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How to Create Your Own Crypto Wallets

Original:

<https://www.btcc.com/en-US/academy/crypto-basics/how-to-create-your-own-crypto-wallets>

A [crypto wallet](#) is a place where you can keep your cryptocurrency securely. There are many different types of crypto wallets, but the most popular ones are hosted wallets, self-custody wallets, and hardware wallets.

Which one is right for you depends on what you want to do with your cryptocurrency and what kind of safety net you want to have.

Hosted Wallets

The most popular and easy-to-create crypto wallets are hosted/custodial wallets. When you buy cryptocurrency using an app like BTCC, your cryptocurrency is automatically stored in a hosted wallet. It's called hosted because a third party holds your cryptocurrency for you, similar to how a bank keeps your money in a checking or savings account. You may have heard of people "losing 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 cryptocurrency in a hosted wallet is that you won't lose your crypto if you forget your password. One of its disadvantages is that you do not have access to everything crypto has to offer. However, this may change as hosted wallets start to support more features.

How to create a hosted wallet:

- 1. Choose a platform you trust like [BTCC](#).** Your primary considerations should be security, ease of use, and compliance with government and financial regulations.
- 2. Register your account.** Enter your personal information and choose a secure password. 2-step verification (also known as 2FA) is also recommended to add an extra layer of security.
- 3. Buy or transfer crypto.** Most crypto exchanges and platforms allow you to purchase cryptocurrency using a bank account or credit card. If you already own cryptocurrencies,

you can also transfer it to your new hosted wallet for safekeeping.



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Self-custody Wallets

A self-custody/non-custodial wallet give you full control over your cryptocurrency. Self-custody wallets do not rely on a third party or a “custodian” to keep your crypto safe. While they provide the software necessary to store your cryptocurrency, the responsibility of remembering and protecting your password falls entirely on you. If you lose or forget your password (often called a “private key” or “seed phrase”), there is no way to access your cryptocurrency. And if someone else finds your private key, they will gain full access to your assets.

Why is a self-custody wallet needed? In addition to having full control over the security of your crypto, you have access to more advanced crypto activities such as yield farming, staking, lending, borrowing, and more. But if all you want to do is to buy, sell, send, and receive crypto, a hosted wallet is the easiest solution.

How to create a self-custody wallet:

- 1. Download a wallet app.** There are many popular options for you to choose.
- 2. Registryour account.** Unlike a hostedwallet, you don’t have to share any personal information to set up a self-custody wallet. Not even an email address.
- 3. Be sure to write down your private key.** Itcomes in the form of a random 12-word phrase. Keep it in a safe place. If you lose or forget this 12-word phrase, you won’t be able to access your cryptocurrencies.
- 4. Transfer crypto to your wallet.** It’s not always possible to buy crypto using traditional currencies (such as USD or EUR) with self-custody wallets, so you’ll need to transfer crypto to your self-custody walletfrom elsewhere.

Some investors may have both hosted and self-custody wallets, so they can easily buy crypto with

traditional currency as well as participate in advanced crypto activities.

Hardware Wallets

A hardware wallet is a physical device, about the size of a thumb drive, that stores the private keys to your crypto offline. Most people don't use hardware wallets because of their added complexity and cost, but they do have some benefits — for example, they can keep your crypto safe even if your computer is hacked. However, this advanced security makes them inconvenient to use compared to a software wallet and they can cost up to \$100 to buy.

How to create a hardware wallet:

- 1. Purchase the hardware.** The two most well-known brands are Trezor and Ledger.
- 2. Install the software.** Each brand has its own software to set up your wallet. Download the software from the official company website and follow the instructions to set up your wallet.
- 3. Transfer crypto to your wallet.** Similar to self-custody wallets, hardware wallets typically do not allow you to purchase crypto using traditional currencies (such as USD or EUR), so you'll need to transfer crypto to your wallet.

Just as there are many ways to store cash (bank account, safe deposit box, under the bed), there are also many ways (crypto wallets) to store cryptocurrency. You can make things easy with a hosted wallet, take full control of your crypto with a self-custody wallet, take extra precautions with a hardware wallet, or even have multiple types of wallets – the choice is entirely yours.