

June 2024

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The State of **LATAM** Crypto Markets

Trends in Trading Activity





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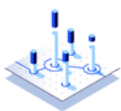
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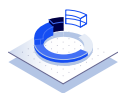
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Overview

In 2021, El Salvador became the first country to adopt bitcoin as legal tender, cementing Latin America’s crypto-friendly reputation. While the largely retail market still lags behind North America, Europe, and APAC, the region is well-positioned for growth in 2024. Brazil in particular has emerged as a leader, with progressive initiatives including a central bank digital currency (CBDC) and crypto ETF trading.

Latin America benefits from favourable regulatory developments and also has several country-specific factors, such as political uncertainty, rising inflation, and a large unbanked population that primes the region for crypto adoption.

In this report we will explore trends in trading activity across LATAM. While trading only provides a glimpse into adoption, without revealing information on payments and usage, it can be a useful gauge for understanding the region’s trajectory.

Disclaimer: Kaiko analyzes data for all exchanges included in our coverage, but we do not collect data from all LATAM exchanges. As our coverage grows, we will update this report accordingly.

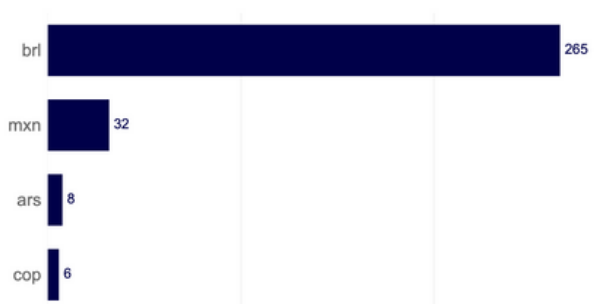
Exchanges

Data is taken from 7 centralized exchanges that offer LATAM currency-denominated trading.



Trading Pairs

Data is aggregated across all trading pairs that include LATAM regional currencies.



Number of LATAM currency pairs

Latin America Market Highlights

2021

August

The first ETH spot ETF in Latin America starts trading in Brazil

September

El Salvador adopts Bitcoin as a legal tender

May

Argentina bans banks from offering crypto to their customers

June

Brazil Stock Exchange lists first Bitcoin ETF in Latin America

2022

December

Brazil publishes Legal Framework for Virtual Assets (Cryptoassets Act)

2023

October

El Salvador launches its first Bitcoin mining pool, Lava Pool

December

Brazilian lender Itaú Unibanco launches trading & custody services for BTC and ETH

December

El Salvador Bitcoin bond ("Volcano Bonds") gets regulatory approval

December

Argentina legalizes BTC and other crypto assets for contract settlements and payments

2024

February

BlackRock's spot BTC ETF starts trading in Brazil

March

Argentina makes registration for crypto exchanges mandatory

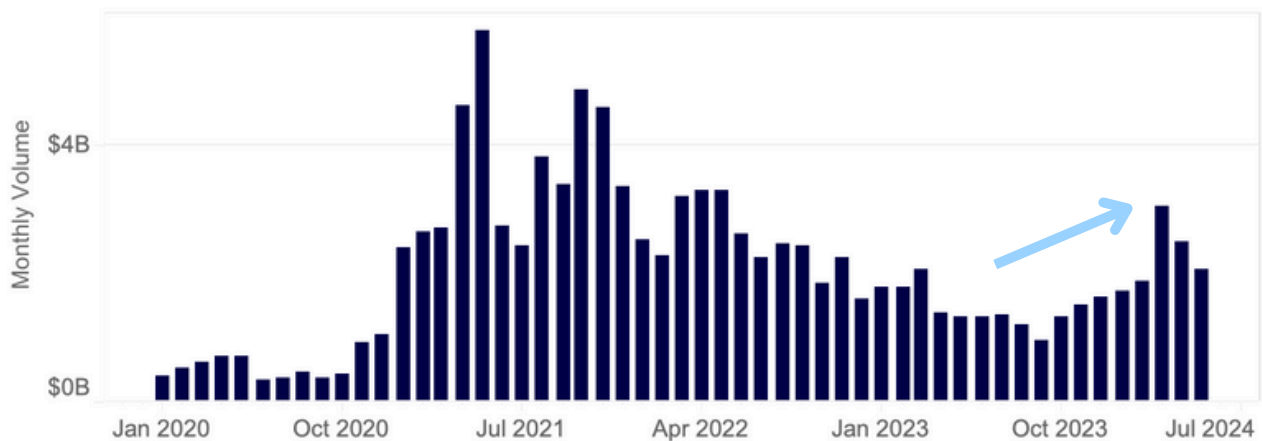
May

Banco Galicia, the largest Argentinian private bank launches crypto trading

Part 1

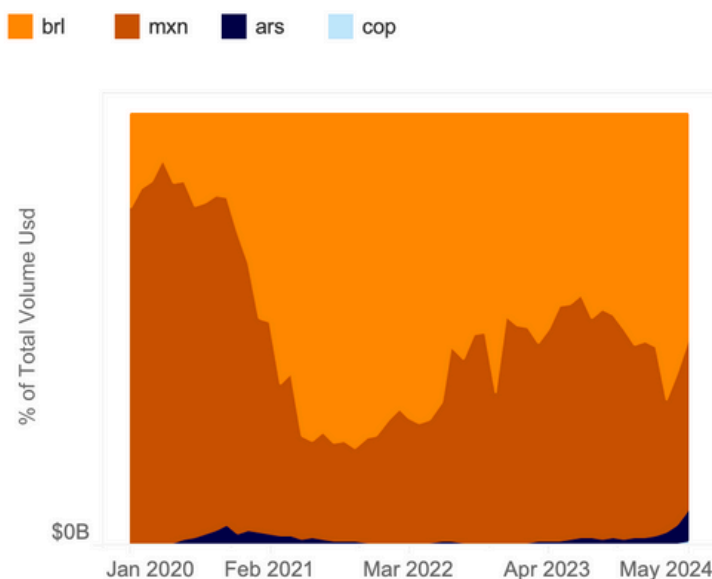
A Region on the Rise

Monthly LATAM Trade Volume



The collapse of FTX and the wave of crypto bankruptcies that followed dampened Latin America’s appetite for crypto. However, the tide seems to be turning. LATAM trade volumes just had the biggest month-on-month increase since mid-2021, crossing \$3bn. The data includes all volumes denominated in regional currencies, including the Mexican Peso (MXN), Colombian Peso (COP), Argentinian Peso (ARS), and the Brazilian Real (BRL). The increase in trading activity tracks with improved global sentiment post-ETF approvals.

Market Share by LATAM Currency



The biggest regional trend has been the rise of Brazil. The BRL today dominates crypto trading, with a market share of 53% versus the Mexican Peso, the Argentinian Peso, and the Colombian Peso.

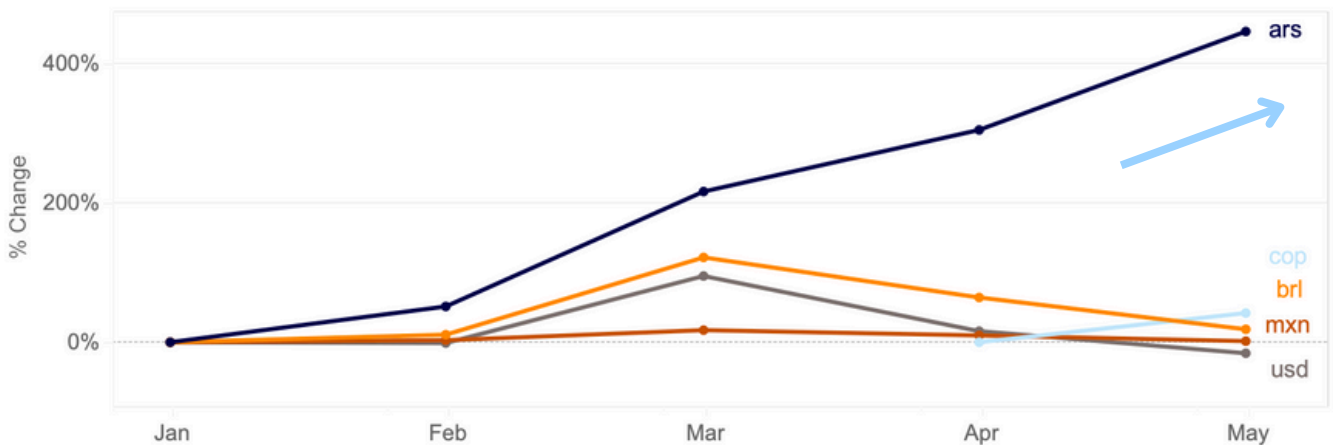
While BRL has lost some share to MXN since 2023 it has remained the most popular regional currency since 2021.

LATAM Trade Volume Relative to Other Regions in 2024



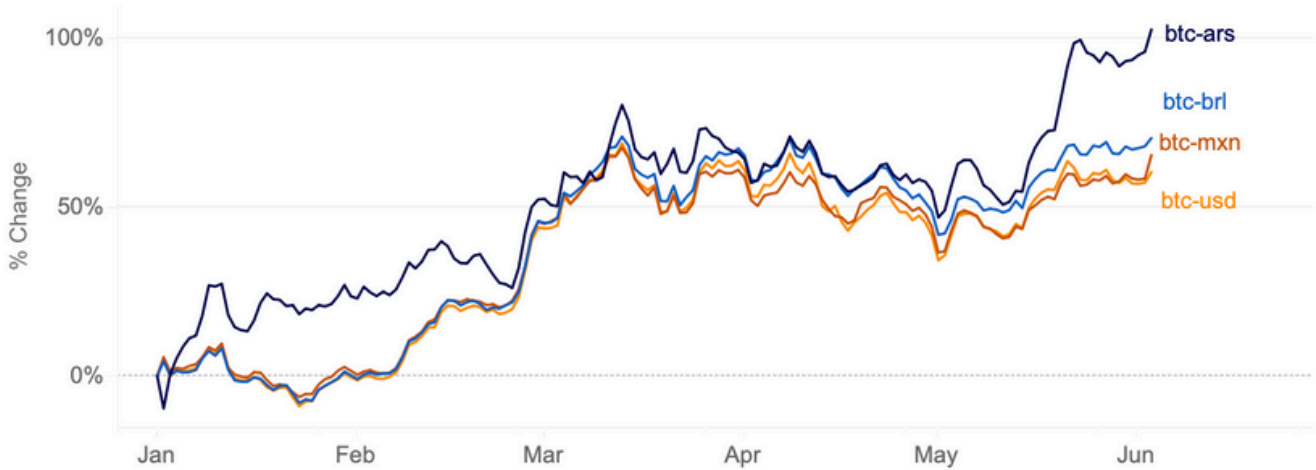
While Brazil dominates the LATAM market, its volume compared with other regional currencies is quite small. BRL-denominated crypto trade volume clocked in at \$6.9bn between January and May 2024. However, BRL places 7th among global fiat currencies, with just a fraction of the volume denominated by the US Dollar, the Korean Won and even the Euro.

% Change in Monthly Volume



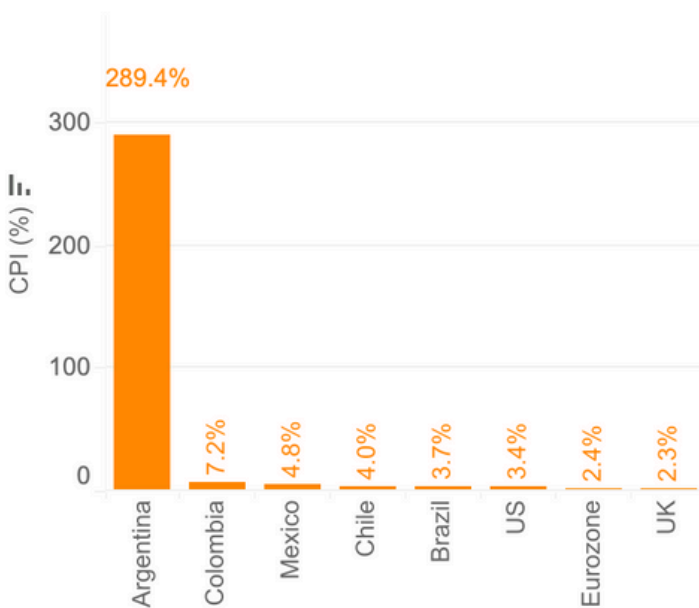
One positive signal from the region is that between January and May 2024, LATAM volumes grew at a faster pace than USD markets, which actually shrunk by a few percentage points relative to January. While the Argentinian Peso (ARS) is the lowest volume LATAM currency in nominal value, it increased by more than 400% year-to-date. The ARS was boosted by surging inflation and currency depreciation.

BTC YTD Market Performance



Inflation has historically been a major driver of crypto adoption in the LATAM region and can explain trader preferences for certain tokens. The data shows that stablecoins are preferred by many traders on LATAM exchanges. Bitcoin has also appreciated significantly against LATAM currencies in 2024, providing substantial upside potential. BTC gained more than 100% against the ARS and more than 70% against the BRL between January and May, outperforming the other fiat-denominated pairs.

Annual Inflation in LATAM

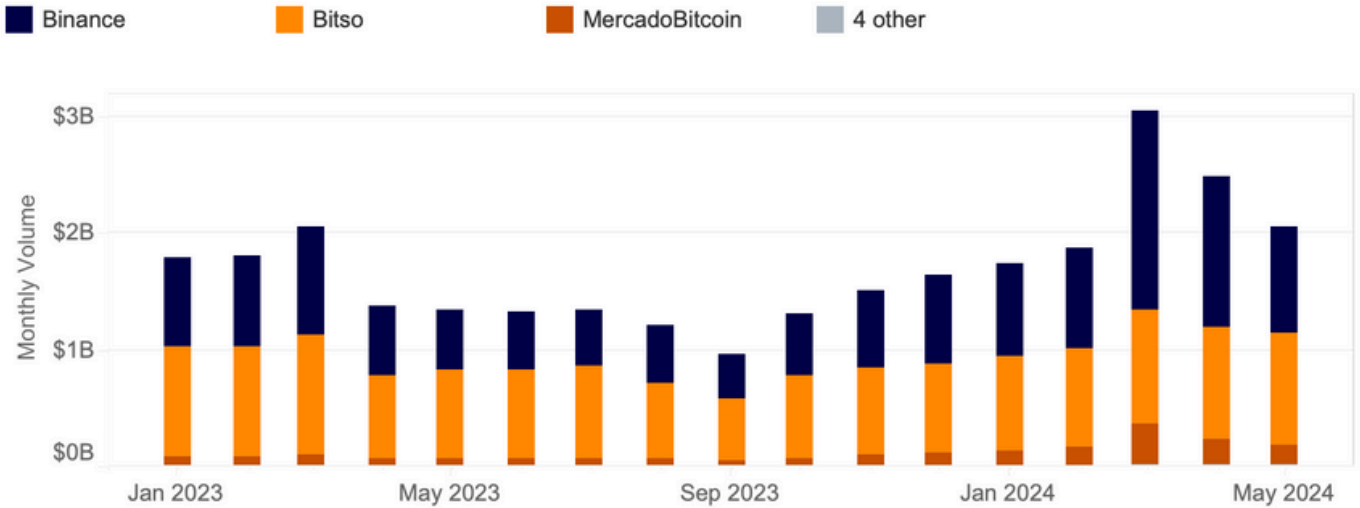


While inflation has retreated in Brazil and Mexico, it exceeds 200% in Argentina. Political uncertainty in the region has also risen, contributing to increased FX volatility. In late 2023, Argentina elected the far-right libertarian Javier Milei, who promised drastic reforms and budget cuts. In June, Mexico elected its first female president, who secured a larger-than-expected majority, clearing the way for constitutional changes.

Part 2

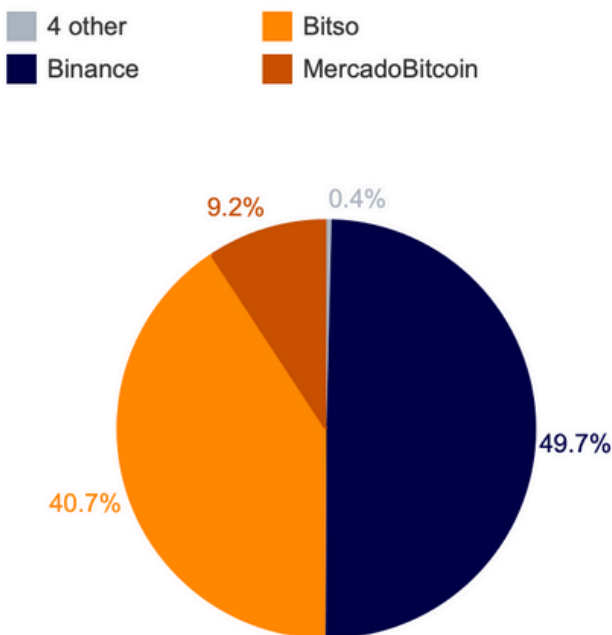
LATAM Crypto Exchanges

Monthly Trade Volume



As is the case globally, Binance leads in terms of trade volume for its LATAM market offerings. However, local players like Bitso and MercadoBitcoin are challenging Binance’s 49.69% market share. Mexican exchange Bitso has a 40.68% share of the market, while MercadoBitcoin holds 9.24%. The remaining 0.39% is shared between KuCoin, HTX, Bitfinex, and OKX.

2024 Market Share of Volume

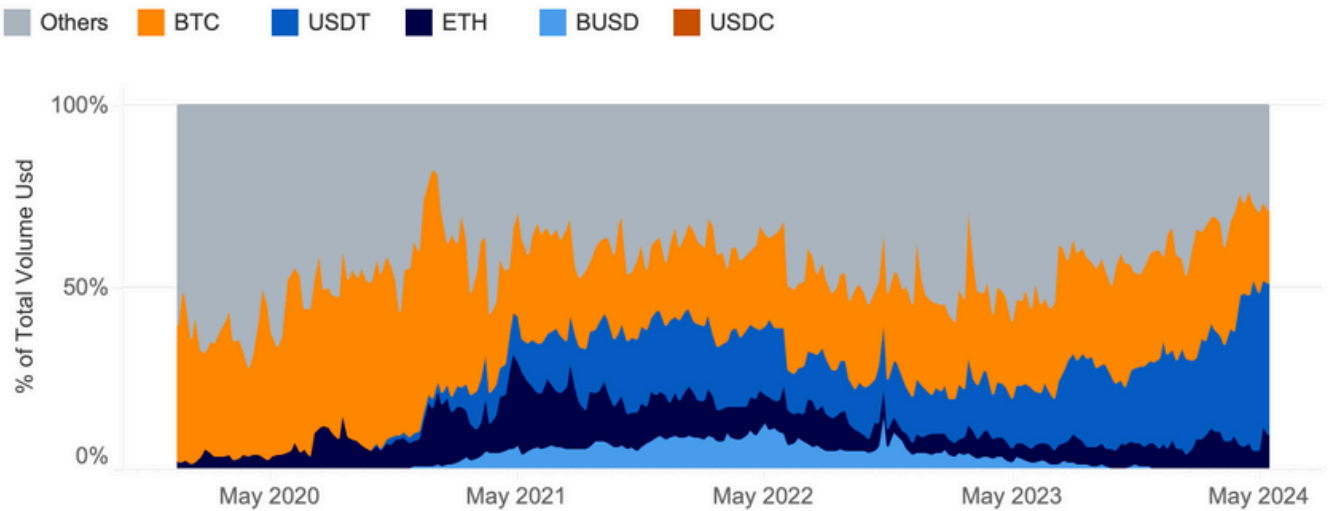


Competition from local exchanges comes as Binance battles legal and regulatory concerns. The world’s largest exchange has faced legal issues in the US, Nigeria, and the Philippines in the past 12 months. Binance co-founder and former CEO Changpeng Zhao was even indicted in Brazil last year. This regulatory uncertainty has likely benefitted the likes of Bitso and MercadoBitcoin.

Part 3

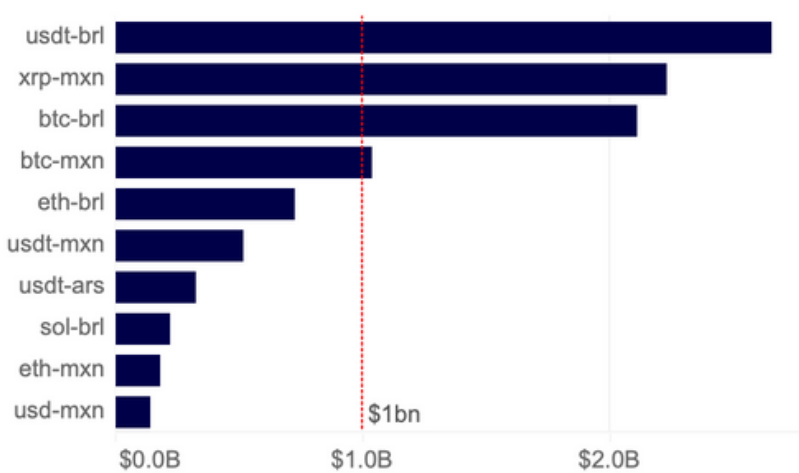
LATAM Token Trends

Market Share of LATAM Volume per Crypto Asset



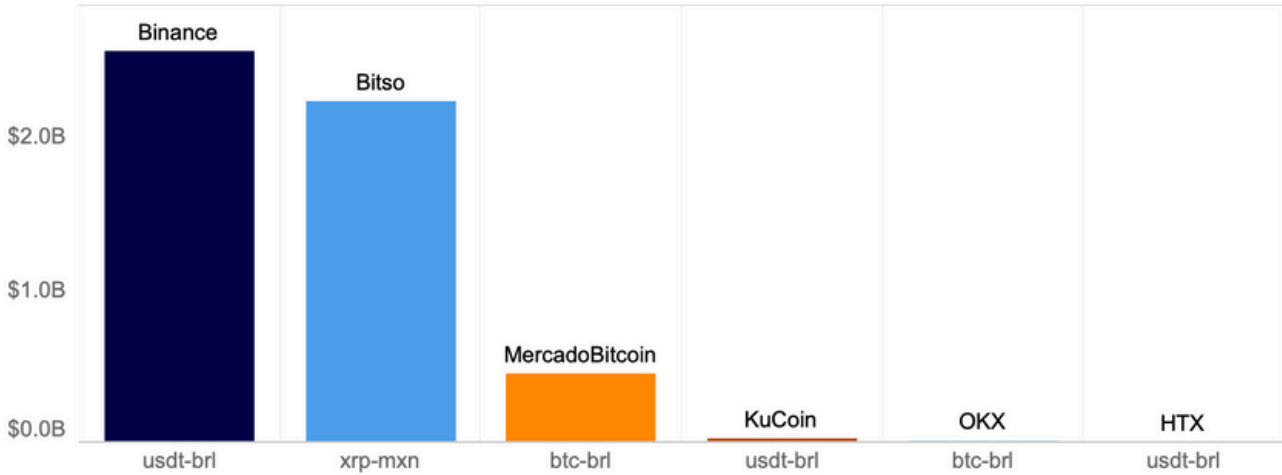
Despite Bitcoin’s value proposition as a hedge against currency debasement, most crypto users in LATAM actually prefer stablecoins. These pegged currencies are today the most popular crypto asset to trade in the region, a trend which first emerged in early 2021. More than 40% of all trades involve USDT, and nearly half of BRL-denominated trades involve stablecoins, which could be explained by currency instability and high inflation. For context, BTC and ETH account for over 70% of USD-denominated volumes.

Top Ten LATAM Trading Pairs in 2024



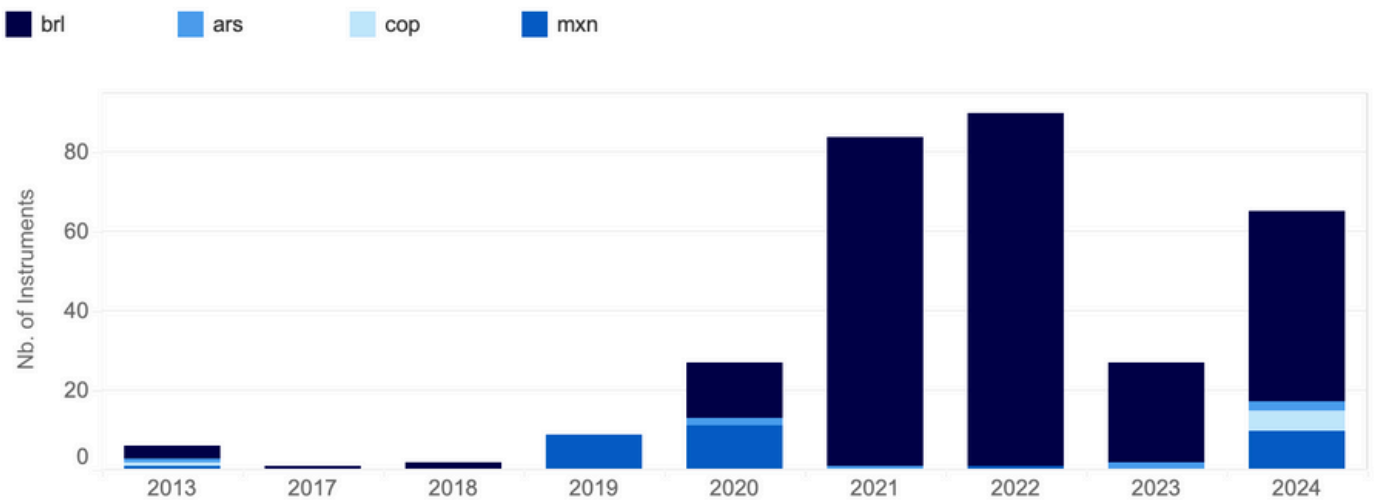
In total, stablecoin-to-fiat trading pairs accounted for 63% of the top ten trade volume. The growing dominance of stablecoins has led local central banks to increasingly consider Central Bank Digital Currencies (CBDCs), but it remains uncertain if they can compete effectively.

Top Markets by Exchange in 2024



Examining the top trading pairs on each exchange helps us better understand regional trader preferences. On Binance, HTX, and KuCoin, stablecoins are the most-traded crypto asset. On Bitso, XRP has by far the highest volume, but this trend is due to the exchange’s partnership with Ripple, a company closely affiliated with XRP. Mercado Bitcoin is the only LATAM-based exchange that has the highest volume for BTC, a trend more in line with global trading trends.

Number of New Trading Pairs per LATAM Currency



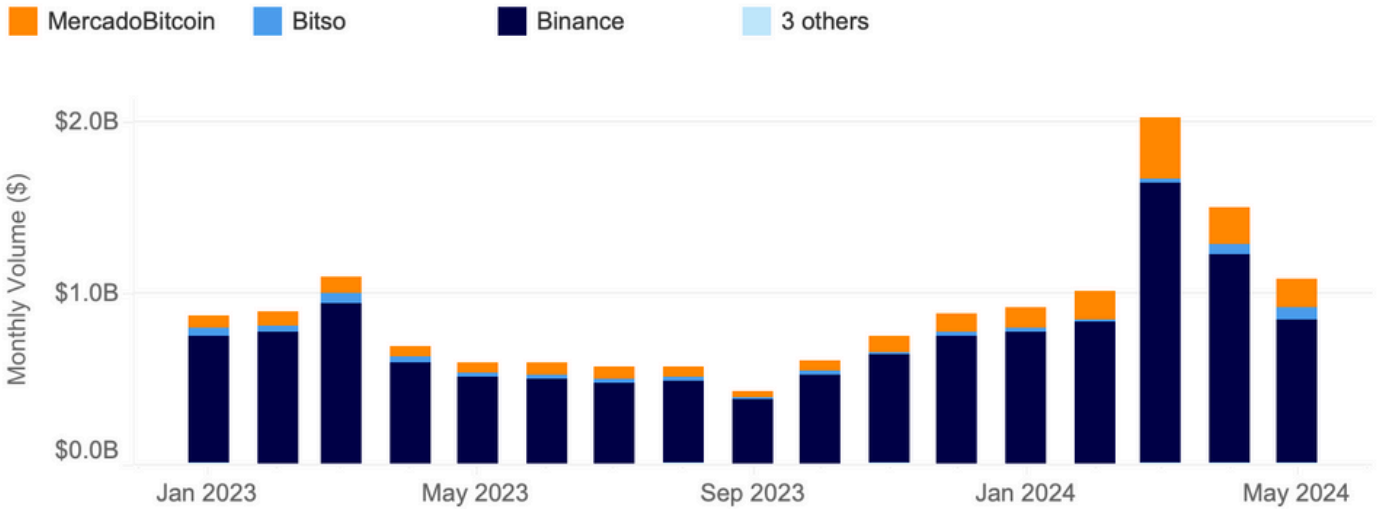
We can better understand trends in trading activity by analyzing the total number of new trading pairs that include a LATAM regional currency. We can observe that the BRL is dominant, with the most new pairs added since 2020. The trend can partly be explained by Binance’s listing of BRL markets in 2021. The exchange does not list ARL and COP. Mercado Bitcoin also gained popularity over this time.

Part 4

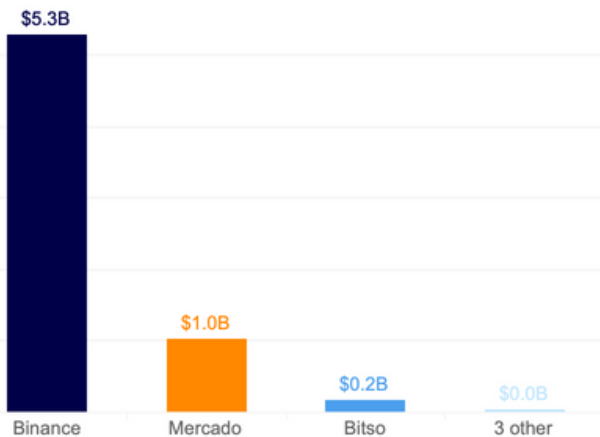
Country Focus

BRAZIL

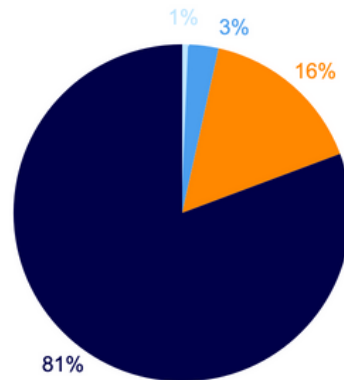
BRL-Denominated Trade Volume



Cumulative BRL Trade Volume in 2024



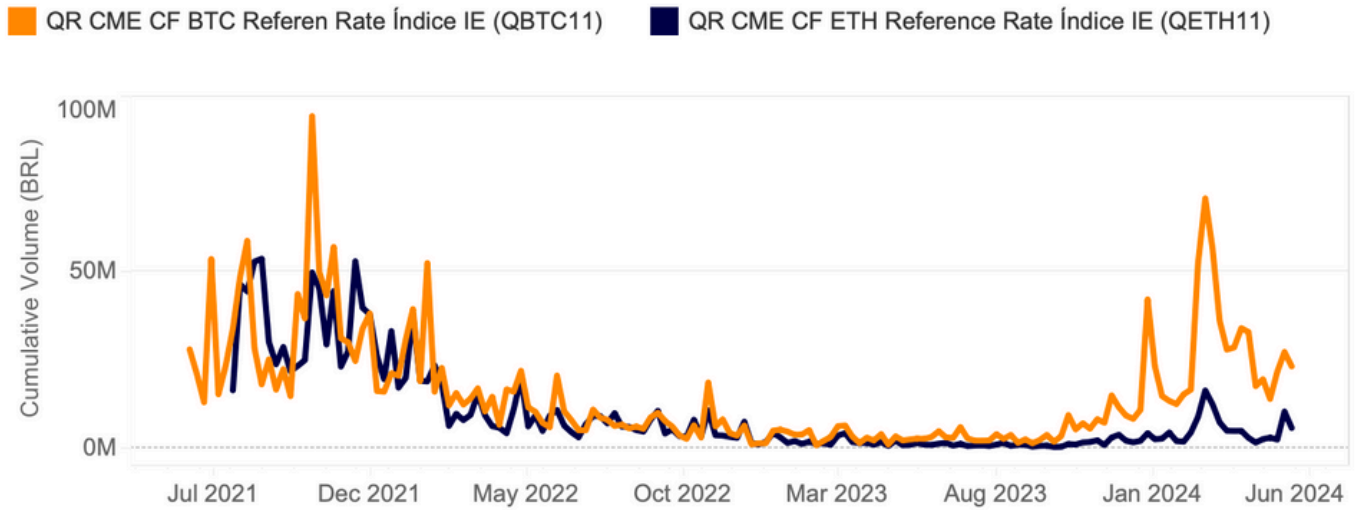
Market Share of Volume



The Brazilian crypto market has experienced significant growth this year, with monthly BRL trade volume averaging \$1.3bn, up from \$0.7bn in 2023. Interestingly, while Binance is currently the largest BRL market with a market share of 77%, its dominance has been falling, benefiting local platforms. In particular, trade volume on MercadoBitcoin more than doubled in 2024, driven by both Bitcoin and altcoins.

In June 2023, MercadoBitcoin was licensed as a payment institution by Brazil’s central bank. At the same time Binance faced scrutiny in Brazil, with the country’s congressional committee recommending the indictment of former CEO Changpeng Zhao and three of the exchanges’s Brazilian executives in late 2023.

Weekly Trade Volume for Latin America’s first Spot BTC and ETH ETFs



Brazil is a unique example of progressive crypto regulations, not just in LATAM, but across the globe. The first spot BTC and ETH ETFs in Latin America were launched on Brazil's S3 stock exchange in 2021. Volumes soared as BTC approached record highs towards the end of 2021, and although they dropped off between 2022 and 2023, there’s been a recent resurgence as sentiment improves globally.

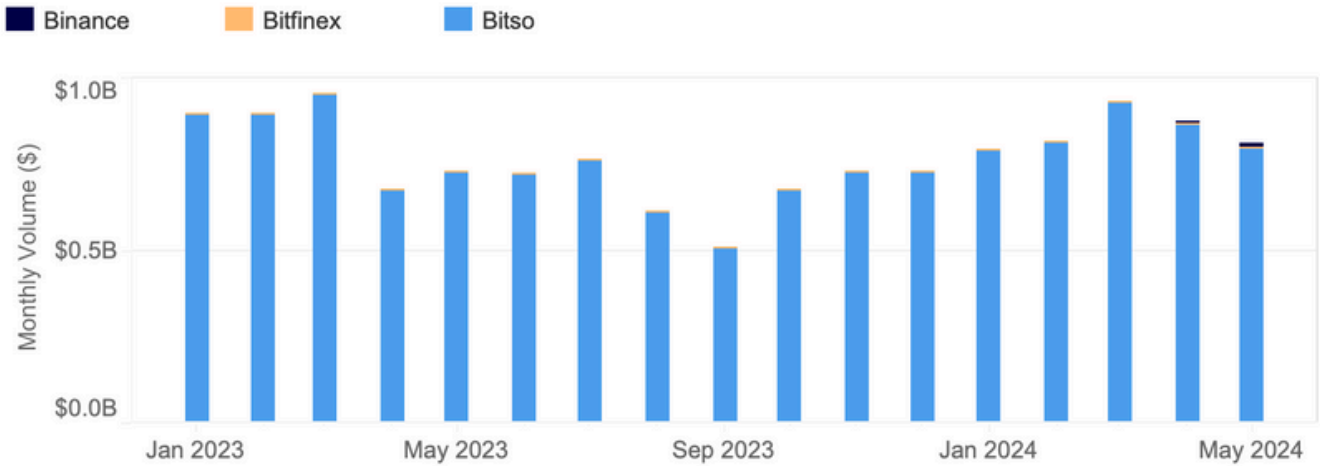
In 2022, the country’s lawmakers passed a law granting the central bank authority over digital assets. While all of this is generally positive, much of the early regulatory developments were institutionally focused.

The recent entry of traditional institutions like Itau, along with major neobanks such as Nubank and Mercado Pago, indicates growing institutional demand and adoption of cryptocurrencies in Brazil. This demand likely explains the regulators move to approve institutional products.

The approval of MercadoBitcoin as a licensed payment institution should go some way to increasing demand from retail users – as early signs show the exchange is beginning to eat into Binance’s lead in the country.

MEXICO

MXN-denominated Trade Volume

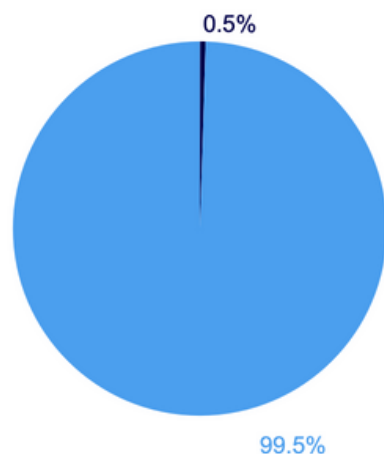


Monthly Mexican Peso trade volumes have steadily increased since September 2023, but are still below January 2023 levels. One likely explanation for this is how Bitso, the most popular exchange by some measures, charges users. Maker and taker fees for markets versus BTC are 0.075% and 0.098%, versus 0.5% and 0.65% for markets versus MXN.

MXN Volume in 2024



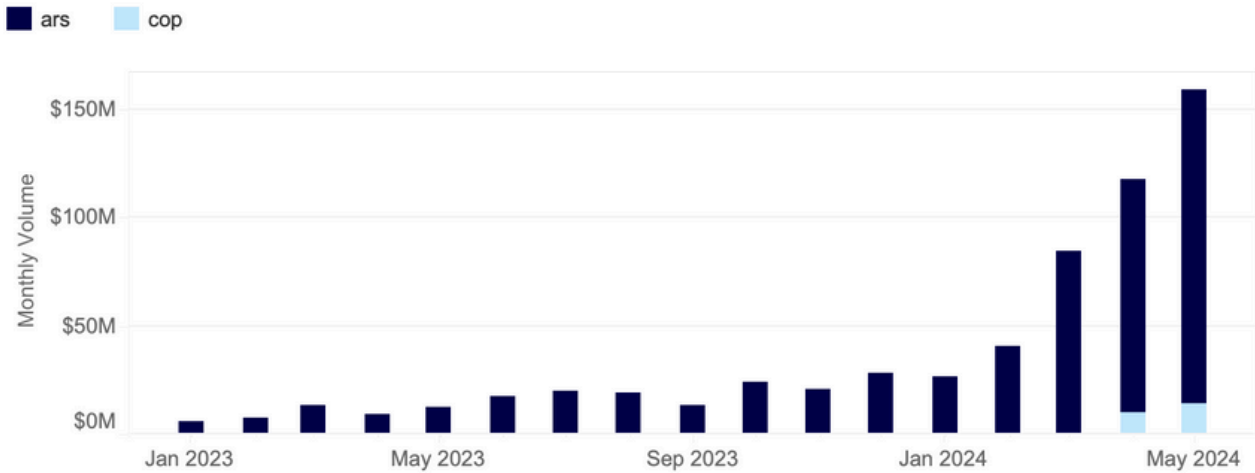
Market Share of Volume



The vast majority of MXN-denominated trade volume occurs on Bitso, which commands a market share of 99.5%. Binance, although far largely globally, has seen just \$20.2mn in MXN trade volume in 2024, while Bitfinex handled around \$100,000.

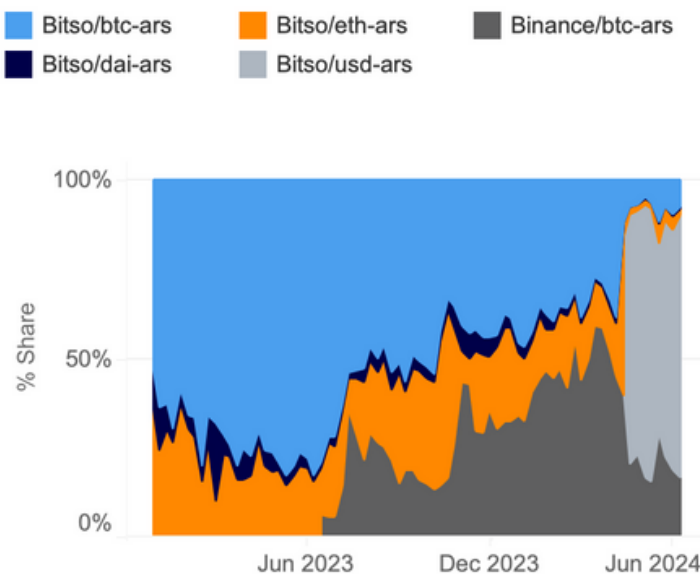
ARGENTINA AND COLOMBIA

Argentina Peso (ARS) and Colombia Peso (COP) denominated volume



ARS and COP volume hit an all-time high in 2024 driven by rampant inflation and rising political uncertainty. ARS volumes went up five-fold from \$27mn in January to more than \$145mn in May. In April and June, Bitso and Binance listed several COP-denominated trading pairs, suggesting growing demand. While trade volume remains modest, it has showed robust increase of 40% in May with USDT-COP amounting to 99% of the total trade volume.

Market Share of ARS Volume



BTC-ARS had dominated volumes until recently, but the launch of a new ARS stablecoin trading pair on Bitso now leads the market.

USD-ARS which includes a basket of tokens composed of USDC and USDP currently accounts for a whopping 74% of ARS trade volume.

Conclusion

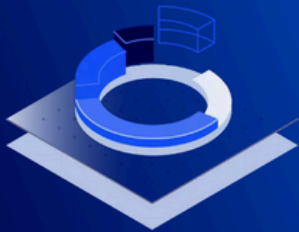
The LATAM region might be a fraction of other global markets for now, but the political and monetary conditions described above lead us to believe the region is poised for imminent growth.

Evidence suggests cryptocurrencies have already been utilised to combat rising inflation in Argentina this year, and this could signal the beginning of increased adoption across the region.

While stablecoins remain the most popular trading assets on exchanges, Bitcoin has appreciated significantly against local currencies and could offer citizens in politically precarious situations a better store of value.

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