

H1 2024 Crypto OTC Market Review

An institutional trading analysis by Finery  Markets

Report methodology

The Finery Markets team analyzed 2 million spot trades conducted by institutions through the Finery Markets platform in the first six months of 2024 and 2023.

The trade data was collected from various market participants such as market makers, payment providers, brokers, over-the-counter desks, hedge funds, and custodians.

The findings presented in this report are based on the sampled trades and highlight the conclusions and trends observed.

H1 2024 Roundup

The recent approval of crypto-related vehicles has sparked institutional interest in adopting crypto for the long term. In the first half of the year, we saw the successful launch of a BTC ETF, followed by major financial institutions taking steps to expand this to include ETH and Solana. The increase in crypto OTC flows is a reflection of this trend.

However, we believe that the full impact of ETF approvals on the market may not be fully realized until six to nine months later, as it typically takes this amount of time for innovative products to be fully integrated into financial players' product portfolios and widely adopted.

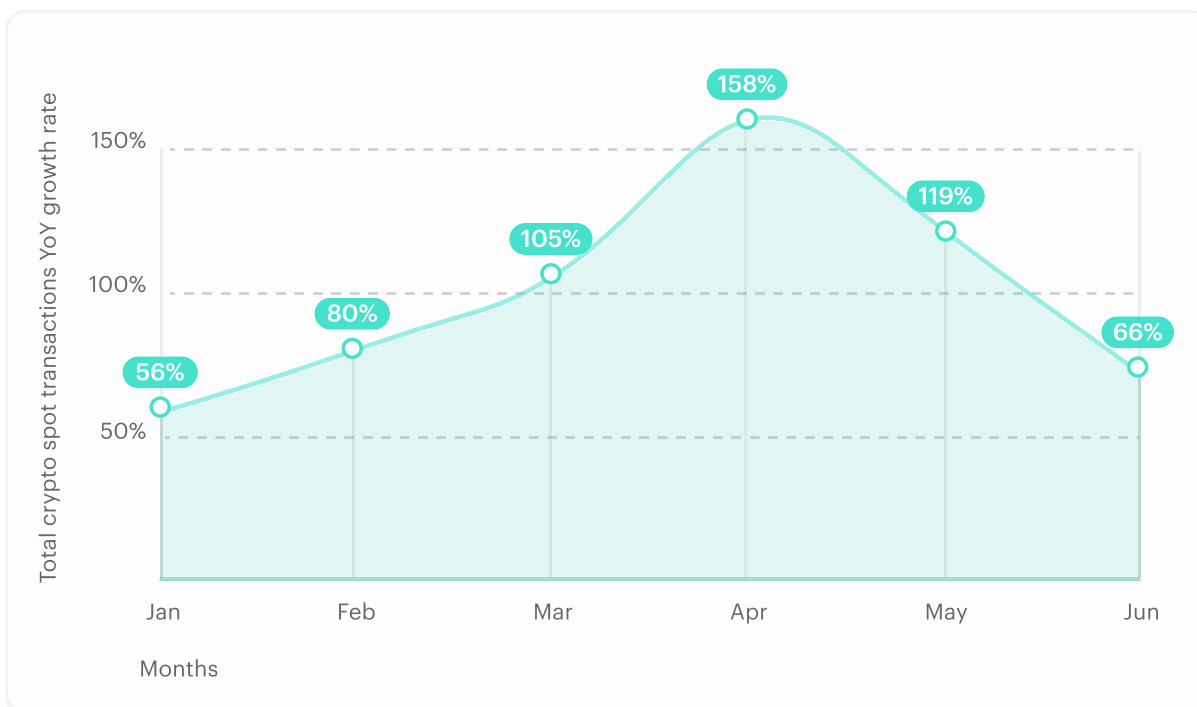
Key Takeaways

1. In H1 2024, the OTC institutional crypto market's total spot transaction volume soared 95% YoY.
2. The rally in BTC and inflows into ETFs have spurred increased institutional interest in crypto products. Ethereum trading volumes rose by 32% in the first half of 2024 compared to the same period in 2023. The approval of ETH ETFs may further drive institutional participation in the market.
3. Crypto-to-crypto trades demonstrated a 50% year-over-year growth. In contrast, crypto-to-fiat pairs decreased by 12% in the first six months of 2024 compared to the same period in 2023. Amid rising interest in digital assets, transactions involving stablecoins across all blockchains and layers surged 2.6 times year-over-year.

Monthly Performance

In the first half of 2024, the OTC institutional crypto market experienced a significant surge, with total spot transaction volumes increasing by 95% compared to the previous year. In terms of growth rates, growth accelerated in Q2 achieving a 110% YoY growth in customer transaction volumes, up from 80% in Q1.

In April, growth reached its peak at 158% YoY, following a 56% increase in January. However, growth slowed in the following months, with May and June seeing increases of 119% and 66%, respectively.



Outlook on digital asset adoption

Overall, the first half of 2024 marked a significant period for the increasing industry trend towards greater institutional participation.

The landscape of digital asset-linked ETFs is rapidly changing, with analyst expectations for final approval of ETFs on Ether, the second most popular digital asset, by this summer. The recent launch of a Bitcoin ETF on the Australian stock exchange, along with similar launches in the US and Hong Kong, reflects the global interest in crypto investment vehicles. VanEck's recent application for a Solana ETF further demonstrates this growing trend.

These developments signify a changing regulatory environment that is becoming more favorable towards digital assets. This shift is important as it provides traditional financial institutions with a clear path to enter the crypto space using established financial instruments, taking advantage of current market conditions.

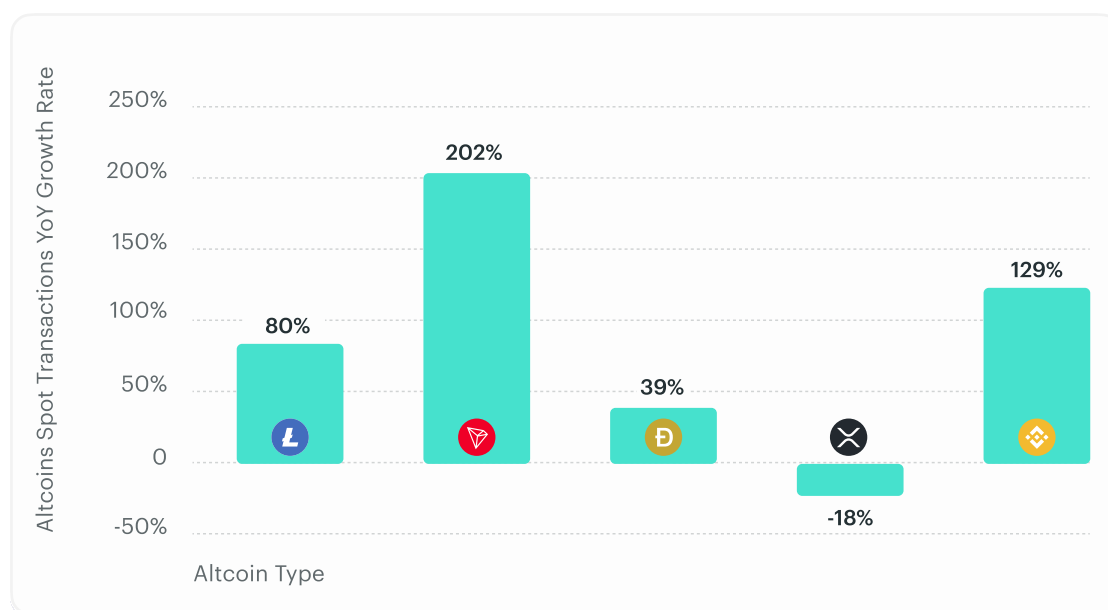
Activity in altcoins

Total crypto-to-crypto transaction volumes saw a significant 51% YoY increase in the first half of the year, indicating a notable rise in activity within digital asset markets. Bitcoin (BTC) and Ethereum (ETH) continue to dominate the space.

Institutional participation in altcoins remained low, as the top five alternative cryptocurrencies made up just 5.4% of the total trading volume.

During the first half of the year, altcoins displayed varying growth rates. Litecoin (LTC) experienced an 80% YoY increase, while Tron (TRX) surged by 202% YoY. Dogecoin (DOGE) also saw a substantial rise of 39% YoY. However, Ripple (XRP) defied the trend with a decline of 18% YoY. Binance Coin (BNB) reported strong growth of 129% YoY, showcasing a diverse performance landscape among major alternative cryptocurrencies.

The growth rates seen in altcoins can largely be attributed to a low base effect resulting from a downturn in the first half of 2023, which was caused by the collapse of FTX and its subsequent impact on the cryptocurrency market until the first half of 2024.



About Finery Markets

Finery Markets, the premier non-custodial crypto ECN, provides cutting-edge trading infrastructure for institutional players in over 30 countries. We seamlessly connect clients across North America, Europe, Asia, LatAm, and Africa.

Since our launch in 2019, we have been growing our ecosystem, serving 100+ digital asset clients, including payment providers, brokers, OTC desks, hedge funds, and custodians. We connect digital asset players by offering them effortless connectivity to an extensive network of partners. Our services enhance capital efficiency, ensure optimal execution, assist in risk management, and simplify settlement processes.

Finery Markets is the first crypto ECN to receive the SOC 2 Type 1 certification. In 2024, Finery Markets was selected as one of the top 50 rising stars in the **Deloitte Technology Fast 50** competition.

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