

Name _____

Your Digital Treasure Chest: Exploring the World of Cryptocurrency Wallets

Open-Ended Response Answer Key

1. (Sample answer) Hot wallets are connected to the internet and are suitable for everyday transactions but are less secure. Cold wallets, such as hardware wallets and paper wallets, are offline and offer a higher level of security. Hot wallets are convenient for quick access, while cold wallets are ideal for long-term storage of significant amounts of cryptocurrency.
2. (Sample answer) Advantages of using hardware wallets for cryptocurrency storage include their high-security level, resistance to online threats, and protection of digital assets. However, disadvantages include the cost of purchasing a hardware wallet and the physical risk of losing or damaging the device. Individuals might choose hardware wallets for enhanced security and peace of mind.
3. (Sample answer) Ownership of a cryptocurrency wallet comes with the responsibility of secure storage, backup creation, and vigilance against scams. Securely managing the wallet and private key is crucial to prevent unauthorized access or loss of digital assets. Additionally, individuals should be cautious of phishing scams and verify the authenticity of wallets to protect their cryptocurrency holdings.
4. (Sample answer) Having a cryptocurrency wallet is advantageous when making online purchases or transferring funds to others without the need for traditional banks. It simplifies transactions by providing a secure way to store and manage digital assets. Additionally, it enhances financial control as users have direct ownership and control over their funds, reducing reliance on intermediaries.

