The bank may emphasize the need for further tightening if inflation persists. Similar to the Fed, the BoE follows a "higher for longer" approach, though market expectations point to, at most, one more rate hike before a potential initial rate cut in late 2024.



U.S. Non Farm Payroll and U.S. ISM Services PMI

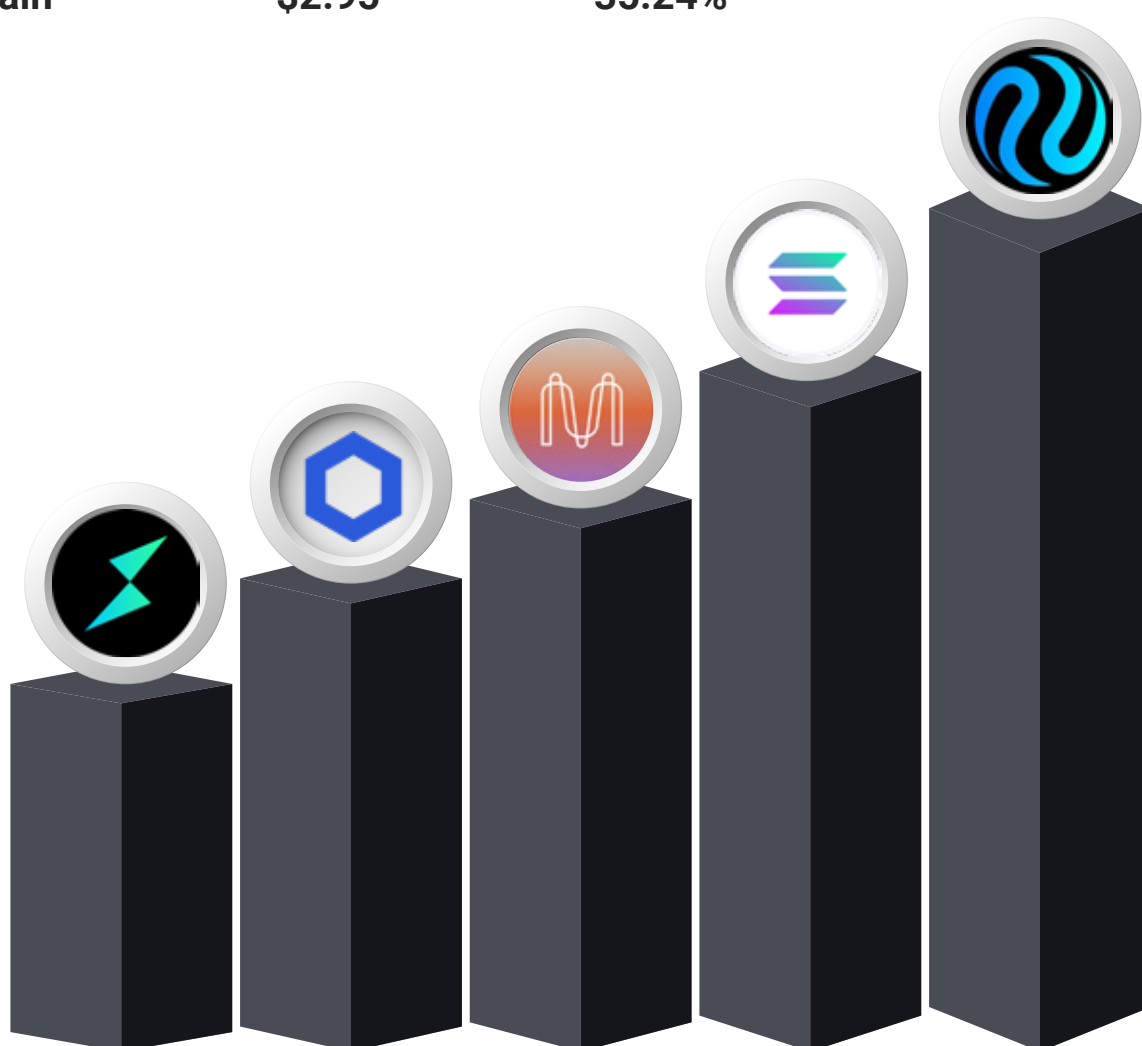
In the United States, it is anticipated that average hourly earnings will increase by 0.3%, a rise from the previous 0.2%. The Non-Farm Employment change is expected to decrease from 336K to 182K, while the unemployment rate is predicted to hold steady at 3.8%. Despite robust non-farm employment data last month, Wells Fargo suggests that the labor market is displaying signs of cooling down overall.

The U.S. ISM Services PMI is projected to decline from 53.6 to 53.2 but will remain in expansionary territory. This indicates that the services sector still possesses some strength, though there is a possibility of a slight slowdown in the consumption of goods and services in the near future. The ISM Manufacturing PMI is likely to remain at 49.0. However, due to increased demand for goods in Q3, a minor uptick in this week's data is conceivable, although not a significant departure from the consensus.



TOP 5 GAINERS

COIN	PRICE	30 ^D %
Injective	\$13.92	77.99%
Solana	\$39.40	62.92%
Mina	\$0.571	44.09%
Chainlink	\$10.98	37.94%
ThorChain	\$2.95	35.24%



TOP5 LOSERS

COIN

PRICE

30^D%

Uniswap

\$4.08

12.66%

Maker

\$1302.50

12.50%

Sui

\$0.4330

12.46%

Curve DAO Token

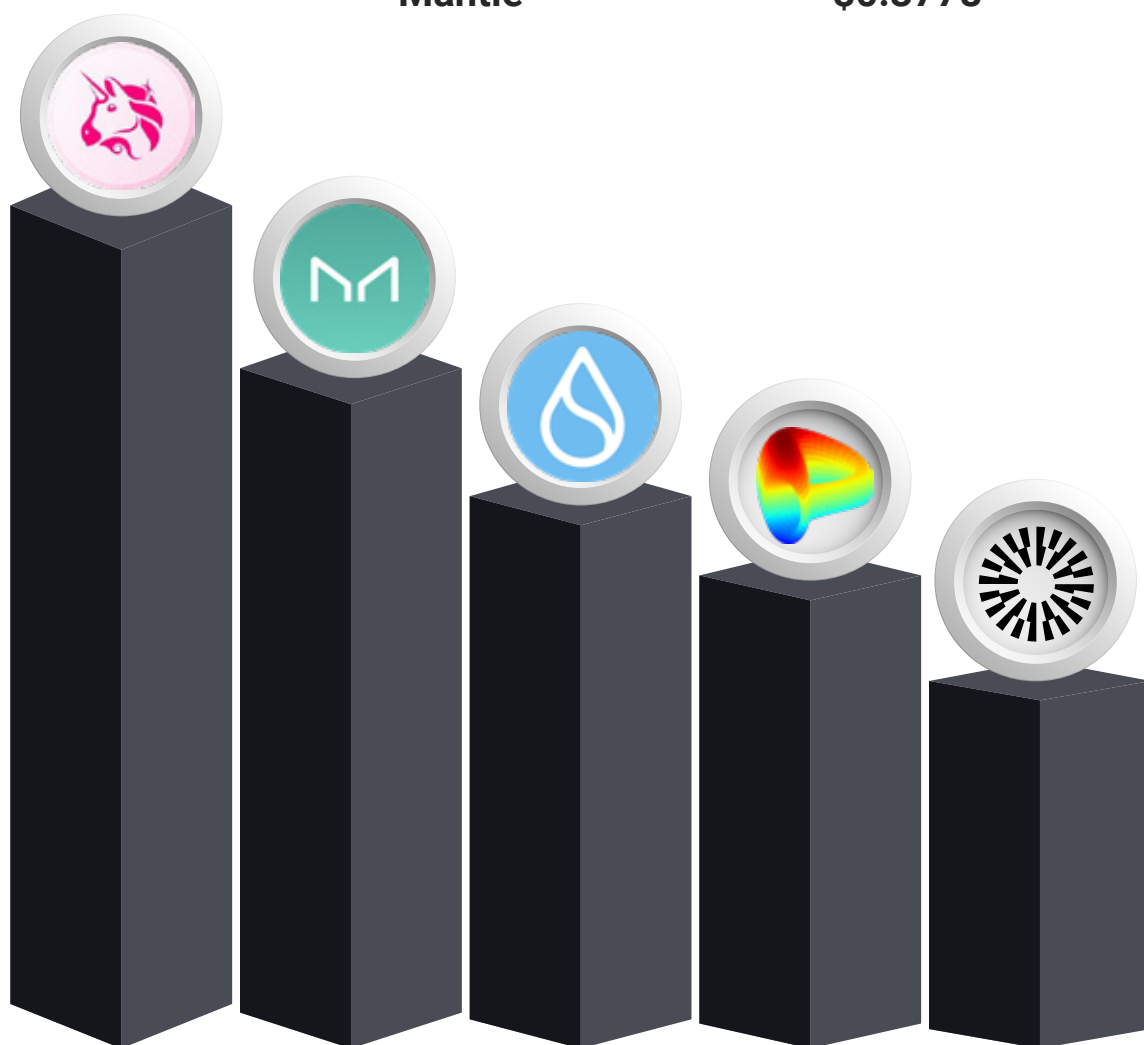
\$0.4721

9.91%

Mantle

\$0.3778

9.84%



Web3 Incidents in October Result in Losses Exceeding \$32 Million.

The industry faced another challenging month, as indicated by its latest October report, with criminals and hackers making off with over \$32.41 million in a span of 31 days. Nonetheless, these losses were considerably lower compared to September, during which a staggering \$304 million was pilfered across the digital asset space.

In October 2023, QuillAudits, a blockchain security major, disclosed its monthly statistics on scams, exploits, and hacks impacting Web3 projects. The cumulative financial damage surpassed \$32.41 million, contributing to a total loss exceeding \$1.359 billion for the year.

QuillAudits, operating as a web3 dashboard powered by the firm, recently revealed its findings, shedding light on the extent of losses incurred due to various hacks and vulnerabilities throughout October. With a total loss of \$32.41 million, it's evident that October 2023 saw a large number of web3 attacks and scams, leaving the crypto community and investors in a state of shock.

Smart contract vulnerabilities took center stage, constituting 8 out of the 15 incidents in October. These vulnerabilities exposed project code weaknesses, resulting in substantial financial losses for users and organizations.



The top 5 Web3 scams in October 2023 were primarily driven by exploits, totaling \$23.30 million:

◆ **Fantom Foundation – \$7 million:**

This unfortunate incident was attributed to vulnerabilities unrelated to smart contracts, demonstrating the sophistication of hackers in exploiting weaknesses in the expanding crypto space.

◆ **Coins.ph – \$6 million:**

The Philippines-based cryptocurrency wallet and exchange suffered significant financial damage due to vulnerabilities in web3.

◆ **LastPass – \$4.4 million:**

The renowned password management service experienced a \$4.4 million loss, serving as a stark reminder of the risks associated with digital asset management.

◆ Burgel.eth – \$3 million:

A private key compromise led to a \$3 million loss, emphasizing the importance of safeguarding private keys, which serve as the keys to one's crypto treasury.

◆ Star Arena – \$2.9 million:

A vulnerability in the smart contract resulted in a \$2.9 million loss, highlighting the need for thorough security audits and continuous monitoring in the DeFi space.

Exit scams constituted the second group of incidents contributing to financial losses, with scammers expropriating approximately \$1.10 million from Lucky Star Currency investors.

QuillAudits also estimated the total damage caused by the largest flash loan attack in October, affecting Platypus DeFi, which initially lost almost \$2.00 million. However, \$1.980 million was returned.

Smart Contracts Vulnerability represented another group of incidents contributing to financial losses, with scammers expropriating approximately \$6.01 million from investors. The largest gains, \$2.10 million and nearly \$1.27 million, were obtained by malicious actors responsible for the exit scams of the Onyx protocol, with the greatest damage experienced by BH Token.

QuillAudits' analysis of the October 2023 hacks and scams provides valuable insights for investors and the entire crypto community, emphasizing the importance of due diligence, risk management, and security measures in navigating the ever-exciting yet unpredictable space of Web3.

As the crypto space evolves, a proactive and collaborative approach to safeguarding assets and projects is paramount for ensuring a more secure and resilient Web3 environment. These incidents underscore the ongoing need for development in the space, with a specific focus on improving smart contract security, private key management, and vulnerability assessments.

October 2023 was a month that witnessed a variety of hacks and notable scams, reinforcing the importance of implementing best security practices and conducting rigorous smart contract audits in web3 protocols, as highlighted by **QuillAudits**.



What will

BITCOIN ETF

mean for the Crypto World



T

wo weeks back when the rumours of the Blackrock Bitcoin ETF approval went viral on the internet, cryptocurrency charts witnessed a glimpse of what can be expected when these rumours turn true. Moving right from the \$28k levels, Bitcoin moved no where below the \$30k and eventually crossed \$35k in the following days. The signal is clear, the most awaited Bitcoin ETF is not only going to make crypto investment easier for the retail investors but also going to impact the broader crypto market too.



Image: The surge in the Bitcoin price after rumours of Bitcoin ETF approval by SEC.

In this month's leading cover story, we are going to explore the world of Bitcoin ETF, elucidating its meaning and answering the most common question around it: Why is Bitcoin ETF so important for the entire crypto ecosystem.

What are Bitcoin ETFs?

Exchange Traded Funds or ETFs are investment tools that are traded on stock exchanges just as any other individual stock. Specific ETFs are designed to track the performance of specific indexes or any particular asset, bond, or basket of assets. By investing in ETFs one can invest directly in the particularly defined asset class or basket of assets, increasing the diversity and reducing the overall risk.

Bitcoin ETF proposed by Blackrock, Greyscale, and other investment funds would be designed to follow the performance of Bitcoin. To explain it simply, by buying Bitcoin ETF units on a traditional stock exchange, one's funds are indirectly invested in Bitcoins, giving the investor the security of a regulated exchange and the benefits of the Bitcoin returns.

Exchange Traded Funds or ETFs are not something new to the industry. ETFs are already a popular tool of investment in the world's leading indexes. Some of the biggest ETFs of the world include Total International Stock ETF, iShares MSCI ACWI ex-US ETF and the Vanguard FTSE All-World ex-US ETF

Several leading market-making firms are in discussions with BlackRock regarding the provision of liquidity for their anticipated bitcoin ETF, pending regulatory approval.

Market giants Jane Street, Virtu Financial, Jump Trading, and Hudson River Trading have engaged in talks with BlackRock about potential market-making involvement, as outlined in a BlackRock slide deck reviewed by the



**ETF
BITCOIN**

Spot Bitcoin ETFs vs Derivatives-Based Bitcoin ETFs

When it comes to investing in Bitcoin through exchange-traded funds (ETFs), there are two main types to consider: spot Bitcoin ETFs and derivatives-based Bitcoin ETFs. These two options differ in their structure and how they provide exposure to Bitcoin's price fluctuations. It must be noted that the US SEC has withheld its nod to approve the spot Bitcoin ETF but not the Future Bitcoin ETF.

SPOT BITCOIN

Spot Bitcoin ETFs directly hold physical Bitcoins, offering investors a direct ownership stake in the cryptocurrency. The transparency of spot Bitcoin ETFs is generally higher, as each share of the ETF corresponds to a specific amount of Bitcoin held in reserve.



DERIVATIVES BASED BITCOIN

On the other hand, derivatives-based Bitcoin ETFs use financial instruments, such as futures contracts, to replicate the price of Bitcoin indirectly. These ETFs derive their value from the performance of these financial instruments, which can be influenced by various market factors beyond the spot price of Bitcoin.



Why could ETFs be a big leap for Bitcoin?

Bitcoin is an asset class which is generally highly susceptible to market volatility and unregulated movement of assets. Investors from all around the world are hesitant to foray into the Bitcoin space due to the complicated nature of blockchain technology.

Bitcoin ETF deals with many of these challenges and enables common investors to explore Bitcoin opportunities without taking technical risks in the process. This development can be a major turning point for Bitcoin as well and it is bound to increase the market liquidity by manifolds. Here are some of the most prominent reasons why Bitcoin ETF could be a game changer for the industry:



◆ Increased Accessibility

ETFs are easily tradable on traditional stock exchanges, making Bitcoin more accessible to those investors who may be hesitant to use cryptocurrency exchanges. It is a widely acceptable fact that not everyone in the industry is keen enough to understand or leverage the advantages of blockchain technology thus stopping them from entering the crypto market.

However, with Bitcoin ETF at their disposal, investing in Bitcoin will become as easy as investing in any other traditional stock option. This could eventually result in a broader investor base for Bitcoin.

◆ Regulatory Oversight

All ETFs are subject to regulatory oversight from the stock exchange and other regulatory authorities responsible for investor security. This can not only simplify the investment in Bitcoin but also reduce the common concerns regarding the fraud and market manipulation often associated with the crypto market.

With the approval of the government authorities and the trust of millions of other investors, the liquidity in the Bitcoin market is undoubtedly going to increase manifold.

◆ Custodianship

The biggest crypto collapse of last year in the crypto industry belongs to FTX which only pretended to have the custody of customer assets while most of it was nothing but thin air. FTX collapse took out massive liquidity from the industry and pushed it into a long-lasting bear market.

But with regulators keeping a check on the listed ETFs, having multiple checkpoints for data security, and other regular custodian measures can effectively deal with this problem. ETFs typically involve professional custodians responsible for securely holding the underlying assets which means crypto investments will be more transparent than ever.

◆ Liquidity

ETFs are traded on major stock exchanges all around the world which have no lack of liquidity. As more investors are becoming aware of blockchain technology and willing to make long-term investments in the future of the technology and Bitcoin as an asset class, a jump in Bitcoin market liquidity is inevitable.

The increasing market liquidity will be followed by more stability and a reduction in crypto's signature volatility. As of now, Bitcoin ETFs are seen as the most effective tool by Bitcoin maximalists which will fuel the next Bitcoin bull run, expanding to the overall crypto industry.

◆ Reducing tax burdens

Today if you start investing in cryptocurrencies in India and make profits on your investments, you would be liable for a whopping 30% + 1% of taxes on your total gains. This special treatment for cryptocurrencies is not only limited to India but also expands to other countries too where crypto investments are taxed at a higher rate for no absolute reason.

However, the traditional stock market or index investments are taxed normally with most of the long-term investments getting tax-free over time. This translates to the fact that Bitcoin ETFs could be effective solutions for investors who would be looking to reduce their tax burdens from their crypto portfolios.

The reasons cited above give you only a limited scope of understanding why Bitcoin ETF is crucial for virtual assets because the actual results of the ETF approval could be far more diverse and unprecedented. The crypto market is known for its unpredictability and it must be taken up as a surprise if Bitcoin ETF approval ignites the next bull run for the market, glimpses of which are seeing right now.

Will **XRP**?

Cause a Ripple in the SEC's mind ■

The U.S. Securities and Exchange Commission, or SEC, is a government agency that oversees and enforces laws related to the trading of stocks, bonds, and other types of investments. In December 2020, the SEC took legal action against Ripple Labs Inc., as well as Ripple's CEO, Brad Garlinghouse, and co-founder, Chris Larsen.



Ripple Labs, the company behind the global digital currency named XRP. The SEC's issue with Ripple is about how they have been selling XRP to the public. The SEC claims that Ripple raised over \$1.3 billion by selling XRP in a way that should have followed certain legal rules for selling investments, but Ripple did not follow those rules.

The heart of the case is whether XRP is a type of investment that the SEC gets to regulate. The SEC says XRP is a security, a financial term for an investment like a stock or bond that people buy with the expectation that it will be worth more in the future.

If XRP is a security, then Ripple should have registered with the SEC and given potential buyers the detailed information that securities laws require.

The SEC uses a method called the Howey Test to decide if something is a security. The Howey Test says that a transaction is an investment contract (and therefore a security) if someone invests money in a common enterprise and is led to expect profits primarily from the efforts of others. Here are the conditions of the Howey Test, meeting which can characterize an investment as a security:

- ◆ **There is an investment of money.**
- ◆ **The investment is in a common enterprise.**
- ◆ **There is an expectation of profit.**
- ◆ **The profit is derived from the efforts of a promoter or third party.**

Ripple disagrees with the SEC. They argue that XRP is not a security but rather a currency or a medium of exchange, and therefore, it should not be regulated by the SEC as a stock or bond would be.

The lawsuit was filed in the U.S. District Court for the Southern District of New York, which is a federal court that handles many cases involving financial matters. The outcome of this case could have significant implications for Ripple and the broader digital currency market, as it could determine how XRP and similar digital assets will be treated under U.S. law in the future.

Key Legal Developments

The SEC vs Ripple legal dispute has undergone many ups and downs but some of these developments had crucial impacts on the case. These turns not only allowed Ripple to present its argument in a better light but also gave an emerging industry, a rather fair chance to present itself.



Amicus Curiae Briefs

Roughly translating to 'friend of the court' in a legal proceeding, Amicus Curiae Briefs are presented on the floor by industry experts or organisations which have deep expertise and opinion on the ongoing proceedings. In the case of SEC vs Ripple, Coinbase was that one bystander who had both and was called to the floor to present their opinion and information to the judges.

This information and the third-party opinions equipped the judges to understand the case better and not let their conventional understanding hinder the route of justice.

Hinman Documents

There was a big moment in the case when the court told the SEC that they had to share some documents that were previously kept private. These documents were about a speech given by William Hinman, who used to work at the SEC.

In his speech, he talked about what the SEC thinks of Bitcoin and Ethereum. This was important because what he said could affect how the law views XRP. When Hinman Documents were made publicly available, many legal experts found them 'not much of help' for XRP and even labelled them just 'nothingburger.' However, like every time the opinions were divided on the subject.

Some pro-XRP legal experts believed that even Hinman Documents were of no direct help to XRP's claims, it did harm the overall position and credibility of SEC in the case.

Judge Analisa Torres' Rulings

On July 13, 2023, Judge Torres made a decision about XRP. She said that when XRP is sold to regular people just like you and me, it shouldn't be treated like a "security." However, Judge Torres also mentioned that when XRP is sold to big-time investors, like large companies that are experts in investing, it could be considered a security.

This ruling from Torres was seen as a landmark win for XRP by stating that Ripple Labs Inc did not violate federal securities law by selling its XRP token on public exchanges. This triggered a major spike in XRP charts withing hours, taking the token's price to over 75 per cent.

Then, on October 3, the SEC did not agree with Judge Torres's decision. They wanted to take it to a higher court to see if they could get a different ruling. But Judge Torres said no to that. She thought that if they went ahead with an appeal, it would just drag the case out and slow everything down. She wanted to keep things moving and get to the end of the case without any more delays.

Right after these developments, the SEC decided not to chase Ripple's CEO and Co-Founders in this legal pursuit and dropped the case against them, bringing the case close to a partial conclusion.

What is going to happen now?

The latest news in the proceedings is that the next series of the lawsuit trial is scheduled to be started on April 23, 2024. When Judge Torres would not let the SEC immediately challenge her earlier decision, it was a big deal. After which Judge Torres gave the green light for an order concerning a mutual request from the SEC and Ripple.

This request was to outline a timetable for briefings focusing on the institutional sales aspect of XRP. This particular phase pertains to the lawsuit segment where Ripple is alleged to have violated securities regulations. Torres has directed both parties to present a collective schedule for these briefings by November 9 at the latest.

For the SEC, this case is really important. They want to show that they have the power to oversee the crypto market. Even though they've hit some snags, they're still fighting to prove that they should be in charge of making sure digital assets play by the rules.

For the whole cryptocurrency market, this case is a big deal too because whatever the outcome is, it will create new rules of the game. It will affect how digital currencies are treated and what the government can do about them in the U.S. This could also affect how the SEC deals with other cryptocurrencies in the future.

The SEC vs. Ripple case is a landmark litigation for cryptocurrency regulation. Its outcome could provide much-needed clarity on the application of securities laws to digital assets, potentially reshaping the future of crypto market regulation.



GABBARARCHIVE



FCA Released Warning List, Many Crypto Exchanges Joined

The UK's financial markets regulator and the Financial Conduct Authority (FCA) on October 8 added several crypto exchanges to its warning list of non-authorized firms that customers need to avoid. In fact, the UK FCA had issued a warning to crypto assets to comply with the new rules from October 2023. Along with this, FCA had also said that till the approval is given, the companies may get time till January 8, 2024 to address the technical issues. Because the FCA aims to ensure a fair and honest market for crypto firms with warnings about the risks. So that customers can get the facility of a good market without any risk. Apart from this, the FCA also mentioned penalties for crypto firms that do not comply with these rules, which also include warning listing and account removal



Reddit is Ending Community Points: What's Next for Crypto?

Reddit, one of the most widely used social media platforms, is on the verge of shutting down its Community Points by November 8, 2023. This decision stems from scalability concerns and increasing regulatory pressures. For cryptocurrency enthusiasts, the disappointment is palpable as Tim Rathschmidt, Reddit's Director of Customer and Product Communications, made it super-clear that the resources required to sustain this three-year-old blockchain-based rewards service are **“unfortunately too high to justify”**



Reddit

India Collects Over \$12M in Crypto Tax as Adoption Surges

Cryptocurrency investors in India are on the rise, prompting the Central Board of Direct Taxes (CBDT) to collect more than 100 crore rupees (over \$12 million) through a one percent Tax Deducted at Source (TDS) on crypto transactions in this fiscal year. India's government implemented a one percent direct tax on all crypto transactions from July 1, 2022.



Acme's One-Tap Network Simplifies Blockchain Transactions

Acme, founded by Nilesch Khaitan, a former crypto leader at Venmo-PayPal, is making waves in the blockchain world with its groundbreaking intent-based network. The goal? To make blockchain transactions as simple as a single tap, labeled #OneTap. This move is aimed at bringing blockchain technology closer to everyday users who may not be familiar with crypto intricacies. At the heart of Acme's game-changing solution are two key technologies: Safe's Account Abstraction SDK, known as Safe{Core}, and Gelato's Gasless Relayers.

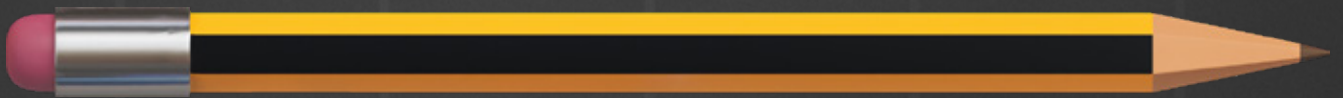


G20 Endorses Roadmap for Global Crypto Asset Regulation

G20 Finance Ministers and Central Bank Governors have released a statement during their meeting in Marrakech, Morocco, where they have endorsed a roadmap for regulating crypto assets. This decision was made at the fourth and final G20 FMCBG meeting, which was chaired by India. The aim of this roadmap is to improve global financial stability and ensure that cryptocurrencies are managed effectively within the international economic framework. The committee has agreed upon the crypto asset roadmap, based on the synthesis paper presented last month in Delhi, which will now serve as the official blueprint for G20's approach to crypto assets.



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What are crypto wallets? How to Secure Your Crypto Funds in Detail

As blockchain is emerging to become a core component of future finance, cryptocurrencies are taking the lead in delivering this technological revolution to the masses. Moving forward with decentralized methods of value transfer, cryptocurrencies have the potential to replace major traditional finance solutions. However, the lack of trust in the market due to ambiguity on its technology is throttling the speed of mass crypto adoption. Securing our crypto while we build our funds is the foundation of long-term profitable investing and crypto wallets have a crucial role to play in the process.

In this article, we elaborate on what crypto wallets are, how they function, and their basic categorization while also touching on the basics of good cyber hygiene habits.

What are Crypto Wallets

If you are new to the blockchain, a crypto wallet might sound like an alternative to traditional fiat wallets, where all your cryptocurrencies are stored. Contrary to that, crypto wallets do not store any of your cryptocurrencies.

Crypto wallets are storage mechanisms, designed to store your private crypto keys in a secure ecosystem. Crypto wallets are those crypto key storage that are owned by the user. Private keys are cryptographic variables, used to decrypt the information and act as proof of ownership for your crypto. All the cryptocurrencies are stored in blockchain ledgers and can only be accessed only by using your private keys, making it the sole gateway to your crypto assets.

Cryptocurrency is not regulated by any central authority and this disables its users from undoing any crypto transaction. Thus, keeping your private keys private is critical to keeping your crypto funds safe. This is precisely where crypto wallets come into the picture, acting as a storage solution to secure your private keys.

In the article ahead, we will explore different types of crypto wallets present in the market while elaborating on their contracting characteristics.

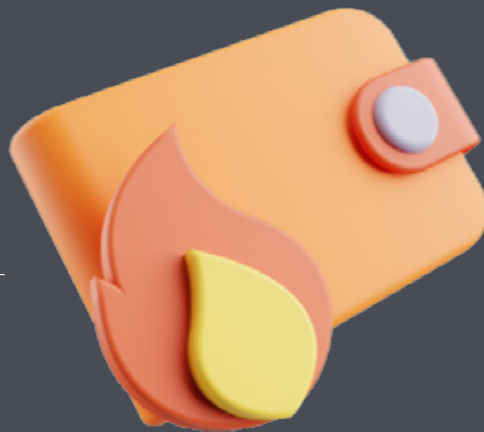


Types of Crypto Wallets

Crypto wallets differ based on the technology used in their operation. However, the most vital element of any crypto wallet is the security that it can provide to its users. On the grounds of their mode of operation, crypto wallets can be categorized into two major categories: hot wallets and cold wallets. In this segment of the article, we have discussed both of them in detail.

◆ Hot Wallets

Hot wallets are those crypto wallets connected to the blockchain network constantly via the internet. Hot wallets are live crypto wallets acting as a convenient gateway for direct **cryptocurrency exchanges**. In hot wallets, your public key, as well as private keys, are stored to mediate an effortless crypto transaction, however, these wallets are notorious for their weak security layers



Being online storage for your private keys, hot wallets are more susceptible to cyber-attacks and security breaches. Due to this, hot wallets are not considered to be the safest option among crypto wallets. Roughly, crypto wallets can be categorized into the following categories.

◆ Desktop Wallets

Desktop wallets store your cryptocurrency keys within your desktop in an encrypted format making it easier for you to access your crypto funds. Like any other crypto wallet, desktop wallets enable their users to store and share their cryptocurrency private keys but additionally, they can also run a complete node to validate the transaction without the need to leave your wallet. Desktop wallets can leverage the computational strength of your system to ensure that you have a seamless experience.

Pros of Desktop Wallet

- ◆ All your private keys are stored in the local storage
- ◆ Faster computational power for faster performance
- ◆ Better than cloud-based hot wallets

Cons of Desktop Wallet

- ◆ Not as safe as a cold wallet if your desktop is connected to the internet
- ◆ Creating a backup is a must to avoid any mishappening



◆ Mobile Wallets

As the name suggests, mobile wallets are made for crypto users willing to transact their cryptos using their smartphones. Mobile wallets are portable and much easier to access when compared to desktop-based wallets. These wallets are foundational for increasing over-the-counter crypto transactions as they are easier to access at any point in time. Most desktop wallets have their mobile versions for a better user experience, however, some of the mobile wallets are exclusively available on mobile such as Trust wallet.



Pros of Mobile Wallet

- ◆ Easier to carry with better accessibility
- ◆ Comes with multiple DApp integrations
- ◆ Non-custodial mobile wallets are better than an online hot wallet

Cons of Mobile Wallet

- ◆ Easier to gain access to social engineering
- ◆ Losing your mobile can cause you to lose all your digital assets

◆ Web Browser Wallet

If you are someone whose work revolves around a browser then you might prefer having your crypto wallet integrated into your browser. Web browser wallets are those crypto wallets that get integrated with your browser as an extension, making the crypto transactions faster, and easier to access. However, being connected to the internet while browsing through multiple unknown websites make it not the safest option for storing your private keys.

Web browser crypto wallets are easier to set up and could be ideal for crypto beginners. Coin Gabbar recommends strict cyber hygiene while using a browser-based crypto wallet.

Pros of Browser Wallet

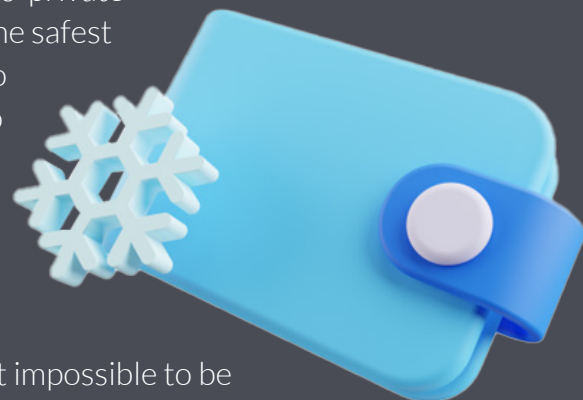
- ◆ Very easy to download, setup, and use
- ◆ Easier integrations with hardware wallets
- ◆ Ideal for transacting cryptos on dubious websites, use, and dump

Cons of Browser Wallet

- ◆ prone to multiple cyber threats
- ◆ No process to retrieve accounts

◆ Cold Wallets

Cold wallets are the kind of crypto wallets that store their users' private keys in an offline storage device. Cold wallets are considered the safest option to store your crypto as they make your funds immune to any online threat. The offline cold wallets do not restrict you to transact your crypto directly, however, instead of your crypto keys leaving your hardware wallet, the initiated transaction is transferred to the hardware wallet, signed by your private keys, and then sent back to the internet.



Your private keys never leave your cold wallet, making it almost impossible to be exposed during a transaction. Cold wallets act as a perfect crypto storage solution for

◆ Hardware Wallets

Private keys that define the absolute ownership of your digital assets, face a severe threat of compromise when exposed to the internet. To deal with this challenge, a viable solution was to store your crypto keys in a shielded offline ecosystem. Hardware wallets are those crypto storage solutions that are completely alienated from any online exposure. With a complete termination of internet connection with the device, the hardware wallet ensures that there is no way to connect to your wallet apart from local wired or wireless connections.

Hardware wallets enable you to control your private keys completely while ensuring multiple backup options. Once you move your private keys to your hardware wallets, they are never required to move out of the secure environment of your wallet even while transacting on any platform.



Pros of Hardware Wallet

- ◆ Complete control and custody of your private keys
- ◆ Multiple back-ups and recovery options
- ◆ Most secure way of securing your crypto funds

Cons of Hardware Wallet

- ◆ Costlier than any other crypto wallet solution
- ◆ Hardware wallets are not as convenient to use as online software wallets

◆ Paper Wallets

Paper wallets are the simplest form of crypto wallets that are used extensively in the crypto domain. A paper wallet is a printed piece of paper containing your private keys and QR codes for conducting your crypto transactions. Paper wallets are the cheapest way to secure your private keys offline. With the increased popularity and better features of hardware wallets, paper wallets are losing their charm.



Pros of Paper Wallet

- ◆ Complete control and custody of your private keys
- ◆ Multiple back-ups and recovery options
- ◆ Most secure way of securing your crypto funds

Cons of Paper Wallet

- ◆ Costlier than any other crypto wallet solution
- ◆ Hardware wallets are not as convenient to use as online software wallets

How to Keep Your Crypto Funds Secure?

Having a secure crypto wallet to ensure the safety of your funds should be your utmost priority, however, there is a lot more that you can do to fortify your blockchain investments. In this segment of the article, we will list some of the basic measures that can make a significant difference in the overall security of your portfolio.

◆ Use 2FA

2FA, Two-Factor Authentication, or Two-Factor Verification is a process in which admin access is provided to the user only after they verify their identity using two different methods. Using two-factor authentication in your crypto wallets can keep your account secure even if your password is compromised in a security breach.



◆ Beware of Phishing

Phishing is a form of cyber fraud in which the target is provided with a link that can lead him/her to the replica of a trusted website. If the user is not able to identify the scam and enter their confidential details on the website, it goes directly to the scammer. Even today, phishing is one of the most common and popular methods of cyber attacks. To avoid phishing, make sure that you are clicking the links only from your trusted sources and do not enter your confidential information on any shady website.

◆ Know About Social Engineering

Social engineering is a psychological method of extracting confidential information from the target by manipulating him through different means. No one can remember their private keys, however, people tend to share confidential details such as wallet passcodes under the influence of social engineering. Social engineering is not common but knowing about it can make you take your privacy more seriously.

◆ Use Strong Passwords

Yes, we still have to say it. Most people never pay adequate attention while selecting their passwords and tend to choose the passwords that simple brute attacks can break. Using a password that cannot be guessed and long enough to get broken easily, is foundational to securing your crypto assets. Experts suggest using long phrases as your passwords that are not connected with your personal lives.

◆ Which Crypto Wallet is Best For You?

Choosing a crypto wallet that satisfies all your needs as a crypto investor could be tiring. However, after adequate research, finding a trustable wallet gives you the confidence that you can hold your cryptocurrencies safely as long as you want. On one hand, there are hot wallets that are easier, cheaper, and more convenient to use. On the other hand, there are cold wallets that have a higher upfront cost but provide ultimate security for your assets. Finding the right balance between the two and utilizing both for their advantage could be a perfect strategy for storing your crypto funds. Creating multiple backups and maintaining good cyber hygiene can become the difference between rags and riches.



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