# Liquidity Flywheel Drives **Binance** to 300 Million Users

IN PARTNERSHIP WITH:

**BINANCE**

RESEARCHED BY:

**Kaiko**

# Overview

Binance reached 300 million registered accounts in December 2025, eight years after launching. In 2017, when exchanges struggled with user interfaces and frequent outages, Binance won early users by delivering a reliable matching engine, a simple interface, and fast listings. That combination attracted flow when others were constrained, and liquidity accumulated as a consequence. Once books thickened, the familiar flywheel emerged, tighter spreads lowered execution costs, more participation followed, and depth compounded, but it began with execution reliability and usability rather than a guaranteed blueprint for liquidity dominance.

On December 1, 2025, Binance's spot platform handled $20 billion across 61.9 million trades in 449 assets spanning 1,630 trading pairs. Its BTC-USDT order book maintained solid depth with $16 million on the bid side and $26 million offered within 1% of the midprice at $96,624. Tens of millions of dollars sat within tight bands during normal hours, supporting retail clips and
systematic strategies with minimal impact. These conditions explain adoption at scale.

 This report examines how Binance constructed those conditions through product design, quote currency choices, and infrastructure investments that compounded with each market cycle. It analyzes current order book quality using snapshot data from early December, contextualizes that quality against 100 days of volume and volatility, and identifies the structural advantages that allowed liquidity to persist through deleveraging episodes that fragmented liquidity on other platforms, creating thin books and imbalances.

Researched by: Kaiko Research

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# Binance: The Journey So Far

Binance's early years were marked by a simple market truth: liquidity follows flow. In 2017 and 2018, the exchange reduced barriers for a global retail audience by centering its markets on stablecoin quotes and by listing assets quickly.

## Total Listed Pairs Across Centralized Exchanges
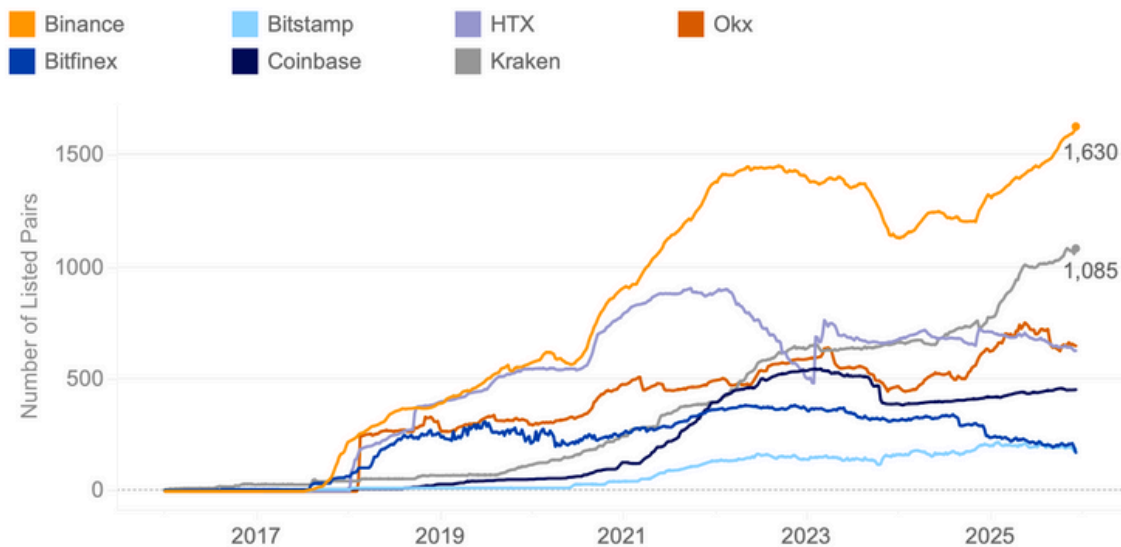


Volumes climbed rapidly with Binance surpassing competitors by early 2018, following its July 2017 launch. The increased trading produced deeper books on the most active pairs, which improved execution and attracted more flow, a liquidity flywheel of sorts. While market structure in that era was fragmented, with sizable cross-exchange gaps during volatility, Binance's growing turnover compressed those gaps faster and for longer stretches each day.

Volumes increased materially in 2019-2020 as spot turnover grew alongside perpetual futures markets. Hedging flows from perpetual positions concentrated in liquid spot books, making quotes more durable during directional moves. Market makers operating across spot and derivatives managed inventory more efficiently, enabling tighter spreads.
As turnover rose, structural market quality improved. Spreads compressed on core pairs (BTC-USDT, ETH-USDT), order books replenished quickly after large prints, and realized execution costs fell relative to earlier cycles.

The 2020-2021 bull cycle tested throughput and liquidity durability. Volumes and trade counts surged by multiples, yet spreads on Binance's core pairs remained at or near one tick most hours, reflecting both matching engine capacity and professionalized market making.

The 2022-2023 period brought deleveraging, policy uncertainty, and regional access restrictions. Binance faced regulatory scrutiny and banking corridor closures, shifting turnover composition but preserving structural liquidity advantages.

Liquidity quality rebounded quickly after shocks. Spreads reverted to minimal increments within hours and depth returned to multimillion-dollar levels within days, reflecting a more resilient ecosystem with better-capitalized market makers.

## BTC-USDT Centralized Exchange Market Depth
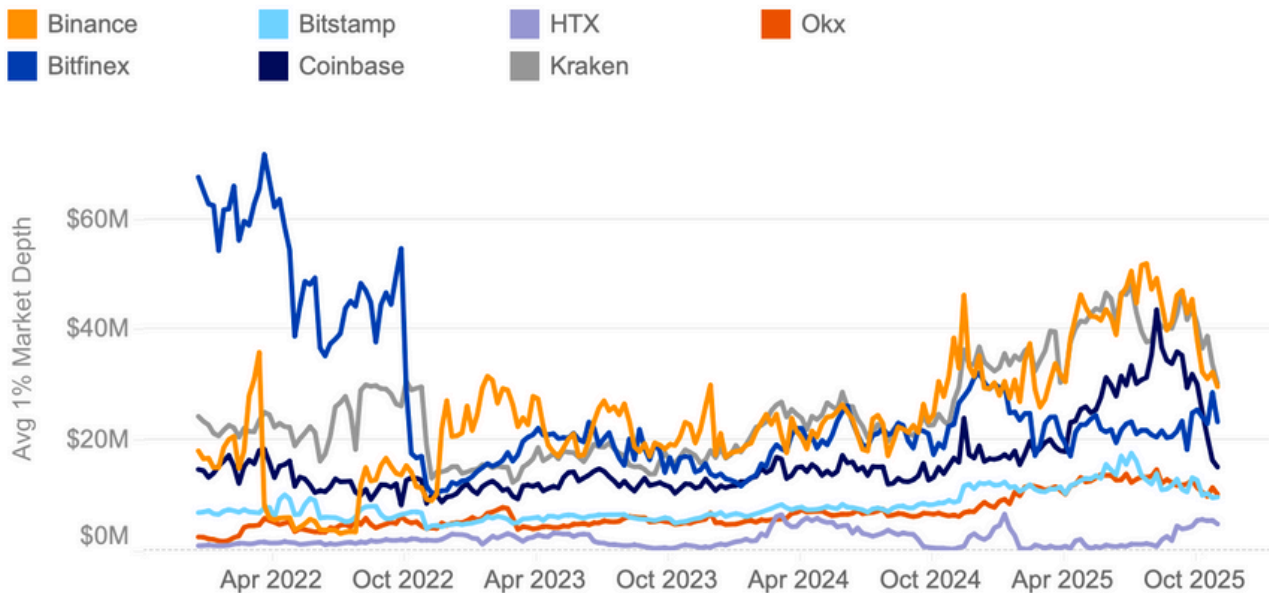


This resilience stems from two structural shifts that begin in mid-2023. First, the January 2024 approval of the Bitcoin spot ETFs which brought institutional capital and professional market makers into the liquidity layer.

Second, Europe's MiCA regulation took effect June 30, 2024, standardizing rules across member states and clarifying compliance obligations that had constrained capital deployment. This combination produced measurably faster recovery from shocks, spreads that took weeks to normalize in early 2023 now reverted within hours by late 2024, supported by better-capitalized participants operating under clearer regulatory frameworks.

Stablecoin composition diversified. While USDT remained dominant, FDUSD and USDC grew as alternatives, reducing issuer-specific risk without fragmenting liquidity.

By late 2024 through 2025, Binance consolidated its role as the primary venue for USDT pair price discovery. The December 1, 2025 snapshot shows Binance processed $20 billion over 61.9 million trades (average below $1,000), Coinbase handled $3.6 billion across 6.2 million trades (larger tickets), and OKX recorded $3 billion over 9.9 million trades.

Higher print frequency per dollar traded points to smaller order sizes from retail and algorithmic strategies. This flow composition explains minimal spreads during active hours: frequent small orders provide continuous information and allow tighter quoting without directional exposure accumulation.

# Trading infrastructure at scale

The current infrastructure picture underscores why execution costs remain low even as activity rotates between assets. On December 1, 2025, Binance recorded $20 billion of spot volume across 61.9 million trades. Coinbase reported $3.6 billion across 6.2 million trades, while OKX handled $3 billion and 9.9 million trades. The disparity in trade counts relative to volume is informative. A higher number of prints per dollar traded points to smaller average sizes, which is consistent with a larger retail footprint and with algorithmic strategies that manage impact by slicing orders. This flow composition is one reason spreads stay minimal during active hours. More frequent small orders provide market makers with continuous information and allow tighter quoting without accumulating large directional exposure.

## Total Centralized Exchange Volume Since 2016
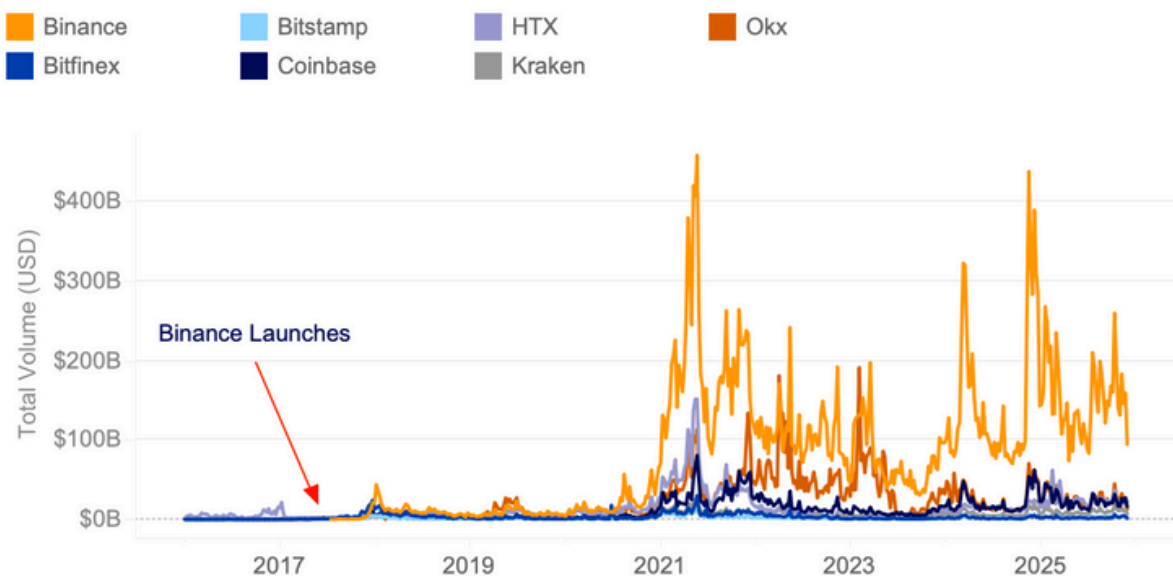


Market structure has converged in several important ways. Cross-venue basis between Binance's BTC USDT and Coinbase's BTC USD is generally within a basis point during normal conditions. Price gaps that once persisted for minutes now compress in seconds, and stress events show faster reversion. Efficient arbitrage is the proximate cause, but the underlying drivers are Binance's matching engine performance, data distribution, and the maturity of settlement rails.

The practical result for users is that price is rarely the differentiator between venues in calm periods. Instead, the depth profile of order books and the time of day dynamics matter more for realized execution.

## Centralized Exchange Share of Trade Volume
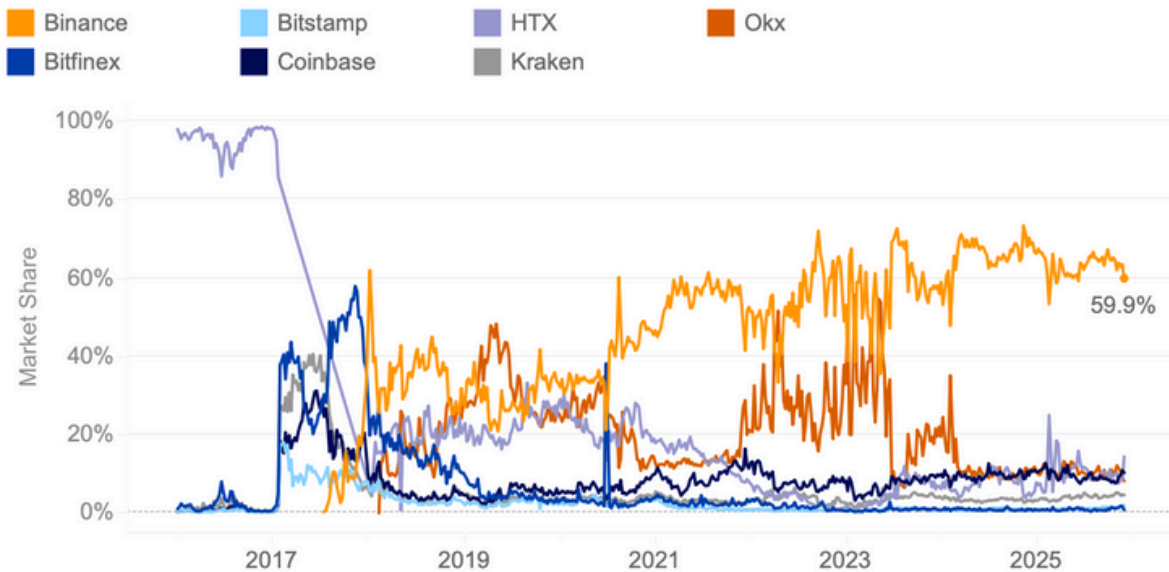


Peak capacity during high volatility remains a differentiator. In October the market processed more than $60 billion of spot volume in a single day with intraday swings around 20 percent. While depth compressed and spreads widened modestly, books continued to print and replenish. Execution strategies that relied on slicing and opportunistic crossing still functioned, though with slower schedules and slightly higher impact. This behavior is a hallmark of a resilient microstructure. Price discovery remains continuous and the system tolerates demand spikes without widespread outages or disorderly gaps.

## Activity During Stress Event
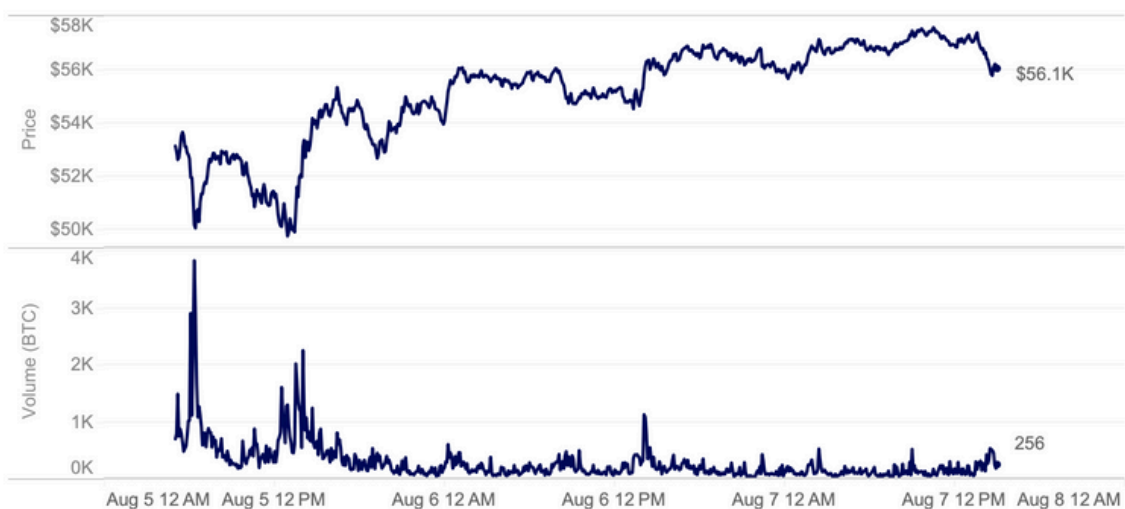
# Liquidity foundation

Liquidity is the first principle of market adoption. It turns intent into execution, price into discovery, and volatility into tradable risk rather than disorder. When order books are thick near the mid and spreads are predictable, strategies that matter for real users become feasible: rebalancing without footprint, hedging without slippage shock, and entering or exiting positions on a schedule rather than at the mercy of the tape. Liquidity also compounds. Dense flow begets tighter quoting from market makers, which lowers realized costs and invites more participation, which in turn sustains depth across time zones.

For an exchange, this is the engine that converts product breadth and user acquisition into durable advantage. It is why traders migrate to venues where the next order can be executed at known cost, and why those venues become the default locations for price discovery. This section examines that foundation: how liquidity quality shapes execution, why quote-rail design matters for continuity, and how depth resilience during stress builds trust that persists beyond any single market cycle.

## Evolution of Market Depth on Binance
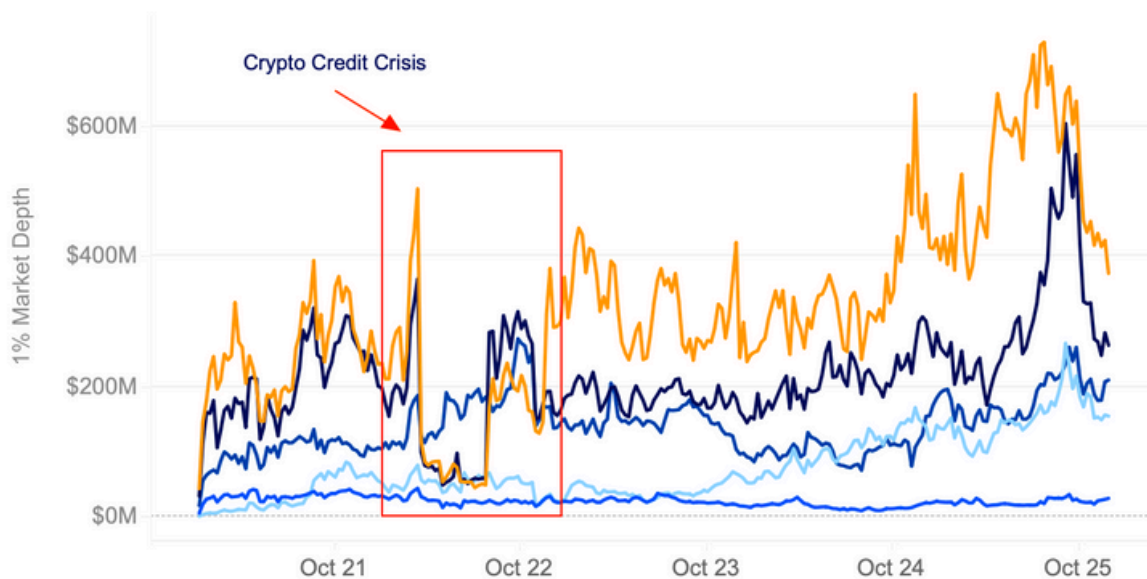


Market depth, the sum of all bids and asks within a certain percentage from the midprice, on Binance highlights its liquidity advantage. Both 0.1% and 1% market depth have risen significantly over the past few years to eclipse pre-2022 crash highs. As of BTC's last record high in October 2025, 1% market depth eclipsed $600 million on Binance.

The 100 day context also helps anchor the point. BTC declined 21.77% from a high of $110,291 on November 2 to $86,089 on December 1. Over that period, aggregate daily spot volume averaged $19.8 billion and totaled $613.5 billion. Spreads stayed tight and depth rebounded quickly after shocks, indicating strong market making participation and arbitrage activity that aligns stablecoin and fiat rails even as direction changes. Liquidity quality is no longer as cyclical as it was in 2018 or 2020. It now depends more on the mix of users at a given time of day and on the distribution of flow across quote currencies.

### BTC-USDT 100 Day Price & Volume Data on Binance
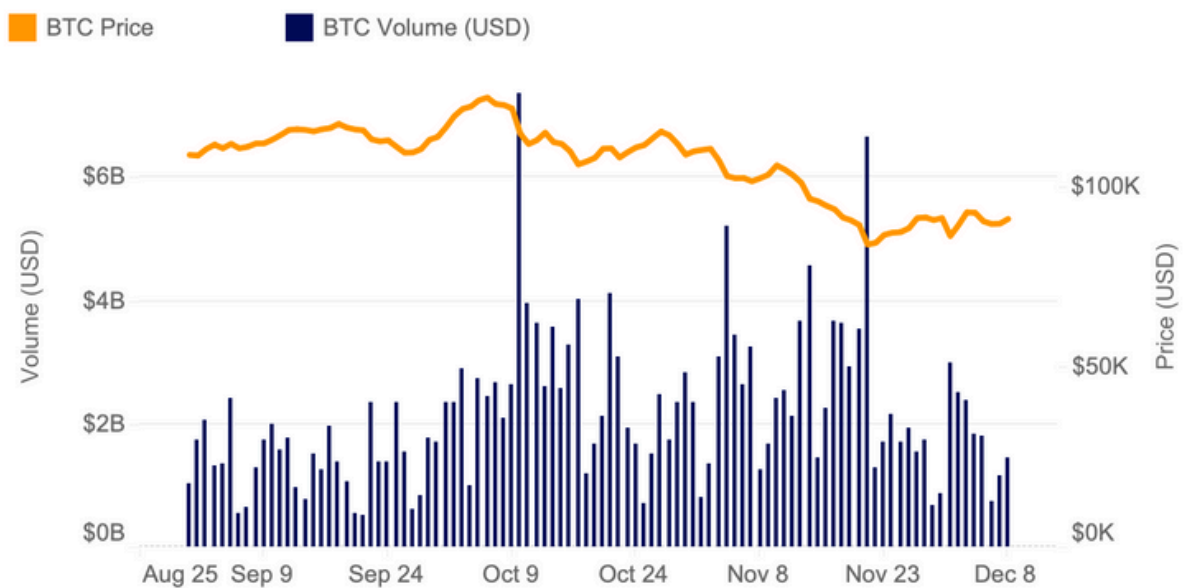


Regional patterns reflect the design of quote markets and access to banking rails. USDT pairs provide broad accessibility and sustain liquidity outside US market hours. USD and EUR pairs concentrate institutional participation during local sessions and often show deeper reserves at wider bands. This division of labor benefits users who can route flexibly. Execution costs are minimized by matching trade size and urgency to the venue and quote currency that carries the appropriate depth profile at that time.

# The adoption curve

User behavior observed through volumes and book conditions points to a broad base of retail activity supplemented by systematic strategies and institutional rebalancing. On the snapshot day, Binance processed 61.9 million trades for $20 billion in spot volume, implying a small average trade size and frequent prints. The breadth of the catalog, 449 assets and 1,630 pairs, lets activity rotate without leaving the platform, maintaining passive liquidity and keeping price discovery internal for many long tail markets. By contrast, Coinbase's $3.6 billion over 6.2 million trades with 323 assets suggests larger average ticket sizes and a user base more concentrated in flagship assets.

**Average BTC-USDT Trade Size on Binance**
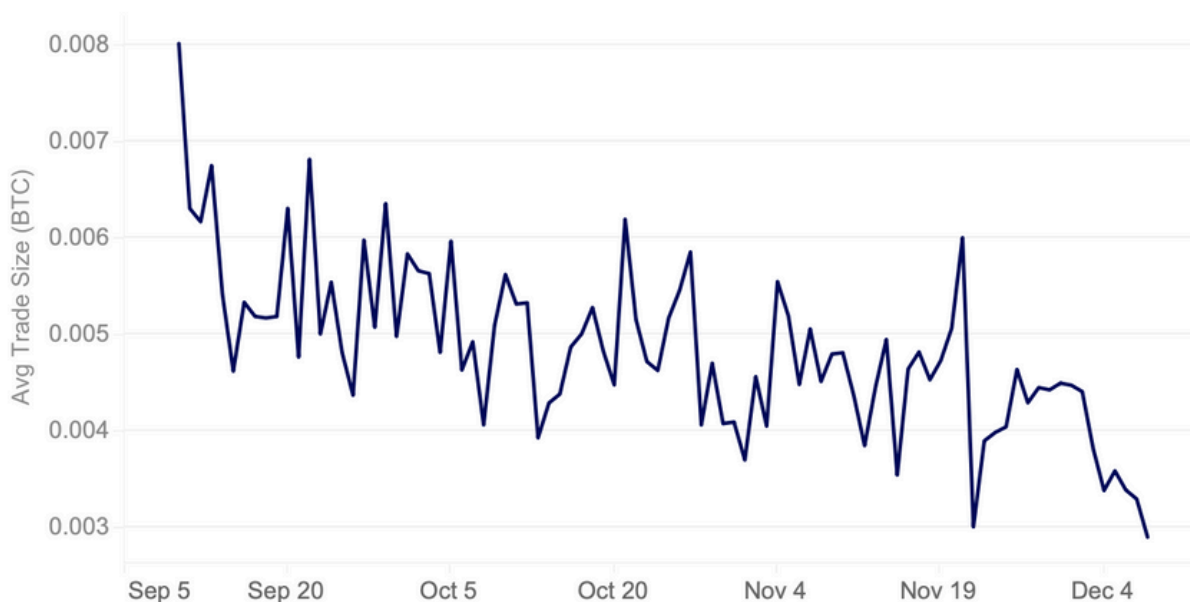


Asset concentration aligns with these patterns. On Binance, BTC accounted for roughly 28.6 percent of volume and ETH for about 22.0 percent, with SOL and other large caps contributing ongoing rotation. The long tail remains active enough to sustain tight spreads on a subset of pairs, and liquidity migrates quickly as narratives evolve. Market maturation is visible in the stability of spreads and the predictability of depth through drawdowns. The structural indicators that matter most for adoption – tight effective spreads, sufficient depth at tight bands, fast order book replenishment, and cross venue price alignment – are now present most days and during most sessions.

## Total Volume by Pair on Binance Since Launch
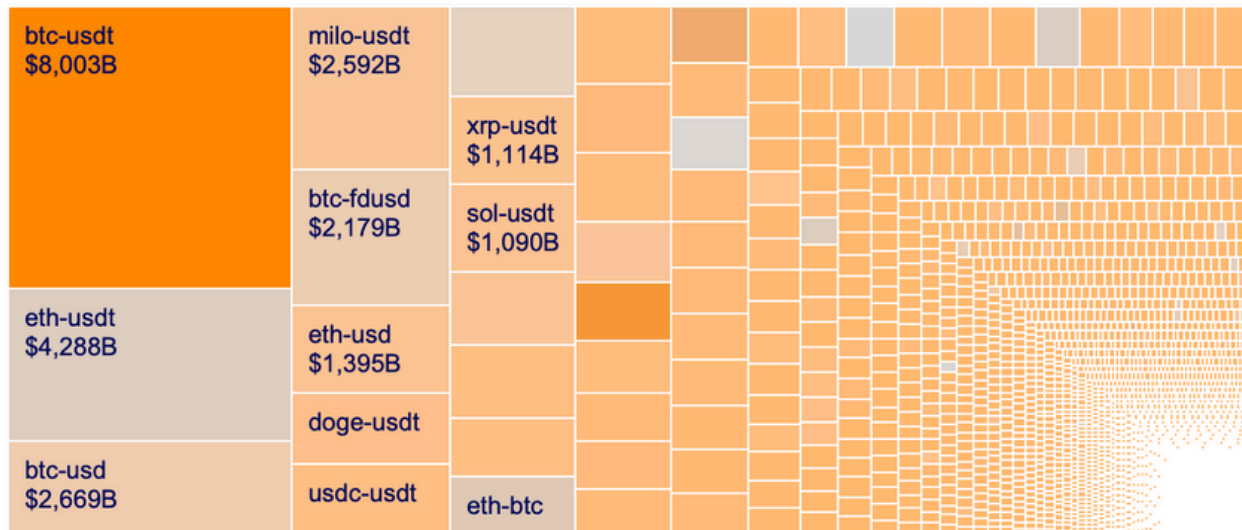


Institutional versus retail signals can be inferred from depth distributions and time-of-day patterns. Retail-heavy flow increases the density of small orders near the mid, while institutional blocks tend to tap wider bands or rely on schedules that balance impact and urgency. The coexistence of these profiles on Binance supports a range of strategies. Systematic execution can rely on tight bands, while discretionary flows can pick windows where deeper reserves are available or where cross venue basis is minimized.

## Trade Volume Density by Time of Day
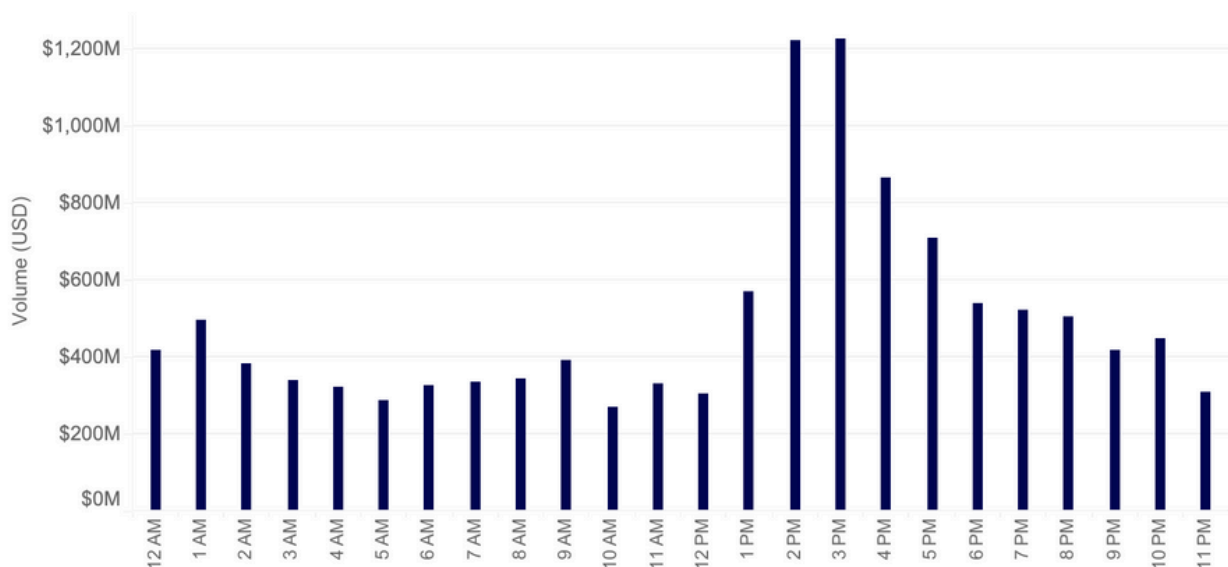
# Future proofing crypto infrastructure

Scalability now rests on predictable matching performance and on redundancy in quote rails. The October stress window where spot volume exceeded $60 billion in a day demonstrated that books can compress and recover without losing continuity. To support further growth, exchanges need to maintain low latency matching, robust data distribution, and clear incident communication that keeps market makers comfortable quoting size at tight bands. From a market quality perspective, consistent enforcement of listing standards and transparent rule sets reduce uncertainty and encourage institutional participation. Kaiko's exchange assessment frameworks that emphasize liquidity quality, spread behavior, depth resilience, and data integrity align with the needs of execution desks that must justify routing decisions.

### Event Analyse of BTC-USDT During Market Event
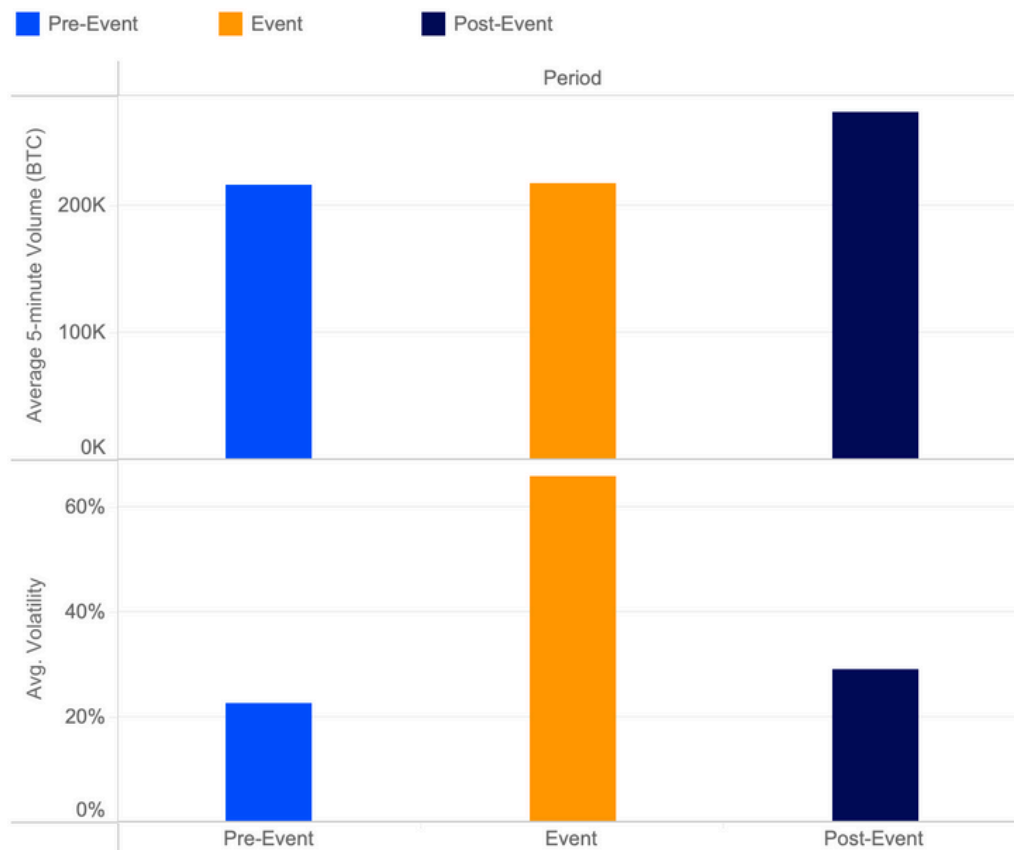


Innovation will continue in new asset classes and in the tooling that connects fiat and stablecoin rails. The most relevant adoption pattern for execution is redundancy. Multiple high quality quote currencies on core pairs, more diverse banking corridors, and interoperable settlement reduce the probability that an idiosyncratic event spreads across the entire market. Design choices in derivatives, especially margin and position limits, transmit directly into spot order books during stress and should be calibrated to dampen forced flows rather than amplify them.

# Outlook & Growth

Binance's December 2025 ADGM license marks a critical institutional milestone. Operating through three licensed entities, exchange, clearinghouse, and broker-dealer, under Abu Dhabi's regulatory framework positions Binance within the UAE's emerging digital finance infrastructure. The license activates January 5, 2026, extending regulatory clarity across multiple jurisdictions.

The ADGM authorization strengthens Binance's position for European negotiations by demonstrating operational rigor under a respected framework. Dual licensing compounds network effects: institutional flow from MENA and Asia-Pacific corridors deepens liquidity, tightens spreads, and reinforces the competitive moat driving Binance toward 300 million users. Meanwhile, the rapid rise to 300 million users reflects not just a growth in numbers, but growing confidence in crypto as a legitimate, mainstream asset class, which reinforces the regulatory developments over the past few years.

# Conclusion

Binance's growth to a platform with hundreds of millions of accounts is the outcome of compounding volume, predictable liquidity, and design choices that prioritized accessible quote markets and broad asset coverage. The causality runs from turnover to liquidity to adoption, not the other way around. As volumes scaled, spreads compressed and depth at tight bands became reliable, which lowered the cost of participation and sustained user growth through multiple cycles.

Today, cross venue prices align within a basis point most of the time, books replenish quickly in stress, and the quote currency mix is diversifying. Risks remain around concentration and around the stability of individual quote rails, which is why redundancy and transparent market design matter. For users and institutions, the operational guidance is to measure liquidity where it matters, tight band depth, effective spread, depth resiliency, and cross venue basis, and to route with an understanding of how these attributes vary by venue, time of day, and quote currency.

### Disclosure