



2022 Geography of Cryptocurrency Report

Analysis of Geographic Trends in Cryptocurrency Transactions (Received & Deposits)

July 2022

Guy Gnakpa

Satoshi Nakamoto once said, “A lot of people automatically dismiss e-currency as a lost cause because of all the companies that failed since the 1990’s. I hope it’s obvious it was the only the centrally controlled nature of those systems that doomed them. I think this is the first time we’re trying a decentralized, non-trust-based system.” More specifically, 2020-2021 showcased Satoshi’s vision and the possibility of cryptocurrency and its adoption for multiple use cases. The adoption of DLT can be observed throughout the world, from smallest sub-region of Micronesia to the sub-region of Northern America. For more understanding, a statistical analysis was conducted with on-chain data (received and deposited transactions). The report of this analysis will highlight the following questions; which top 5 sub-regions have received and deposited the most transactions during 2019 – 2022? More specifically, which top nation are these transactions originating from? Further, the analysis will highlight which top 2 sub-regions show the lowest volume of deposits and which countries contribute to this metric? We will also observe which sub-region display most distributed volume of received transactions and what may be the reasons for it. Lastly, there will be further reporting on few catalysts that contributed to the enormous growth of cryptocurrency.

Eastern Asia, Northern America, Eastern Europe, Latin America and the Caribbean as well as Western Europe make up the top 5 sub-regions with the largest total received funds. The order of the sub-regions resembles their ranks. Together they make up \$17,575,237,887,498.85, which is 59.43% of the total received funds from all sub-regions. The largest volume of received funds are originating from the United States, worth approximately \$3.07 trillion. Similarly, these 5 sub-regions except, Western Europe (replaced with South-eastern Asia), contribute the largest volume of deposits. They account for \$1,490,025,886.65 of all deposits within all sub-regions. The value represents 58.51% of all deposits. On the opposite end of the spectrum, Polynesia and Micronesia are the two sub-regions with the lowest volume of deposits. French Polynesia and Guam together accrue for ~\$611,924 worth of deposits.

The sub-region of Latin America and the Caribbean is the 4th largest sub-region based on its volume of received funds. More importantly, the sub-region displays a volume that is more evenly distributed among all countries compare to other sub-regions in the selected top 5. Among all 30+ nations, Argentina and Brazil are responsible for majority of the received transactions in the region, which account for a total of approximately 1.53 trillion dollars. It is no surprise Latin America ranks 4th as many of these nations utilize cryptocurrency to transact internationally for remittance and other commercial use cases. Aside from El Salvador adopting Bitcoin as a legal tender, the sub-region accounts for \$134 billion in remittance according to Statista.

The primary catalyst for the increase in cryptocurrency transactions is the quantitative easing (QE) implemented by all central governments world-wide to mitigate the economic downturn during COVID. The second catalyst is the injection of capital via DeFi from institutional participants. According to Chainalysis’ DeFi report, majority of trades originated from professional (\$10k-\$1M) participants. Lastly, P2P played a pivotal part in the increase of transactions. Emerging nations with less CEX optionality, gravitated towards small peer-to-peer platforms to participate as they may have experienced currency devaluation in their nation.

The beauty of DLT is the immutable ledger allowing some transparency and access. With more time, I would’ve love to learn more about 1) the nature of transactions 2) the level of risks associated with the countries that are responsible for majority of the flow of transactions 3) A model to understand and forecast the significance of deposits in emerging sub-regions in 5yrs.