Custodial vs Non-custodial

Custodial

<u>Definition</u>: Custodial services involve relying on a third party to hold and manage your cryptocurrencies on your behalf. This third party, often referred to as a custodian, has control over the private keys associated with the crypto assets.

<u>Private Key Control</u>: The private keys, which are essential for accessing and managing the funds, are typically held by the custodian. This means users don't often direct control over their private keys.

<u>Security and Convenience</u>: Custodial solution are often chosen for their ease of use and convenience. They may provide additional services such as insurance, customer support, and user-friendly interfaces. However, users must trust the custodian to secure their assets.

Non-Custodial

<u>Definition</u>: Non-custodial services empower users with direct control over their private keys. In this model, individuals manage their crypto assets independently without relying on a third party. Users are responsible for the security and safekeeping of their private key.

<u>Private Key Control</u>: Users have full control and ownership of their private keys, usually stored in a digital wallet. This ensures that only the owner has access to and control over their crypto holdings.

<u>Security and Responsibility:</u> Non-custodial solutions provide the users with a higher degree of security and privacy since they are not entrusting their keys to a third party. However, this also means users bear the responsibility of securely storing and managing their private keys.