

Robinhood Q3 earnings brought down by crypto trading drop

Article

The news: The trading app's revenues fell sharply in Q3 2021 due to its oversized reliance on crypto trading, as we [predicted](#) earlier this year.

By the numbers: Transaction-based revenues overall reached \$267 million, up from \$202 million in Q3 2020. However, this is a significant decline from \$451 million last quarter as

global society inched toward a late-pandemic new normal, driving customers away from the app.

- The chief culprit was crypto trading. In Q2, crypto represented more than half of transaction revenue at \$233 million. **This dropped 78% in Q3 to \$51 million in Q3.**
- Equities trading was likely also impacted as the sector continued its downward trend, **accounting for \$50 million in revenues**, down from \$52 million in Q2.
- But it's not just trading activity as Robinhood's user growth also took a hit. **It saw "just" 660,000 new accounts**, down from 5 million in Q2. **Monthly active users also fell from 21.3 million to 18.9 million.**

The big takeaway: Robinhood's drop in revenues is industry-wide foreshadowing. After **global retail trading volumes fell 14% QoQ in Q3**, we expect to see similar results from other publicly listed digital brokers like **eToro** and **Coinbase**.

Where does that leave Robinhood? Crypto trading volumes mostly depend on users' bullishness on crypto prices at any given time, so they could perk back up. And the app shared plans in its Q3 filings about how it hopes to encourage more trading:

- **Crypto recurring investments.** The feature—**rolled out** last month—allows users to set a daily, weekly, or monthly schedule for automatically buying cryptos, encouraging more users to effortlessly trade.
- **Crypto wallet.** One million people signed up for its crypto wallet waitlist, which will enable users to transfer their crypto holdings in and out of the platform. The functionality could sharpen its competitive edge over larger crypto exchanges like Coinbase that already offer it.

Finally, while Robinhood hasn't announced which cryptos it will add next—it currently offers access to seven—adding the right coin at the right time could cause a big trading boost: **Dogecoin represented 34% of its crypto transactions in Q2.**

***Dive deeper:** Need more insights on how we expect digital brokers to adapt to falling trading volumes? [Click here.](#)*

Leading US Stock Trading Apps, Ranked by Download Share, 2018-H1 2021

millions

	2018	2019	2020	H1 2021
Robinhood	25%	28%	33%	38%
WeBull	3%	3%	6%	15%
Stash	18%	12%	17%	8%
Acorns	19%	23%	10%	8%
Fidelity	6%	6%	6%	7%
TD Ameritrade	5%	3%	6%	6%
Other	23%	26%	22%	19%

Note: numbers may not add up to 100% due to rounding

Source: Sensor Tower, "The State of Asset Management Apps 2021," July 12, 2021

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