

## Bitcoin/Lightning Wallets

Bitcoin holds value and also transmits value as a medium of exchange. For simplicity sake, the Bitcoin network has 2 layers. The main Bitcoin network (layer 1) is called “on-chain” as it is the blockchain that processes\posts transactions approximately every 10 minutes via decentralized consensus and verification. The layer 2 network hosts the much faster Lightning Network and is “off-chain” as transactions are not published to the Bitcoin blockchain. Bitcoin is considered a bearer asset. If you hold the private keys to Bitcoin, you control that Bitcoin. The Lightning layer transmits Bitcoin as ‘sats’, the smaller denomination of Bitcoin.

A Bitcoin wallet is an app that acts similar to a real world wallet in that it is used to hold and spend your money. These wallets come in various packages with differing abilities and risks. There are HOT wallets and COLD wallets. A hot wallet is one that is present on the internet via your cell phone or computer or perhaps your trading exchange such as Coinbase or Binance and has live funds that are easily accessible without needing the complexity of private keys to transact. A cold wallet is not easily accessible and has to be transferred using private keys and several steps to create a transaction, and more secure due to these extra steps of access.

Further, these hot and cold wallets also can be segmented into CUSTODIAL wallets and SELF(or NON) CUSTODIAL wallets. CUSTODIAL signifying that a 3rd party is holding keys to your Bitcoin in their wallets on your behalf such as an exchange, a bank, or a hot wallet that can provide support if you lose your passwords or experience problems accessing your funds. SELFCUSTODIAL or NONCUSTODIAL means that you are the sole holder of your keys to the Bitcoin wallet and it is up to you to secure access to your wallet.

Examples of Common Bitcoin Hot Wallets:

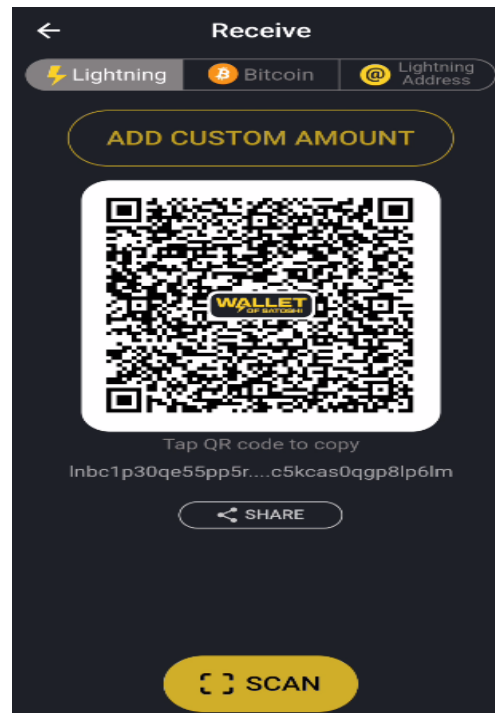
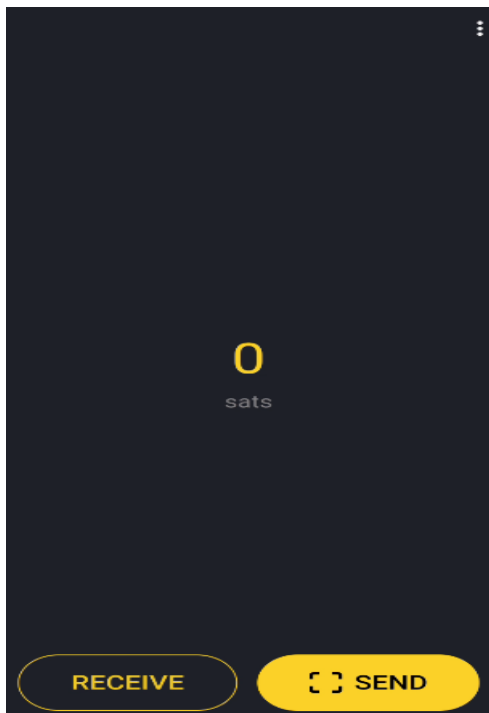
- **Wallet of Satoshi** - a custodial hot wallet that is super easy to use and is capable of Bitcoin and Lightning Network payments.
- **Muun Wallet** - a self-custody hot wallet that is easy to use and is capable of Bitcoin and Lightning Network payments, protected by a pin#.
- **Blue Wallet** - a self-custody hot wallet that works well and has MANY features such as multisig, plausible deniability, capable of Bitcoin & Lightning payments.
- **CashApp** - easy to use custodial hot wallet for cash and lightning payments.
- **StrikeApp** - the easiest and cheapest way to buy Bitcoin and spend/send Lightning payments. Mitigates capital gains internally. Custodial hot wallet.

## Wallet of Satoshi

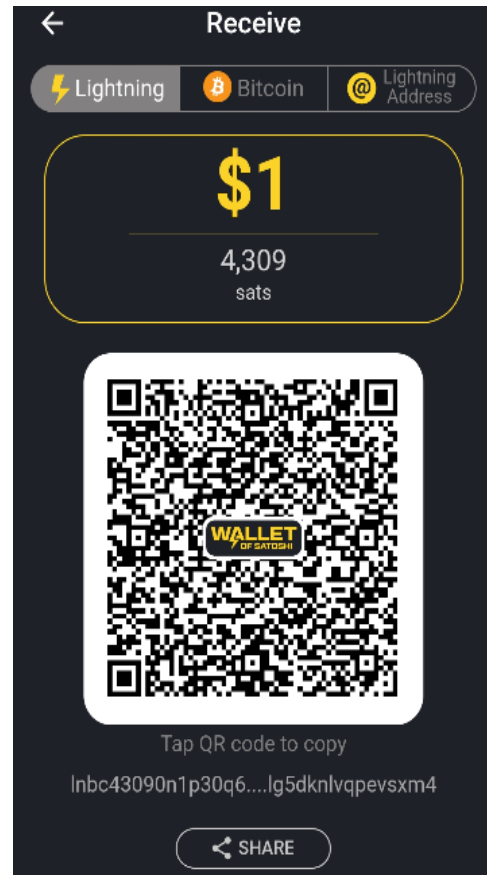
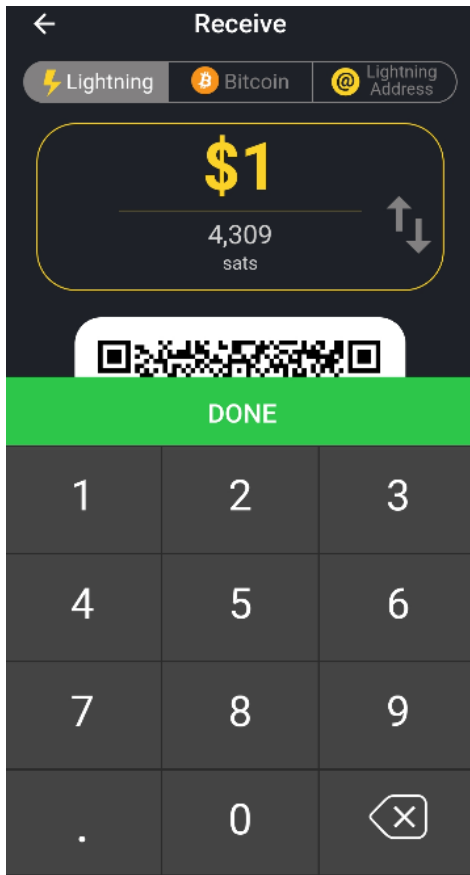
The Wallet of Satoshi is a very easy to use wallet and is a good training wallet as it creates the encryption for you and it works as soon as you install it. Go to your app store and search for “wallet of satoshi”. Go ahead and install the app and then open it



The simple interface is ready to send and receive Bitcoin. Let's receive \$1 in Bitcoin via the Lightning Network. Click Receive. On the next screen, click Add Custom Amount.



Add \$1 and click Done. You now have an invoice to receive \$1 in Bitcoin from someone over the Lightning Network.



Have someone with Bitcoin in a wallet send you Bitcoin to pay this invoice. If sent via a Lightning payment. It will be really fast and inexpensive. If you send on-chain Bitcoin, it may take 20-30 minutes to confirm the funds. With Lightning, notice how fast the transaction is and how inexpensive the transaction cost, most likely measured in microsats (fractions of a penny). And now think about how this was accomplished without a bank, without permission, on a peer to peer network protected by the consensus mechanism and energy (proof of work).

An alternative custodial wallet where you do not download an application (which could be risky if you don't know or trust the source) is a web wallet. We have one available at <https://lnbits.btcretailxsites.com>

