

Fees, Spreads, and the Quiet Leak

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The quiet leak

Most people check the fee line on a crypto purchase and think that is what it cost. Often it is not. Costs hide in several places, and a few percent here and there adds up over years. This guide names each layer so you can see what you actually paid.

Layer 1: The spread

The spread is the gap between the price you pay and the market price at that moment. Many "simple buy" buttons and apps show "no fee" or a small fee, but quote you a price a bit above market. That difference is the spread, and it is real money.

How to see it:

- Note the price you were quoted per coin.
- At the same moment, look at the market price on a reputable price tracker, or the order book price on the same platform's advanced trade screen.
- The difference, times how many coins you bought, is roughly the spread you paid.

Advanced or "pro" trade screens often have a smaller spread and a visible trading fee instead. Simple buy screens are convenient but can cost more.

Layer 2: The trading fee

This is the line item most platforms show. It might be a flat amount, a percentage, or both. Some platforms charge less for larger trades or for "maker" orders that wait on the order book.

How to see it: your trade confirmation or account history usually lists it. Download the history as a CSV once a quarter so you have your own copy.

Layer 3: The network fee

When coins move on a blockchain, the network charges a fee paid to whoever processes transactions. It depends on how busy the network is, not on how much you send. Sending a small amount on a busy network can cost a large percentage.

How to see it:

- Your wallet shows an estimated network fee before you confirm. Read it.
- After sending, the block explorer shows the actual fee paid.
- Exchanges often charge a flat withdrawal fee instead, which may be higher or lower than the real network fee. Compare.

Layer 4: Bridge fees

A bridge moves value from one network to another. You may pay a network fee on the starting side, a bridge service fee, a network fee on the arriving side, and sometimes a price difference if the bridge swaps tokens along the way. Bridges also add their own risks.

How to see it: compare the amount you sent with the amount that arrived, in dollar terms, at the same moment. The gap is your total bridge cost.

Layer 5: Card purchases and card rewards

Buying crypto with a credit or debit card is often the most expensive path. Card processing fees can be several percent, and some card issuers treat crypto purchases as cash advances, which can mean extra fees and interest starting right away.

On the other side, crypto reward cards pay you a percentage back in crypto. Those rewards are worth something, but check:

- Is there an annual fee?
- Is there a spread when the reward is converted into crypto?
- Does the reward require holding or staking a specific token?
- How does the value of the reward change if the token price moves?

Layer 6: Conversions and small leaks

- Converting one coin to another inside an app usually has its own spread.
- Staking or earn programs may take a commission from rewards.
- Withdrawing to a bank can carry a fee.
- Small leftover balances ("dust") that are too small to move are a cost too.

A simple way to see what you paid

Pick one past purchase and walk it through:

- ☐ Dollars that left your bank or card
- ☐ Coins that arrived in your account
- ☐ Market price at that time
- ☐ Coins times market price equals fair value
- ☐ Dollars spent minus fair value equals total cost (spread plus fees)
- ☐ Divide by dollars spent to get a percentage

Do the same for a transfer: value sent minus value that arrived equals transfer cost.

Many people are surprised the first time. That is the point. Once you can see it, you can decide if the convenience was worth it.

Habits that reduce the leak

- Compare the simple buy price with the advanced trade price before buying.
- Batch transfers instead of many small ones, when that suits you.
- Check network fee estimates before sending, and consider waiting if the network is busy and you are not in a hurry.
- Keep your own CSV of trades and transfers. The Holdings Book guide has a template.

This guide does not tell you which platform to use. It is here so you can read the receipt.

Questions about this guide: john@cryptoguidance.org. We will never ask for your seed phrase.