

Xangle Research

Crypto Asset Market : Russia in 2020

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Russia is one of the key markets for crypto

Thank you for accessing/reading our report. This report follows our previous reports on the Japanese Crypto Markets: please find them on Xangle.io if you have not done so already.

This industry has come a long way since the ICO Boom of 2017.

Countries, governments, and incumbent industries are now taking blockchain more seriously.

New regulations & policies are drafted every month, and lots of studies are under way (CDBC's too).

We know that all eyes have been on DeFi lately, but we are going to take a step back from this mania to check on the progress of one of the biggest crypto markets: Russia.

Unfortunately, despite high expectations, information on Russian market conditions are not very easy to find. There is a general understanding that mining/trading is very active in the CIS regions, but not much else is known about its climate (crypto).

We hope that this report helps shed a little more light in understanding what is happening in Russia. For more information, feedback, or questions, please email research@Xangle.io.

Russia's crypto industry is still growing despite regulatory setbacks

Exchanges, mining businesses, and fiat-on-ramp services are thriving based on high demand.

Regulation Under Way

No clarity about regulations
(on/about the crypto industry)

- Started with a ban on crypto.
- On July 2020, the Russian government acknowledged digital assets through its first bill: <On Digital Financial Assets>, to be in effect from January 1st, 2021.
- The first bill provides a legal definition, but detailed regulatory coverage of blockchain, cryptocurrencies, and ICOs are still not yet finalized.

Source : CoinTelegraph

Strong market demand

High demand for mining & trading

• Mining:

Russia owns the 3rd biggest BTC mining power (hashrate) in the world: 6.9% comes from Russia as of April 2020, according to Cbeci.org.

• Trading:

Demand for crypto trading is high, as can be witnessed from the slides that come later in this report.

Source : Cbeci.org

Crypto Service Players

A key market for many service providers

- Exchanges are expanding into the Russia market.































































- Fiat-on-ramp businesses are booming as well.



- Mining pools, equipment manufacturers expanding into the Russian market.

Large portion of the traffic to major crypto exchanges come from Russia































#1 source of Traffic on Binance. Top #5 source of traffic for Huobi, Bitfinex, and Bittrex.

Exchange										
Total Visits	23.42M	19.01M	3.95M	3.41M	2.57M	2.15M	1.86M	1.8M	1.67M	1.26M
#1	 7.73%									
#2					 8.49%	 8.19%				
#3										
#4										
#5								 4.07%		

*Note: List of top 10 exchanges according to CoinMarketCap as of July 18
Source: Similar Web

Crypto derivatives exchanges* are also very popular in Russia

#2 source of traffic on Bitmex, and #5 for Deribit.

Exchange	 BitMEX	 bybit	 FTX	 Deribit	 Phemex
Total Visits	7M	1.85M	0.85M	0.53M	0.33M
#1					
#2	 6.90%				
#3					
#4					
#5				 5.51%	

* Note: Top 3 volume for crypto derivatives comes from OKEx, Huobi and Binance but they were not included because they also offer other services such as spot trading. Traffic from Russia for all of these exchanges in in top 5
Source: Similar Web

Obviously, exchanges with \$RUB fiat-on-ramp have high Russian traffic

Following exchanges offer Russian Rubles (\$RUB) as a fiat-on-ramp: #1 source of Traffic on Binance, and #2 on OKEx.

Exchange	 BINANCE	 OKEX	 P2P b2b	 KuCoin	 Huobi	 EXMO	 bithumb GLOBAL	 CEX.IO	 CoinEx	 LATOKEN
Total Visits	23.42M	6.30M	3.32M	1.96M	1.8M	1.48M	1.12M	0.6M	0.49M	0.271M
#1	 7.73%					 60.27%				
#2		 9.8%						 9.65%		 9.67%
#3				 5.67%						
#4			 3.38%							
#5					 4.07%		 6.46%			

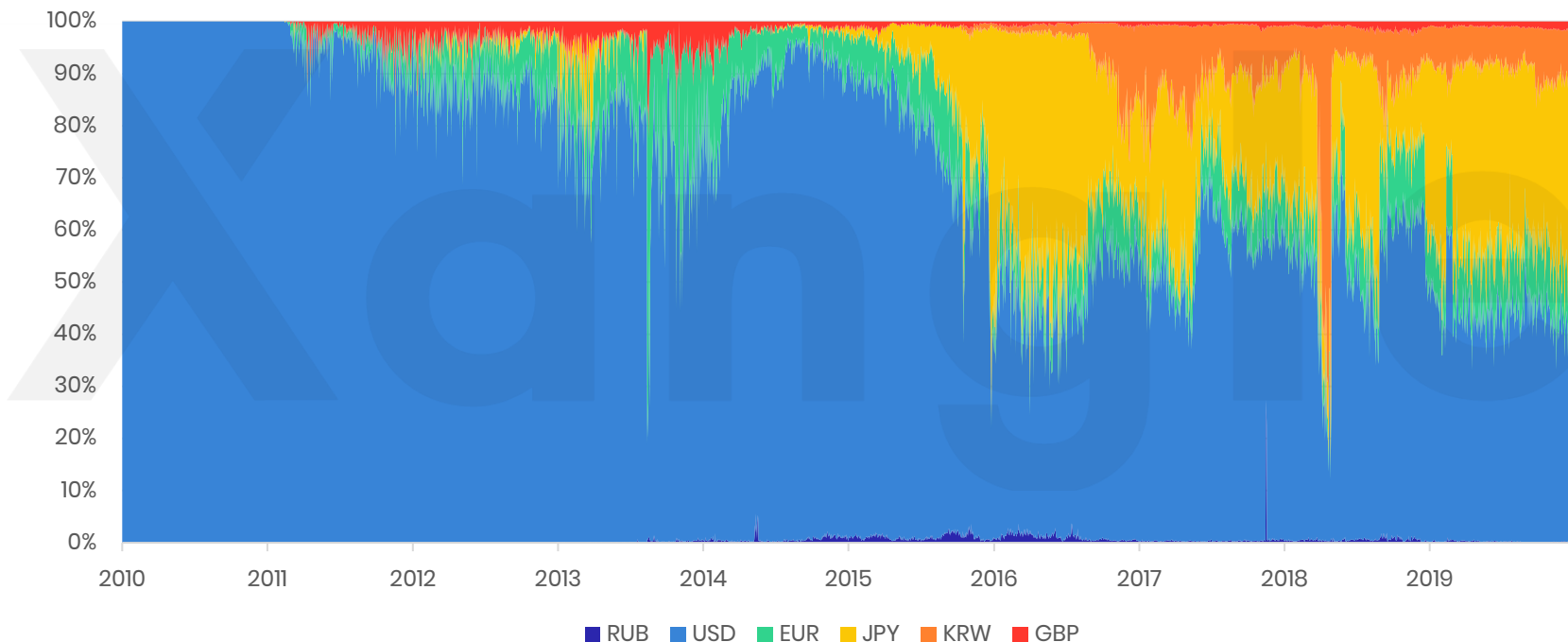
Note: List of top 10 exchanges, with direct RUB fiat on-ramp, according to CoinMarketCap as of July 18

Source: SimilarWeb

Despite popularity of \$RUB as fiat-on-ramp, it is not actively used in trading

Exchange \$RUB market share is less than 0.3%. After onboarding crypto through \$RUB, users seem to divert to other base pairs.

BTC-fiat trading market share (Per fiat, on exchanges)



Source : Cryptocompare

Still, fiat-on-ramp plays a crucial role as a gateway to crypto

Three main ways of fiat on-ramp: P2P Exchanges, Traditional Methods and others.

P2P Exchanges

The logo for Paxful, featuring the word "PAXFUL" in a bold, sans-serif font. The "X" is stylized with a blue diagonal line through it.

Users can exchange assets between individuals without the involvement of a central authority.

Traditional Finance

The logo for Genesis, featuring the word "Genesis" in a large, bold, black, sans-serif font.

- Direct Bank Transfers
- OTC Desks
- Fiat Gateways

Others




Other methods include:
Bitcoin ATMs, Mining, Crypto as salary or payments, Etc.

They provide easier on-ramps and spending for crypto assets

Bridging the gap between old finance and crypto: here are major players that offer \$RUB support.


Simplex



- Head Quarter: Israel 
- Fees: 0-5% (minimum \$10)
- Payment Methods:
VISA/MasterCard
- Services:
Payments processing


Banxa



- Head Quarter: Australia 
- Fees: 0 or 1.99% depending on the method
- Payment Methods:
VISA/MasterCard, SEPA, iDEAL and Fast Payments
- Services:
Payments processing


ADVcash



- Head Quarter: Gibraltar 
- Fees: 0.5-6% depending on the method
- Payment Methods:
SEPA, Visa/MasterCard, Mir, Yandex.money, QIWI
- Services:
Payment platform - payments processing, prepaid cards

Mercuryo

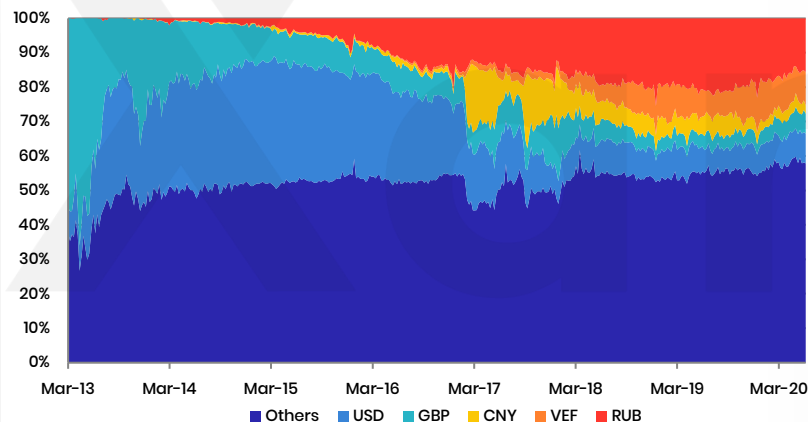


- Head Quarter: Estonia 
- Fees: 2.95-3.95%
- Payment Methods:
VISA/MasterCard
- Services:
Crypto Wallet, Prepaid cards, payments processing

LocalBitcoins, a top P2P exchange, is a large \$RUB on-ramp provider

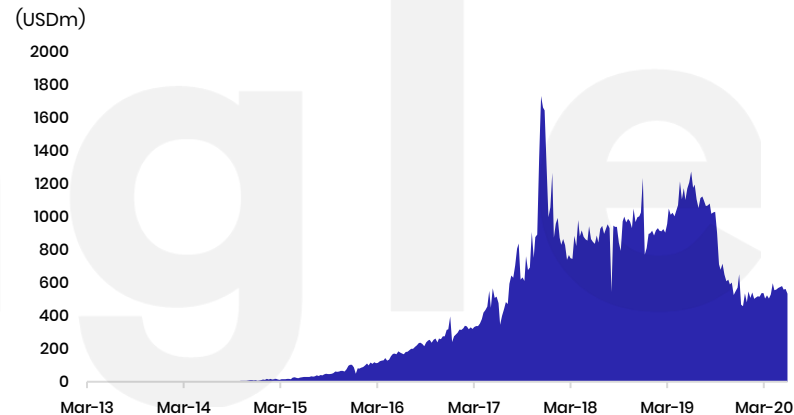
Other P2P exchanges with \$RUB support also report large volumes.

LocalBitcoins market share per fiat currency



Source : Coin.dance

LocalBitcoins trading volume for \$RUB























Source : Coin.dance

Other exchanges are actively adding \$RUB fiat-on-ramp support as well

On-ramp services integrate with exchanges to acquire crypto assets and tap their users.

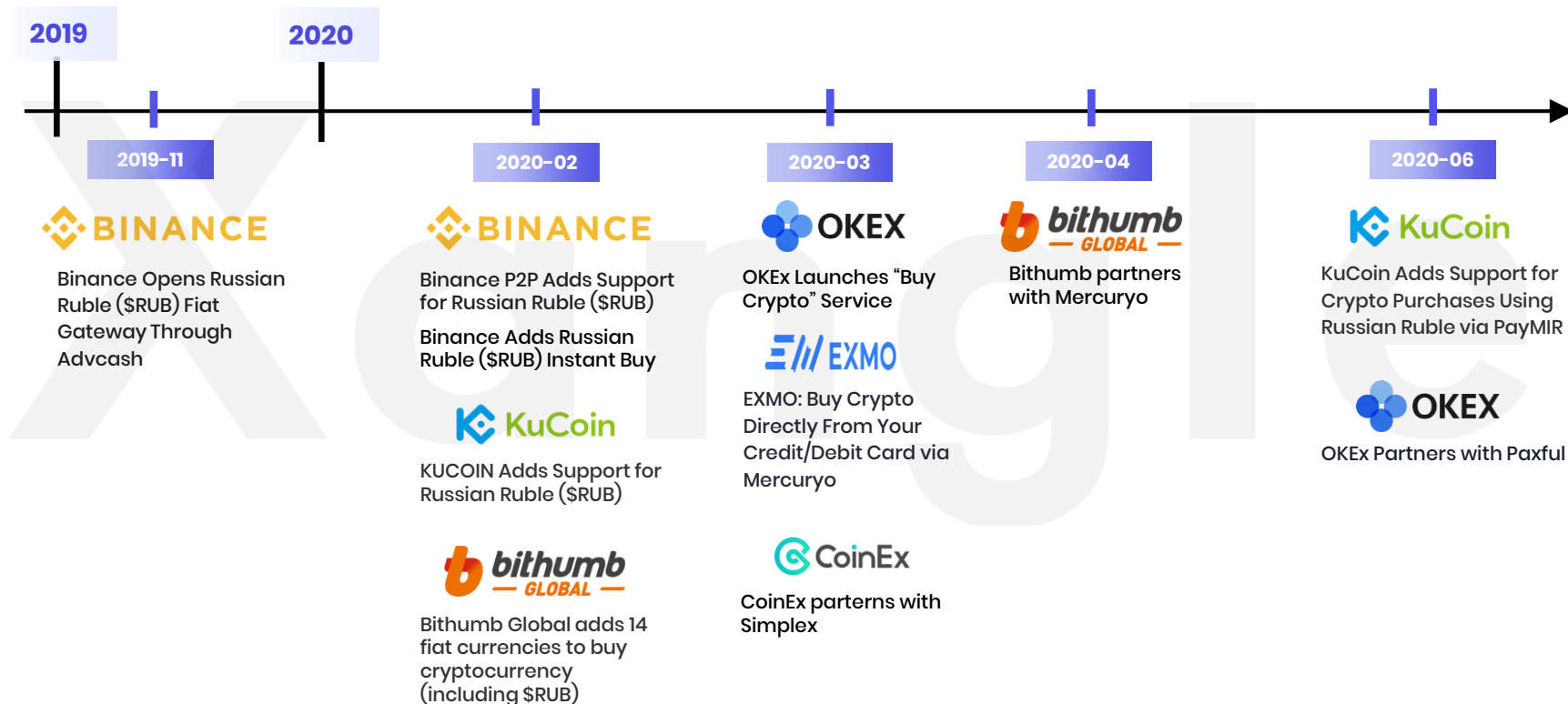
Exchanges can use these services as 3rd party on-ramps without worrying about making their own on-ramp.

Following is a list of \$RUB-supporting on-ramp services & exchanges that integrated their services.

	 BINANCE	 OKEX	 LATOKEN	 KuCoin	 bithumb GLOBAL	 EXMO	 P2PB2B	 CoinEx	 Huobi	 CEX.IO
 simplex	○	○	○	○	○		○	○	○	
 BANXA	○	○	○	○	○					
 advcash	○		○		○					
 	○									○
 mercuryo	○	○	○		○	○				
P2P exchange	○								○	
 QIWI Kowunek						○				○
Yandex Money						○				
 PayMIR				○						
PAYEER	○									
PAXFUL		○								
 Openmonet			○							
 NETEX ²⁴			○							

Here's a history of major events including exchange/on-ramp partnerships

Starting from late 2019, crypto exchanges have been adding more options to support direct crypto purchases in \$RUB.



Regulations will decide where Russia's crypto industry is headed

Here's 3 rough scenarios we can consider. Only time will tell where Russia stands.

Crypto-friendly

Progressive, sometimes aggressive approaches to help the crypto industry grow.



Malta

Belarus

Switzerland

Singapore

Regulated

Regulated, but without strict oversight besides individual investor protection mechanisms.



The United States

Highly Regulated

Multi-dimensional regulations firing on all cylinders: issuance, trading, custody, taxation and more.



Japan



Korea



China

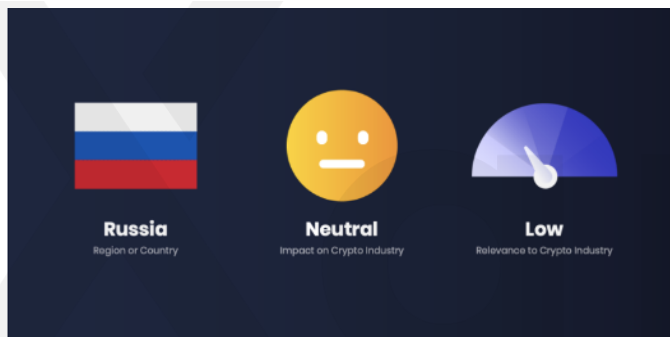
[Click here for Xangle Market Watch](#)

Current regulation landscape

In hindsight, regulation worries lots of investors. We believe that it provides more clarity & creates new opportunities.

Xangle Market Watch :

Vladimir Putin signs a bill that gives crypto a legal status



The law gives a definition to digital currency, stating that "it is recognized as an aggregate of electronic data capable of being accepted as the payment means, not being the monetary unit of the Russian Federation or a foreign state, and as investments".

These currencies can't be used as a means of payment for any goods and services. The law will come into force on Jan 1st, 2021

Russia's Sberbank Considers Launching Its Own Stablecoin

The news came soon after Russia's president, Vladimir Putin, officially signed Russia's DFA bill into law on July 31.

🌱 Sberbank, the largest bank in Russia said that they are considering launching their own stablecoin.

Sergey Popov, director of transaction business at Sberbank said that "We probably may issue a stablecoin on the basis of the law that has been adopted recently. As we can peg this stablecoin to the ruble, this token could become a basis or an instrument for settlements involving other digital financial assets"

Popov reportedly noted that Sberbank would be able to issue the token in accordance with the recently passed crypto law called "On Digital Financial Assets," or DFA.

Changpeng Zhao: CEO of Binance

"Russia is our key market, one of the most active markets in the global blockchain space."

Coindesk, October 30th, 2019

Vladimir Putin: President of Russia

"Central Bank of the Russian Federation considers cryptocurrency neither a means of payment nor a store of value. Cryptocurrency is not backed by anything. One should treat it cautiously, carefully."

Cointelegraph, July 30th, 2018

**Kevin Beardsley:
Head of business development at Kraken Futures**

"Russia is the most under-appreciated market in crypto today... The conversation is dominated by the U.S. and China, probably a bit less Japan and Korea. Even [though] Russia is objectively a leader in the infrastructure building and has a large community, it gets relatively little coverage."

Cointelegraph, Jan 14th, 2020

Javier Sim: Co-founder of Bithumb Global

"Russia is one of the largest economies in the world and an important investment market. Many Russian bitcoin investors have been working on the cryptocurrency market since the first years of its existence. Therefore, Russia has become one of the first countries where we begin our global expansion."

Neuronix, October 22nd, 2019

Herman Gref: CEO of Sberbank

"We are developing and are experimenting with technology. I see that, in particular, in the financial sector and in public administration this technology has great prospects,"

Bitcoin.com, October 23rd, 2018

**Anton Kozlov:
Manager for the Russian market at Paxful**

"...The sentiment we get is that Russians are increasingly looking to find alternative ways to grow their earnings and participate in the financial market. Bitcoin within the P2P context allows them much more freedom to do so – and our data is proving it."

Bitcoin.com, July 31st, 2020

Thank you.

Disclaimer: This report comes from Xangle, a leading crypto platform. Information on Xangle is sourced directly from the projects or through the Xangle Research team. While we have taken all reasonable care to ensure its reliability, we do not fully guarantee its accuracy or completeness.