



# The State of Crypto Report

January 2023

# State of Crypto

Think back to one year ago. The cryptocurrency market started out strong in 2022; who could have predicted that it would soon be impacted by sell-offs, the failure of Terra, and the dramatic collapse of the FTX exchange in November?

Despite this turbulence, it has become clear that digital assets should form part of a unified trading experience for active traders and sophisticated investors.

In response, **OANDA teamed up with leading regulated blockchain infrastructure provider Paxos** to launch a new cryptocurrency trading offering in the US market, designed to give investors easy access to crypto alongside their existing forex portfolios in a secure environment.

As we enter 2023, the crypto market is never far from the financial headlines with a growing demand for solutions that help the space regroup.

As part of our commitment to understanding traders, in November 2022 OANDA surveyed 2,018 non-professional traders across various demographics to discover how attitudes towards trading cryptocurrency have changed and what the outlook is for 2023.

# The rising interest in crypto

According to Google Trends, searches around cryptocurrency have come down from its record highs in 2021.

Nevertheless, interest in the digital currency remains high with Bitcoin, for example, averaging 3.4 million searches per month in the US alone and 14.7 million searches worldwide.<sup>1</sup>

Of traders surveyed for The State of Crypto report, 56% had traded cryptocurrency in the past week. Male traders were the most likely to be active - with 63% having traded in the past 7 days compared to just 47% of women.

When looking at specific crypto currencies, the top three most traded included Bitcoin - which 70% of respondents who were existing cryptocurrency traders had traded; followed by Ethereum at 45% and Bitcoin Cash at 41%.

**In fact crypto appears to be becoming a common diversification in a trader's portfolio, a tradable asset in its own right, with two thirds (64%) reporting that previous experience in trading other assets helped when trading crypto.**

When asked about trading these other assets, 37% had previously traded forex and 42% later disclosed that they used traditional trading methods including in-app or trading platform charts and technical analysis to help them navigate the crypto market. Leading the way for incorporating these methods were 35-44 year olds when it comes to their crypto trades (45%), closely followed by the younger 16-24 year old demographic (42%).

When asked about trading other assets  
**37%**  
had traded forex.

The most commonly traded currency pairs are:

<b>USD / CAD</b>	<b>-</b>	<b>47%</b>
<b>USD / GBP</b>	<b>-</b>	<b>44%</b>
<b>EUR / USD</b>	<b>-</b>	<b>32%</b>

What forex strategies are traders applying?

**47%**  
day trading

**42%**  
positional trading

**40%**  
event trading

# Motivating drivers for trading

Trading success is personal: the goal is different for every trader, and so are their motivations and preferred trading style.

Of those surveyed, about a quarter (24%) of existing traders said that 'the possibility of boosting savings and retirement funds' was a primary motivation to trade. This motivation to boost savings was most popular amongst divorced traders (37%) and already retired traders (44%). Although not a top answer, 'leaving a legacy and providing for family' was a motivation for 14% of traders surveyed—mainly amongst traders over 55 years of age (16%) and 16-24 year olds (15%)—an interesting

sentiment to watch.

A similar proportion of traders (22%) are motivated by 'the possibility of quick financial gains to improve their lifestyle' – with those in the 35–44-year-old age bracket the most motivated by the possibility of quick wins at 27%. However, when asked more generally about why they trade crypto, 51% of traders stated that they 'view it as a long-term investment' and 49% as 'an important way to diversify my investments'.



**Brendan Burchell**  
Professor in the  
Social Sciences at  
the University of  
Cambridge and  
expert on the Psychology of  
Personal Finance commented

"There has been a dearth of good, empirical evidence on the behavior of traders in cryptocurrencies. There are some similarities with the psychology of trading in shares, but also some fundamental differences. Furthermore, the whole phenomenon of crypto trading has evolved radically in the past and may well continue to develop unpredictably in the coming months and years.

The survey conducted by OANDA is therefore invaluable in starting to understand the multifaceted differences between types of traders and their reasons for investing in cryptocurrencies, their level of market optimism and their reactions to large variations in prices.

This new US data is consistent with existing knowledge on crypto-traders (for instance the different motives for entering crypto-trading, through sports gambling for younger traders or through more conventional investing of savings for older investors) but advances our understanding. It is impossible to comprehend the impact of crypto-trading on individual traders without understanding those differences."

# Motivating drivers for trading

Of those surveyed

10%

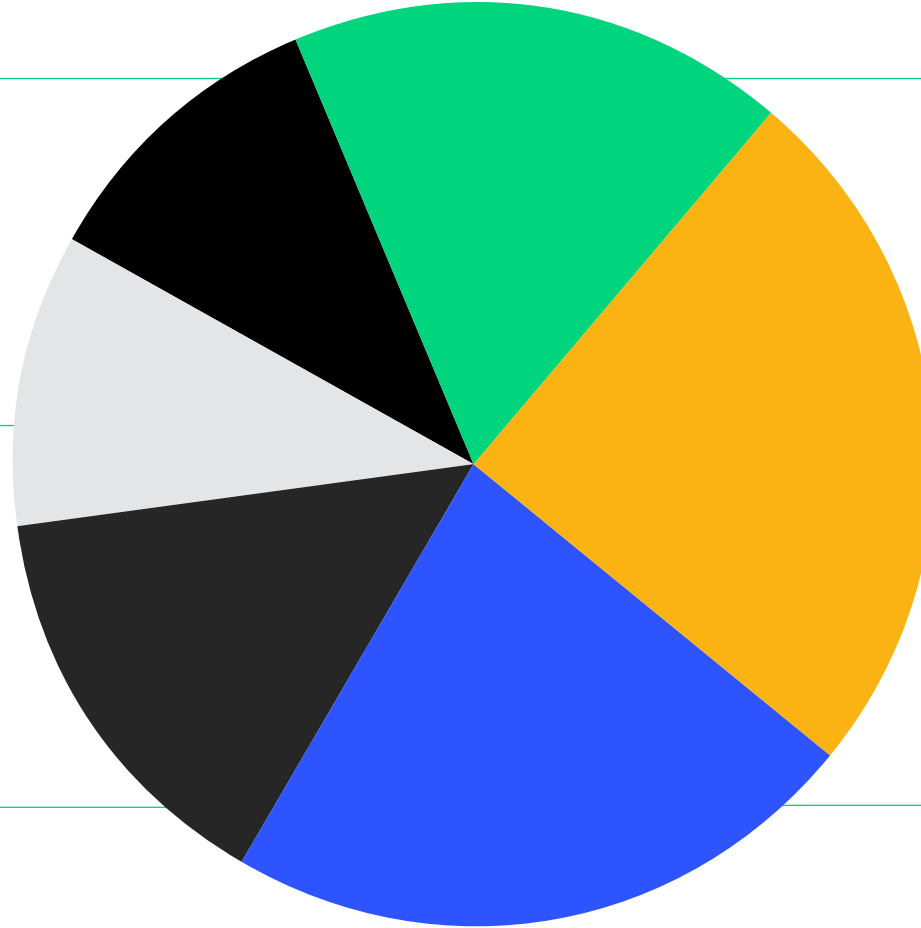
The thrill and excitement and pressure inherent to trading

10%

Developing understanding of geopolitics and financial markets

14%

Possibility of providing for my family and/or leaving a legacy



17%

Being in control of my personal finances vs. professional money management

24%

Possibility of boosting my saving or retirement funds

22%

The possibility of quick financial gains to improve my lifestyle

# Barriers to Crypto trading

Nearly all traders surveyed had traded crypto at some point (87%), but for those traders who hadn't put finances into cryptocurrency, 57% said a 'lack of knowledge of crypto markets' was a barrier.

Stereotypes of cryptocurrency being appealing only to newer, younger entrants in the market were perhaps disproved by survey data, which revealed that cryptocurrencies are traded across all age and gender groups, with approximately 9 out of every 10 traders aged 16 to 54 reporting experience in trading crypto. It was mainly traders over the age of 55 who were more reluctant to invest into crypto at all, and yet even here 49% had done so.

So nearly all traders surveyed had traded crypto at some point (87%), but for those traders who hadn't put finances into cryptocurrency, 57% said a 'lack of knowledge of crypto markets' was a barrier. Almost a third of those who hadn't traded crypto yet cited 'worries around security' (32%) and the same proportion mentioned 'market volatility (31%) as their reason for holding back from the market.

57%

SAID LACK OF

KNOWLEDGE  
WAS A BARRIER

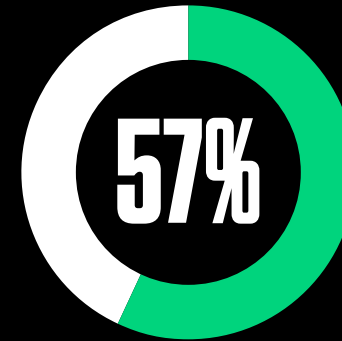
# Confidence in the Crypto Market

Does the involvement of institutional investors in the crypto space make traders feel more or less confident in trading crypto?

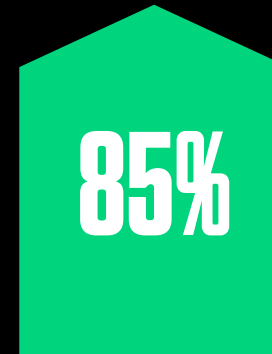
“The fact that institutional involvement in crypto has persisted in 2022 despite the bear market, is due to a long-term perspective on the upside potential of digital assets. The landscape is likely to change again and more retail traders may return to the crypto ecosystem.”



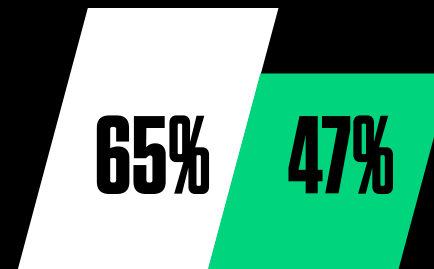
**Jessica Beckstead** Managing Director of North America & US CEO at OANDA



More than half of all traders (57%) said that they feel more **confident** because of **institutional investment** flowing into crypto.



This is especially true for retail traders occupying **senior** positions in businesses, as 85% of these recognised the lead of **institutional investors** – the market’s big players such as investment banks, hedge funds, and pension funds – as increasing their **confidence**.



**Male traders** were significantly more likely to say that **institutional investment** has buoyed their **confidence** in crypto than female traders, (65% of men compared to just 47% of women).

# Informing trading decisions

What was clear from the study is that the modern trader utilizes various sources to inform and guide their trading decisions.

Gone are the days of relying solely on traditional finance news outlets for insights.

When crypto traders were asked what they use to gather information and plan their trades, we see a wide variety of sources are used. Over half (53%) said they use a crypto exchange or forum and 47% use social media to inform their decisions – although this falls to just 28% of those aged over 55.

Financial and investment sites are still key with 42% citing these and the same proportion using charts and technical analysis (41%). While a similar number (40%) said they rely on

tips from experts or friends, however, over one in three (37%) still do use traditional media to help guide trading decisions.

Social media has become a key source of crypto-trading insights for retail traders – with 47% of those surveyed revealing they now use platforms like Twitter, Facebook and Instagram to inform their trading decisions. A sign of the democratization of trading and investing, many traders are now turning to these social platforms for the most up-to-date and relevant market information on their next trades.

“With crypto becoming increasingly popular among the younger crowd, it doesn’t surprise me that such a high percentage of traders use social media to help inform their trading decisions.

After the major bull run we saw in stocks and cryptocurrency in 2020, many more young traders are now active. Having grown up with social media, it makes sense that so many of them are turning to social media to inform their trading decisions.

I think trading influencers can resonate with traders more than reporters on TV, similar to how consumers may want to buy the same products that they see their favorite athlete wearing. But traders need to be cautious about who they follow and how they’re being influenced.”



**Nick Syiek aka ‘Trader Nick’** to his 400k followers online and founder of trading community A1 Trading.



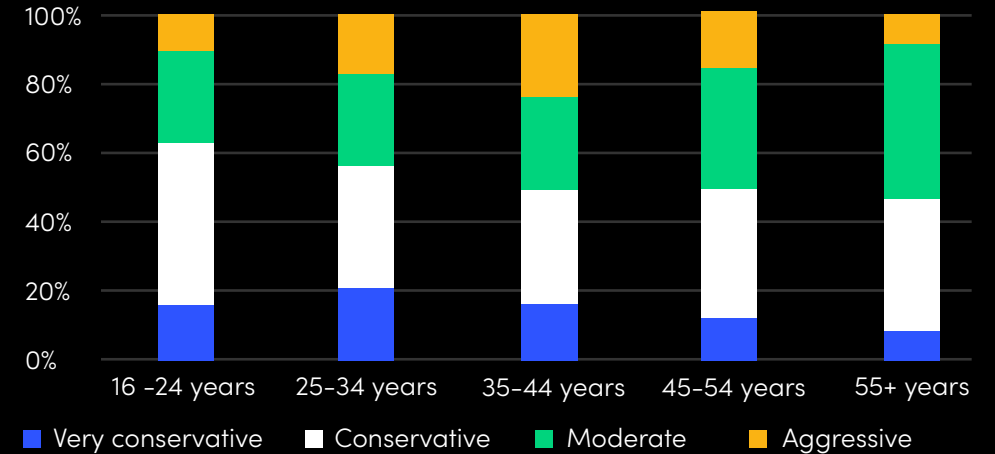
# Tolerance for Risk

Greater volatility in the financial markets means opportunities for big gains but also higher risks.

Cryptocurrencies are highly volatile and often move faster than traditional currencies. To understand more about respondents' tolerance for risk, traders were asked to describe themselves and their attitude towards risk when it came to their trading decisions.

Older millennials aged 35-44 years old were found to have the most aggressive risk appetite with 23% describing themselves as having a higher tolerance for risk. This was almost three times as high for those aged 55+, where only 8% described themselves as having that level of tolerance for risk.

The most cautious age group of traders are aged 25-34-years-old, where 21% described themselves as 'very conservative' when trading. C-level executives are the most tolerant to risk when broken down by job seniority according to survey data, with 30% describing their trading as 'aggressive' compared to just 9% of traders in entry level roles. Unsurprisingly, only 7% of traders who are retired described themselves as having an aggressive risk appetite in trading compared to 21% of full-time workers.



“Digital assets can help traders diversify from traditional financial assets such as fiat currencies or equities. Unlike fiat money, most cryptocurrencies don’t see their value diluted through inflation, but they remain highly speculative and unpredictable.

There’s no doubt that crypto can be volatile, but for some traders, that

volatility provides a thrill – more volatility can mean significant gains, but also higher risks. Given this volatility, traders may want to consider using features such as stop losses to protect their profits and manage their risk.”



**Jessica Beckstead**  
 Managing Director of North America & US CEO at OANDA

# The Future of Crypto

There is no denying that 2022 was a challenging year for global markets.

Macroeconomic pressure from tightening monetary policies affected investors' appetite for risk and speculative investment strategies across a variety of asset classes, including crypto. 2023 is already shaping up to be a pivotal year, poised to deliver clarity on post-FTX fallout and major regulatory questions. So how have retail traders' attitudes to crypto changed in this context? What will be their appetite for risk and speculative strategies this year?

The so-called 'Crypto Winter' does not appear to have dampened optimism in the future of crypto

trading. When asked to describe their investment plans for 2023, nearly half of traders surveyed (48%) said they plan to invest more in crypto, perhaps portraying a confidence that the current 'Crypto Winter' will thaw.

Traders aged 35–44 years old were deemed the most optimistic about the industry, with 54% planning to increase crypto trading in 2023. Similarly, traders' overall outlook for 2023 in terms of personal trading gains was positive, with more than three-quarters (76%) of all respondents optimistic about returns and only 22% pessimistic.

"2023 should be a better year for the cryptoverse as much of the contagion risks from the FTX fallout have been priced in and the space appears to have avoided crippling legislation. Crypto volatility most likely will remain elevated given global recession risks, but it could start to get some underlying support if the major central banks quickly approach the end of their tightening cycles."



**Ed Moya**, Senior Market Analyst at OANDA

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# A cashless future?

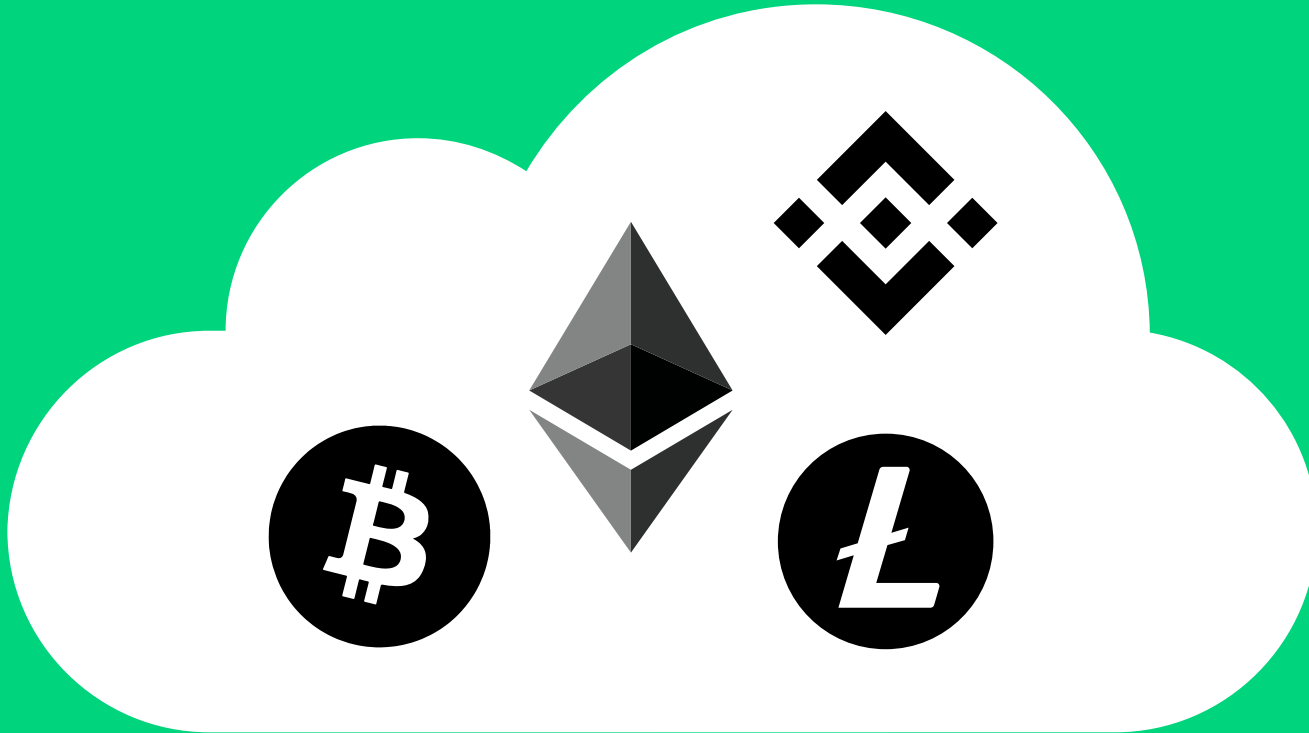
The idea of a cashless society has also been a topic that has been linked to the popularity rise in cryptocurrency.

The unprecedented increase in cashless payments since the pandemic is paving the way for broader crypto adoption in peer-to-peer transactions. 70% of traders surveyed think a cashless society is inevitable in the near future. This rose to 93% for senior business leaders who say a cashless society is a likely outcome soon.

“Mass adoption of crypto will likely occur alongside progress towards getting to a cashless society. Consumers have embraced mobile and are more dependent on digital payment solutions, which should be good news for some cryptos.”



**Ed Moya**, Senior Market Analyst at OANDA



# Final thoughts

2022 was a rough year for crypto and for those who haven't traded crypto it is no surprise they cite concerns with 'security' and 'fears around market volatility' as key reasons for not having traded before.

Yet this study suggests crypto is now seen as a viable trading asset, which has been brought into the vast majority (88%) of trader's portfolios at some point. In fact, in November 2022, at the height of the 'Crypto Winter', the majority of those surveyed confirmed their intent to trade more crypto in the new year. Traders had a positive outlook generally with over three-quarters (78%) expressing optimism about their future gains in trading in 2023.



The State of Crypto survey was conducted by Censuswide November 8–21, 2022. The survey data was comprised of 2,018 respondents. Censuswide complies with the MRS Code of Conduct and ESOMAR principles.

1. Data retrieved from Semrush on January 13, 2023

## About OANDA

Founded in 1996, OANDA was the first company to share exchange rate data free of charge on the Internet, launching an FX trading platform that helped pioneer the development of web-based currency trading five years later. Today, the OANDA group, which includes OANDA Corporation and other subsidiaries of OANDA Global Corporation, provides online multi-asset trading, currency data and analytics to retail and corporate clients around the globe, demonstrating an unrivaled expertise in foreign exchange. With regulated entities in nine of the world's most active financial markets, OANDA remains dedicated to transforming how the world interacts with trading, enabling clients to trade global market indices, commodities, treasuries, precious metals and currencies on one of the fastest trading platforms in the market.

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