Custodial:
In finance and investment, "custodial" refers to the idea of someone being in charge of holding and safeguarding assets on behalf of another person or entity. The entity doing the holding is called a custodian.

Difference between Custodial and Non-Custodial:
- **Custodial**: This typically means that a third party, like a bank or a financial institution, holds and manages your assets on your behalf. They have control over your assets, and you trust them to keep them safe.

- **Non-Custodial**: In contrast, a non-custodial setup gives you more direct control over your assets. You retain ownership of your assets, and there's usually no intermediary that has custody of them. This is often associated with decentralized systems.

Simple Example:
Let's say you have some cryptocurrency:
- Custodial: If you use a custodial wallet provided by an exchange, they hold the private keys to your crypto, and you trust them to secure it for you.

- Non-Custodial: If you use a non-custodial wallet, you manage your private keys. This means you have more control and responsibility for the security of your assets.

In the world of DeFi, non-custodial solutions are common as they align with the decentralized nature of these systems, providing users more autonomy over their assets.