NOTES FOR TEACHERS

Exchanges vs. Holding It Yourself

Students compare two ways to hold bitcoin: on an exchange, where the company holds the keys and the customer holds its promise, and in their own wallet, where they hold the key and all the responsibility. It is convenience against control, which is what “not your keys, not your coins” means.

Grades 9–12 **1:32 video** **Saving 12-3b** **Free to use, no sign-up**

STEP 1

Before watching

> When you keep money in a bank account or a payment app, who actually has it, you or the company? What protects you if the company fails?

STEP 2

Watch the episode

Bitcoin Basics, 1:32: thesteadyblock.com/episodes/exchanges-vs-holding-it/ (also on YouTube, @TheSteadyBlock)

STEP 3

Discussion questions

1. What does a customer actually have when their bitcoin sits on an exchange? Why does the episode call it a promise?
2. The episode lists real upsides to letting an exchange hold the key. What are they, and what kind of person might value them most?
3. Bitcoiners say “not your keys, not your coins”; other people prefer the convenience and help an exchange offers. Customers of Mt. Gox (2014) and FTX (2022) waited years to get anything back, while people who hold their own keys have no password reset and no help desk. Which risk would worry you more, and why?

STEP 4

Exit quiz

1. When you buy bitcoin on an exchange and leave it there, who usually holds the keys?

A. You do, inside the app
B. The exchange
C. The FDIC
D. Your bank

2. What does an exchange customer actually hold?

A. Coins under their own key
B. A paper certificate from the government
C. A share of the exchange company
D. A promise: a line in the exchange's records saying it owes them that much bitcoin

3. Which of these is a real upside of letting an exchange hold the key?

A. You can reset a forgotten password and get help when something goes wrong
B. Your coins are insured by the FDIC
C. The exchange can never pause withdrawals
D. No one, not even the exchange, can see your balance

4. What happened to customers when Mt. Gox failed in 2014 and FTX failed in 2022?

A. They got their coins back the next day
B. Nothing, because their coins were under their own keys
C. Withdrawals froze, the exchanges went bankrupt, and customers waited years to get anything back
D. The government paid them back in full right away

5. What does "not your keys, not your coins" mean?

A. Only coins with your name printed on them are yours
B. If someone else holds the key, you are relying on their promise; with your own key, the coins are under your control
C. You should never use an exchange for any reason
D. Keys can always be bought back from an exchange

Key terms

Exchange	A company where people buy and sell bitcoin, often for dollars; it usually holds its customers' keys.
Custodial account	An account where a company holds the keys for you; your balance is its promise to you.
Self-custody	Holding your own keys in a wallet you control, with no password reset and no help desk.
Deposit insurance	Government protection for money in insured bank and credit union accounts if the institution fails; it does not cover crypto assets.

National standard

MAIN STANDARD · SAVING 12-3B

Compare and contrast the features of mobile payment accounts, cryptocurrency accounts, and checking/savings accounts.

Part of standard Saving 12-3: "Unless offered by insured financial institutions, mobile payment accounts and cryptocurrency accounts are not federally insured and usually do not pay interest to depositors."

SAVING 8-6C

Identify types of accounts that do not offer deposit insurance.

SAVING 12-5C

Explain the importance of solvency regulation for financial institutions.

The episode compares an exchange account with a wallet you control and shows what is at stake when an exchange fails (Mt. Gox, FTX), alongside the FDIC's point that crypto is not deposit-insured. That supports comparing crypto accounts with bank accounts (Saving 12-3b) and identifying accounts without deposit insurance (8-6c).

From the National Standards for Personal Financial Education (Council for Economic Education and Jump$tart Coalition, 2021), Saving grade 12, p. 23; Saving grade 8, p. 22.

Numbers in this episode

As of October 2026

- 1 key holder: On a custodial exchange the company holds the private keys. Your balance is an entry in its records: a promise to give you that much bitcoin.
- Not FDIC-insured: Crypto assets are not covered by US deposit insurance, which also doesn't protect customers if a non-bank crypto exchange or custodian fails (FDIC advisory, July 2022).
- 2014: Mt. Gox, then the largest exchange, halted withdrawals and went bankrupt, saying about 850,000 bitcoin were missing (about 200,000 were later found). Repayments to creditors began in July 2024.

- 2022: FTX froze withdrawals and filed for bankruptcy in November 2022. Its founder was sentenced to 25 years in 2024 for stealing over $8 billion of customers' money. Customers were repaid from 2025, in dollars valued at November 2022 prices.
- The fine print: In January 2023 a US bankruptcy judge ruled that, under Celsius's terms of use, crypto in about 600,000 of its Earn accounts belonged to the company, leaving customers as creditors.

Where each number comes from is listed on the episode page.

Further reading

For students or teachers who want to go deeper.

FOR STUDENTS **Crypto Asset Custody Basics for Retail Investors – Investor Bulletin** (https://investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/crypto-asset-custody-basics-retail-investors-investor-bulletin-0)

U.S. Securities and Exchange Commission, Office of Investor Education and Assistance (Investor.gov), December 2025

A plain-language government bulletin comparing self-custody with letting a company hold your keys, and the questions to ask about any custodian before trusting it.

FOR TEACHERS **Lesson 4.1: Financial Institutions (Keys to Financial Success)** (https://www.federalreserveeducation.org/resources/lessons/lesson--keys-4-1-financial-institutions.pdf)

Federal Reserve Education (Federal Reserve Bank of Philadelphia)

A ready lesson comparing banks, credit unions and other providers, including FDIC and NCUA deposit insurance; add a crypto exchange as one more provider and ask what protects its customers.

FOR TEACHERS **FinCap Friday: Tim & Yanely discuss the collapse of crypto giant FTX** (https://www.ngpf.org/blog/fincap-friday/sneak-peek-of-fincap-friday-tim--yanely-discuss-the-collapse-of-crypto-giant-ftx/)

Next Gen Personal Finance (November 2022)

A short current-events discussion from a nonprofit financial-education group on what FTX's collapse meant for its customers, with linked news coverage.

Links checked October 2026.

Free to use in class. Educational content only, not financial or investment advice. Episode narration uses a synthetic voice. Answer keys and teacher sheets: email hello@thesteadyblock.com.