The Cryptocurrency Exchanges With the Lowest Fees – A Short Comparative Analysis

This article will be of interest (and we certainly hope it becomes a reference) to Traders and those who engage in the practice of Arbitrage. One of the things Traders and Arbitrageurs have to watch out for is Exchange fees. No matter how good a trader you are, and no matter how brilliant your Arbitrage strategy may be, Exchange fees will shave portions of your profit until you are left holding a bag that is much lighter than you remembered. This article will also be of interest to freelancers who are paid in Bitcoin, as one of the things those who hold cryptocurrency jobs should look for is where to deposit and withdraw their salary.

The choice of a Cryptocurrency Exchange and a careful consideration of associated fees should be an integral part in the design of a trading strategy. Disregarding Exchange fees and executing while turning a blind eye to them can be costly mistakes.
Exchanges have different types of fees, which we will review below.

**Deposit Fees**

The idea of having to pay to deposit crypto assets on an exchange might sound weird to a lot of us. Don’t they want our business? And if so, why are they charging us money to deposit assets on their platform? The practice sounds counterproductive, and the end result is probably the exact opposite of what they want to accomplish, you might think.

But wait. The truth is that very often it is not the exchanges themselves who charge for deposits, but the third-party services used to facilitate the transfers to the exchanges. For example, certain exchanges allow users to purchase crypto using their credit card using third-party services such as Transak (Transak.com); the crypto they purchase is subsequently deposited in their exchange account. This transaction is considered as a deposit and the credit card charges incurred are deposit fees. Certain exchanges allow
users to purchase cryptocurrency via bank transfers. As you know, banks do charge for wires, so these fees fall under the deposit fee category.

Simple transfers of digital assets (not fiat) to exchanges such as Binance (which we will talk about in detail below) are free. But it is known that using a credit card, a debit card or a bank wire will require disbursements from users.

Withdrawal Fees

When we think about exchange fees, we think primarily of Withdrawal Fees. Day trading crypto assets is becoming increasingly popular, but without a sound withdrawal strategy, a trader’s hard-earned profits are sure to melt like ice cream on the sidewalk on a hot sunny day in July. For example, Binance currently charges 0.00057 BTC for Bitcoin withdrawals, which is, at current BTC market prices, 28 US dollars. This might not seem significant if one trades in size, however, small traders do feel pain when asked to shell out 28 dollars every time for a withdrawal. Withdrawal fees vary depending on the exchange, on the user’s location, and on the cryptocurrency which is being withdrawn (Nano or XRP fees are considerably lower than BTC or ETH withdrawal fees).
Transaction Fees

Exchange Transaction fees, unless stated otherwise, come in the form of “maker-taker” fees.

The Maker-Taker system divides traders into “makers” of liquidity and takers. Each group is charged differently.

**Makers are the ones who provide liquidity on exchanges.** They “make the market”. Makers place orders to buy cryptocurrency below market price, and orders to sell cryptocurrency above market price.

**Takers are those who remove liquidity from the market.** Users who place orders that are filled immediately at market price are part of this group.

Cryptocurrency exchanges usually charge makers small fees and often rebates are offered to them.

**For most cryptocurrency exchanges, maker-taker fees are the main source of income.**

Why Do Cryptocurrency Exchanges Charge Fees?

The answer is rather simple: Fees are a Crypto Exchange’s main source of income. Cryptocurrency exchanges will use the fees they collect to finance operations, to finance their geographical expansion, to pay salaries, and provide customer services. Additionally, the fees collected will be used to expand their infrastructure – this will make them more secure, resilient in the face of attacks, faster and it will allow them to list more cryptocurrencies and trading pairs.
Our Selection of Low-Fee Crypto Exchanges

We are about to review a few Cryptocurrency exchanges and compare them on the basis of their fees. Building a limited selection of cryptocurrency exchanges for the sake of a comparative analysis is not easy. There are currently, as per CoinMarketCap, 305 exchanges!

Obviously, some sort of criteria has to be applied. The criteria that we will use is reputational value. Our comparative analysis will focus on the exchanges with strong reputational value.

Cryptocurrency exchanges can be either centralized (CEX, a model in which the exchange controls a user’s wallet keys) or decentralized (DEX, a model in which the user controls the wallet keys). In this comparative analysis, we will not distinguish between DEX and CEX and focus on their fee offering.

Let’s begin!

Binance
Now, who hasn’t heard of Binance? Binance, based in Malta, has grown to become the largest cryptocurrency exchange, in terms of daily transactions. It supports hundreds of digital assets including Bitcoin, Ethereum, Litecoin, and its proprietary BNB token. Binance has, at the time of writing, 13.5 million users.

Binance is a Centralized Exchange (CEX), which means that they are always in possession of a user’s cryptographic keys.

We will focus on Binance’s fees for spot trading. Binance is chock-full of services and it has a comprehensive fee system. In addition to spot trading fees, there are Margin Borrow Interest fees, Future Trading fees, Cross Collateral Interest Fees and Liquidity swap fees.

Let us have a look at Binance’s Spot Trading fees. The fees are variable, and they are a function of the trading volume. If the 30-day trading volume is below 50BTC, then the maker fee varies from 0.0750% to 0.0525%. If the 30-day trading volume is above 50BTC, then the taker fee varies from 0.075% to 0.015%.

As you can see on the table below, spot trading can get very
cheap if you have significant holdings on the platform!

<table>
<thead>
<tr>
<th>VIP</th>
<th>Trade Quantity</th>
<th>Platform</th>
<th>Maker Taker</th>
<th>Move In / Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>&lt; 50 BTC</td>
<td>BNB</td>
<td>0.1000 / 0.1000</td>
<td>0.6759 / 0.7759</td>
</tr>
<tr>
<td>1</td>
<td>≥ 50 BTC</td>
<td>BNB</td>
<td>0.0900 / 0.1000</td>
<td>0.6675 / 0.7759</td>
</tr>
<tr>
<td>2</td>
<td>≥ 50 BTC</td>
<td>BNB</td>
<td>0.0800 / 0.1000</td>
<td>0.6600 / 0.7759</td>
</tr>
<tr>
<td>3</td>
<td>≥ 1500 BTC</td>
<td>BNB</td>
<td>0.0700 / 0.1000</td>
<td>0.6525 / 0.7759</td>
</tr>
<tr>
<td>4</td>
<td>≥ 1500 BTC</td>
<td>BNB</td>
<td>0.0700 / 0.0900</td>
<td>0.6525 / 0.6759</td>
</tr>
<tr>
<td>5</td>
<td>≥ 10000 BTC</td>
<td>BNB</td>
<td>0.0600 / 0.0800</td>
<td>0.6450 / 0.6600</td>
</tr>
<tr>
<td>6</td>
<td>≥ 30000 BTC</td>
<td>BNB</td>
<td>0.0500 / 0.0700</td>
<td>0.6375 / 0.6500</td>
</tr>
</tbody>
</table>

Binance also charges fees on withdrawals, and these depend on the currency you are withdrawing, as can be seen below:

<table>
<thead>
<tr>
<th>Token</th>
<th>Symbol</th>
<th>Network</th>
<th>Fee</th>
<th>Max Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCH</td>
<td>1inch</td>
<td>BEP2K (BSC)</td>
<td>0.14</td>
<td>Free</td>
</tr>
<tr>
<td>AUDIC</td>
<td>Audias</td>
<td>ERC20</td>
<td>0.20</td>
<td>Free</td>
</tr>
<tr>
<td>AION</td>
<td>AION</td>
<td>ERC20</td>
<td>0.2</td>
<td>Free</td>
</tr>
<tr>
<td>AE</td>
<td>Aternity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AR</td>
<td>Aravo</td>
<td>AR</td>
<td>0.1</td>
<td>Free</td>
</tr>
<tr>
<td>ARD3R</td>
<td>Ardar</td>
<td>AR</td>
<td>4</td>
<td>Free</td>
</tr>
<tr>
<td>ACH</td>
<td>AC Milan Fan Token</td>
<td>CHZ</td>
<td>1</td>
<td>Free</td>
</tr>
<tr>
<td>ADA</td>
<td>Cardano</td>
<td>Cardano</td>
<td>0</td>
<td>Free</td>
</tr>
</tbody>
</table>

Bisq
Bisq is a decentralized, open-source cryptocurrency exchange that comes in the form of a desktop and mobile application, with servers all around the world, which means it is highly resilient to attacks. It allows users to buy and sell Bitcoin for their local currency. In terms of security, Bisq is one of the best cryptocurrency exchanges out there.

**Bisq charges the following fees:**

- **Create Offer fee:** 0.001 BTC, which at current market prices is approximately 50$.
- **Take Offer fee:** 0.001 BTC
- **Bitcoin mining fee:** 0.003 BTC
- **Security Deposit:** 0.1 BTC

As we can see, making peer-to-peer deals on Bisq is not cheap! But this is the price of convenience coupled with the fact that no KYC is required of users.

**Kraken**
Kraken is an exchange based in the United States, which has been operating since 2011. It is available in 48 American States and 176 countries, and counting! Tens of digital assets are supported by this exchange including the most popular ones, such as Bitcoin and Ethereum.

Kraken offers fast bank deposits and withdrawals and charges low fees for those. The fees for bank withdrawals are between 0% and 0.36% – the fee is a function of one’s 30-day trading volume and type of trading. Lower fees will be offered to users who trade more.

Kraken’s fees, which are lower than Coinbase, are based on a user’s 30-day trading volume. The starting fee for makers is 0.16%, and takers are charged 0.26% per trade. If an account’s volume hits $500,000, which is significant, the fees go down to 0.10% for makers and 0.20% for takers.
Bittrex, based in Seattle and founded by former Microsoft and Blackberry employees, was an absolute powerhouse of an exchange during the first bull run (2017). Bittrex is still one of the largest cryptocurrency exchanges out there. It has gone through some significant changes and has greatly improved their user interface and user experience. This exchange is considered one of the best in terms of security, and trades are settled very quickly.

Bittrex is one of the few exchanges that charge a flat rate regardless of the size of the trade – 0.25% is charged for every trade. Bittrex’s fee policy is simple, transparent, and very easy to understand!
CEX.IO, established in London in 2013, is considered to be one of the best exchanges for newcomers. This platform has a simple, easy-to-understand interface. No deposit and withdrawal fees on the horizon, which is excellent news. Spreads are comparable to other platforms and they also offer the option to purchase cryptocurrency with a credit card.

But a word about purchasing crypto with a credit card: while it is true that if you purchase cryptocurrencies with a credit card, they will be delivered instantly, it will cost you up to 7% to do so!

This platform also allows bank wires, and there are no deposit fees for wires. The only downside of doing so is that you will have to wait 3 to 5 days for the wire to go through.

The trading fees seem a little bit higher than other platforms: they are set at 0.25% for takers and 0.15% for makers. If you trade in size and regularly, it is possible to get those fees down to 0.10%.
Coinbase is a household name in the blockchain sector and one of the largest cryptocurrency exchanges in the world. Its pleasant and simple user interface makes it a great entry point into the world of cryptocurrencies.

Coinbase, which has attracted a lot of press recently due to its IPO, does have deposit fees, but they depend on a user’s location (country) and method of deposit (debit card, credit card or wire transfer). Deposit fees range from $0.99 to $2.99.

Here is a breakdown of Coinbase’s flat fees, which are a function of the size of the deposit:

- If you are buying/selling $10.99 or less in crypto, then your fee will be $0.99.
- If you are buying/selling between $11 and $26.49, then your fee will be $1.49.
- If you are buying/selling between $26.50 and $51.99, then your fee will be $1.99.
- If you are buying/selling any amount above $52, then
your fee will be $2.99.

To those flat trading fees, we have to add the fees that are associated with the method used to purchase Cryptocurrencies:

- If a user purchases crypto with a U.S. Bank account, a fee of 1.49% will be applied.
- If a user uses his or her coinbase USD wallet, a fee of 1.49% will be applied.
- If a user purchases crypto with a debit card on the platform, then a fee of 3.99% will be applied.

If a user would like to withdraw to fiat using a credit card, a fee of up to 1.55% will be applied.

Coinbase Pro, formerly known as GDAX, is a trading platform owned by Coinbase. How much will it cost you to execute trades on Coinbase Pro? Coinbase pro follows the maker-taker model and the fees are as follow:

- **Maker Orders**: a fee between 0% and 0.5% is applied to maker orders.
- **Taker Orders**: these are made at market price and fulfilled immediately. They are charged a fee between 0.4% and 0.5%.

As we can see on the chart below, on CoinBase Pro, fees are a function of SIZE.
The Final Word: Which Exchanges Have the Lowest Fees?

Our Comparative Analysis focused on the major exchanges with the highest reputational value. Perhaps a different comparative analysis should focus on newer, smaller exchanges. We have found that many of these exchanges adopted the “Maker Taker” model, but Bittrex stands out as an exception with its 0.25% flat fee applied to every transaction.

Binance emerges as the clear winner here, as its fee table based on holdings and 30-day trading average are definitely at the advantage of users. Users are incentivized to deposit more assets on the platform, in order to benefit from those lower fees.