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A Beginner's Guide to Buying Ether

After Bitcoin, Ether is the most famous and widely used network among cryptocurrencies. Therefore, if you are interested in buying NFT or exploring other projects, you will want to learn how to buy Ethereum.

Ether ([ETH](#)) is the native cryptocurrency of the Ethereum network, the world's second largest crypto project after Bitcoin, and the basis for countless other crypto protocols. Below is a brief description of the most popular ways to buy ETH.

Buy Ether on Crypto Exchanges

Crypto exchanges offer the easiest way for beginners to acquire ETH. Broadly, there are two types of exchanges available to use in the industry:

- Centralized exchanges
- Decentralized exchanges

Most exchanges are centralized, although there are a growing number of decentralized options. However, because centralized exchanges are simpler to use for first-time investors, we'll focus on this option for the purposes of this guide.

The first step is to open an account with a centralized exchange. Different exchanges will require you to share different amounts of personal information in order to open an account to deter and catch out fraudulent users. These are called know-your-customer (KYC) and anti-money-laundering (AML) requirements.

Generally, exchanges have been tightening their procedures in this respect in recent years in

response to pressure from regulators. Most reputable exchanges will at least require you to upload a photographic ID.

If you are a beginner, it is recommended you use a high-volume exchange like Binance, Coinbase (COIN) or [BTCC](#). These are the exchanges you are most likely to have heard of before.

After you have made an account, your next step is to fund your account. This can usually be done with a bank transfer, a credit card or a payment service like PayPal, depending on what your exchange can support technically.

Now you are almost ready to trade. One last piece of important preparation is to decide how you are going to store your ether once you have bought it. You can store your ETH in an online wallet, often provided by an exchange, or else in your own personal desktop or mobile wallet. The latter option is offline and sometimes called “cold storage.” It is considered safer than an online wallet because it is less vulnerable to bad actors trying to steal it.

It may be quicker and easier to trade ETH for other cryptocurrencies or fiat currencies if you keep it in an exchange-provided wallet, but some prefer to keep complete control over their assets.

Hacks and frauds are the most dramatic examples of the risks involved. For example, a hacker stole cryptocurrency worth around \$196 million from the exchange BitMart in December. But there can be more mundane inconveniences too: The exchange Binance had to stop crypto withdrawals for around 25 minutes in November because of a technical problem.

A good rule of thumb is that if you plan to trade frequently, you should keep your ETH in an exchange-provided wallet. If you don't plan to touch it for long periods at a time, you should keep it in an offline wallet like a Trezor or Ledger hardware device.

Buy Ether by Other Ways

One alternative to buying through an exchange is to buy directly from other individuals. This can be organized by an over-the-counter (OTC) trading service. The big exchanges generally have OTC desks of their own. The Kraken OTC desk, for example, is a separate service from the Kraken exchange.

OTC desks appeal especially to institutions and high net worth individuals looking to conduct high-

value trades, which would risk disrupting the operation of an exchange. For example, high-value exchange trades can incur a cost called “slippage,” meaning that not all the tokens can be bought at the expected price. This is a greater danger for higher-value trades on exchanges. An OTC desk can provide a personal service to make such large trades work.

Some stock brokerages offer crypto trading as well as traditional assets. Robinhood (HOOD) was a pioneer in this respect. These brokerages are often compared with exchanges and they offer a similar experience to their customers, meaning they generally compete for the same kind of people. This includes customers with less experience and less capital to throw around.

There is one other popular way to buy ETH: You can use an ether ATM. These are machines that you can walk up to in person, just like traditional automated teller machines. You can search for the locations of ether ATMs in your region and then buy the ETH by putting fiat cash into the machine and having the tokens transferred into your crypto wallet. You can also sell ETH this way and take cash out of the machine. If you have cash and you want ETH, an ATM saves you from putting it through the traditional banking system first.

Things to Consider Before Buying ETH

One of your biggest concerns when choosing how to buy ETH will most likely be fees, which can vary significantly from platform to platform. Exchanges and brokerages advertise their fees very boldly for this reason, but it is important to bear in mind they are trying to win you over as a customer. You should make sure to read thoroughly about different platforms’ fee structures.

Of course, it might seem simpler and less “centralized” to leave all these companies out of it.

Couldn’t you find someone willing to sell you their ETH, give that person some fiat currency, and then wait for them to transfer the tokens to your wallet? It’s entirely possible, but it can also be fraught with risk. Meeting with a stranger in this situation is in any case unwise and may make it difficult to enforce the terms of any agreement you make with them. If you are not very experienced, it may be safer to use a well-known platform.