In-depth analysis

Reporting factors like emerging market global growth factors, increasing institution adoptions, booming DeFi activities and spotlight on Non-Fungible Tokens (NFTs).
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PREFIX
For the second year running, this Crypto Traders Survey dives into online trading trends - Overbit conducted a survey from 17th March to 31st March 2021 of 3,000 traders. Factors like growth in emerging global markets, increasing institutional adoption, booming DeFi activities and spotlight on Non Fungible tokens (NFT) are all becoming the centre of attention.

Questions focus on micro and macro crypto market trends for 2021 and beyond. Institutional and retail investors give detailed insights and predictions for the crypto space. This survey ends with questions on crypto trader personas.

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SURVEY HIGHLIGHTS
• 3,000 traders participated in the survey.

• The majority of surveyed traders (60%) identified themselves as occasional crypto users, with around 1 to 2 years of trading experience. 10% of respondents identified themselves as either professional traders or researchers.

• 30% of all surveyed individuals identified themselves as novices when it comes to crypto trading. This is a significant drop from the findings of our 2020 survey where 58% identified themselves as novices. This demonstrates two findings - the first is that there is a significant increase in confidence when it comes to crypto trading since the late 2020 explosion. Furthermore, the novices of the first survey have matured and developed their relationship with crypto that they are no longer novices. This is a further testament to the growing wave of crypto converts as the industry matures and evolves.

• Younger respondents, especially those aged below 18 and between 25–34, were the most likely to identify as novice traders.

• More mature traders, especially above the age of 35, identified themselves as either crypto users or professional traders. These observations are in line with Overbit’s previous survey findings.

• A divergent trend from Overbit’s 2020 survey was that respondents in the 18–24 age bracket were more likely to identify as professional traders than novices or any other experience category. This is most likely the result of the Overbit 2020 survey responders now ageing and entering a new demographic, the 18+ age bracket but having built experience in trading over their younger years.

• 40.9% of surveyed traders have been aware of a crypto asset class for 3 years or more. Only 13.3% acknowledged learning about the existence of crypto for the first time in 2021. This demonstrates that the percentage of those learning about crypto for the first time is reducing year on year as this financial instrument becomes a well established and recognised vehicle for an individual or institution to trade with.

• When choosing an exchange, traders place a heavy emphasis on security, reliability, language selection, and customer service. Features such as regulatory acceptance and additional trading pairs were welcome, but not as favoured. Unsurprisingly, security is always the main focus of users and thankfully robust systems such as Overbit with features such as 100% multi-signature cold storage helps to reduce the chances of fraud and secure users funds for them to trade with confidently.

• 56.1% of respondents have already made a crypto purchase in 2021. A single digit percentage of the survey’s respondent base said they have no intentions of purchasing crypto this year.

• Casual investors and novices execute the most trades on weekends, while professionals are more likely to trade throughout the week. Trader activity was consistent with Overbit’s 2020 survey results. With the COVID-19 pandemic, twinned with the meteoric rise of crypto prices this year we expected more of an emphasis on trading at all times by all levels of traders. Most individuals were asked to work from home during COVID-19 and therefore higher volumes of trading were expected throughout the week, even by novices. The results
suggest that despite these changes, individuals still trade during times where they could focus and for novices this would be on the weekend where they would need more time to study the markets than professionals who would confidently trade throughout the week.

- **19.8%** of all respondents indicated that they would allocate **over 90% of their investment portfolios to crypto**. A slightly higher proportion (21%) preferred a more conservative **10–30% crypto exposure though**. In a year where Bitcoin and Ethereum have once again dominated, it was fascinating to see Dogecoin grow so fast and sat in the top 5 cryptocurrencies by market volume. Traders can clearly differentiate between the long term investments and those cryptocurrencies that lend themselves better to day trading. This leads to an increased appetite for risk as the options are more diverse of where and how to trade than ever before.

- Airdrops and reduced fee promotions were the most preferred exchange marketing campaign type. With the exception of professional traders, most respondents professed little interest in referral programs and trading competitions.

- The popularity of social media marketing campaigns dropped this year, with traders indicating a higher preference for reward promotions instead.

- **33.6% of novice traders** acknowledged losing crypto due to personal error, in comparison to the 2020 survey’s 51.2% total.

- 49.1% of professional traders have lost crypto as a result of personal error, down 7% over last year.

- **9.2% of all respondents reported losing crypto to an exchange hack.** However, a larger proportion of traders (10.7%) have lost digital assets in their own custody — because of an unrecoverable wallet or seed.

- The vast majority of crypto traders prefer using either a computer (41.1%) or mobile apps (40.3%) for executing trade. Preference for computers dropped by about 5% over the past year, as per Overbit’s 2020 survey results.

- Some 16% of respondents said they primarily access their exchange from a mobile web browser.

- **65.3% of respondents said they usually store their crypto on an exchange.** Novices and casual traders were the most likely to do this, with professional traders showing a stronger preference for cold wallets instead.

- **32.1% of novice traders acknowledged making no traditional investments outside crypto over the past year.** On the other hand, professional traders were more likely to diversify their investment portfolios — with 85.3% investing in either stocks, real estate, or other traditional assets.

- Even though the majority of respondents believe that the crypto market is **riskier** than the stock market, **82.2% also believe that it is more profitable**.

- **Derivative traders are the most familiar with Swaps and Futures products.** However, they are less likely to trade Forward contracts and options. This is in line with
Overbit’s findings last year.

- **83% of respondents held Bitcoin at some point over the past year.** Ownership of assets such as Uniswap and Chainlink appear to be rising too.

- **61.9% of respondents have heard of NFTs,** but only **25.9% own** one or more non-fungible assets.

- Over **85% of traders believe that Bitcoin is a safe haven asset.** Despite its recent jump in value, the vast majority of traders remain optimistic about Bitcoin’s price movement in 2021.

- **55.7% of respondents acknowledged that the COVID-19 pandemic** had increased their investment risk appetite.
Given that the crypto market continues to attract new investors and users by the day, we start this report by assessing the distribution of surveyed individuals by their crypto experience.

We asked traders to identify themselves as one of four possible personas, as follows:

- **Crypto Novice**: Users with limited exposure to crypto ownership and trading.
- **Crypto User**: Users that own multiple cryptocurrencies and have made regular trades over the past two years.
- **Professional Crypto Investor**: Users that have in-depth knowledge of the asset class and routinely execute spot/margin trades involving a variety of digital tokens.
- **Analyst/Researcher**: Users that participate in the crypto market almost exclusively for the purpose of market research.

Among the respondents that participated in our survey, the majority (60%) primarily identified themselves as crypto users. Novices, meanwhile, accounted for the next largest group at 30%. Only 2% of our survey’s respondents operate in a research and analysis capacity within the crypto market.
We found that the majority of our respondents fall within the 35–44 age category (30.5%) — with the 25–34 and 45–54 brackets following in second and third places.

Overall, the age distribution of Overbit’s 2021 survey resembles that of previous year’s results.
Younger respondents were more likely to classify themselves as novice traders. Over half of all respondents under the age of 18 self-identified as a novice, as well as a third of traders aged 18–24 and 25–34.

The largest trader experience category, crypto users, thus witnesses a consistent increase from the youngest to the oldest age groups. At its peak, over 70% of users above the age of 65 identified themselves as a routine crypto user.

Another noteworthy outlier was the 18–24 age group, which saw the highest percentage of respondents identifying themselves as a professional crypto investor (14.6%). The runner-up age bracket was 35–44, lagging by 5 whole percentage points at 9.3%.

What this data tells us is that younger investors are far more likely to improve their understanding of the crypto market in a short time span. Over time, this also means they are quicker to invest significant sums of money and time into the crypto market.

As mentioned above, users that identify as professional crypto investors indicate in-depth knowledge of the asset class. This is also the only user category that executes margin trades.

It is also worth noting that many respondents in the 18–24 age bracket could also go on to complete their graduate-level education soon. In other words, the 39% of respondents with a high school-only credential could still be receiving a higher level of education while being surveyed.

An important trend we found while analysing this data is that traders with higher education tend to report more experience with crypto usage and trading.

Over 66% of self-identified professional crypto investors and 56% of crypto users have at least one diploma or degree. Users without any college credentials, meanwhile, are either more conservative or inexperienced when dealing with crypto. Nearly half of all crypto novices (48.7%) have yet to obtain a college-level certification.

However, a higher level of education does not guarantee trading success. While qualifications may allow some individuals to get a head-start in terms of knowledge, anyone can reach the same level given sufficient due diligence and practice.
How educated is the average crypto trader?

In addition to age and experience, Overbit also asked surveyed users to disclose their level of education. Based on the above data, it’s evident that the majority of respondents have at least one diploma or college degree (55%). Moreover, 47% of surveyed individuals have completed at least one graduate-level course.
How long have respondents known and traded crypto?

Overbit asked the survey’s respondents how long they have known about the crypto asset class. While the market is over a decade old at this point, the industry only reached mainstream popularity a few short years ago.

The largest proportion of traders (41%) said that they have been aware of cryptocurrencies for at least 3 years. The next biggest group included users that have known about the industry for 1–2 years (22.9%).

The latest crypto bull run, which reared its head in the fourth quarter of 2020, also seems to have attracted a significant number of new traders. According to our data, around 25% of traders first became aware of crypto sometime over the past six months. We also asked traders how long they have been using a crypto exchange. We plotted the results of this question against each trader’s respective experience with crypto.
From this data, we can surmise that avid crypto users and traders have at least 2 years of trading experience. Most novice users also tend to improve their understanding of the asset class over time.

Only 25% of novice traders have been actively trading crypto for over one year. Traders with at least one year of trading history account for over 50% of all other experience levels.
In our survey, we asked traders how many exchanges they use to carry out their trading activities.

One trend is evident: Crypto novices and professional traders have an opposite relationship when it comes to exchange variety. Only 6.6% of professional crypto investors report using one exchange, as opposed to 19.4% of novices.

Professional traders are also more inclined to use 5+ exchanges regularly — specifically 40.2% of this demographic. This figure is more than double that of crypto users, the next experience category at 19.6%.

For many professionals, trading on a variety of exchanges offers increased flexibility in terms of volume, liquidity, and trading pairs. A novice trader, on the other hand, will not benefit from many of these factors given their limited exposure to the crypto market. To note, 5.5% of novice traders use 5+ exchanges for their trading activities.
The survey asked users to score the importance of different trading platform features from 0 - 5, with 5 being the most important. Security is the single most important factor to crypto traders across all experience levels. Given the history of the crypto market, it’s evident that an exchange’s reputation is weighed heavily based on how well it can secure customer assets.

Reliability in terms of server connectivity is another key factor for traders. Given that trading volumes can increase exponentially at a moment’s notice, exchanges that can sustain the additional user load are viewed more favourably by traders.

Traders indicated a higher preference for prompt customer service this year, while demand for 24/7 support dropped a few notches to fifth place. On the other hand, language availability jumped to the top three this year, even though it was the seventh most sought after feature in last year’s survey.

An exchange’s fee structure also appears to matter more to respondents this year.

Features that tend to matter the least to traders include demo trading, affiliate programs, and chatbots. These are in line with previous year’s survey results as well.
Importance of onboarding guide for users joining a new exchange

We asked traders whether or not they use an exchange’s onboarding guide when starting out for the first time. This year, only 38% of respondents said they refer to an onboarding guide — while the remainder either do not consult the exchange’s documentation or don’t care about it. This is in stark contrast to previous year’s survey — where 70% of all surveyed traders told us that they use an onboarding guide while starting out on a new exchange.

Experienced traders continue to be the most likely to consult an exchange’s onboarding guide. This is because professional traders tend to utilise a wider range of features on crypto exchanges. Features such as margin, fees, and limit orders differ from exchange to exchange and can have a great impact on an advanced trader’s bottom line.
Novice and casual traders tend to be the most active on weekends, as was the case in previous year’s survey findings as well. This could be because investing in crypto simply serves as a hobby to this demographic. Passive traders are the most likely to take a break from trading between Tuesday and Thursday. On average, Tuesdays are also the least productive for traders from all skill groups.

On the other hand, professional and advanced traders stay active throughout the week. Over last year’s survey data, advanced traders showed a preference for trading on Mondays rather than Fridays, though the latter was still the third most popular day of the week.

Given that professional traders own crypto worth thousands of dollars, an active trading regimen is almost necessary given how much the market can move in a single day. Therefore, it’s not surprising that many trade throughout the week.
What type of marketing campaigns have crypto traders participated in?

Exchanges run marketing campaigns throughout the year as a means to boost user growth and engagement. We asked our survey participants to rate some of the most popular marketing campaign types, based on their past participation.

Respondents were asked to rate the preference for each marketing campaign type on a scale of 1–5, with 5 being the best score. Based on the data collected, reduced-fee campaigns were the most popular among traders of all skill levels. With an average score of 3.6, it was most popular among professional traders — perhaps because it makes a significant and direct difference to their profits. Analysts and novices, on the other hand, may extract little benefit due to their low trading volumes.

Referral campaigns were the least liked marketing campaign type this year, with an average score of 3. Three user groups — namely novices, users, and analysts — voted heavily against referral campaigns, while professional traders rated it far more positively. We attribute this to the likelihood of advanced traders introducing their friends and family to the crypto market.

In absolute terms, trading competitions fared the worst among novice traders — earning an aggregate rating of just 2.8. They weren’t exactly favored last year either, with novices rating them even lower at 2.6.

Airdrops, meanwhile, bagged the highest single approval rating — from the analyst user group. Compared to last year’s 3.2 rating among novices though, airdrops weren’t nearly as well-liked this year with an average score of just 3.
Out of the 3,000 respondents asked, Overbit’s 2021 survey data shows that the majority of crypto users have not lost crypto due to a personal error. Only 41.1% of users acknowledged a loss arising from a personal error in this survey, as opposed to the previous year's total of 51.1%.

Further breakdown of the results shows that only 33.6% of novices reported having lost crypto due to a personal error — as compared to previous year’s result of 51.2%. It is perhaps worth concluding that inexperienced users are not more likely to make mistakes while handling crypto — especially since 49.1% of professional investors have lost crypto.

With the rapid development of new custody solutions and awareness of wallet security though, novices in 2021 may be better educated and equipped to deal with the risks of crypto loss.

**Reasons for lost crypto**

- Lost wallet/recover seeds: 34.4%
- Physical theft of wallet: 26.0%
- Sent funds to scammed address: 12.6%
- Sent fund to the wrong address: 24.0%
- Wallet was hacked: 3.0%
Delving deeper into the data, over a third of respondents that have lost crypto blame it on an incorrect address. Given that crypto addresses are long and random alphanumeric strings, it’s not surprising that this is the leading cause of lost crypto. This is perhaps why many in the crypto community have rallied for human-readable addresses, similar to email.

Wallet loss is the next largest culprit, with 26% of respondents permanently losing access to their crypto. Crypto scams are a close third. Nearly 24% of surveyed investors lost a portion of their holdings to scammers.

Hacks and security breaches, meanwhile, were not as commonly reported. Only 12.6% of surveyed individuals have lost their assets to a malicious actor.

On the other hand, exchanges can also cause losses to traders and investors. Since these events are outside the control of the user, we included this as a distinct point in our survey.

Question: Have you ever lost crypto assets due to an exchange's error?

- No
- Yes

We found that a mere 25.3% of traders reported having lost crypto at the hands of an exchange. This is far lower than last year’s findings, when over 35% of respondents told us that they had lost crypto due to an exchange's error.
36.6% of users that have lost their crypto to an exchange error blamed it on a hack or similar event. This means that only 9.2% of our total survey respondents have ever been directly affected by a hack. In fact, a larger percentage of respondents (10.7%) have lost crypto as a result of an unrecoverable wallet or seed.
TRADER
PREFERENCE
(DEVICE)
Many exchanges, including Overbit, offer traders the flexibility to trade from multiple devices — as per their convenience. Whether at a desk or on the go, traders can use Overbit’s robust desktop interface, mobile app, or web application.

To that end, we asked traders what their preferred trading device is — as well as whether or not they use a secondary device from time to time.

Trading device preference (%)

From the above data, it’s evident that traders prefer using either a computer or mobile app to execute their trades. In comparison to previous year’s results though, the popularity of desktop computers for trading has dropped by at least 8%. Mobile applications have become far more popular, on the other hand, gaining 8–9% market share across all trader skill levels.

At 16% though, there’s still a sizable portion of investors that trade directly on the exchange’s website from a mobile web browser. Tablet usage, meanwhile, is far lower — despite the larger form factor. Both these figures are in line with last year’s responses — that use on a tablet is significantly lower than mobile apps and computers.

8.7% of our survey’s respondents acknowledged that they do not use a secondary device for trading. Otherwise, the data looks similar to primary device usage — albeit with a small increase in the number of tablet users.
From this data, we can conclude that smartphone usage for trading activities is on the rise — while preference for traditional computing devices is on the decline. Over 56% of respondents this year said they use a mobile app or website to execute their trades, up 4% over the previous year’s survey.
How do crypto traders typically store their assets?

As we found in a previous section, approximately 9% of respondents have lost some of their crypto to a security breach at an exchange. However, an even larger percentage has lost access to their own wallet — making them personally liable for the loss.

To that end, it’s not surprising that 65.3% of respondents said that they prefer storing their digital assets on a crypto exchange. This shows that despite the small risk of a security breach, many traders still trust exchanges over self-custody — at least for some portion of their portfolios. These numbers are also consistent with last year’s survey data — which found a similar proportion of traders storing their crypto on an exchange.

The next largest category includes users that store their crypto on a mobile app (39.4%). However, given the always-connected nature of mobile devices these days, many respondents also showed a preference for paper and cold wallets. (combined 1011 individuals).
Delving deeper into the data, crypto novices and users appear to be the most willing to store their holdings on an exchange and, to a lesser extent, mobile apps.

Professional cryptocurrency investors, meanwhile, show a clear preference for cold and paper wallets. This may be a direct consequence of the increased risk awareness of third-party custody as well as the desire to hold assets long term.

Novices and crypto users may want to rebalance, increase, or exit their positions often — all of which needs to be done on an exchange. Therefore, storing digital tokens on an exchange is preferable for convenience reasons as well.

Professional traders were the most likely to use multiple storage solutions. The number of wallet types owned by novices is the lowest (1.3 per trader), while advanced traders own the most (1.8 per trader).
TRADER PREFERENCE (ASSET)
Do crypto investors trade other types of assets?

Given the breadth of modern financial markets, we set out to ascertain the preference of traditional assets among crypto investors of various skill levels.

Overbit found that equity is the preferred asset type, with at least 35% of all respondents disclosing a stock purchase over the past year. On a more granular level, crypto users and novices were the most likely to have purchased equity at 37% and 33.6% respectively.

25.2% of the respondents also did not invest in any traditional asset types. This trend was most prevalent among novices — 32% of whom do not have investments outside the crypto market.
On the other end of the spectrum, professional crypto investors have the most diversified investment portfolios. Only 14.6% do not own any traditional assets. While this may seem strange given this trader group’s knowledge level, the diversification may serve as a hedge against trading crypto.

Bonds and real estate were the least picked assets over the past year by traders of all demographics. This trend suggests that crypto investors prefer higher risk, higher reward scenarios.

Bond and real estate markets are both difficult to value and require longer investment horizons — attributes that are often not in common with the digitally savvy investor.
Do crypto traders have a larger risk appetite?

Cryptocurrencies are oft-viewed as somewhat risky investments, especially when compared to traditional assets such as equity. Our survey’s respondents seem to agree with this sentiment as well, with over 88% admitting that digital currency trading is more risky than the stock market.

Next, we asked traders if they believed crypto investing is more profitable than the stock market. The vast majority of respondents (82.3%) agreed, while a noteworthy 12.6% said that both investments can be equally profitable.

The data indicates that investors are far more risk-averse when offered the potential of greater returns.

Question: Which type of trading is more risky?

- Crypto: 88.1%
- Stock market: 11.9%

Question: Which asset is more profitable?

- Both are equally profitable: 5.2%
- Crypto investing: 82.3%
- Stock market investing: 12.6%
What does the average trader consider before making an investment?

Investing and trading involves maximising returns while minimising risk. This requires a thorough analysis of a potential investment’s merits and drawbacks. It’s the effectiveness of this due diligence process that separates novices from successful investors. To that end, we asked our survey’s respondents which due diligence aspects matter the most to them while investing.

News is the primary factor that most traders take into account before making an investment, crypto or otherwise. For equity markets, investors also pay attention to a stock’s earnings (21.8%).

Given that most assets’ prices are almost entirely dictated by the economic principle of supply and demand, 21.4% of traders also take price action into account. Fundamentals and analyst ratings, however, do not appear to be the primary source of concern for the majority of surveyed traders.

1.5% of respondents make their investment decisions in a vacuum, indicating a strong preference for due diligence.
How many traders venture beyond vanilla crypto trading?

Crypto traders almost universally start out by trading fiat-crypto pairs, before potentially moving on to more complex assets such as derivatives. As a leading derivatives, margin, and forex trading platform, Overbit aims to meet the needs of all types of traders.

In this survey, 36% of respondents said they primarily trade crypto derivatives, while 32.8% showed a stronger preference for vanilla crypto-fiat trades. Forex trading also saw a healthy representation at 15.9%, with stock traders trailing at 15.1%.

67.8% of all respondents also told us that they have traded crypto derivatives at some point. In contrast, only 53% of traders acknowledged trading a derivative product. Overbit believes that this trend represents growing acceptance of derivatives trading among crypto investors.

We also asked traders which derivative product they tend to trade the most, among perpetual swaps, futures, swaps, options, contract-for-difference (CFD), and forward contracts.
Perpetual swaps and Futures were tied for first preference among derivative traders at 31.9% each. Swaps followed in third position, while options and CFDs were far less popular. Forward contracts came in the final position, with just 1.8% of respondents trading them the most.

To understand why this trend exists, we also asked traders to rate their knowledge of various derivative products on a scale of 1 to 5.

Novice traders were the least experienced in terms of derivatives. In fact, trader understanding improved in tandem with skill level. While novices indicated an average derivative knowledge of just 1.7, professional traders were far more confident, with a much higher average of 2.9.

From this data, it’s evident that Swaps and Futures are the best understood derivative products. This is also in line with previous year’s results, in which traders rated their knowledge level of Futures the highest, followed by swaps. Forward and CFD derivative products are least understood, and therefore, least traded by traders of all skill levels.
TRADER BEHAVIOUR (CRYPTO INVESTMENTS)
How much crypto are traders adding to their investment portfolios?

A fifth of all respondents (19.8%) indicated that they would allocate over 90% of their portfolios to crypto. This indicates that a healthy proportion of our survey’s respondents have a bullish view on the crypto market and are willing to overlook short-term volatility. They may also believe that the digital currency asset class will outperform equity, commodities, and other potential investments.

Even so, conservative traders take the majority in this instance. 56.6% of surveyed individuals said they would dedicate less than 50% of their investment portfolio to digital currencies.
When sorted by trader experience, it’s clear that novice traders tend to invest a smaller percentage of their wealth in crypto. Over 30% of novice traders keep less than 10% of their portfolios in crypto, while that figure is a paltry 5% for professional traders.

On the other end of the spectrum, many professional traders have gone ‘all in’ on crypto trading. 21.2% of professional investors said that digital currency accounts for at least 90% of their investment portfolio. The sweet spot for this trader demographic, however, is the 50–75% portfolio allocation threshold, which accounts for 26.5% of advanced traders.
How much cryptocurrency (in USD) have traders acquired over the past year?

As the data above indicates, over a third of respondents purchased less than $1,000 worth of cryptocurrency over the past six months.

Analysing these brackets against trader skill level, we obtain a more nuanced view of this data:

![Graph showing investment brackets by skill level]

Data shows that a trader's willingness and likelihood to invest more cryptocurrency increases with experience. Novices accounted for 47.9% of the ‘Less than $500’ category, while professional traders represented 3.1%. Cryptocurrency users, however, are represented across all dollar amounts — with an average of 60.6% in any category.
67% of respondents indicated that they would use a portion of their crypto for margin trading specifically. Among the traders that do trade on margin, the biggest category of users set aside less than 10% of their portfolio for margin trading.

Given that margin allows traders to increase their purchasing power by borrowing additional funds, many seem to believe that a little goes a long way.

6.1% of traders also indicated that they use over 90% of their portfolio for margin trading — to maximise profit. In other words, only a small number of dedicated traders (18%) are willing to use more than half their total crypto portfolio for margin trading.
TRADER BEHAVIOUR (DIGITAL ASSET OWNERSHIP)
Which cryptocurrencies did traders hold over the past year?

![Coin ownership over preceding 12 month period](image)

Bitcoin (BTC) remains king — with 2,508 individuals holding it over the past year. To put that figure into context, over 80% of all survey respondents held Bitcoin at some point in the past year. This is in line with previous year’s survey, in which a similar percentage of respondents acknowledged holding Bitcoin.

Ethereum (ETH) was a close second with 1,963 owners — two-thirds of the survey’s total sample size. For context, around 50% of traders surveyed last year held this crypto.

At the time of publication, Bitcoin, Ethereum, and Binance Coin (BNB) are the top three largest cryptocurrencies by market capitalisation.

DeFi assets Enjin Coin (ENJ) and Uniswap (UNI) also saw modest representation with 14.3% and 9.4% ownership figures respectively. These assets have been gaining popularity in tandem with the DeFi industry’s recent growth.

Dogecoin (DOGE) ownership, however, stands out the most — with 8.4% of respondents owning it over the past year. Indeed, the token has seen tremendous success and attention in recent months — particularly from high profile individuals such as Elon Musk.
Overbit found that a staggering 56.1% of respondents have already purchased some crypto in 2021. In contrast, 10.2% of respondents rated their likelihood of purchasing crypto this year below 5. This indicates strong bullish sentiment among traders, many of whom may believe that prices are still low for many cryptocurrencies on the market.
Tether (USDT) remains the de facto stablecoin, even in 2021. Nearly half of our survey’s sample size held the token over the past twelve months. Binance USD, USD Coin (USDC), and True USD (TUSD) have much smaller adoption rates in comparison.

38% of respondents also did not use a stablecoin in any capacity. Stablecoins offer traders cross-exchange liquidity, so they are also used by advanced traders.
As we alluded to earlier, the Decentralised Finance (DeFi) industry has experienced a surge in development and adoption over the past year. Even so, most traders have yet to own their first DeFi token. A significant portion of our survey's respondents (65.8%) said they did not own a single DeFi asset over the past year.

Of the remaining individuals that did hold some DeFi-related crypto, most traders owned either Uniswap, Chainlink, DAI, or a combination of the three.
Are traders aware of NFTs and do they use them yet?

Like DeFi, NFTs or non-fungible assets, have witnessed a resurgence in popularity alongside the 2021 crypto bull run.

For the uninitiated, NFTs are used to signal ownership of unique assets, akin to a collector owning one-of-a-kind items such as baseball cards and art pieces. In fact, various high-profile art and sports organisations, including the NBA, have issued their own NFTs in 2021.

Even though 61.9% of respondents said they have heard of NFTs, the proportion of individuals who own a digital collectible is far lower. 25.9% of our survey’s total sample size owns one or more NFT.

32.7% of NFT owners dabble with digital collectibles for potential financial gains. Since NFTs are unique and limited in supply, many believe that their rarity will eventually lead to higher prices. Apart from that subset, a sizable portion of our survey’s respondents also use NFTs for either gaming or collectible-related applications.
TRADER BEHAVIOUR (SENTIMENT)
When we asked traders to select the tokens they believe are a safe haven asset, the vast majority picked Bitcoin first. With 2612 votes, the world’s oldest and most valuable cryptocurrency is favoured by over 87% of surveyed individuals.

Traders also seem to believe that Ethereum is too big to fail, with 1968 respondents placing their faith in the smart contract platform. Dogecoin, meanwhile, resurged once again — beating out Uniswap and Chainlink despite having a smaller market cap than either tokens.
In 2021, Do Traders Think The Cryptocurrency Market Is Overvalued Or Undervalued?

A majority of traders (61.2%) reported that Bitcoin’s price exceeded their expectations from a year ago. For reference, the cryptocurrency is currently trading at around $60,000 — three times its 2017 all-time high of approximately $20,000.

7.4% traders believe that Bitcoin’s valuation still has room for improvement — and is, in fact, underperforming based on their expectations.

Investor sentiment: Bitcoin’s price in Q1 2021
We also analysed this data based on trader experience and skill level. 30% of professional traders expected Bitcoin’s price to be at current levels, while 34% are waiting for even higher prices.

However, future price optimism is highest among novices (39.7%) and regular users (43.7%). Indeed, advanced traders that have been active in the cryptocurrency market for 3 years or longer may be wary of an imminent downturn.

Cryptocurrency users — individuals that have held cryptocurrency for 1–2 years — regretted selling their Bitcoin the most (22.2%). These investors may have begun their trading journey in the aftermath of the previous bull run.

Do you think Ethereum 2.0’s mainnet launch will affect prices?

Given Ethereum’s popularity, we also asked traders if they believed ETH 2.0’s launch will affect the cryptocurrency’s price. Ethereum 2.0 is a long-awaited upgrade that aims to improve the blockchain’s transaction throughput and reduce fees across the board.

59.1% of surveyed individuals were convinced that Ethereum 2.0 will lead to higher prices. In contrast, 27.3% responded negatively, and 6.6% expressed uncertainty.
How do traders view large institutional investments in cryptocurrency?

Institutional investors and corporate firms, including MicroStrategy, Tesla and Grayscale, have been aggressively increasing their stake in the cryptocurrency market over the past few years.

Overbit found that a significant proportion of surveyed traders (47.8%) believe that this large-scale investment legitimises Bitcoin as a currency. An additional 33.7% are optimistic that institutional investors will either allow Bitcoin to be used as a hedging tool or reduce its volatility overall.

8.1% of respondents also view institutional involvement in bad light, believing that retail investors will miss out at the behest of larger traders. Indeed, many retail investors trade with much lower quantities of cryptocurrency. This disparity would theoretically make it possible for larger stakeholders to single-handedly move markets by applying unprecedented buying or selling pressure within a short period of time.
TRADER BEHAVIOUR (DUE DILIGENCE)
Where do you usually receive your Crypto insights and news from?

- YouTube influencers: 1281
- Crypto Exchange specific sites: 1275
- Twitter influencers: 1207
- Telegram chats: 818
- Medium: 435
- Forex sites: 325
- Bitcointalk: 248
- Reddit: 211
- Steemit: 164
- Quora: 107

We asked traders which sources they typically source their crypto news and insights from. 42.7% of respondents said that they rely on YouTube influencers — making it the most prominent information source. Exchange-backed news websites came in second place with a similar proportion of traders relying on them.
Given the prominence of social media platforms in this list, we also asked traders which social trading platforms they follow.

Novices were the least likely to follow social trading platforms, while the majority of professional cryptocurrency traders are active on at least one.

Twitter is a prominent source of information for traders of all skill levels, while Telegram is a close second for advanced traders. While the popularity of the latter hasn’t changed much year-over-year, 33.3% traders acknowledged using Twitter this year compared to previous survey’s 23% — a jump of 10%.

Novice traders, meanwhile, choose to follow cryptocurrency-related personalities, businesses, and news aggregators on Facebook and Instagram instead.
What news categories do cryptocurrency traders typically look for?

Traders place a heavy emphasis on developments in the cryptocurrency and blockchain space (combined 41.3% of all responses), as well as price movement-related news (25.7%).

Interviews with key thought leaders are far less appealing to traders, accounting for just 6.1% of the total responses. A larger proportion of traders track cryptocurrency-related gossip (10%).

Many popular decentralised cryptocurrencies, including Bitcoin, do not have a single personality that can influence prices or the asset’s fundamentals. Traders are, therefore, much more likely to pay attention to factors that contribute to an asset’s performance, including technical upgrades, adoption, or malicious attacks.
How often do traders seek crypto-related news?

The majority of active cryptocurrency traders pay attention to the industry everyday. Over 95% of novices keep tabs on the market from time to time. Meanwhile, almost 99% of users and professional traders read cryptocurrency news once a week at minimum.

Given the cryptocurrency market’s reliance on trader sentiment, it’s not surprising that 72.6% of professional traders keep up with the news daily. In contrast, cryptocurrency users and novices with a longer investment horizon are less motivated to read the news every single day.
What trading strategies do investors typically use?

We asked traders which of the following trading strategies they employ:

**Fundamental analysis** - analysis of a cryptocurrency’s whitepaper, economic theory, and team.

**Technical analysis** - analysis methodology for forecasting the direction of prices through the study of past market data such as price and volume.

**Sentiment analysis** - analysis of social conversations (online & offline) and determine deeper context.

The vast majority of surveyed individuals (69.7%) use technical analysis to predict the profitability and viability of their trades. In contrast, a mere 20.4% of respondents use sentiment analysis as part of their trading strategy.

This trend was consistently represented across all skill levels — traders favoured the three strategies almost equally.
TRADER BEHAVIOUR (PANDEMIC)
55.8% of all traders surveyed told Overbit that the COVID-19 pandemic had increased their risk appetite. In March 2020, the cryptocurrency market found its bottom — alongside most other asset classes. However, it has since made a dramatic turnaround and has surpassed the $2 trillion benchmark as of April 2021.

An interesting point to note here is that a much larger proportion of professional traders (66.3%) said their trading habits accommodated more risk. In contrast, 53.5% of cryptocurrency users said they had engaged in riskier trading since the pandemic began.
24.9% of traders told Overbit that they trade at least one hour more per day in the aftermath of the pandemic. Another quarter of our survey’s respondent base said they trade an additional one to three hours a day.

An interesting observation we made is that novice traders are far more likely to trade ‘all the time’ on a mobile phone, even compared to professional traders. However, 20.3% of advanced traders said they trade over five hours everyday. This indicates that professional traders make larger and more impactful trades during certain times, as opposed to smaller trades over the course of the day.

The majority of novices claimed to either trade an additional hour or stay engaged throughout the day — combined 60.9%. A mere 5.7% of novice traders said that they trade an additional 5+ hours every single day.
Why did traders start trading more during the pandemic?

Among the traders that acknowledged trading more frequently during the pandemic, a staggering 51.4% did so because they believe that cryptocurrency is the future.

Cryptocurrency users and investors were the most optimistic in this regard, but a healthy proportion of novice traders agreed too (47.7%). Researchers and analysts form the only group that doesn’t favour cryptocurrency as the future of money, with 32.6% in agreement.

Belief in decentralisation and privacy were also cited as major reasons for trading more often. Given that these concepts are a bit more abstract and advanced, professional traders picked this reason more than any other skill group. Novice traders, at 5% lower, weren’t as motivated by decentralisation.

Boredom and Fear of Missing Out (FOMO) accounted for the least number of responses across all skill levels. This indicates that a greater number of traders are starting to realise the merits of cryptocurrency and blockchain technology — and are no longer viewing them as a lucrative investment scheme.
This survey was carried out between 17th March to 31st March 2021 by Overbit, a bitcoin derivatives trading platform with a range of markets within cryptos, Forex, and metals. If you have any questions regarding methodology or would like to know more, please contact support@overbit.com.