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## **Crypto Market Sizing**

**Global Crypto Owners Reached 580M**

**January 2024**

# Research and Insights

Crypto.com Research and Insights Team

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## Executive Summary

- Global cryptocurrency owners increased by **34%** in 2023, rising from 432 million in January to **580 million** in December.
  - Bitcoin (BTC) owners grew by **33%**, from 222 million in January to **296 million** in December, accounting for 51% of global owners.
  - Ethereum (ETH) owners grew by **39%**, from 89 million in January to **124 million** in December, accounting for 21% of global owners.
- The main catalyst behind BTC's adoption growth was the development in Bitcoin exchange-traded funds (ETFs) and the introduction of the Bitcoin Ordinals protocol, which enabled non-fungible tokens (NFTs) and fungible tokens to be minted on the Bitcoin network. Strong interest from institutional investors also contributed to the increase in BTC's adoption.
- ETH's adoption growth was mainly driven by liquid staking after Ethereum's [Shanghai Upgrade](#), which allowed the withdrawals of staked ETH after the transition to the Proof of Stake (PoS) blockchain.

# 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 cryptocurrency owners.

Crypto adoption in 2023 achieved new milestones, with the number of cryptocurrency owners reaching **580 million** (December 2023) in spite of macro headwinds, namely the further monetary tightening by Western central banks to try to tame inflation, protracted kinetic conflict in Europe and a new one in the Middle East, and longer-term consequences of the pandemic.

Crypto adoption was sustainable in the first half of 2023. In April, the success of the highly anticipated Ethereum [Shanghai Upgrade](#) helped increase Ethereum network activity and caused ETH to rally.

In the second half of 2023, crypto adoption remained strong for both Bitcoin and Ethereum. The newly introduced Bitcoin NFT and [BRC-20](#) token standard derived from the [Ordinals protocol](#) drove strong demand for Bitcoin's block space. Moreover, strong interest from institutions like [BlackRock's Bitcoin ETF filing](#) and [Bitcoin ETF refilings from other investment heavyweights](#) continued to push institutional 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 have dynamically updated the parameters below. For those 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 include:

Exchange	Logo
Crypto.com	 crypto.com
Binance	
Bitfinex	
Bittrex	
BitMax	
Bithumb	
Bitstamp	
Gemini	
HTX	
Kraken	
KuCoin	
OKX	
Liquid	
bitFlyer	
Gate.io	
Zaif	
Poloniex	
UPbit	
BitMEX	
Deribit	
itBit	
HitBTC	
Bybit	



## 2. Results

The following tables list the results of key calculations for Bitcoin and Ethereum adoption rates as of December 2023:

### BTC Results Table

Step	Parameter (BTC)	Notation	Result
(1)	User deposit ratio	$r_{deposit}$	13.0%
(2)	Total no. of on-chain overlapping addresses	$N_{on-chain \text{ overlapping addresses}}$	41,072
(3)	Total no. of on-chain addresses (selected exchanges)	$N_{exchange \text{ total addresses}}$	35,476,885
(4)	No. of on-chain non-overlapping addresses	$N_{on-chain \text{ non-overlapping addresses}} = (3)-(2)$	35,435,813
(5)	Weighted average no. of exchanges per user	$k_{addresses \text{ per user}}$	3.36
(6)	Selected exchanges' coverage ratio	$r_{total \text{ market share}}$	92%
(7)	Total no. of BTC owners	$\frac{[(2) \div (5) + (4)]}{(1) \times (6)}$	~296M

### ETH Results Table

Step	Parameter (ETH)	Notation	Result
(1)	User deposit ratio	$r_{deposit}$	20.5%
(2)	Total no. of on-chain overlapping addresses	$N_{on-chain \text{ overlapping addresses}}$	10,351

(3)	Total no. of on-chain addresses (selected exchanges)	$N_{\text{exchange total addresses}}$	23,309,631
(4)	No. of on-chain non-overlapping addresses	$N_{\text{on-chain non-overlapping addresses}} = (3) - (2)$	23,299,280
(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	$\frac{[(2) \div (5) + (4)]}{(1) \times (6)}$	~124M

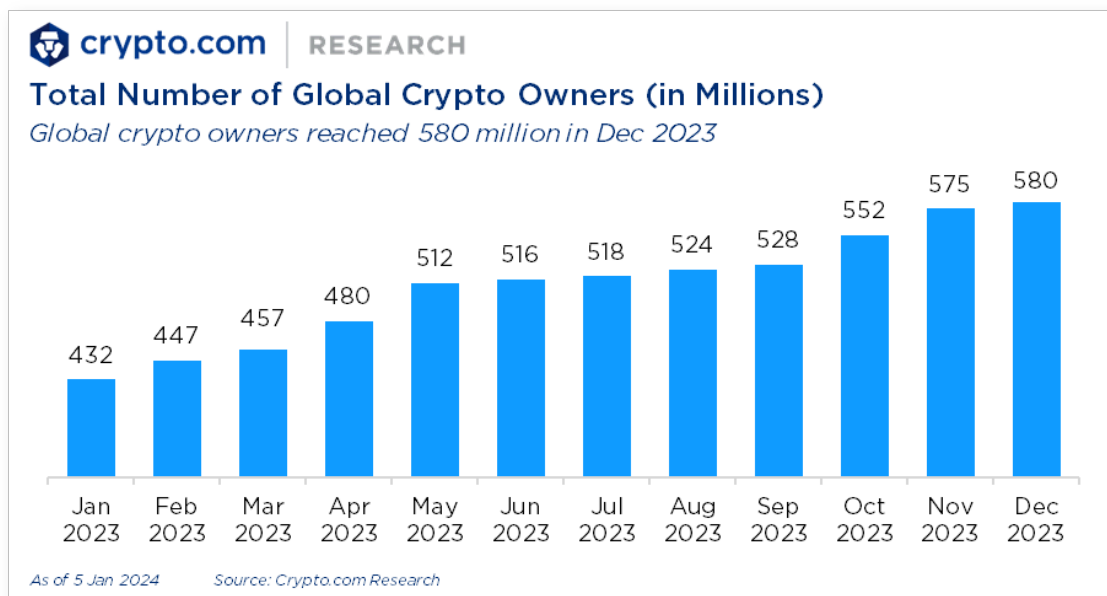
## Summary Statistics

Step	Estimates	Notation	Result
(1)	BTC owners	$N_{\text{BTC owners}}$	~296M
(2)	ETH owners	$N_{\text{ETH owners}}$	~124M
(3)	% of BTC owners who also own ETH	$r_{\text{BTC \& ETH}}$	40.9%
(4)	% of users who own neither BTC nor ETH	$r_{\text{BTC \& ETH}}$	42%
(5)	Exchange adoption ratio	$r_{\text{exchange}}$	89%
(6)	Overall crypto owners	$\frac{(1) + (2) - (1) \times (3)}{[(5) - (4) \times (5)]}$	~580M

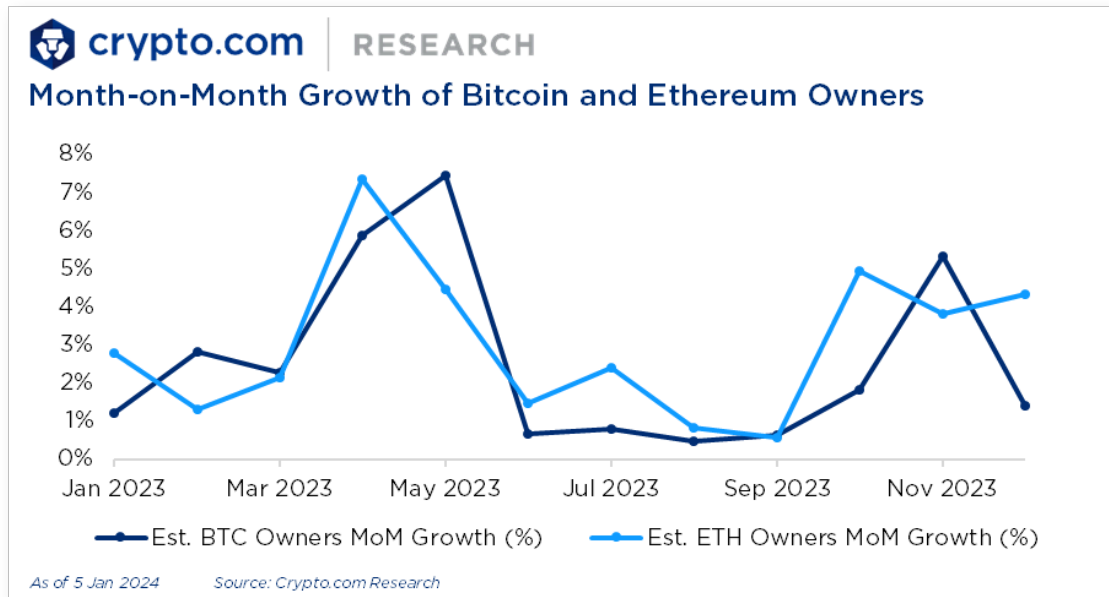


## Trends

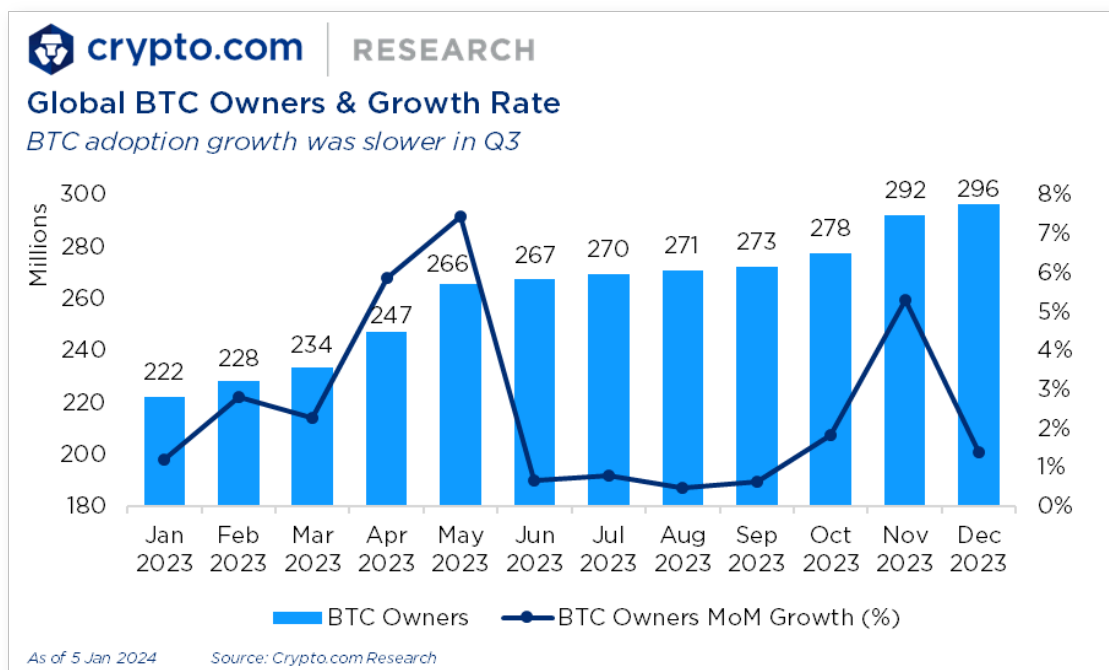
In this section, we analyse how the crypto population trended in 2023. Overall, **global cryptocurrency owners grew by 34%, from 432 million to 580 million, during the year.** April and May saw exceptionally strong monthly growth rates of 5.1% and 6.7%, respectively. This coincided with [Ethereum's Shanghai Upgrade](#) on 12 April 2023.



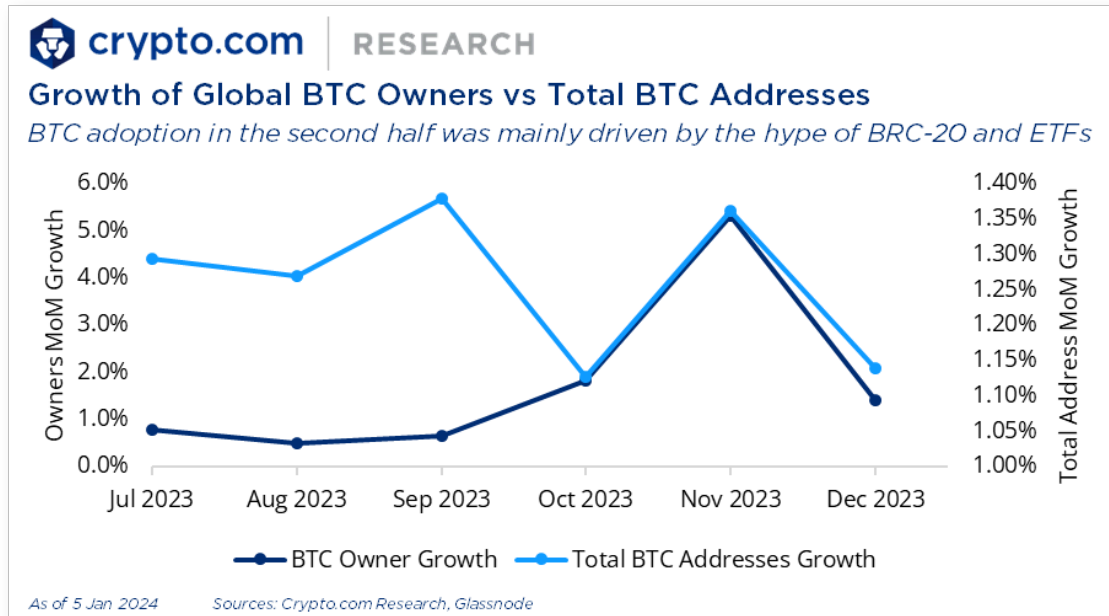
Bitcoin and Ethereum mutually led the adoption growth in 2023. **Bitcoin owners grew by 33%, from 222 million in January to 296 million in December, and Ethereum owners rose by 39%, from 89 million to 124 million during the same period.**



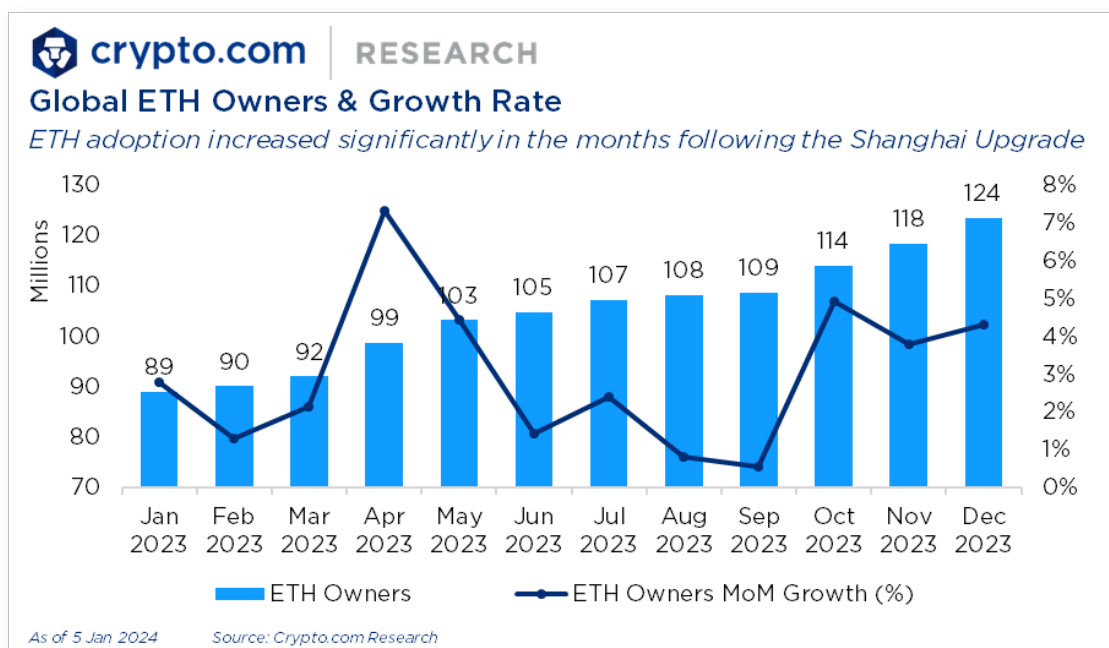
Bitcoin's exceptional growth in April and May was likely attributed to the momentum of Bitcoin Ordinals, which provides a method for minting NFTs on the Bitcoin network. More than [54 million](#) Ordinals inscriptions are now engraved onto the Bitcoin network, and the total inscription fees paid exceeded [5,473 BTC](#) (US\$257 million) at the time of writing.

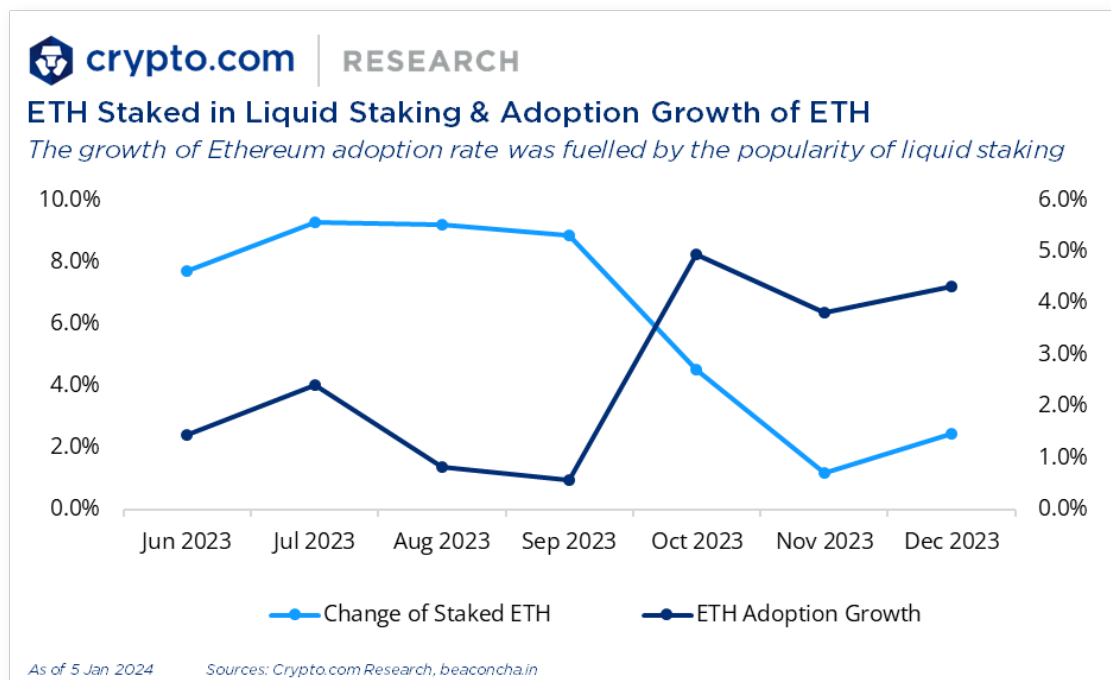


Besides the emergence of BRC-20 tokens, [high interest from institutional investors](#) also contributed to BTC's notable growth in Q4, pushed by the development of BTC ETFs.



For Ethereum, liquid staking was still trending in 2023, especially after Ethereum's Shanghai Upgrade, as the ETH adoption growth was almost in tandem with the change of staked ETH.

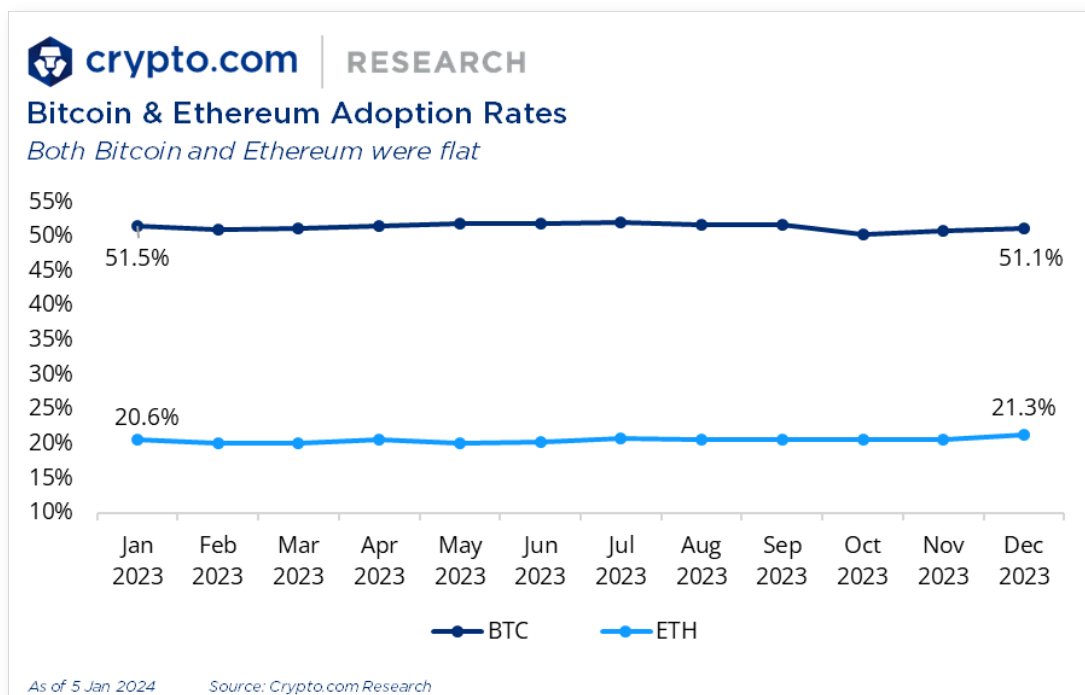




As mentioned, both BTC and ETH adoption saw a prominent rise in Q4 2023, as excitement grew over developments in the [Bitcoin](#) and [Ether](#) ETFs space. During the period, BTC's and ETH's prices experienced a significant surge, briefly reaching US\$44,000 and US\$2,400 levels, respectively. At the same time, BRC-20 and inscriptions gained significant popularity, which also attracted a diverse range of investors and enthusiasts.



When analysing the composition of cryptocurrency owners, we found that the shares of both BTC and ETH were flat due to the growth of the denominator (the total number of cryptocurrency owners). ETH's adoption rate increased 0.7%, while Bitcoin dropped 0.4% during the year.



### 3. Limitations 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 cryptocurrency today, but it is likely 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 results have dependency on the third-party tools and data we used.



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**e.** [contact@crypto.com](mailto:contact@crypto.com)

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