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Three Factors are Limiting Institutional Cryptocurrency Trading Market Trading Growth in 2018, Says TABB Research

Significant amount of institutional buy-side money are being amassed, waiting for the right trading condition to fully enter the market

LONDON & NEW YORK, May 15, 2018 – If 2017 was the year that cryptocurrencies went mainstream, then 2018 is certainly shaping up to be the year they go institutional once three trading risk issues are overcome, says TABB Group in “[Crypto Trading: Platforms Target Institutional Market](#),” the first in a series of reports examining the role of institutional players in the cryptocurrency trading markets and the execution platforms vying for their business.

Opportunities for exceptional revenue and alpha are driving institutional interest, says the report’s author, [TABB senior analyst Monica Summerville, head of European research](#). She highlights that the top cryptocurrency exchanges generate up to US\$3 billion each in daily trading fee revenues; there are higher spreads/commissions in the over-the-counter (OTC) cryptocurrency market than the mature financial markets; and cryptocurrency investments are offering higher returns with lower correlation to other asset classes.

That interest, Summerville says, is coming from traditional buy-side players, specifically hedge funds, proprietary trading firms, pension funds and sovereign wealth funds, as well as private wealth, miners and early bitcoin adopters. As a result, the venue and vendor community is responding with a range of new solutions targeting institutions.

With institutional trading activity already exceeding retail crypto trading market share occurring predominantly in the OTC markets, TABB estimates the value of current institutional daily cryptocurrency traders, who tend to execute large blocks OTC on a bi-lateral basis, is approximately two to three times that of exchanges.

“The word on the street is that a significant amount of additional institutional money is being amassed, sitting on the sidelines,” says Summerville, “held back by a lack of greater regulatory clarity, institutional grade data and enterprise-ready infrastructure, waiting for the right conditions to enter the market, expected to begin happening this year.”

This 17-page, 7-exhibit report covers necessary components of a secure crypto market, discusses evolving market structure and highlights seven crypto exchange/platforms targeting institutions. Future reports will examine key blockchain technology developments supporting centralized and decentralized exchange models and approaches that traditional buy- and sell-side institutions are taking for cryptocurrency investing and trading.

“Crypto Trading” is available now for download by TABB fintech clients and pre-qualified media at <https://research.tabbgroup.com/search/grid>. To purchase the report, go to the [Executive Summary](#) at tabbgroup.com or write to info@tabbgroup.com.

About TABB Group

With offices in New York and London, [TABB Group](#) is the international research and consulting firm focused exclusively on capital markets, based on the interview-based, “first-person knowledge” research methodology developed by Larry Tabb. For more information, visit www.tabbgroup.com.

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