


Retail trends in crypto



The views expressed in this presentation are my own and do not necessarily reflect those of the Federal Reserve Bank of San Francisco or the Federal Reserve System.

SF Fed Fintech

OUR MISSION

Promote responsible, inclusive innovation in the financial system through supervision, thought leadership, and outreach

Today's focus:

- Who buys crypto?
- How do they use it?
- What patterns or preferences are prevalent?
- What is likely to happen to crypto demand in the near-medium term?

Source: Coinbase Q2 2021 Shareholder Letter dated August 10, 2021

As many as 1 in 8 Americans have bought cryptocurrencies

Number of retail investors has surged since March 2020

Reported number of US adults who have traded cryptocurrencies



AmeriSpeak Omnibus Survey, NORC at the University of Chicago

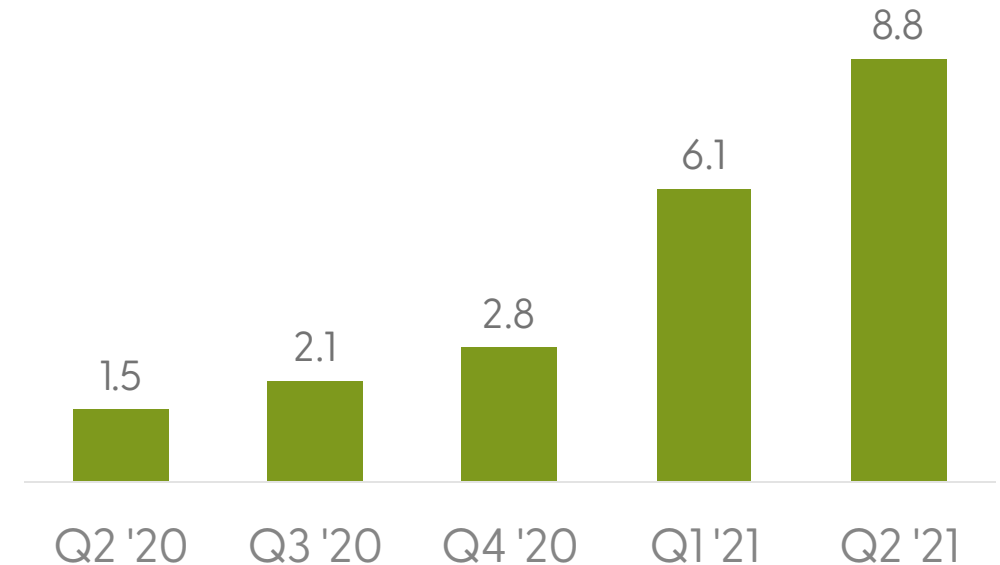
Total sample of 1,004 U.S. adults
Polled from June 24-28, 2021



Gemini State of U.S. Crypto Report

Total sample of 3,000 U.S. adults aged 18-65 with minimum \$40,000 in household income
Polled from Oct 19 - Nov 16, 2020

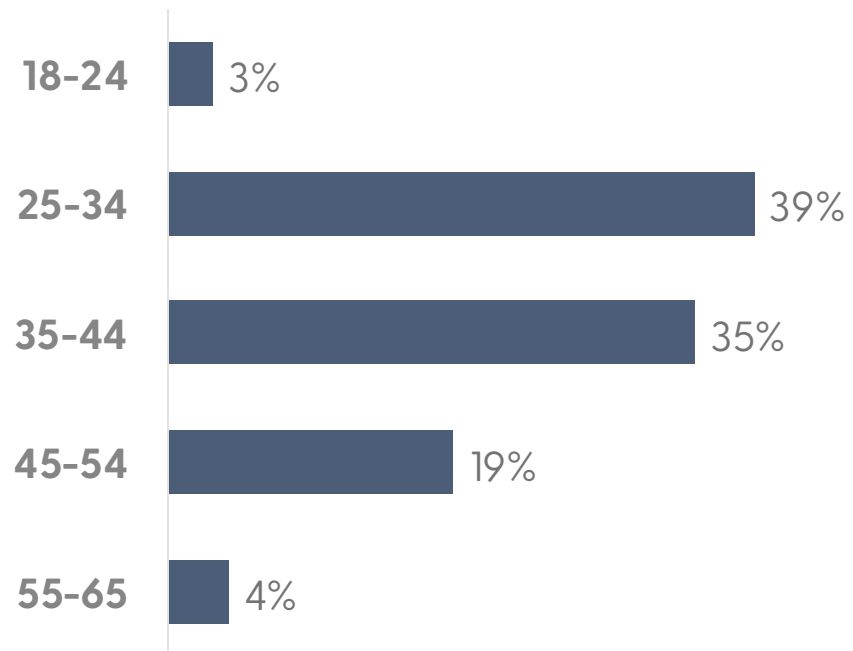
Coinbase global monthly transacting users (MTUs), *millions*



Source: Coinbase Q2 2021 Shareholder Letter dated August 10, 2021

Cryptocurrency buyers skew young, high-income and male

Reported age distribution



Profile of retail cryptocurrency buyers

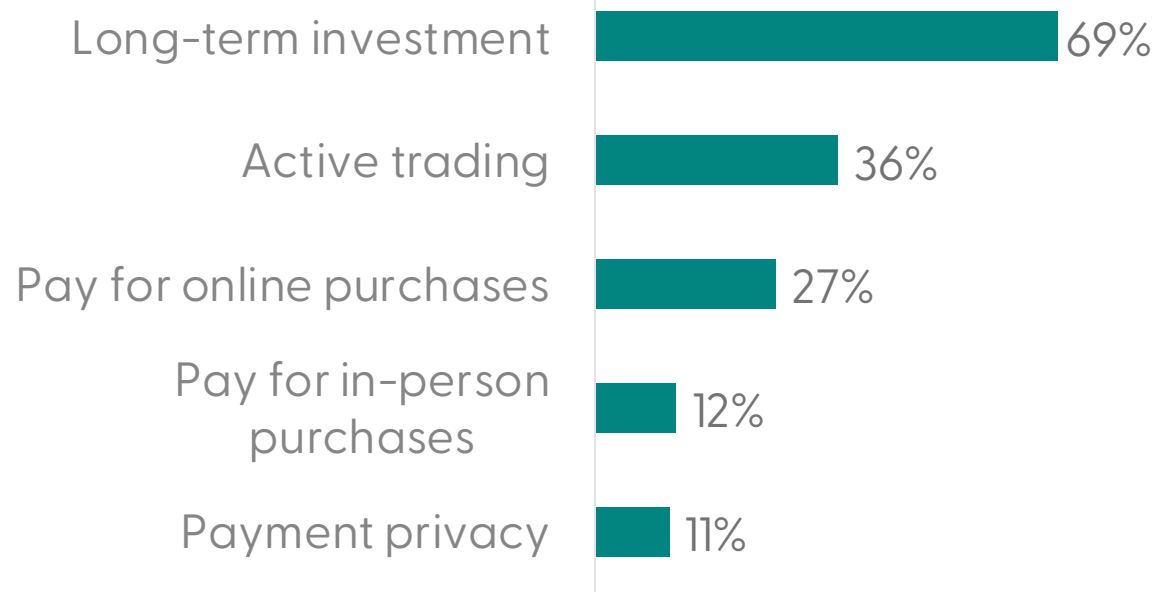
- **\$111,000** avg household income
- **74%** male
- **68%** first bought within last 2 years

Source: Gemini 2021 The State of U.S. Crypto Report

Cryptocurrency buyers are largely motivated by long-term price appreciation

High percentage of underbanked customers reportedly using crypto for payments

Reported reasons for buying cryptocurrencies



Source: Gemini 2021 The State of U.S. Crypto Report

US cryptocurrency ownership by banking status

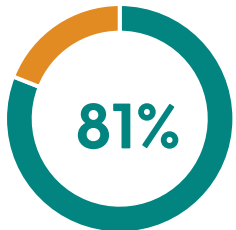


Source: Morning Consult note published August 17, 2021

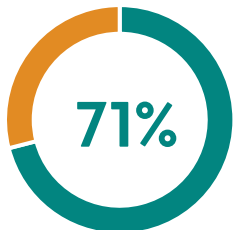
Retail investors strongly prefer to manage crypto exposure through their banks



Would be interested in earning interest in Bitcoin on an account such as savings, money market, or CD



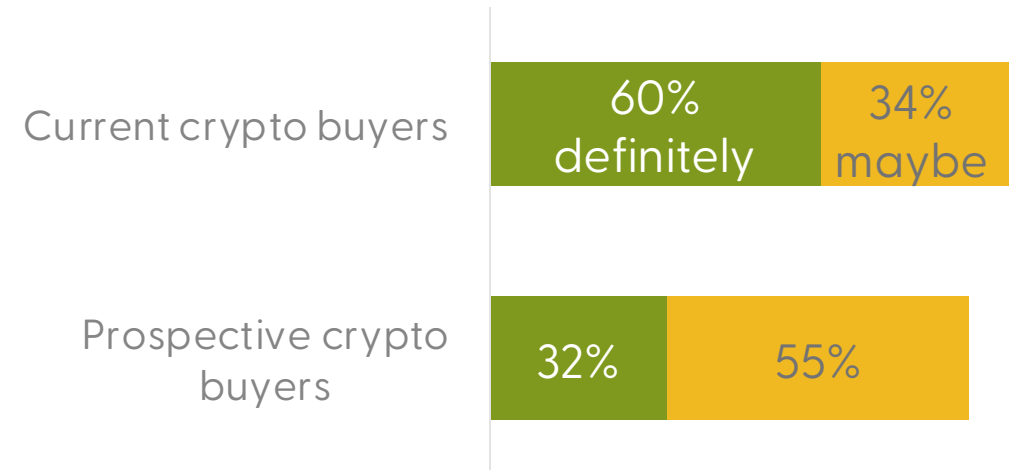
Would be interested in buying Bitcoin through my bank



As a Bitcoin holder, I would switch my primary bank to a bank that offered Bitcoin-related products

Source: NYDIG Survey: Bitcoin and Banking, January 2021 [link](#)

If your bank gave you the ability to invest in cryptocurrencies, how likely would you be to use it?



Source: Cornerstone Advisors Survey, December 2020

We expect retail participation in cryptocurrency markets to persist

Headwinds

- Uncertain regulatory environment
- ESG concerns

Tailwinds

- Marketing push by new and existing players
- Crypto job boom
- Rising availability of crypto in other financial products (IRAs, 401(k))



Questions?