

# Are Cryptos Different? Evidence from Retail Trading\*

Shimon Kogan<sup>†</sup>  
Reichman University  
and Wharton

Igor Makarov<sup>‡</sup>  
LSE

Marina Niessner<sup>§</sup>  
Indiana

Antoinette Schoar<sup>¶</sup>  
MIT

December 3, 2023

## Abstract

Trading in cryptocurrencies grew rapidly over the last decade, dominated by retail investors. Using data from eToro, we show that retail traders are contrarian in stocks and gold, yet the same traders follow a momentum-like strategy in cryptocurrencies. The differences are not explained by individual characteristics, investor composition, inattention, differences in fees, or preference for lottery-like assets. We conjecture that retail investors have a model where cryptocurrency price changes affect the likelihood of future widespread adoption, which leads them to further update their price expectations in the same direction.

**Keywords:** Cryptocurrencies, FinTech, Retail trading, Social finance

**JEL Codes:** G41, G12, G14

---

\*We thank John Campbell (discussant), Kent Daniel (discussant), Xing Huang, Edna Lopez Avila, Marco Di Maggio (discussant), Will Mullins, Cameron Peng, Lin Peng (discussant), Alessandro Previtero, Ville Rentala (discussant), Marco Sammon (discussant), Donghwa Shin (discussant), and Aleh Tsyvinski (discussant) for many valuable suggestions. We thank seminar and conference participants at University of Illinois at Urbana-Champaign, University of North Carolina, NBER Big Data and Securities Markets, Villanova University, FSU Truist Beach Conference, University of Toronto (Rotman), NBER Behavioral Spring Meeting, Adam Smith Workshop, NBER Asset Pricing Summer Institute, Helsinki Finance Summit, Red Rock Finance Conference, Philadelphia Fed Digital Currency Conference, AI Big Data in Finance Research Forum, and the U.S. Securities and Exchange Commission for many helpful comments. We acknowledge support from the 2023 INQUIRE Europe Research Grant. We thank eToro for graciously providing their data. All remaining errors are our own.

<sup>†</sup>Arison School of Business, Reichman University, and the Wharton School. Email: [skogan@wharton.upenn.edu](mailto:skogan@wharton.upenn.edu)

<sup>‡</sup>London School of Economics. Email: [i.makarov@lse.ac.uk](mailto:i.makarov@lse.ac.uk)

<sup>§</sup>Indiana University - Kelley School of Business. Email: [mniessne@iu.edu](mailto:mniessne@iu.edu)

<sup>¶</sup>Sloan School of Management, MIT. Email: [aschoar@mit.edu](mailto:aschoar@mit.edu)