

Sharing the Wealth: Accessible Cryptocurrency Trading

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Here's how Coinbase disrupted the financial world and helped ignite a global cryptocurrency trading frenzy.

by Insigniam

Can't tell a Dogecoin from a unit of Ethereum? You're not alone. While 46 million Americans own at least a share of Bitcoin, 33% of cryptocurrency investors say they know little to nothing about other virtual forms of payment, even as more new investors are drawn to cryptocurrency trading with each passing day.

The first port of call for many retail investors lately is a revolutionary cryptocurrency trading platform called [Coinbase](#)—a website and mobile app that allows investors to buy, sell, and price dozens of cryptocurrency variants. Coinbase is currently enjoying something of a watershed moment following its recent [\\$86 billion valuation](#).

Founded in 2012 by Brian Armstrong, a 27-year-old former Airbnb engineer, the platform was designed as a universal, cost-effective alternative to convoluted, country-specific payment-processing networks.

“Getting into cryptocurrencies can be very daunting,” says Chris Davis, investing and retirement specialist at NerdWallet. “You have to manage your own wallet, protect and store private keys, understand complex cryptocurrency trading platforms ... and if you mess up somewhere along the way, for the most part, you're on your own.”

Coinbase changes all of this, functioning like a virtual stock brokerage for over 56 million crypto traders worldwide. The foundation to Coinbase's monumental success may lie in its ability to simplify complex technologies, its continued focus on reinvention and an unwavering commitment to putting user experience first.

“Coinbase can best be described as an onramp to cryptocurrency,” Davis says. “It's also brought traditional financial services and strategies to the world of crypto, such as automated recurring investments and coins that earn interest.”

By attracting investors through these expanded offerings, Coinbase has been able to overcome commoditization by leveraging key elements of differentiation, such as ease of access, making data easier to visualize, and employing other brands to promote usage and uptake.

“Coinbase isn't just one of the first trading platforms to purchase or manage cryptocurrencies and keep track of pricing trends,” says Chris Zimmerman, senior analyst with market research firm FutureProof Strategies. “It's also one of the first to have partnered with popular retailers, travel providers and media networks to make it possible to pay for goods using these virtual currencies and help popularize their adoption.”

Case in point: Coinbase recently introduced partnerships with Apple and Google to help facilitate mobile payments, and a [Visa debit card program](#) for real-world purchases. This innovation allows users to easily transfer cryptocurrencies between differing virtual coins and earn interest on these investments.

Buoyed by the cryptocurrency market's flirting with a [record-high \\$2 trillion valuation](#), and expected [30% compound annual growth rate through 2026](#), Coinbase's awareness and adoption only appear poised to further soar going forward. And therein lies perhaps the ultimate secret to Coinbase's success: The company's ability to make new cryptocurrency trading technology more approachable and deliver winning customer experiences, coupled with an ever-evolving technology platform that provides growing access to business insights and intelligence.

Nonetheless, the road ahead is not without challenges. For example, critics note that there are other ways to invest in the medium, with 40% of Coinbase users also trading on PayPal or Square's Cash app. As a result, Coinbase's fees and overall industry pricing may face pressure to come down. A recent survey by Mizuho—Japan's third-largest financial services company—notes that fees are the second-most-important factor users consider in a trading platform, after security. Faced with growing competition, Coinbase is also being forced to reinvent itself and further innovate. The company recently debuted Coinbase Ventures, an early-stage venture capital fund aimed at expanding the firm's capabilities and resources by investing in blockchain and cryptocurrency firms up and down the industry value chain.

Yet what hasn't killed the company appears to have made it stronger. In recent months, Coinbase's impact and influence have rapidly expanded far beyond the general democratization of cryptocurrency trading. Like any successful investor with a forward-looking focus, it has also purposefully diversified its portfolio to expand its capabilities: hedge against impending uncertainty and grow its overall market impact.

Coinbase now has its hand in myriad future-focused ventures; these include technology-based solutions for everything from maintaining tax compliance to borrowing of cryptocurrencies using real-world assets. However, at least for now, its first value proposition—the ability to make cryptocurrency trading accessible to any and all individuals—remains its most profitable and pronounced.

“Coinbase is largely a case study in the value of providing a superior customer experience, adopting an evolving business model and using content marketing to attract an audience beyond early technology adopters,” Zimmerman says. “A primary lesson that business leaders might take from it is the importance of making new technology—no matter how advanced—more approachable and human.”

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