

Coinbase Q3 earnings suffer crypto trading slowdown

Article



The news: As we [predicted](#) in our analysis of **Robinhood's** Q3 earnings, the crypto exchange's Q3 revenues dipped [following](#) two record-smashing quarters.

By the numbers: Net revenues reached **\$1.24 billion**, miles ahead of \$287 million in Q3 2020 but below its peak of \$2.23 billion during the last quarter.

- **Monthly active users also declined to 7.4 million**, down from 8.8 million in Q2.
- Users also engaged less with the exchange's non-investing products: Revenues from **Earn**, which enables users to earn crypto by watching educational content, **totaled \$15.2 million**, down from \$16.9 million in Q2.

The big takeaway: Q2 saw the crypto frenzy hit its peak, exemplified by the **Dogecoin** hype. In Q3, **global trading volume fell 37%**, causing Coinbase to suffer a dip.

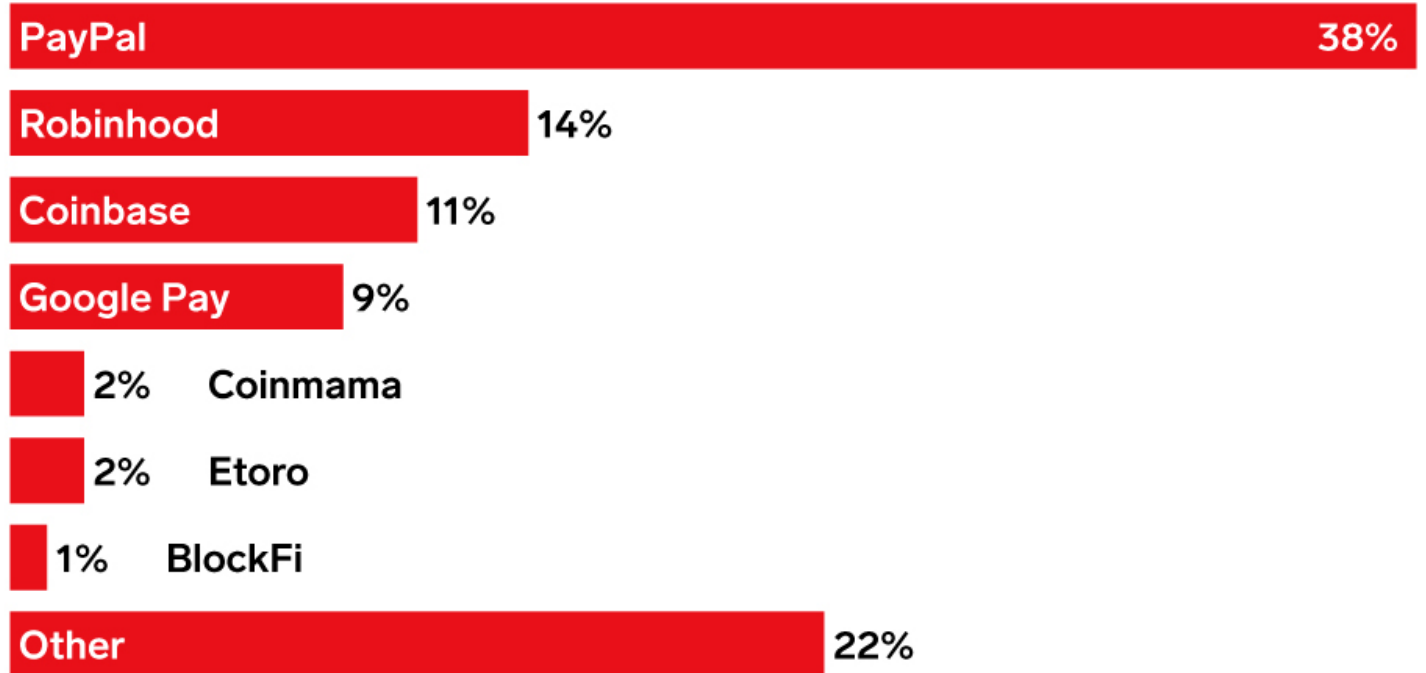
- Of note, Coinbase's trading volumes **declined by 29%**, while Robinhood's crypto trading volumes **dropped 78%** quarter over quarter. This underscores Coinbase's position as one of the most popular exchanges for crypto trading, irrespective of market mood.
- We expect both fintechs to see another spike in Q4, similar to Q2, as crypto prices have rebounded: The **global crypto market hit the \$3 trillion mark** for the first time last week.

Looking ahead: Coinbase is trying to mitigate the impact of crypto trading volatility on its revenues—it's planning to expand the use of its crypto wallet beyond trading into decentralized applications (Dapps), DeFi solutions, and NFTs.

- We've previously discussed the key role fintechs will play in facilitating transactions within the **metaverse**. Already, players like **Square** and **Robinhood** are launching the crypto wallets they'll need to play this role.
- Right now, users mainly trade cryptos with Coinbase's crypto wallets. But last week, the company **added** a downloadable browser extension that allows users to connect to their Coinbase wallet from laptops and desktops, making it easier to access decentralized solutions. Coinbase is also planning to launch an **NFT** marketplace later this year.
- Collectively, these announcements highlight its plans to position itself not just as a crypto exchange but as a gateway for users to access services in the next iteration of the internet.

Digital Platforms for Making Investments/Purchases with Cryptocurrency According to US Adults, April 2021

% of responses



Note: n=2,226

Source: CivicScience as cited in company blog, April 21, 2021

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