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The State of the European Crypto Market

2023 Trends in Trading Activity

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RESEARCHED BY:



Overview

The European crypto market is well-positioned for growth in 2024 following a difficult year for the industry. With the passage of the landmark Markets in Crypto Asset Regulation (MiCA) framework in June, EU regulators have distinguished the region as one of the world's friendliest for crypto companies. Already, several prominent U.S.-based firms have announced European expansions as a hedge against the murky U.S. regulatory regime, including Coinbase, Robinhood, Gemini and Circle.

Financial institutions have also shown a continued interest in crypto. In December, Société Générale became the first bank to list a euro-backed stablecoin on an exchange and in September, Deutsche Bank announced a crypto custody service for its clients.

Trading activity has also rebounded, and exchanges catering for the region are capitalizing on the growth. This report will explore European crypto markets, identifying major trading trends, the leading exchanges, and areas for growth.

About



The Bitvavo platform was launched in 2018, with the goal to bridge the gap between traditional currencies and digital assets. Bitvavo is making digital assets accessible to everyone by offering transparent fees, a wide range of assets and an easy to use platform.

Founded in 2014, Kaiko is the leading source of crypto data, indices and research, providing businesses with trusted and compliant data. We empower financial institutions and crypto-native enterprises with global connectivity for use cases across the investment lifecycle.



Kaiko

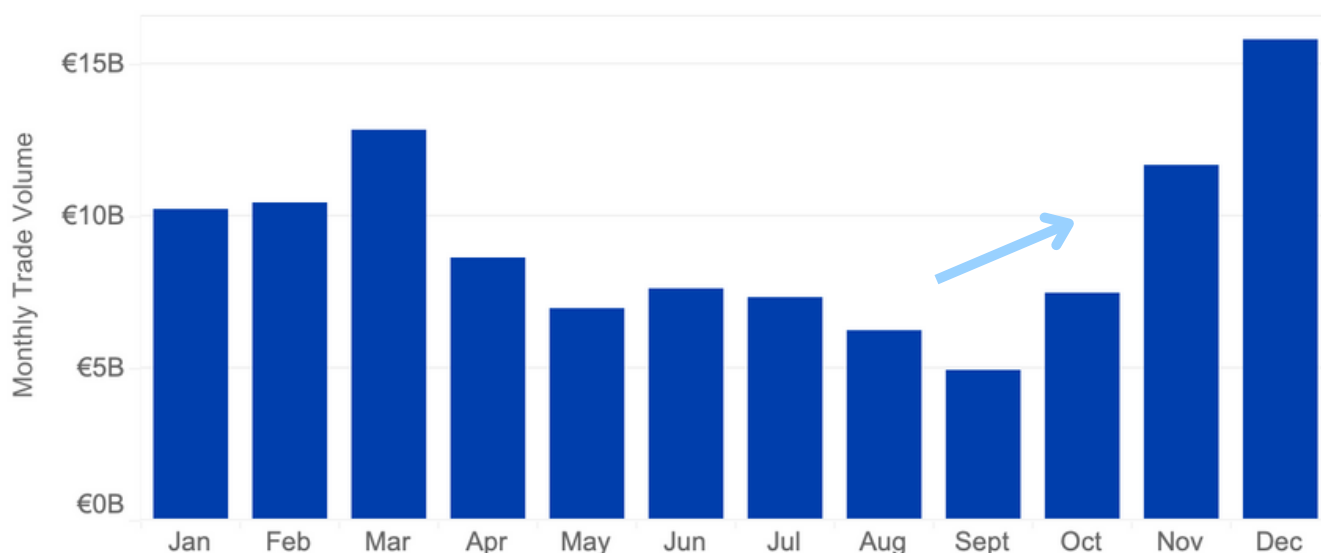
About

Part 1

The Euro's Role in Crypto

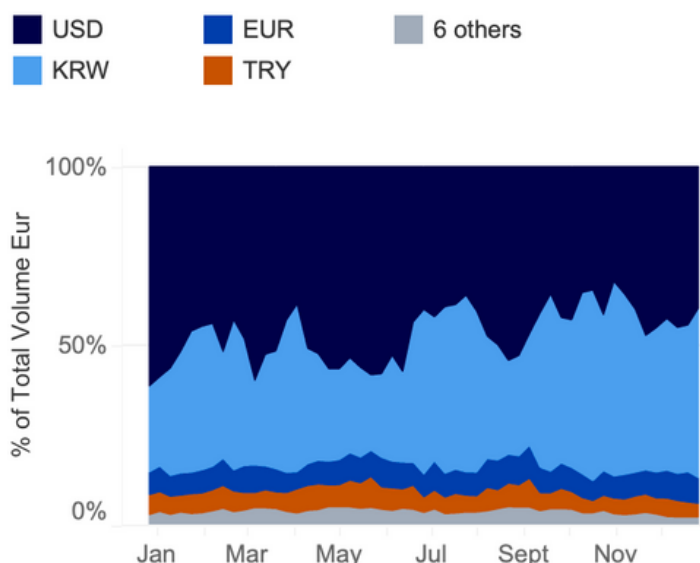
View details about our data and methodology on page 9.

Monthly Euro-Denominated Trade Volume



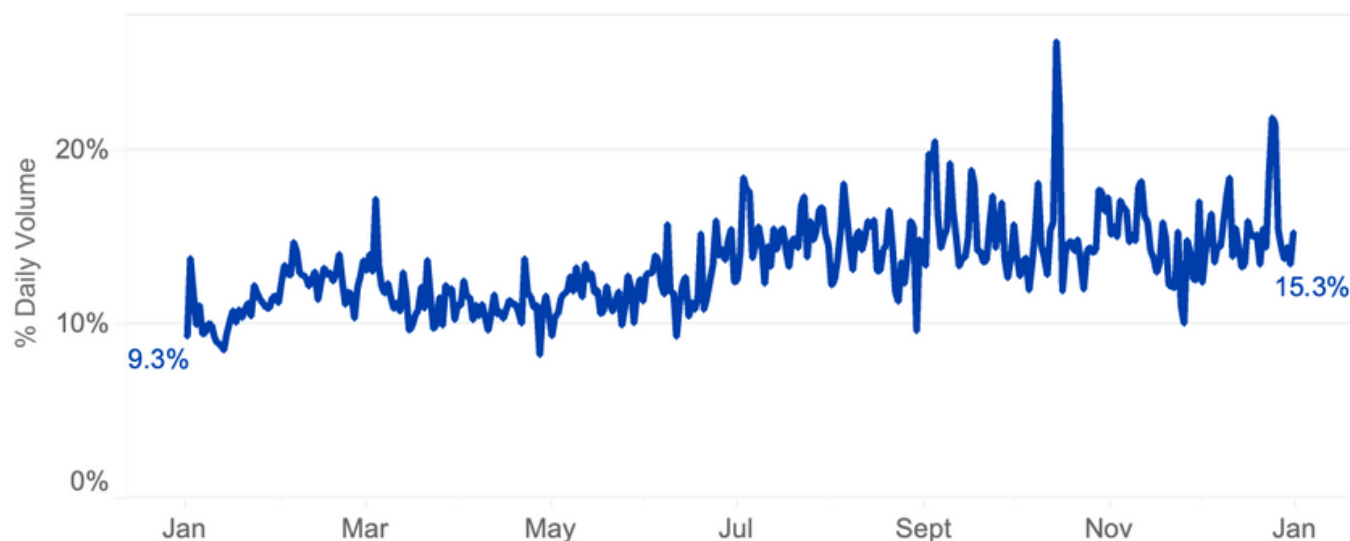
Historically, the euro has lagged other fiat currencies in usage on crypto platforms. Yet, given the significant headwinds that U.S.-based exchanges are facing we can expect a more prominent role for the euro in 2024. Already, we can observe an increase in euro-denominated volume from this summer's lows, with December volumes hitting €16bn.

Market Share of Global Fiat Volume



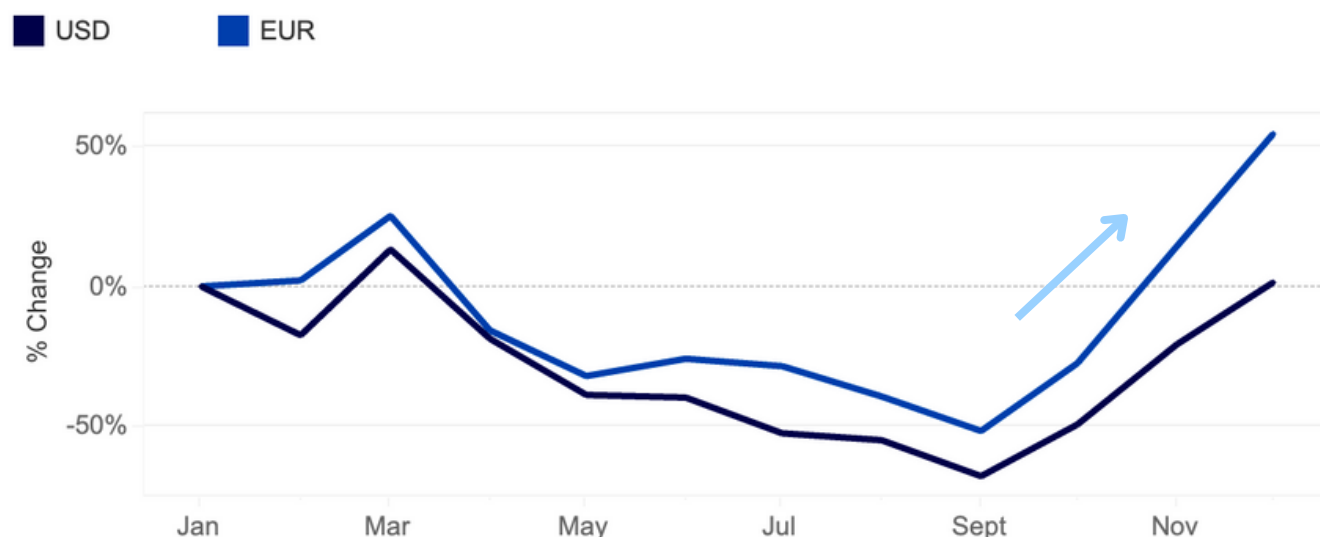
Today, the euro is the third most-used fiat currency on crypto platforms, lagging the dollar and Korean won. The dollar is dominant, with 49% market share, but is losing ground to the won, which climbed from 20% to 47% since the start of 2023. The euro has experienced slight growth, increasing from 6.2% to 7.7%.

Market Share of EUR Volume Relative to USD



Comparing the euro to global fiat currencies doesn't capture the full story, especially because Korean exchanges are isolated and operate in a distinct market environment. The dollar is the most analogous currency; since the start of 2023, market share of EUR volume relative to USD has nearly doubled, increasing from 9.3% to 15.3%.

% Change in Monthly Volume



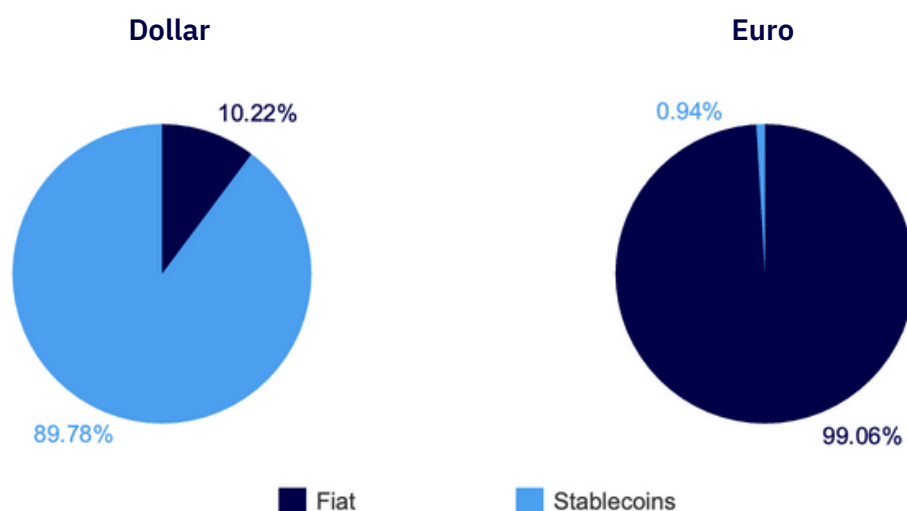
Euro-denominated volume has rebounded at a much faster pace than dollar volume, which demonstrates the struggles that U.S. exchanges are facing amid an onslaught of regulatory actions. Euro crypto usage has faced its own difficulties, with Binance temporarily losing access to its euro banking partners, but this has not had a strong impact on overall volumes.

Euro Stablecoin Trade Volume



Euro-backed stablecoins experienced a steady increase in trade volume since September, but overall volumes remain relatively low. This chart aggregates the top euro stablecoins — Tether’s EURT, Stasis’s EURS, Société Générale’s EURCV, Anchored’s AEUR, and Circle’s EURC — and shows volumes have hovered between the equivalent of \$50-\$100mn a month, except for March which saw huge volumes amid the banking crisis.

Market Share of Volume: Fiat vs. Stablecoin

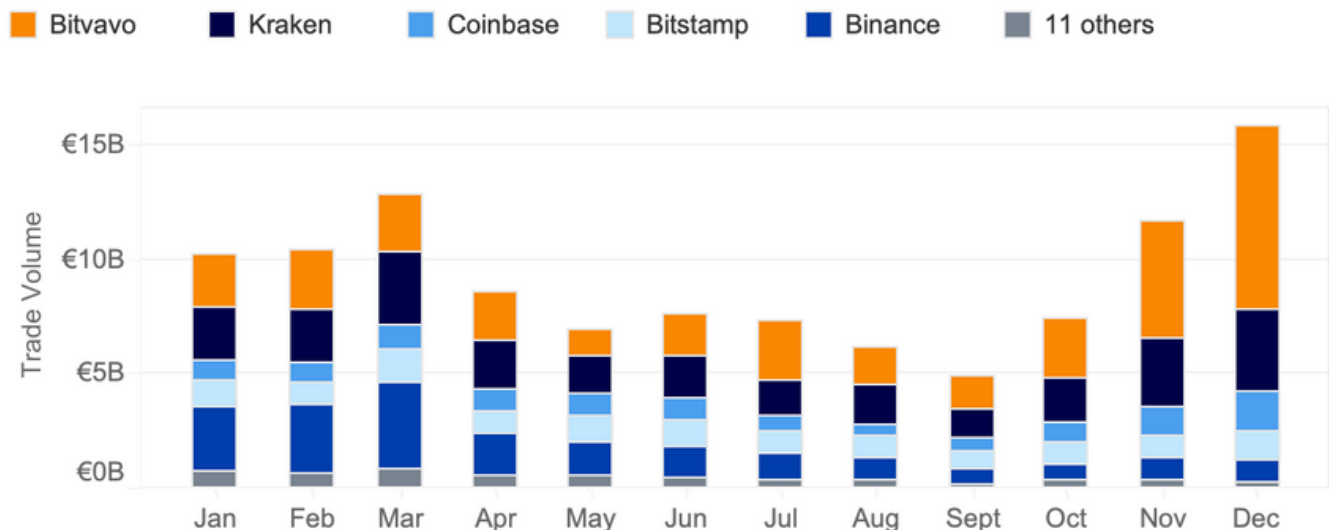


The euro is a much more important currency for crypto trading than euro-backed stablecoins, whereas the opposite is true for the dollar. Nearly 90% of all crypto transactions are done using a dollar-backed stablecoin relative to the dollar, whereas for the euro, less than 1% of trades are done using euro-backed stablecoins.

Part 2

European Crypto Exchanges

Monthly Euro-Denominated Trade Volume



Exchanges serve as a crucial on-ramp to the crypto industry, but historically the biggest companies have been either U.S.-based or global, with headquarters in regions that tend to have lighter KYC/AML requirements, such as the Seychelles. Yet, over the past year, we've seen a growing number of exchanges establish European headquarters, even if that means tighter restrictions, to cater for the regions large consumer trading community.

Exchanges Offering Euro Trading

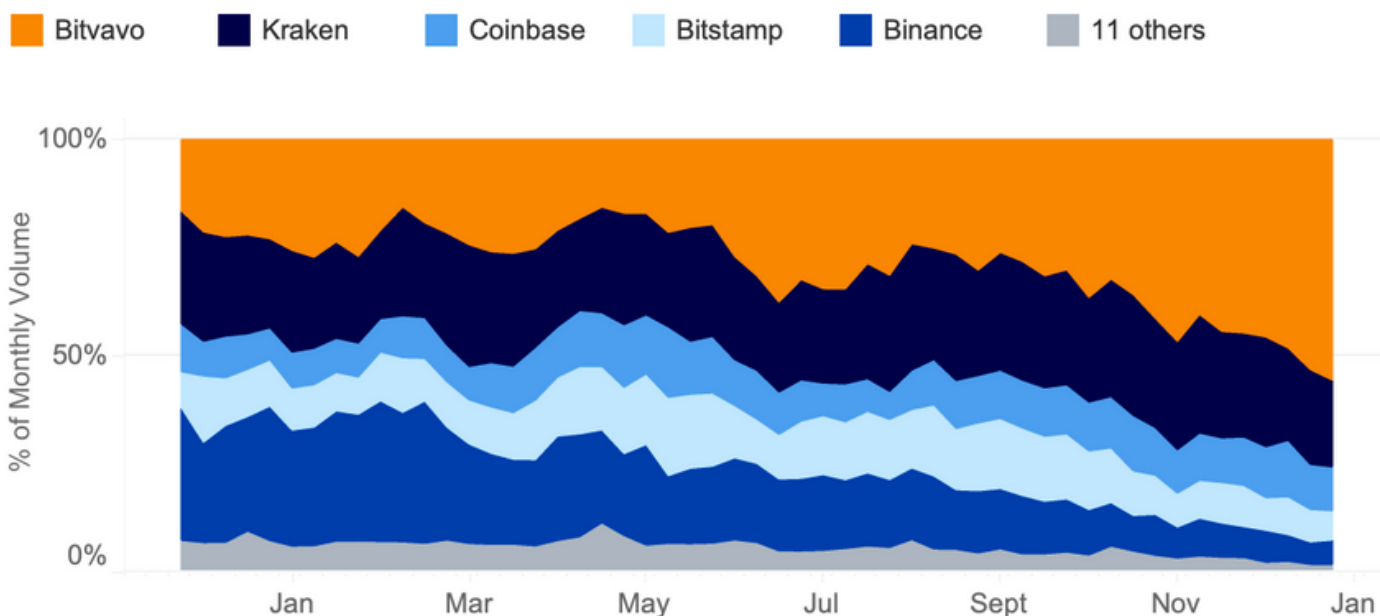
bitvavo
coinbase
BINANCE
BYBIT
LMAX | Digital
OKX
bitpanda

kraken
Bitstamp
CEX:IO
BITFINEX
GEMINI
KUCOIN
bitFlyer

*Bittrex is included in the data but went out of business

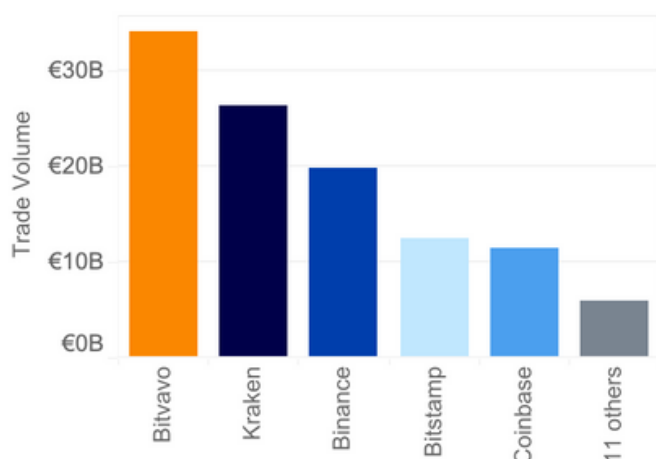
Many global and U.S.-based crypto exchanges offer euro trading without being officially headquartered in the EU, which is possible thanks to banking relationships. There are several Europe-based crypto exchanges, such as Bitvavo, Bitstamp, and Bitpanda, that specialize in trading services for Europeans.

Market Share of EUR-denominated Volume

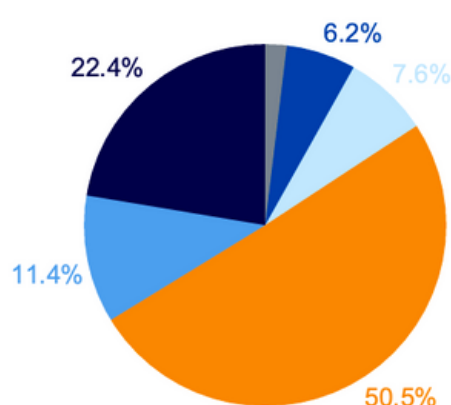


While there are more than 15 platforms that offer euro-denominated trading, only a few see significant volume. Bitvavo, Kraken, Coinbase, Bitstamp and Binance together account for more than 98% of total euro trade volume. Other exchanges offering euro trading typically specialize in another geography, such as the U.S. or APAC.

2023 Cumulative EUR Trade Volume



Market Share in December

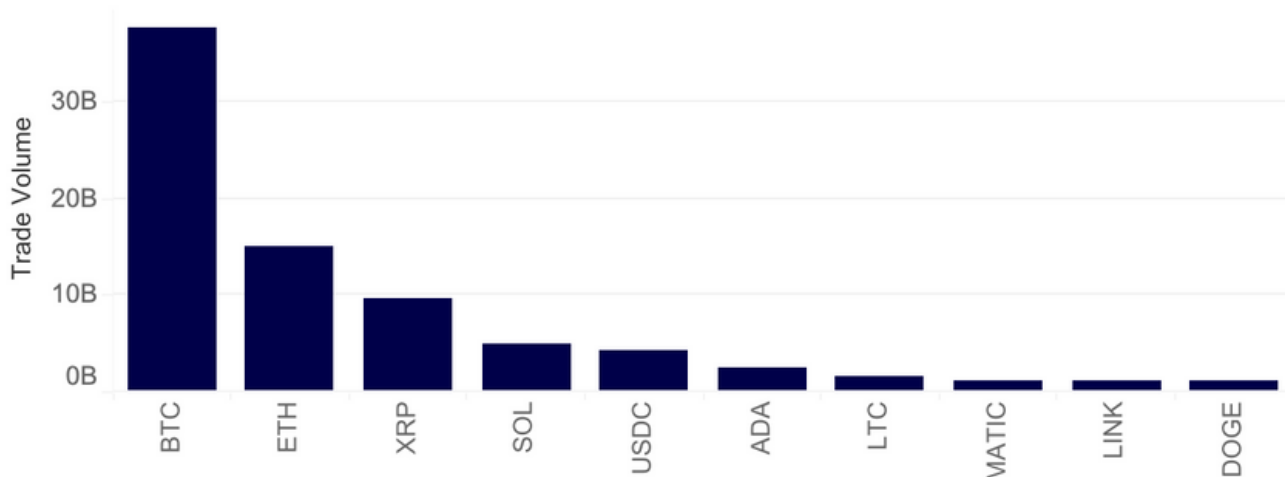


In 2023, Bitvavo claimed the largest cumulative euro volumes at more than €34bn, with Kraken in a close second at €25bn. Binance used to have a large market share, but after suffering problems with its banking partners, failed to maintain significant volumes in the region. In December, Bitvavo claimed the majority market share, at 50.5% of total volumes.

Part 3

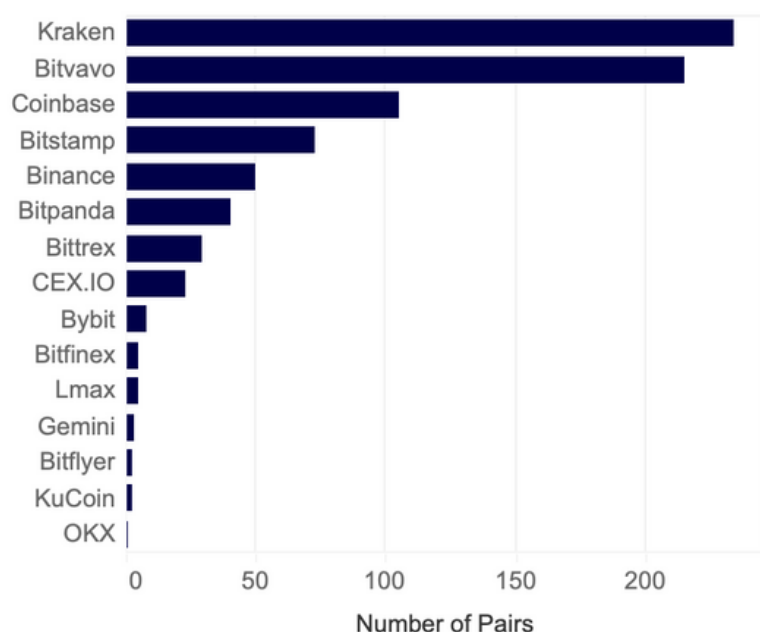
European Token Trends

Top 10 Assets by Trade Volume



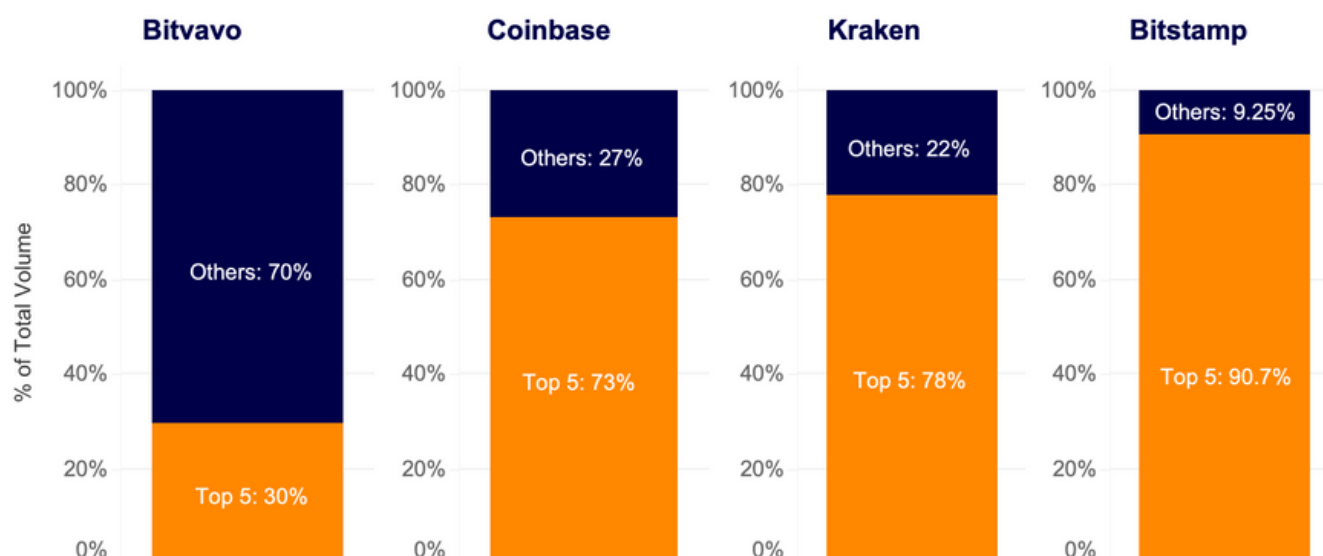
European traders by far favored bitcoin in 2023, which enjoyed significant gains throughout the final quarter of the year. More than €37bn in trades were done for BTC, compared with just €15bn for ETH and €9.5bn for XRP. The top 10 assets traded in Europe did not vary widely from global or U.S. trends in trading activity.

Number of Listed Euro Pairs



The quantity of euro volume is closely correlated to the number of euro-denominated trading pairs that each exchange lists. Kraken and Bitvavo each list more than 200 euro pairs, and both have the highest euro-denominated volume. Global exchanges such as Bitflyer or Bybit focus on other regions, in this case APAC.

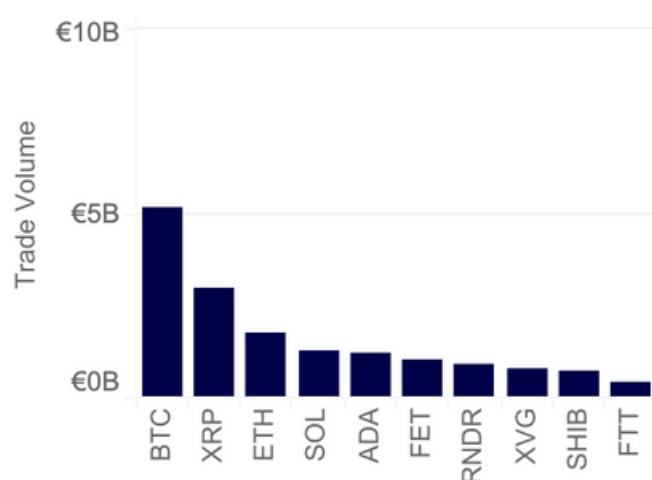
Market Share of Volume: Top 5 Assets vs. Others



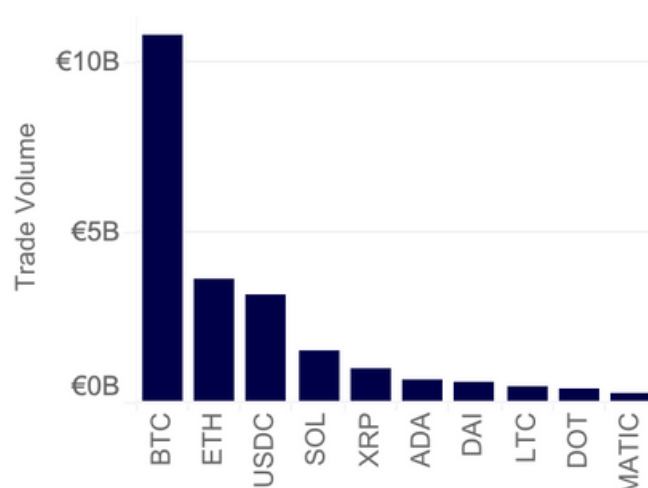
Trader preferences can vary considerably across exchanges, even if regional trends tend to overlap. On Bitvavo, only 30% of euro-denominated volume includes the top 5 crypto assets by market cap, whereas on Coinbase, 73% of euro-denominated volume is for the top 5. This is also due to the number of listed assets; Bitvavo offers 200+ euro pairs, while Coinbase offers only ~100 and has invested most of its resources in the U.S.

Top 10 Assets by Trade Volume

Bitvavo



Kraken



When looking at the top two exchanges by volume, we can further observe the difference in trader preferences. Altcoins often experience trading frenzies when they are surging, with tokens like XVG and SHIB having low global volumes over the course of a year, but periods of high volume on specific platforms that list them.

Conclusion

While Europe has historically lagged the U.S. and APAC in crypto trading activity and investment, this trend is primed for reversal in 2024. A growing number of exchanges are opening headquarters in the region thanks to a clear regulatory regime, financial institutions are continuing to invest in digital asset initiatives, and trading activity is on the rise, suggesting a recovery in consumer sentiment.

Exchanges already catering for the region are at an advantage, offering easy access for traders looking for a diverse range of crypto investment opportunities. A wave of new euro-backed stablecoins could also expand the region's influence.

With MiCA set to take effect in 2024, the EU is well positioned to capitalize on a new bull market within a safer environment.

About the Data

All exchange trade data is collected by Kaiko, except for Bitvavo's, which was provided by the exchange for this report. The data takes the sum of volume for trading pairs denominated by the euro [euro as quote asset], while excluding all pairs that include euro as the base asset. Exclusions were done because some exchanges offer ForEx trading, such as EUR-USD, and this research is exclusively focused on crypto trading.

For the section on euro-stablecoins, we included volume for all pairs that include a euro or dollar-backed stablecoin as base or quote asset.

Part 1 charts include data from 27 centralized exchanges, to demonstrate global fiat trading trends beyond the EU. Part 2 and 3 charts include data from 16 centralized exchanges that offer euro-denominated trading services.

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