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## **Crypto Market Sizing**

**Global Crypto Owners Reached 425M**

**January 2023**

# Research and Insights

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## Executive Summary

- Global crypto owners increased by **39%** in 2022, rising from 306 million in January to **425 million** in December.
  - Bitcoin (BTC) owners grew by **20%** from 183 million in January to **219 million** in December, accounting for 52% of global owners;
  - Ethereum (ETH) owners grew by **263%** from 24 million in January to **87 million** in December, accounting for 20% of global owners.
- The main catalyst behind Ethereum's high adoption growth rate was [The Merge](#), which marked the completion of the network's transition from a proof-of-work to proof-of-stake consensus algorithm. Interest from institutional investors and the popularity of ETH liquid staking also contributed to Ethereum's adoption.

# 1. Introduction

We have updated our on-chain market sizing estimates. The report's [updated methodology](#)<sup>1</sup> combines on-chain data with blended parameters to estimate the number of global crypto owners.

Crypto adoption in 2022 achieved new milestones, with the number of crypto owners reaching **425 million** (December 2022) in spite of macro headwinds, namely high inflation, the conflict in Europe, supply chain disruptions, and lingering effects of the COVID-19 pandemic.

Crypto adoption was steady and sustainable in the first half of 2022. In April, the [Central African Republic](#) became the second country to adopt BTC as legal tender after El Salvador. Continued NFT momentum may have also helped drive Ethereum adoption in May. For instance, [Yuga Labs cashed in US\\$300 million selling Otherside NFTs](#). Furthermore, [Goldman Sachs offered its first BTC-backed loan](#), showing further signs of increased interest in crypto from Wall Street institutions.

In the second half of 2022, crypto adoption remained strong, especially for Ethereum. Reports showed that institutional investors heavily piled into ETH or ETH-based assets like funds and options [before](#) and [after](#) The Merge, which marked the completion of Ethereum's transition to a proof-of-stake blockchain. At the same time, more and more financial institutions debuted crypto services to their customers, including [Stripe](#), [DBS](#), and [Fidelity](#).

[Crypto.com, the first crypto company to partner with the FIFA World Cup™](#), drove significant awareness around cryptocurrency and Web3 through brand exposure at the event. In August, [Crypto.com launched Australia's first in-store cryptocurrency payment gateway across more than 440 of Peregrine's retail outlets](#). This was one of the largest-scale efforts allowing customers to buy everyday goods using crypto in-store, and marked another key step in driving crypto adoption.





















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<sup>1</sup> To see the original methodology, please refer to the [first edition](#) of our report.

In this report, we dynamically updated the parameters below. If you are interested in learning more about the methodology, please read the previous report [here](#).

Item	Description
$r_{BTC\ deposit}$	The ratio of users depositing BTC from one exchange to another
$r_{ETH\ deposit}$	The ratio of users depositing ETH from one exchange to another
$r_{BTC\&\;ETH}$	The ratio of BTC owners who also own ETH
$r_{\overline{BTC\&\;ETH}}$	The ratio of users who own neither BTC nor ETH

The exchanges included in our on-chain data extraction are:

Exchange	Logo
Crypto.com	 crypto.com
Binance	 BINANCE
Bitfinex	 BITFINEX
Bittrex	 BITTREX
BitMax	 BitMax
Bithumb	 bithumb
Bitstamp	 Bitstamp
Gemini	 GEMINI
Huobi	 Huobi
Kraken	 kraken
KuCoin	 KUCOIN
OKX	 OKX
Liquid	 Liquid
BitFlyer	 bitFlyer
Gate.io	 Gate.io
Zaif	Zaif
Poloniex	 POLONIEX
UPbit	 UPbit
BitMEX	 BitMEX
Deribit	 Deribit™
itBit	itBit
HitBTC	 HitBTC
Bybit	bybit



## 2. Results

The following tables list the results of key calculations for Bitcoin and Ethereum adoption rates as of December 2022:

### BTC Results Table

Step	Parameter (BTC)	Notation	Result
(1)	User deposit ratio	$r_{deposit}$	16.5%
(2)	Total no. of on-chain overlapping addresses	$N_{on-chain\ overlapping\ addresses}$	34,957
(3)	Total no. of on-chain addresses (select exchanges)	$N_{exchange\ total\ addresses}$	33,341,727
(4)	No. of on-chain non-overlapping addresses	$N_{on-chain\ non-overlapping\ addresses} = (3)-(2)$	33,306,770
(5)	Weighted average no. of exchanges per user	$k_{addresses\ per\ user}$	3.36
(6)	Selected exchanges' coverage ratio	$r_{total\ market\ share}$	92%
(7)	Total no. of BTC owners	$\frac{[(2) \div (5) + (4)]}{(1) \times (6)}$	~ 219M

### ETH Results Table

Step	Parameter (ETH)	Notation	Result
(1)	User deposit ratio	$r_{deposit}$	21.0%
(2)	Total no. of on-chain overlapping addresses	$N_{on-chain\ overlapping\ addresses}$	8,782

(3)	Total no. of on-chain addresses (select exchanges)	$N_{\text{exchange total addresses}}$	16,729,809
(4)	No. of on-chain non-overlapping addresses	$N_{\text{on-chain non-overlapping addresses}} = (3)-(2)$	16,721,027
(5)	Weighted average no. of exchanges per user	$k_{\text{addresses per user}}$	3.36
(6)	Selected exchanges' coverage ratio	$r_{\text{total market share}}$	92%
(7)	Total no. of ETH owners	$\frac{[(2) \div (5) + (4)]}{(1) \times (6)}$	~ 87M

## Summary Statistics

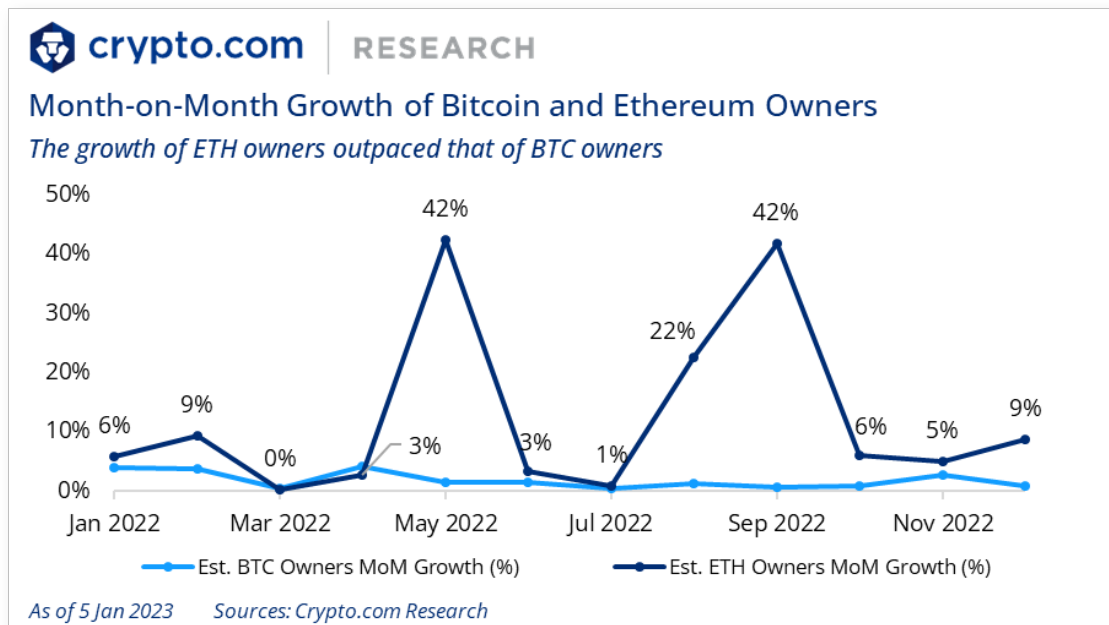
Step	Estimates	Notation	Result
(1)	BTC owners	$N_{\text{BTC owners}}$	~ 219M
(2)	ETH owners	$N_{\text{ETH owners}}$	~ 87M
(3)	% of BTC owners who also own ETH	$r_{\text{BTC\&ETH}}$	38%
(4)	% of users who own neither BTC nor ETH	$r_{\text{BTC\&ETH}}$	41%
(5)	Exchange adoption ratio	$r_{\text{exchange}}$	89%
(6)	Overall crypto owners	$\frac{(1)+(2)-(1) \times (3)}{[(5)-(4) \times (5)]}$	~ 425M

## Trends

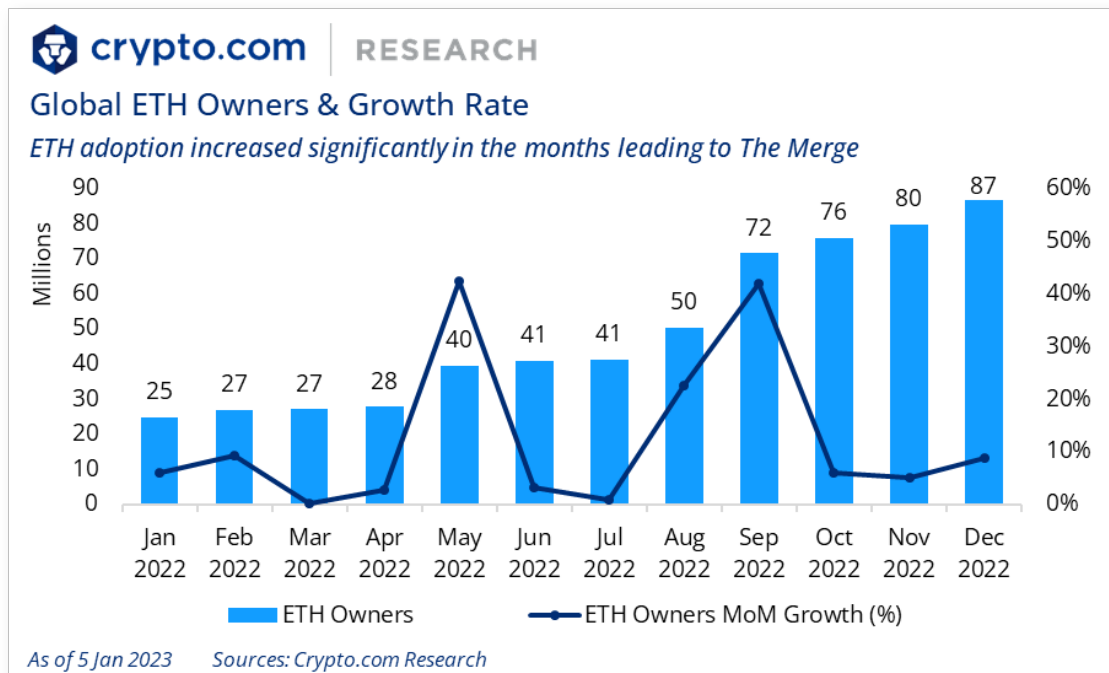
In this section, we analyse how the crypto population trended in 2022. Overall, **global crypto owners grew by 39% from 306 million to 425 million during the year**. August and September saw exceptionally strong monthly growth rates of 5% and 8.1%, respectively. This coincided with [The Merge](#) of Ethereum on 15 September 2022.



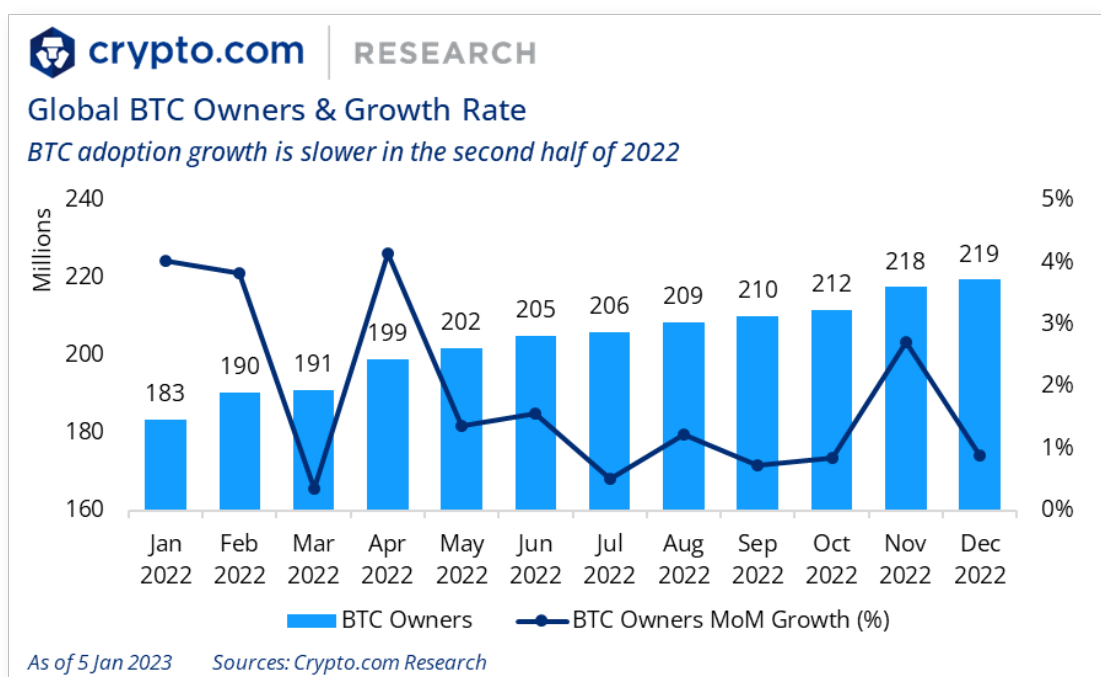
There are several interesting observations when the data is broken down into Bitcoin and Ethereum owners. **Bitcoin owners grew by 20% from 183 million in January to 219 million in December, while Ethereum owners tripled (3.6x) from 24 million to 87 million during the same period**. Additionally, Ethereum's monthly growth rates were higher than that of Bitcoin's during the whole year except in April.



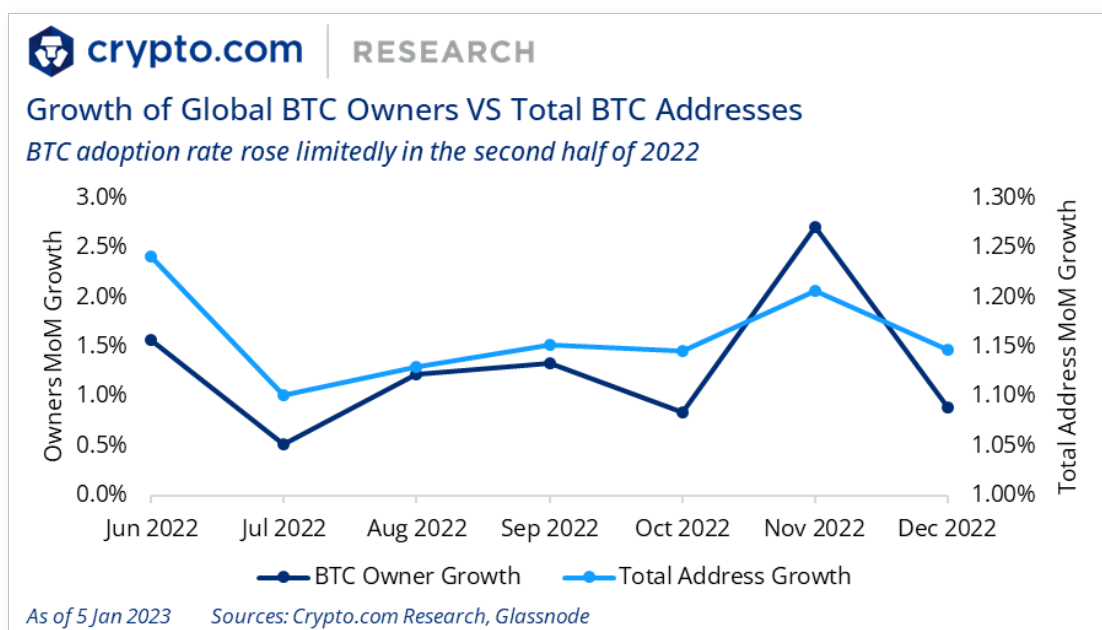
Ethereum's exceptional growth in May was likely driven by the momentum of NFTs; for instance, [Yuga Labs cashed in \\$300 million selling Otherside NFTs](#) and [Meta began testing NFTs on Instagram](#). In August and September, its growth was fueled by The Merge.



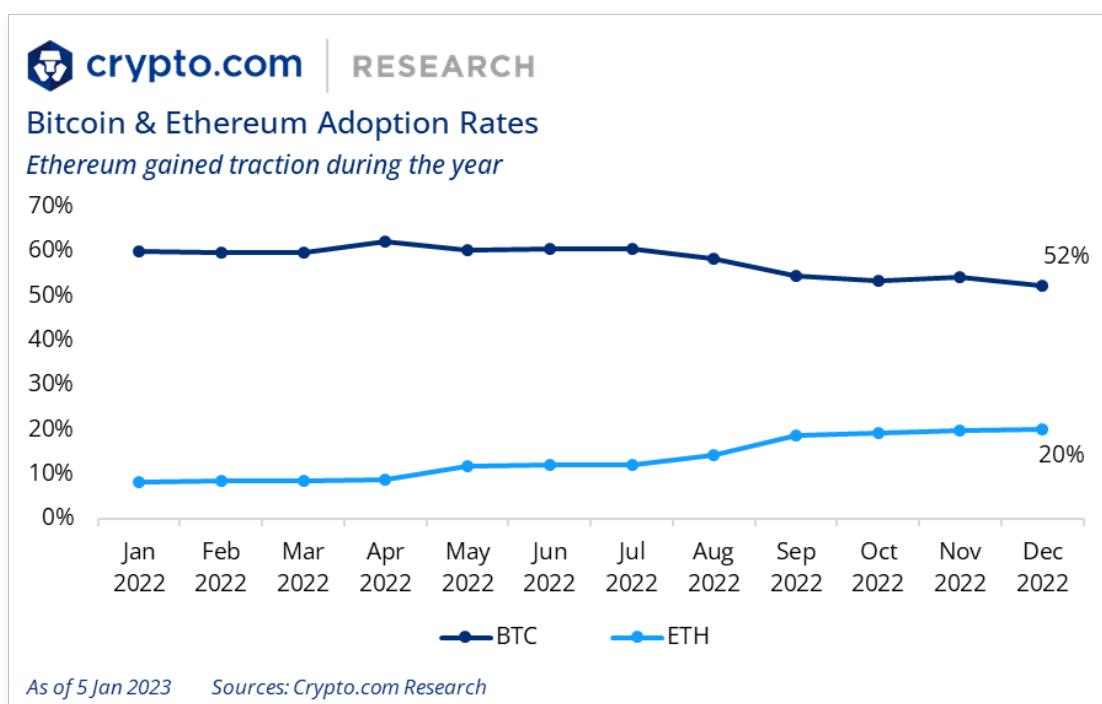
For Bitcoin, the strongest growth in 2022 happened in April when the [Central African Republic](#) became the second country to adopt BTC as legal tender after El Salvador and [Goldman Sachs offered its first BTC-backed loan](#), showing further signs of increased interest in crypto from Wall Street institutions.



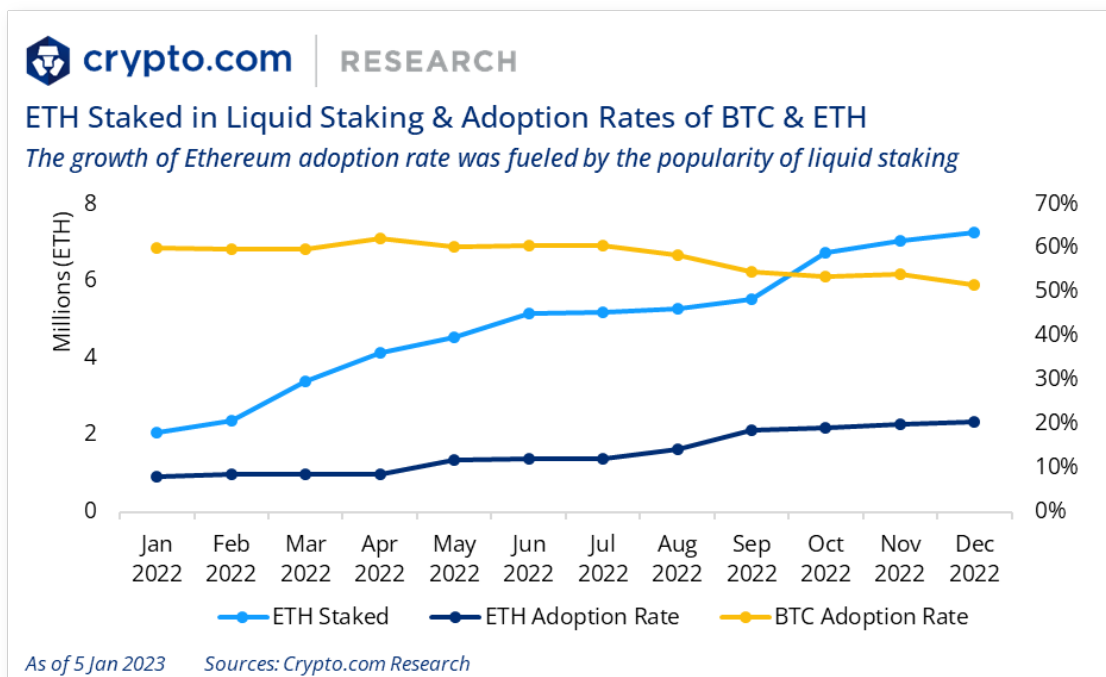
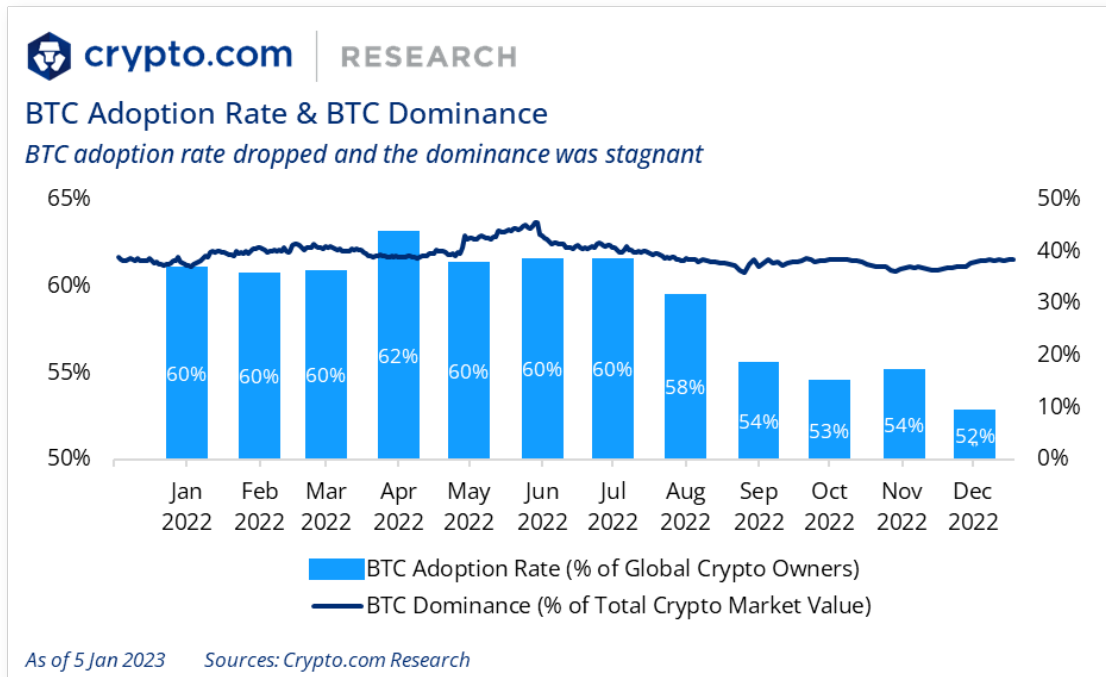
Bitcoin adoption trended in tandem with the growth of global Bitcoin addresses. Moreover, there was a spike in BTC adoption in November during FIFA World Cup Qatar 2022™. As [the first crypto company to partner with the FIFA World Cup™](#), Crypto.com helped drive significant awareness around cryptocurrency and Web3 through brand exposure at the event. At the same time, more and more financial institutions debuted crypto services to their customers in the same period, including [Fidelity](#), [UnionBank of the Philippines](#), and [MoneyGram](#).



When analysing the composition of crypto owners, we found that Ethereum adoption rate increased from 8% to 20% during the year, with the biggest growth happening in August and September (the months leading up to The Merge). Although Bitcoin was under the spotlight in April, with an adoption rate of 62%, it gradually dropped to 52% by December.



BTC's fading traction was also reflected by its stagnating dominance. On the contrary, Ethereum gained traction in the second half of the year, which may have contributed to [institutional adoption](#) and the popularity of liquid staking.



### 3. Limitation and Caveats

Our analysis is built on a combination of Bitcoin and Ethereum on-chain data, survey analysis, and Crypto.com's own internal data. While we believe our updated methodology presents a more accurate estimate than our previous version, it is still subject to the following limitations and caveats:

- Our method assumed all on-chain users still own crypto today, but it is likely that some may have already sold their holdings.
- We assumed all the selected exchanges use the same deposit sweeping flows, and did our best to remove exchanges that use different flows.
- OTC trading and users who have never made on-chain transactions may not be effectively captured.
- Sub-accounts in exchanges may not be accurately reflected.
- Parameters obtained by surveys may change over time.
- Since all parameters are at least partially sourced from Crypto.com users (either by survey or internal data), sampling bias is inevitable.
- The result has dependency on the third-party tools and data that we used.



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