

Centralised Exchanges (CEX's) vs Decentralised Exchanges (DEX's)

- centralised platforms that act as intermediaries matching buyers and sellers e.g Coinbase, Binance, Kraken, Gemini
- typically require that users place assets in their custody before trading
- user keeps funds in a wallet tied to the exchange itself and the exchange keeps the private keys to the wallet and user only gets login details for the platform
- offer more liquidity (attract large investors) and stronger regulatory assurances
- typically support fiat to crypto on- and off-ramps

CEX's

Which type of exchange to use is down to choice BETWEEN ease of use and third-party control of user wallet (then CEX is preferable) AND lower fees and more control over own funds (then DEX is preferable)

DEX's

- platforms that help users exchange cryptocurrencies by connecting them directly with each other without an intermediary e.g Uniswap, PancakeSwap, Synthetix
- users directly hold their own assets and private keys
- aim to complete transactions faster and more cheaply by cutting out the middle man
- use automated market maker protocols (AMMs) to determine the prices of assets without a centralised body orchestrating trades
- avoid having to meet KYC or AML requirements, thereby offering privacy and anonymity
- less scalable and illiquid leading to slippage