

Retail didn't collapse: it rotated

The rise, correction, and migration of global retail trading (2020–2026), with a focus on Latin America.

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ABSTRACT

The dominant narrative holds that retail trading “died” after the 2020–2021 boom. This paper argues the evidence says otherwise: retail participation corrected from an unrepeatable peak, but it did not disappear – it rotated. It rotated across instruments (from meme stocks toward ODTE options, crypto, prop firms, and prediction markets) and across geographies (from developed markets toward emerging ones). We document the phenomenon with primary sources, analyze its drivers (monetary policy, behavior, access friction, education and scams, regulation), and surface a structural finding: in Latin America, retail growth mostly lands outside CME/ICE listed futures – it is captured by local exchanges (B3, A3), crypto, and apps. We close with a market-design discussion – does it make sense to fractionalize futures further? – and the underlying dilemma: inclusion versus protection.

Keywords: retail trading, ODTE options, cryptocurrencies, futures, financial derivatives, prop firms, Latin America, behavioral finance.

KEY FINDINGS

- Not a collapse: the % share compressed in 2022–2023 –JPMorgan puts it around 20–25%, with spikes as high as 35%–, yet absolute flows returned to record highs (US\$5.4 trillion in 2025).
- Speculation rotated across instruments: ODTE options went from 5% (2016) to 59% of SPX volume (2025).
- It rotated geographically: as developed markets plateau, emerging ones grow – India, Brazil, Argentina, Mexico.
- The structural gap: in LatAm, retail futures are captured by local exchanges, not CME/ICE (B3 trades ~58× CME’s regional volume).
- Almost no one wins: 74–97% of retail loses money depending on market and product – the quiet engine of disillusion.

1 Introduction

Between 2020 and 2021, millions opened a trading account for the first time. The phenomenon was global and massive: in the US, retail came to account for 25–30% of equity volume, Brazil sextupled its individual investors, and India added tens of millions of derivatives traders. Three years later the conversation flipped: headlines describe a “defeated” retail crowd retreating, chastened by losses. This paper starts from a simple suspicion –that this reading confuses a drop in relative participation with a disappearance– and tests it against the data.

The suspicion turns out to be well founded, but the full answer is richer than “it didn’t leave.” What the numbers show is that retail did three things at once: it corrected from an unrepeatable peak, it rotated toward other instruments and geographies, and –across much of the emerging world– it moved toward rails that do not even appear in the statistics of the major futures markets. Understanding that movement matters for a reason beyond the academic: where retail enters, and why it stays or leaves, determines who can build deeper capital markets, especially in the economies that most need them.

A framing note, because it sets the tone for all that follows: this is a neutral, public-interest analysis. It describes the phenomenon and its causes with primary sources; it sells no business thesis, is addressed to no company, and recommends no investment. Where the data suggests an opportunity or a risk, it merely shows it; the interpretation is left to the reader.

The contribution is threefold. First, we reframe the “fall” as a correction from an extraordinary peak followed by a rotation. Second, we map where retail moved –across instruments and geographies– with a focus on Latin America. Third, we show that much of that growth does not flow through listed futures markets but through other rails, and we analyze why. The roadmap: data and method (§2), the global correction (§3), instrument rotation (§4) and crypto (§5), geographic rotation (§6), segmentation and the gap with listed markets (§7), why retail picks those rails (§8), the minimums to trade (§9), a market-design discussion (§10), why almost no one wins (§11), and the scarring cycle that explains why they don’t return (§12).

2 Data and method

This paper relies exclusively on public, verifiable primary sources. On the regulatory side, we use publications from SEBI (India), the CFTC and SEC (US), ESMA, the FCA and ASIC (Europe, UK, Australia), and reports from IOSCO and the BIS at the international level. On the market side, official statistics from CME Group, B3, A3/Matba Rofex and local exchanges, plus monetary data from the BCRA and the Banco Central do Brasil. On the academic side, peer-reviewed papers and working papers from NBER, SSRN and journals. And, where relevant, reports from listed brokers (for example, SEC filings) and data vendors such as Chainalysis, Vanda Research, and the JPMorgan Chase Institute.

The integrity rule is strict and worth stating up front: every third-party figure is cited with its source and date –a figure that belongs to others is never presented as our own–, and the “live” figures drawn from the platform accompanying this paper carry their lineage (origin, capture date, and method). When a value is unavailable, it is de-

clared as such; it is not filled in with estimates disguised as official data. Where we estimate, we label it as an estimate.

A methodological caveat runs through the entire work and is worth pausing on, because much of the argument depends on it: “retail” is neither a single nor a well-measured category. At least four proxies coexist, each with its blind spot. In US futures, the standard is the CFTC COT “non-reportable” positions: an aggregated black box that does not distinguish account type and leaves out, for instance, prop-firm accounts trading in simulated environments. In equities, retail participation is estimated from order flow routed to wholesalers. In apps, one counts accounts or active users, metrics a single person can inflate across several platforms. And in crypto, one looks at wallets and on-chain volumes, which mix retail, treasuries, and bots.

The consequence is twofold. First, the claim that “retail is falling” or “retail is growing” is incomplete until one specifies which segment is measured and with which proxy: as we will see, measuring relative participation (the % share) versus absolute level (dollars or contracts) can yield opposite answers about the same market and the same period. Second, much of the public debate conflates these planes. We therefore carefully distinguish both dimensions throughout, and where a segment lacks clean data we triangulate across sources and say so explicitly rather than forcing a number. The analysis period is 2020–2026, with a geographic focus on Latin America –Argentina, Brazil, and Mexico as cases– and on the large mirror markets (the US and India).

It is worth stating why this window. The study period is 2020–2026 because it is the unit of time that contains the full phenomenon: 2020 marks the origin of the modern retail boom –pandemic, fiscal stimulus, zero rates, zero commissions, and trading apps–, and only by measuring from that peak do the subsequent correction and the rotation this paper documents make sense. Narrowing the window to the last two or three years would amputate the boom and, with it, the paper’s very premise. Within that period, the core evidence comes from Argentina and Brazil –with primary data from BYMA, A3 Mercados, B3, the central banks, and Chainalysis–, and the US and India act as mirrors. The foundational literature explaining why retail loses or distrusts –loss, trust, and financial-education studies predating 2020– is cited as a mechanism baseline, not as a series of the period, and is distinguished as such.

3 The global boom and correction

The 2020–2021 boom was not spontaneous: it had an identifiable macroeconomic engine. The pandemic response combined massive fiscal stimulus with zero interest rates, and that mix met millions of people who were locked down, had free time, and –for the first time– had access to commission-free trading platforms.

Greenwood, Laarits, and Wurgler quantify the fiscal channel with unusual precision: they estimate that roughly US\$100 billion of US stimulus checks flowed straight into the stock market, and show that the price peaks of the era’s emblematic assets –GameStop, AMC– closely track the stimulus disbursements of April 2020 and January 2021.^[39]

That push was reinforced by structural accelerants that did not vanish with the pandemic: zero commissions (which became the industry standard in 2019), fractional shares, and instant mobile onboarding. Leverage came

along: retail margin debt climbed roughly 60% after March 2020, stood around US\$778 billion by year-end, and kept rising to the peak of that cycle, about US\$936 billion in October 2021. The result was an unprecedented expansion of the participant base, with a risk component that the very speed of the cycle would help expose later. [30, 8]

~US\$100.000 M

of US stimulus checks flowed into the stock market [39] . 2020-21

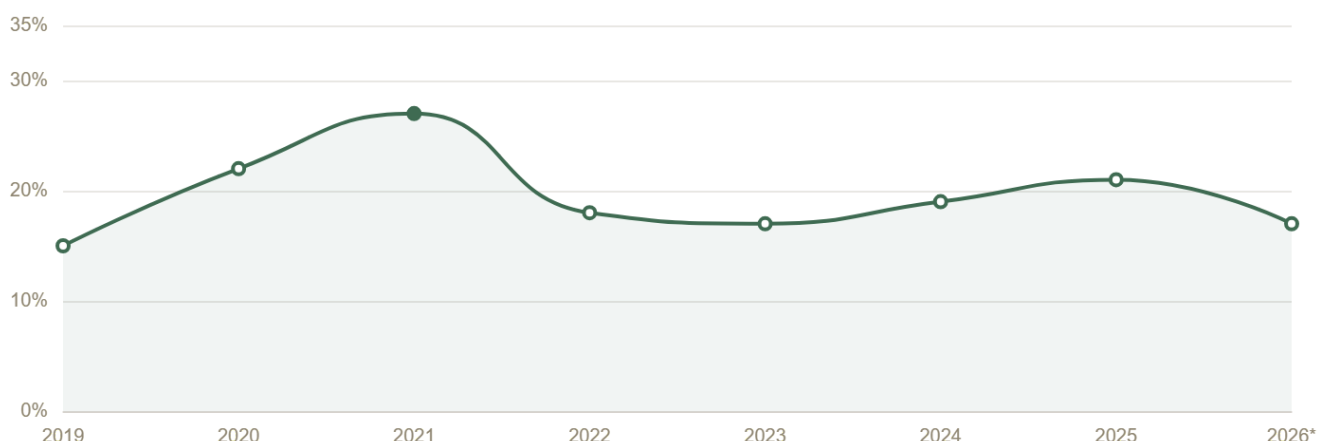
The turn came with monetary policy. Between March 2022 and July 2023, the Federal Reserve raised its benchmark rate from ~0% to 5.25–5.50% in eleven moves. Free money ended, the cost of leverage rose, and risk appetite cooled. Retail's relative share of US equity volume —which JPMorgan puts at around 20–25% on average, with episodic spikes to as high as 35% in moments of euphoria (2021 and, again, 2025)— compressed in 2022–2023. Seen only through that share, the story looks like a collapse: hence the “defeated retail” headline.

But a share is a fraction, and a fraction also falls when the denominator grows. Looking at the absolute level, the conclusion inverts: dollar flows did not collapse, they rebounded. The retail net purchases tracked by Vanda Research in the first half of 2025 even exceeded those of the same period in 2021, at the height of the meme frenzy; and total retail activity in stocks and ETFs reached US\$5.4 trillion in 2025, a 47% year-over-year increase and the highest level on record. Retail did not leave the market: the market grew faster than it did, and the optics of the share disguised as a retreat what was, in fact, a normalization on a record base. [55, 53, 54]

US\$5,4 billones

of retail equity/ETF activity in 2025 (+47% YoY) — record [55] . 2025

Figura 1. Retail share of US equity volume (%): boom, correction, and partial recovery. The absolute level, by contrast, returned to record highs (callout above).



Stylized trajectory of the share (not a measured series): yearly participation values are not published consistently. Magnitude reference: JPMorgan (~20–25%, with spikes to 35%). [\[54\]](#)

And leverage confirms it unambiguously. The retail margin debt tracked by FINRA –money borrowed to buy stocks– not only recovered the old 2020-21 cycle peak (US\$936B in October 2021): it shattered it. It crossed one trillion dollars for the first time in June 2025 and reached a record US\$1.42 trillion in May 2026, 51% above the prior high. Robinhood tells the same story from the user’s side: its funded customers climbed to a record 27.4 million in Q1 2026, and even its monthly-active-users metric –which had fallen from 21.3M (2021) to 10.3M (2023)– recovered to ~13M. None of these numbers describes a retail in retreat. [\[9, 84\]](#)

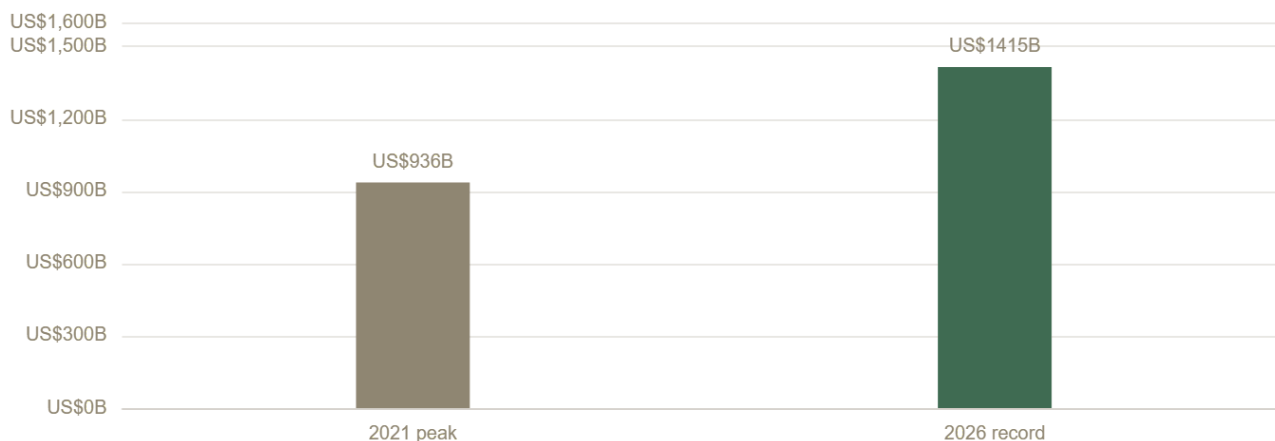
US\$1,42 billones

of retail margin debt – new all-time record (crossed US\$1T in Jun 2025), +51% above the 2021 peak [\[9\]](#) .
may 2026

27,4 M

Robinhood funded customers – record in Q1-2026;
MAU recovered from 10.3M to ~13M [\[84\]](#) . Q1 2026

Figura 1B. Retail margin debt (FINRA): the 2021 cycle peak vs. the new 2026 record.



Margin debit balances; the May-2026 record is 51% above the 2021 peak. ^[9]

The takeaway is sober but consequential: there was a correction from an unrepeatable peak –the one produced by stimulus and zero rates–, not a death. What fell was the relative share; the absolute level is at record highs.

Distinguishing these two planes is not a technicality: it is the difference between concluding that “retail left” and understanding that retail stayed, larger than ever in dollars, even as it was diluted within a market that grew even more.

That leaves the question that organizes the rest of the paper. If retail appetite did not disappear but merely changed shape, where did it move? The answer has two axes –instrument and geography– and is the heart of this paper.

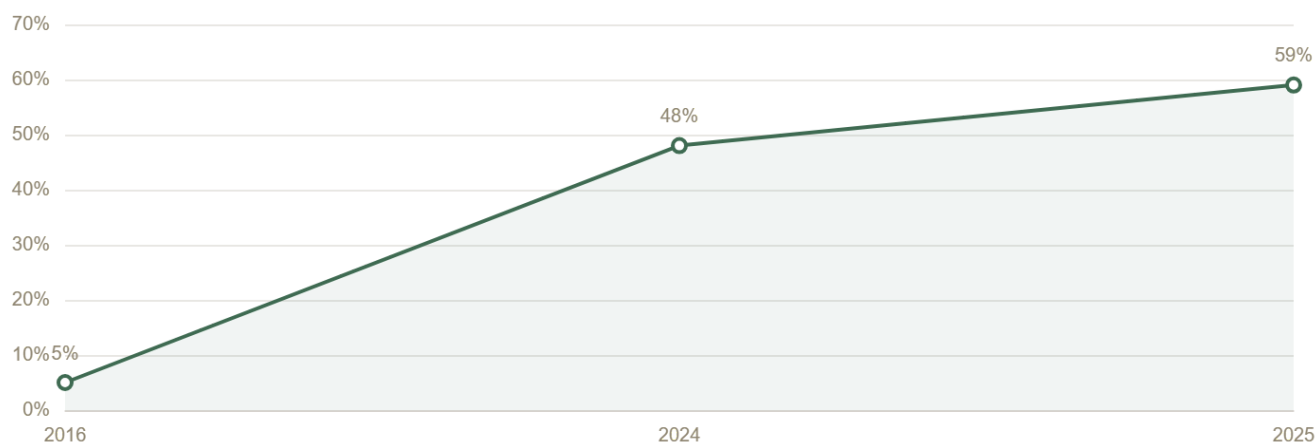
4 Instrument rotation

If speculative appetite did not disappear but changed shape, the first axis of that transformation is the instrument. The clearest case is same-day-expiry options –ODTE, for “zero days to expiry”–: contracts that are born and die within a single session. They went from 5% of S&P 500 options volume in 2016 to about 59% in 2025. The trigger was by design: when Cboe filled out weekly expirations in 2022 to cover every trading day, it effectively enabled a low-cost daily lottery, and retail –already about half of US options volume– adopted it en masse. ^[51, 43]

5% → 59%

ODTE share of SPX options volume (2016→2025; monthly record of 62.4% in Aug 2025) ^[51] . 2025

Figura 2. ODTE options as a share of S&P 500 options volume.



Only years with published data (Cboe) are plotted: 2016, 2024 and 2025. The jump occurred when Cboe completed daily expirations in 2022; years without firm data are omitted. [51]

The appeal is transparent: for a few dollars one buys a bet with enormous implicit leverage and an outcome within hours –the financial equivalent of a lottery ticket, plus the rush of intraday action–. It is no coincidence that the star instrument of 2021, single-name meme stocks (GameStop, AMC), gave way by 2023–2025 to ultra-short index options. It is the same impulse, channeled into a vehicle that is faster, cheaper to enter, and harder to win at consistently.

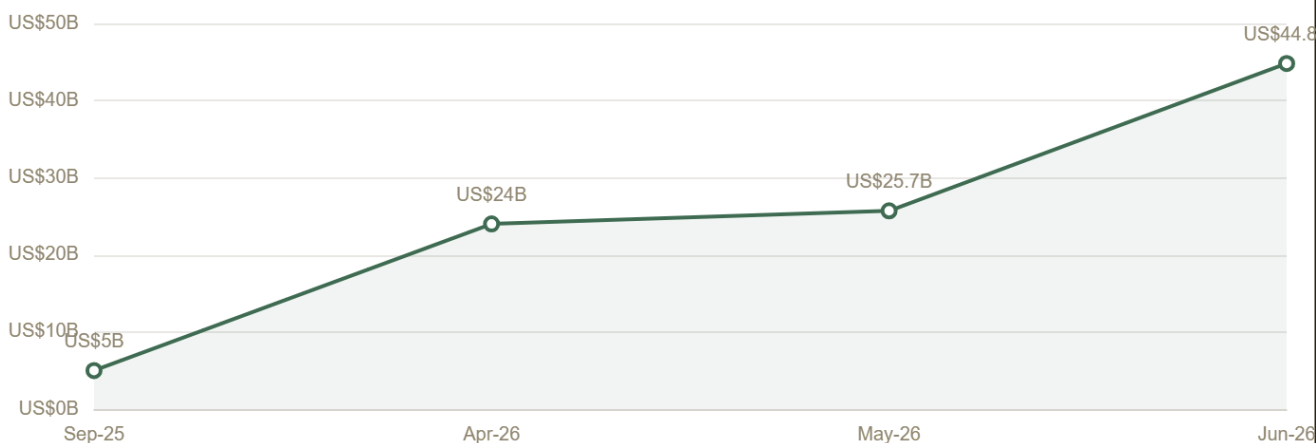
And ODTE options are not alone. In parallel, other homes for retail speculation grew: crypto and its perpetual futures (§5), the “funded-account” prop firms that sell the dream of trading someone else’s capital (§8), and prediction markets –Kalshi, Polymarket, and even CME’s own Event Contracts– that turn any event into a one-dollar binary bet. The pattern, then, is not contraction but fragmentation: the same appetite spread across more vehicles, each with less entry friction than a traditional listed future. Two of them deserve a closer look: the fastest-growing, and the largest of all.

The fastest-growing since 2025 are prediction markets –venues where you bet on whether an event will happen–. The jump is hard to overstate: the combined monthly volume of Kalshi and Polymarket went from under US\$5 billion in September 2025 to about US\$24 billion in April 2026, and to US\$44.8 billion in June 2026, driven by the football World Cup. For scale, that volume already exceeds the monthly handle of US legal sportsbooks (~US\$14 billion). And its composition reveals the use: Kalshi is now roughly 80% sports. Retail speculation did not switch off; it found a new rail, halfway between trading and betting, that regulation –the CFTC, after losing in court– ended up enabling. The largest vehicle of all, however, remains crypto, and it deserves its own chapter. [56, 57]

US\$44.800 M

of combined monthly prediction-market volume (Kalshi+Polymarket, Jun 2026), up from <US\$5B in Sep 2025 – now above US sportsbook handle ^[56] . jun 2026

Figura 2B. Prediction markets: combined monthly volume (Kalshi + Polymarket).



Only months with published data; prediction-market data is recent and vendor-reported (see Limitations). ^[56, 57]

5 Crypto: substitute or complement?

No discussion of retail rotation is complete without crypto, because it is the vehicle that absorbed much of the past decade’s speculative appetite. Between 2020 and 2023, crypto and equities rode the same risk-on wave – stimulus, zero rates, apps– but as two distinct bets, with little population overlap. The 2022 “crypto winter” (the collapse of Terra/Luna and then FTX) hit crypto far harder than stocks, a sign they were not the same crowd. And the approval of spot Bitcoin ETFs in January 2024 institutionalized the asset: it drew fund capital, not necessarily new retail. ^[40, 29]

Toward late 2024 the relationship flipped sign. JPMorgan documents that the retail-buying correlation between crypto and equities reversed: instead of buying both as risk assets, retail began treating them as substitutes, rotating from one to the other within the same app. But “substitute” does not mean identical. Kogan and coauthors, across 200,000 retail traders, show a revealing behavioral asymmetry: the same individual is contrarian in stocks (buys what falls) and momentum in crypto (buys what rises). They are two arenas with different mental models. The implication for our thesis is direct: if you count crypto, the “retail curve” does not contract –it changes asset–. ^[54, 40]

And crypto speculation did not stop at the spot asset: its native instrument is the perpetual future –a leveraged contract with no expiry that tracks the spot price through a “funding rate” and dominates the world’s crypto-derivatives volume–. For years it was off-limits to US retail, who could only trade it on offshore exchanges. That

changed in the first half of 2026: on May 29 the CFTC approved Kalshi's BTCPERP contract —a perpetual referencing Bitcoin's spot price— regulating it as a listed future on a designated contract market (DCM), the first of its kind in the US; it went live on June 3 and crossed US\$1 billion in notional volume within a week and US\$5.5 billion within two. Coinbase had opened the door a year earlier, in July 2025, with five-year “perpetual-style” futures carrying a funding rate, and separately won permission to route its clients into “true” perpetuals listed offshore. Once again, the appetite did not switch off: crypto's most leveraged instrument —previously off-radar for US retail — now has a regulated on-ramp. It is worth stressing that these volume figures are notional, include leverage, and are reported by the operator itself, not an independent auditor. [22, 23, 24, 25]

US\$5.500 M

of notional volume in the first two weeks of Kalshi's BTCPERP, the first crypto perpetual regulated as a future in the US (Jun 2026); a notional figure self-reported by the operator, with leverage up to 50x [22] · jun 2026

In Latin America the logic is different again, and it is central to this paper. There crypto competes less with equities and more with the currency: it is money before it is a bet. In Argentina, 61.8% of crypto volume is stablecoins —a hedge against inflation and devaluation, not a speculative position—, well above the global average. In Brazil and Mexico the use is mixed: investment and speculation, but also remittances and payments (Bitso processed billions in the US–Mexico corridor). The regional pattern confirms the §2 caveat: much of what global statistics count as “crypto trading” is, in LatAm, hedging and utility. Regional retail did not leave risk; in many cases it was never speculating: it was defending itself from its own currency. Brazil confirms it from the top down: both its Central Bank and the Federal Revenue Service report that about 90% of the country's crypto volume is stablecoins. [58, 59, 73, 11]

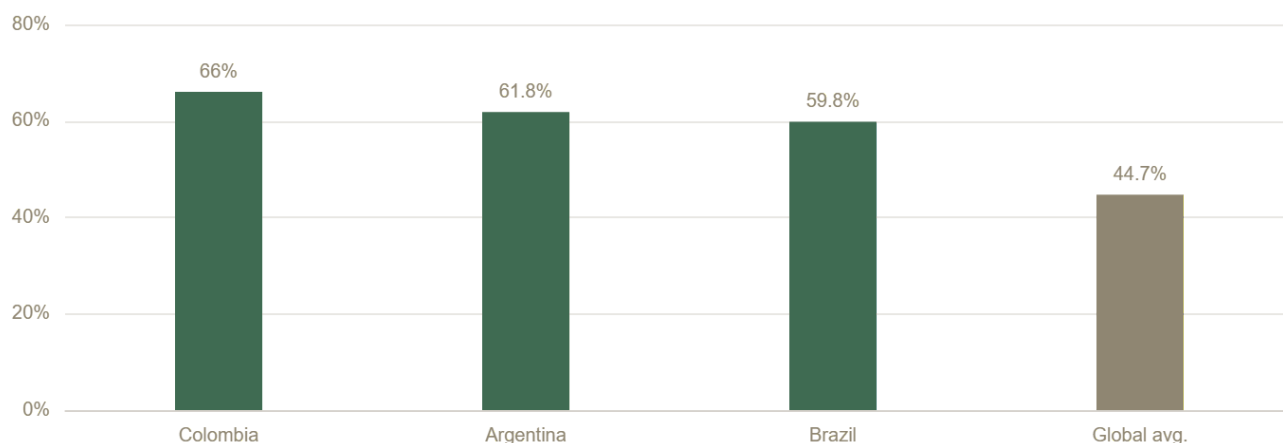
61,8%

of crypto volume in Argentina is stablecoins (a hedge, not speculation) [58] · 2024

~90%

of Brazil's crypto volume is stablecoins (Central Bank and Federal Revenue) [11] · 2025

Figura 3. Stablecoins as a share of crypto transactions by country (Chainalysis): a hedge before a bet.



Stablecoin share of crypto transaction count by country (Chainalysis, 2024–25). Note: the ~90% for Brazil cited in the callout is a different metric —share of flow/value, per the Central Bank and Receita—, not comparable with these bars. [58, 59]

6 The geographic rotation

The second axis of rotation is geographic, and it is the one that matters most here. While participation normalizes in developed markets, in emerging ones it grows strongly. The World Federation of Exchanges sums it up with a line that doubles as a thesis: “in developed markets we sell securities to retail; in emerging markets we sell the market itself.” The difference is not of degree but of stage: where the US or Europe already have a mature retail base that expands and contracts with the cycle, emerging markets are still bringing their middle class into capital markets for the first time. [32]

India is the sharpest mirror —and the world’s largest natural laboratory—. The explosion of individual derivatives traders was so large it forced the regulator to intervene; we return to their losses (§11), but as a participation phenomenon it is unparalleled. Brazil followed a similar trajectory at smaller scale: it sextupled its individual investors in B3 between 2018 and 2023 —from about 800,000 to over 5 million—, powered by the mini contracts (WIN, WDO) that cut the entry ticket to ~R\$100. That growth plateaued after the pandemic boom —holding around 5.5 million individual equity investors by 2025—, a reminder that onboarding is not linear. Even so, the exchange doubled down on retail: B3 launched 19 derivatives products in 2025 and has 22 more in the pipeline for 2026–27, targeting the ~250,000–300,000 clients who trade mini contracts. [48, 14, 64]

Argentina adds an engine of its own: inflation. With the peso losing value chronically, investing stops being a luxury and becomes a defense; retail brokerage accounts at the Caja de Valores grew 87% in a single half of 2024, and by 2026 the country surpassed 24.6 million accounts —12.3 million investors, 55% of the economically active population—. The pace is dizzying: 6.7 million new brokerage accounts were opened in 2025 alone —and over 3 million more in the first half of 2026—, with neobrokers like Cocos and IOL —the latter already with some 2 million accounts— capturing much of the flow. Mexico, with a smaller base but aggressive fintechs (GBM+ multiplied its accounts twelvefold in three years), moves in the same direction. The common denominator is demographic

and technological: young populations, high mobile penetration, and a layer of neobrokers and wallets that turned the phone into the market’s front door. [60, 13, 61, 62, 63]

+87%

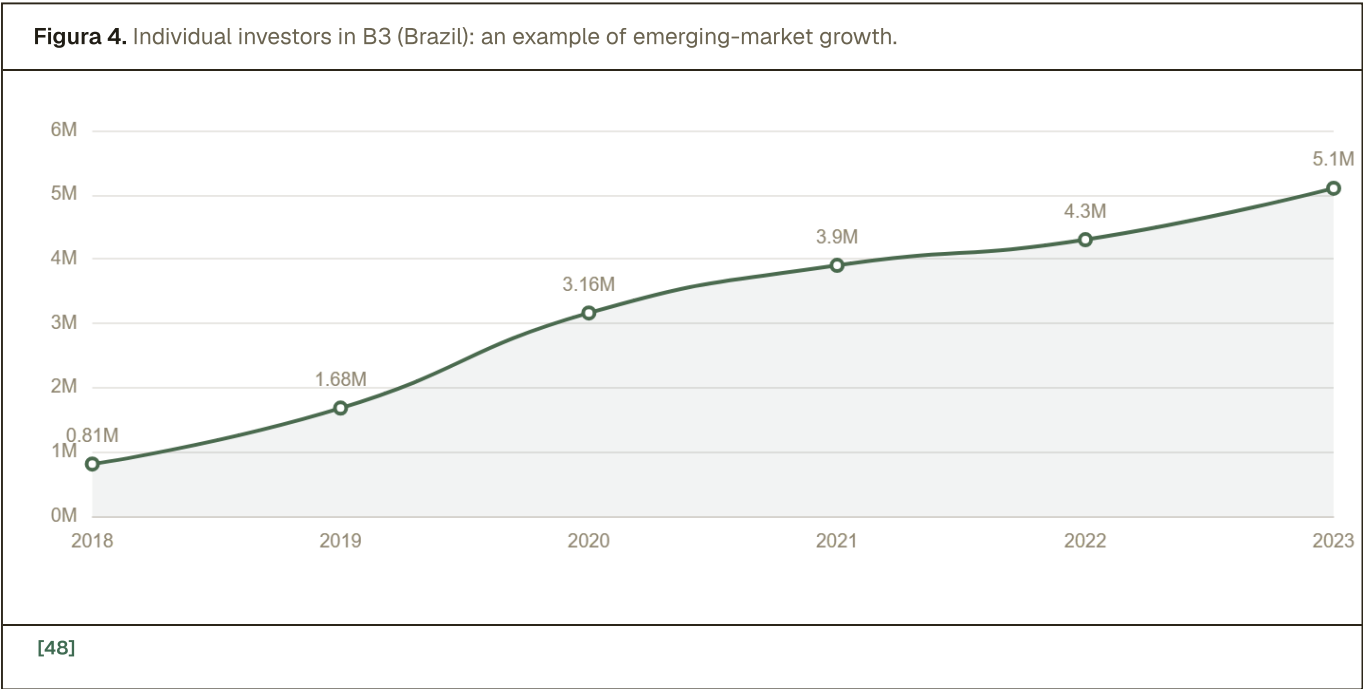
growth in retail brokerage accounts in Argentina (H1) [60] . 2024

24,6 M

brokerage accounts in Argentina (12.3M investors; 55% of the economically active population) [13] . 2026

6,7 M

new brokerage accounts opened in Argentina in 2025 alone (+3M more in H1 2026) [61] . 2025



But “retail grows in LatAm” hides a question almost no one asks, and it is the analytical heart of this paper: grows where? Because it is one thing for more people to invest, and quite another which market they end up trading in. The answer, as we will see, reframes the entire debate.

7 Segmentation: the gap with listed markets

Here is the paper’s structural finding, and it starts with a deceptively simple question: who is “retail” for a big US futures exchange like CME or ICE? There is no single definition. These derivatives exchanges typically count as retail anyone trading through their partner brokers, with no capital threshold; the CFTC COT uses non-reportable positions as a proxy. But neither definition captures the bulk of the retail that is growing in Latin America, for a simple and under-discussed reason: that retail is not trading on CME or ICE –it trades on local exchanges, which are listed too.

The region’s retail growth lands on four rails, and CME/ICE listed futures capture only a fraction. The figure is telling, and worth showing raw: in the first quarter of 2026, CME’s LatAm-attributable volume hovered around 224,000 contracts per day, while B3 –Brazil alone, counting all its derivatives– traded 13.2 million per day in that same quarter. The arithmetic is direct: $13.2\text{M} \div 224\text{k} \approx 59$ to 1 in favor of the local exchange. Two caveats for rigor: “CME LatAm volume” is the client-origination metric CME publishes, not the volume of its real- or peso-denominated products; and the B3 figure is its total derivatives ADV, not retail-only. The comparison is an order-of-magnitude one –it shifts with which metric and period you pair– but it always points the same way. The region’s futures retail is not, for the most part, in Chicago: it is in São Paulo, in Buenos Aires, in a crypto app, or in a prop firm’s simulated environment. ^[47, 48]

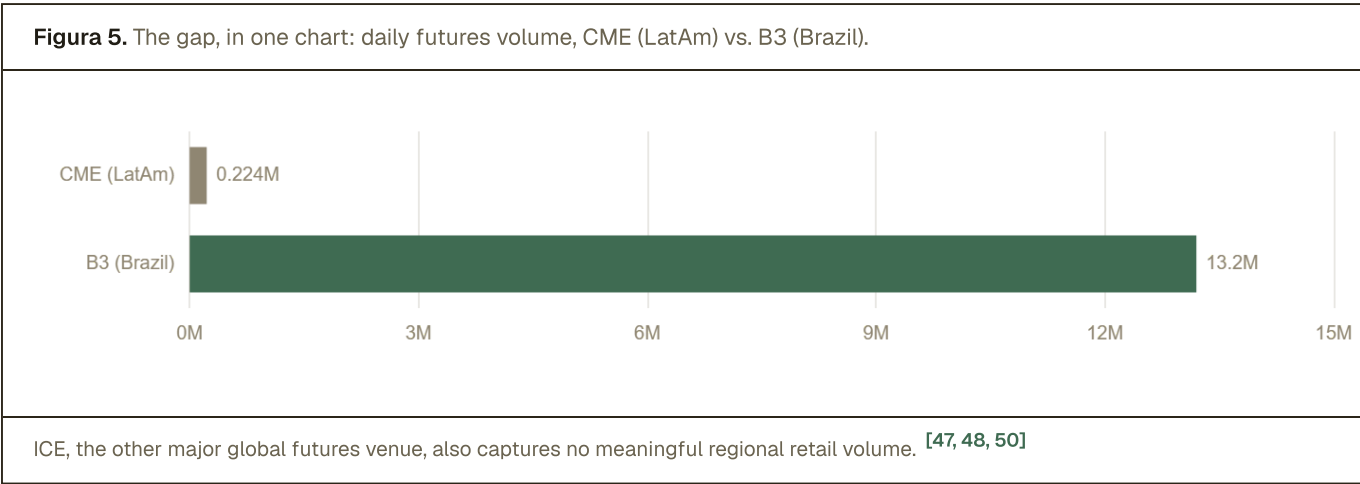
≈ 59 : 1

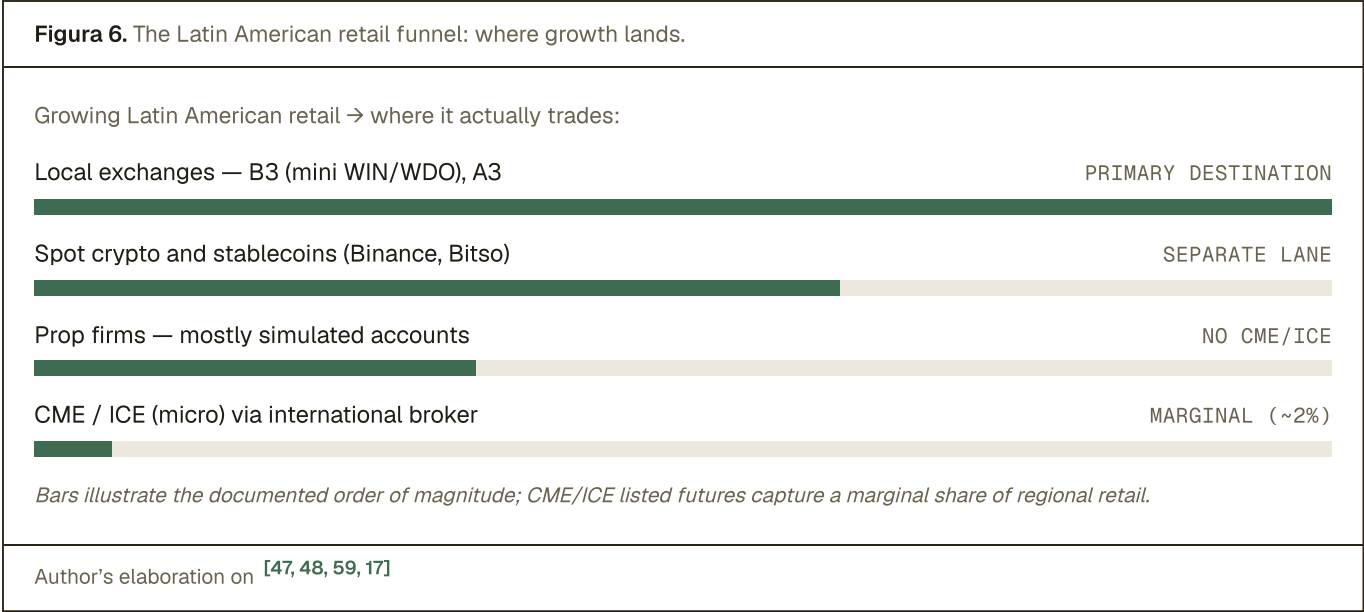
daily futures volume: B3 (Brazil, all derivatives) vs. CME in LatAm, both Q1-2026 ^[47] · Q1 2026

A second mirror confirms it, and is sharper still. In that same quarter, Canada-based clients –a country of just 41 million people– traded 219,000 CME contracts a day: almost the same as all of Latin America, with its 660 million. That is roughly 16 times more per-capita activity in the same market. And here a methodological honesty that, far from weakening the point, reinforces it: CME does not disclose how much of that regional volume is retail versus institutional –another of the measurement black boxes flagged in §2–; but since the bulk of its volume is institutional, the retail share of those 224,000 Latin American contracts is a fraction of a fraction. The region’s retail is so marginal in listed futures that it is not even reported separately, and that statistical invisibility already says a great deal. The why –led by affordability– we unpack in §8. ^[47]

219.000/día

CME contracts traded by Canada-based clients (~41M people) – almost the same as all of Latin America (~660M): 16× higher per-capita engagement in Canada ^[47] · Q1 2026





It is worth unpacking each rail. The first is the “funded-account” prop firms, huge in Argentina, Brazil, and Mexico. But the detail matters: in most firms, even the “funded” stage runs in a simulated environment—it sends no real orders to any exchange—; only a fraction, that of some futures props via Tradovate or Rithmic, routes real flow to the US futures exchanges (CME). For the trader the experience is identical; for those exchanges’ volume, the difference is between existing and not existing. Much of Latin America’s “funding boom” is, literally, invisible to CME and ICE. [17, 18]

That rail deserves a note for the record, because its reputation is as large as its opacity. The economics of prop firms are brutal: in an analysis of more than 300,000 accounts, only 14% pass the challenge and just about 7% ever collect a payout, with an average payout near 4% of account size—figures from an industry vendor, not a neutral census, but directionally telling—. The regulatory front also shifted, and precision matters: the CFTC’s flagship case against a prop firm (My Forex Funds / Traders Global, whose ~US\$310 million it had frozen in 2023) was dismissed with prejudice in May 2025, with the court faulting the CFTC for breaching its duty of candor and ordering it to pay the defense’s legal fees (reported at over US\$3 million). In parallel, several firms began entering the regulatory perimeter: Topstep registered with the NFA as a swap firm and was approved as an advisor (CTA). The sector, in short, is enormous, largely unaudited, and only now beginning to be watched closely. [19, 17, 18, 20]

~7%

of prop-firm accounts ever collect a payout (only 14% pass the challenge; avg payout ~4% of account size) — an industry-vendor figure, not a neutral census [19] . 2024

The second and third are neobrokers and local exchanges. Nubank, Mercado Pago, Ualá, and GBM+ democratized access, but they offer local stocks, ETFs, fixed income, and crypto—not CME or ICE futures—; the few that do offer futures (IOL, Cocos in Argentina) route to A3, the local exchange. And where retail does trade futures, it does so at home: B3’s mini index requires ~R\$100 of margin and is among the most-traded contracts on the planet, while A3 (formerly Matba Rofex) traded 293 million financial contracts in 2025 (+120% year-over-year), of which

the dollar future was 98.7%. The fourth rail, crypto, we already covered: another entire lane that does not pass through CME or ICE. [48, 49, 12]

293 M

futures contracts on A3 Mercados (Argentina) in 2025, +120% YoY; the dollar is 98.7% [12] . 2025

None of this means the two big global futures venues –CME and ICE– ignore retail; on the contrary, CME courts it actively: Micro E-minis are already about 40% of its index volume, it added one-dollar Event Contracts, and it reports more than 500,000 global retail traders. The point is geographic: for both, Latin America is a marginal fraction of their international volume (~2% for CME). And a measurement problem compounds the diagnosis: the standard proxy –the COT’s non-reportable positions– is a black box that sees neither simulated props nor the retail trading on local exchanges or in crypto, so official statistics systematically under-represent where retail is growing. Put neutrally, as befits a work like this: Latin American retail growth is real, but it mostly lands outside listed futures. It is a measured observation, not a verdict; what to do with it –if anything– is left to the reader. [44, 47, 50]

8 Why retail picks those rails

With the map of where retail lands documented, the why remains: if regulated futures offer, in theory, better costs and more protection, why does retail pick the other rails? The answer has two layers –friction and behavior– and it is worth taking them separately. Friction first. Access to the various vehicles forms a brutally uneven ladder. Opening a crypto position takes minutes and a dollar; entering a prop firm, a US\$100–500 fee and a form; a local neobroker account, a few taps in an app already used for payments. At the other end, accessing international listed futures from Latin America requires a foreign broker, US dollars –amid capital controls–, and weeks of onboarding with its tax complexity; even the cheaper local future can demand notarized paperwork and several weeks’ wait.

Table 1 lays out that ladder. The lesson is that friction is not an operational detail: more than cost or product quality, it is the variable that decides where retail enters. Between a regulated future that takes weeks and an app that settles in fifteen minutes, retail chooses the latter almost every time –even when the former would suit it better–.

Table 1. Access friction by vehicle (approximate).

VEHICLE	MINIMUM	ONBOARDING	FRICTION
Crypto (app / stablecoin)	US\$1	<15 min	Instant
Prop firm (challenge)	US\$100–500	<1 h	Low (fee)
Local neobroker	\$100 (local)	min–days	Low
Local future (B3 mini)	R\$100	2–4 wks	Medium
CME/ICE via int'l broker	US\$2,000–10,000	1–2 wks	High
[45, 48, 49, 52]			

And there is a layer of that friction almost never named that, in Latin America, is decisive: affordability. The cost of trading a future is fixed in dollars and is the same everywhere; income is not. A Micro E-mini's intraday margin looks like a toy –about US\$40 to 50–, but that only works if you close the position the same day; to hold it overnight you must post the full margin, around US\$2,450 per contract. And even to day-trade, surviving volatility and a couple of losses requires an account of US\$1,000 to 3,000 –below US\$500, four in five accounts blow up within twenty trades–. Now compare that fixed cost with income: the minimum wage in Canada is about US\$2,650 a month; in Brazil, roughly US\$295. The same contract a Canadian funds with a week's pay costs a Brazilian eight months of wages. It is not that Latin American retail does not want to trade listed futures: it is that, for most, the instrument costs the same but the wallet does not stretch. That is why the path of least resistance is crypto (you enter with a dollar), a prop firm (large exposure for a small fee), or the local mini. Friction tells you whether you can get in; affordability, whether you can afford to stay in –and even those who get in face, as we will see in §11, a 74–97% probability of losing–. [65, 66, 67, 68]

US\$2.450

of margin to hold ONE Micro E-mini (MES) overnight = ~1 month of Canada's minimum wage vs. ~8 in Brazil (intraday margin is ~US\$40–50, but only if you close same-day) [65] . 2026

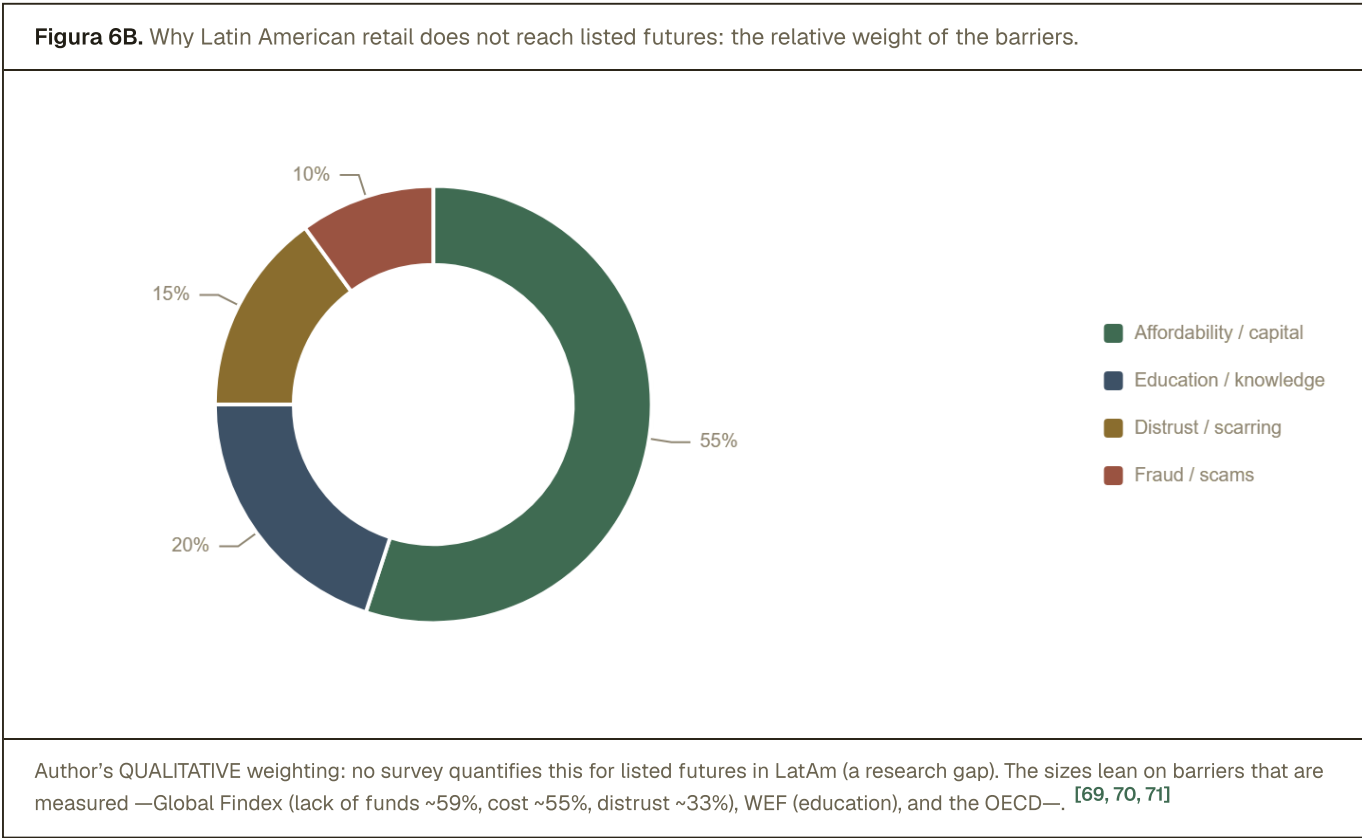
≈ 6 : 1

Canada's minimum wage (~US\$2,650/mo) vs. Latin America's (~US\$295–570/mo): the fixed dollar cost of trading futures is the same, income is not [67] . 2026

The second layer is behavior, and here product design stops being neutral. Gamified platforms do not just lower friction: they exploit it. Robinhood users came to trade 9 to 40 times more than at a traditional broker per dollar invested, and IOSCO documents that “digital engagement practices” –notifications, confetti, streaks– increase trading frequency most among the financially less literate; the Massachusetts regulator went so far as to sanction those mechanics for inducing overtrading. On that terrain the usual biases operate: overconfidence (Barber and Odean), a preference for lottery-like bets (Kumar), and the present bias that privileges today's thrill over tomorrow's outcome. [37, 28, 26, 36, 38]

A third factor is missing, tacit but decisive: the marketing asymmetry. Prop firms, CFDs, and crypto are promoted by an army of finfluencers paid an affiliate commission for every account they bring—a model that aligns their incentives with volume, not with the follower’s outcome—. Regulated futures, by contrast, are barely marketed to retail: no affiliate commission funds their reach. The result is a tilted playing field, where the riskiest vehicles are also the most advertised, and where the voice reaching retail usually carries a conflict of interest that is rarely disclosed. That asymmetry returns, in full force, in §12. ^[27]

Stacked one on another—affordability, education, distrust, and fraud—, these barriers explain why Latin American retail growth rarely ends up in a CME or ICE future. The chart below weighs their relative importance. A caveat for rigor: it is the author’s synthesis, not a measurement—no survey decomposes these motives for listed futures in LatAm, and that gap is itself telling—; the sizes lean on barriers that are measured (see the note).



9 The minimums to trade

The “minimum to trade”—how much capital it takes to get in—is the most concrete barrier of all, and in recent years it moved in two opposite directions at once. On one side, a wave of democratization lowered the floor. CME’s Micro E-minis (2019) cut the size—and margin—to a tenth of the standard contract; Mexico launched a Mini Dollar future ten times smaller in 2025; B3 sustains its minis with ~R\$100 margins; zero commissions became standard in 2019; and, the most resonant change, FINRA scrapped the US\$25,000 minimum required to day-trade, effective June 2026. The direction is unmistakable: making entry ever cheaper. ^[45, 46, 34, 7]

On the other side, and sometimes in the same window, other regulators raised the floor to protect. The most drastic case is India: SEBI tripled the minimum F&O contract size in 2024 (from ₹5–10 lakh to ₹15–20 lakh), added upfront premiums, and cut weekly expiries; equity-derivatives volume fell from 16 billion to 4 billion contracts – about 75%– between October 2024 and March 2025, and the number of individual F&O traders dropped from 61.4 to 42.7 lakh. One caveat that matters: that –75% measures contracts, not money –the count of tiny lots collapsed, while the premium actually put at risk fell far less (~9%)–; and even so, in fiscal year 2025, 91% of those traders lost money, with net losses of ₹1.06 lakh crore (+41% year-over-year). The curbs thinned the volume, not the losses. Earlier, ESMA (2018), the FCA (2019), and ASIC (2021) had capped CFD leverage, with a measurable effect at the other end: retail net losses fell by up to 94% in Australia after the cap. ^[2, 4, 5, 6, 3, 85]

US\$25.000
→ **0**

FINRA removes the Pattern Day
Trader minimum ^[7] . jun 2026

–75%

in the NUMBER of equity-
derivative contracts after SEBI's
curbs (India); in
money/premium terms the drop
was far smaller (~9%) ^[10] . oct
2024 → mar 2025

91%

of India F&O traders lost money
in FY25; net loss ₹1.06 lakh
crore (+41% YoY) ^[3] . FY25

The tug-of-war is not a contradiction: it is the expression of a dilemma with no technical solution. Lowering the floor broadens access –and, with it, the exposure of inexperienced people to instruments the majority does not win at–. Raising it protects those who lose, but also shuts out those who might still learn. Each regulator picks a side according to what it fears more: financial exclusion or investor harm. That same dilemma –inclusion versus protection– reappears immediately in the design discussion that follows, and is, at bottom, the thread that ties this whole paper together.

10 The debate: should futures be fractionalized?

The previous section leaves a natural question, the one that most excites anyone who looks at the micros' success: if shrinking the contract widened access so much, why not go on and allow trading 0.1 or even 0.01 of a contract, like the nano lot that already exists in forex? The answer, counterintuitively, is that the barrier is not regulatory: it is structural and economic. The CFTC does not prohibit a fractional contract; the machinery of listed futures simply does not admit one. In a centrally cleared market, the clearing house steps in as counterparty to both sides –“novation”– and the unit that clears, settles, and marks to market is the whole contract. There is no way to clear “0.1 of a contract”: the system is discrete by design. ^[33]

Economics compounds this. Each contract pays a fixed exchange and clearing cost –on the order of cents on the dollar–; below a certain size, that fixed cost eats the tick value and the instrument stops being profitable for market makers. That is why forex fractionalizes and futures do not: retail forex is OTC –the broker is the counterparty and nets positions internally, with no clearing house–, and fractional shares work because a custodian splits

one whole share among several owners, with no leverage and no novation. None of those tricks transfers to a leveraged, centrally cleared future: fungibility and the central guarantee, which are the system's strength, are also what make it indivisible. ^[21]

What the industry does, then, is not to fractionalize but to create new, smaller –yet whole– contracts. The progression is sharp: from the E-mini to the Micro (2019), from Micro Bitcoin to Coinbase's Nano Bitcoin (0.01 BTC) –the smallest regulated future in existence today–, and even one-dollar Event Contracts. And in 2026 that same machinery stretched its own definition: the CFTC approved Kalshi's BTCPERP –a perpetual contract, crypto's native instrument– regulating it as a future on a DCM, the first time a perpetual entered the US listed-futures perimeter. The real frontier of fractionalization, by contrast, is moving elsewhere: on-chain tokenization, where a derivative could be split into fractions outside traditional clearing. The CFTC already launched a tokenized-collateral pilot in 2025; it is the territory where the question might, someday, have a different answer – with its own, still-untested systemic risks–. ^[21, 22, 74]

But even if it were technically possible, the question of whether it is a good idea would remain –and there the underlying tension reappears–. More granularity lowers the barrier and widens access, yes; but it also accelerates retail's exposure to leveraged instruments that, as we will see, the vast majority does not win at. This is not theory: it is exactly why India did the opposite and raised the minimum size. Fractionalizing futures is, then, neither a panacea nor an absurdity: it is a lever that moves the same old dial –inclusion on one side, protection on the other – and whose desirability depends on which of the two one weighs more. This work does not settle that choice; it lays it out with the mechanics and the evidence in plain view. ^[2]

11 Why almost no one wins

Beneath all the rotation lies an uncomfortable, well-documented fact: the vast majority of retail loses money. In India, 93% of individual F&O traders lost (FY22–24); in Brazil, 97% of persistent day traders; in European CFDs, between 74% and 89% of accounts. Barber and Odean showed it back in 2000: the more retail trades, the worse it does. ^[1, 3, 41, 4, 35]

93%

of individual F&O traders in India lose money ^[1] . FY22–24

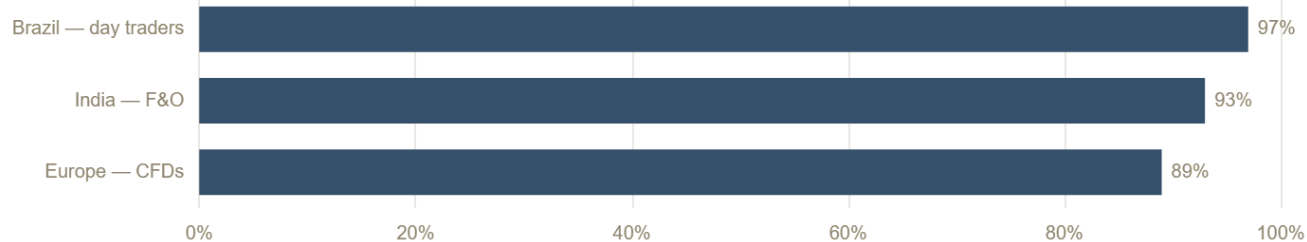
97%

of persistent day traders in Brazil lose money ^[41] . 2013–15

74–89%

of retail CFD accounts lose money (Europe) ^[4] . 2018

Figura 7. Share of retail that loses money, by market and product.



[41, 1, 4]

And this is neither old news nor foreign to our period: an FGV study of the pandemic era found that nearly 968,000 Brazilians collectively lost R\$9.9 billion day-trading between 2020 and 2023 —96.4% of days closed in the red for individuals—, and a 2025 survey found that 72% of retail day traders lost again. The loss is not the artifact of an old study: it is a pattern that recurs within this paper’s very window. [16, 15, 41]

R\$9.900 M

lost by 968k Brazilians day-trading (2020–2023); 96.4% of days negative [16] . 2020–23

The reasons for the losses are well known: transaction costs that erode any edge, overtrading fueled by overconfidence, a preference for lottery-like bets, and a structural disadvantage against faster, better-informed institutional players. But how much retail loses does not, by itself, explain what matters most for this paper’s thesis: why participation does not recover. For that we must look at what happens after the loss —and that is where the most under-rated mechanism in this whole story appears. [38, 36]

12 The scarring cycle: why they don’t come back

If losing money were an isolated event, it would matter little: people would dust themselves off and try again, more cautious. The problem is that it is not so. Behavioral economics documented long ago that bad market experiences leave a scar that lasts years, sometimes decades. Malmendier and Nagel, in a now-classic study, show that those who lived through low returns over their lifetime take less financial risk, participate less in the stock market—a gap of up to twelve percentage points across cohorts— and are more pessimistic about the future, and that the effect persists long after the event that caused it. The first experience weighs disproportionately: whoever starts out losing, starts out scarred. [75, 80]

The scar is not only risk aversion: it is distrust. And trust is, literally, a prerequisite for participating in a market. Guiso, Sapienza, and Zingales show that trusting the market more raises the probability of investing in stocks by about 6.5 percentage points—an effect so large it explains why even wealthy people stay out—. Distrust operates

through two channels: an objective one (the quality of the legal and anti-fraud framework) and a subjective one (the belief that one will be cheated). When that belief spreads, stigma appears: “trading is a rigged game, a scam.” And stigma does not distinguish between the person who lost by trading badly and the one who was actually defrauded. ^[76, 78]

+6,5 pp

of stock-market participation is explained by trusting the market more ^[76] · 2008

This is where the damage from scams and fake gurus comes in, which is greater than it looks because it carries an externality. Each fraud does not just empty its victim’s account: it poisons the well for everyone. The evidence is stark. The FTC reported US\$5.7 billion in investment-fraud losses in a single year, the largest fraud category. FINRA found that between 68% and 69% of finfluencer-followers who were targeted by a scam lost money –far more than those who don’t follow them–. IOSCO estimates that about 70% of finfluencers breach some substantive rule. And the Madoff case revealed the aggregate mechanism: after the fraud, hundreds of billions of dollars were withdrawn even from uninvolved advisers, and firms in the affected areas closed far above average. Fraud does not subtract a client: it drives away a generation. ^[82, 81, 72, 42, 27, 87, 88]

US\$5.700 M

in reported investment-fraud losses in one year (US, +24% YoY) ^[82] · 2024

68–69%

of finfluencer-followers targeted by fraud lost money ^[81] · 2024

The intuitive reaction is “we must educate people.” But the evidence is uncomfortable: financial education, as it has been done, changes behavior less than believed. The meta-analysis by Fernandes, Lynch, and Netemeyer – across 201 studies– finds that educational interventions explain barely 0.1% of the variance in financial behavior, and that the effect fades within months. It is the central paradox of our time: there has never been so much financial “content” –courses, videos, finfluencers– and yet outcomes do not improve. The reading is not that education is useless, but that quantity is not quality: early, independent, conflict-free education matters more than the volume of affiliate-monetized tutorials. In Latin America the problem is twofold: financial-literacy scores sit below the OECD average, and public programs exist but with no known impact evaluation. ^[77, 79, 86]

0,1%

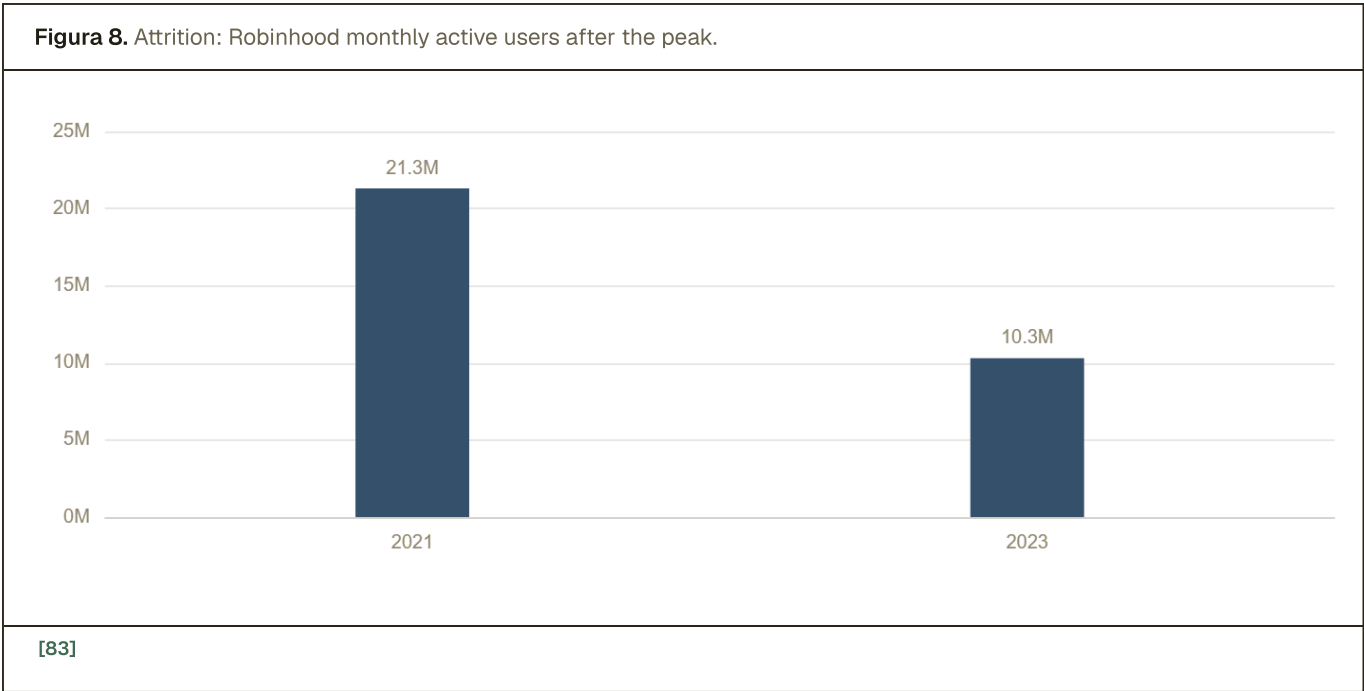
of the variance in financial behavior is explained by financial education (meta-analysis) ^[77] · 2014

The cycle, then, closes like this: retail enters optimistic → loses (74–97% do) → grows disillusioned and, often, is defrauded → loses trust in the market as an institution → leaves → and does not return, because the scar and the distrust persist. The attrition data back this up: Robinhood’s monthly active users fell from 21.3 million (mid-

2021) to 10.3 million (2023) –half did not return, and the later recovery in the aggregate (§3) came from new users, not the return of those who got burned–, India’s active F&O traders dropped by about 26%, and in Brazil account openings plateaued after the boom. The cost is not only individual: it is forgone participation in capital markets and destroyed financial human capital –especially severe in emerging economies, which most need to deepen their markets and can least afford a generation that turns its back on formal saving and investing–. [83, 85, 48]

21,3M → 10,3M

Robinhood monthly active users: from peak (2021) to trough (2023) [83] . 2021→2023



13 Discussion and limitations

Before the limitations, it is worth tying the threads together. The central thesis –that retail did not fall but rotated – rests on convergent yet indirect evidence: we see participation compress on one side and grow on the other, but no public dataset follows the same person crossing from equities into crypto or futures. The rotation is therefore a solid inference, not a direct measurement; and the Latin American gap with listed markets is a measured observation, not a verdict on what should be done about it. With that caveat up front, these are the work’s limits.

This work inherits its sources’ limits. No public dataset links the same person trading stocks, crypto, and futures, so evidence of substitution vs. addition is indirect. LatAm regulators publish little retail disaggregation. Prop firms do not disclose what share of their funded accounts route real orders. And no US regulator publishes the number of retail accounts: where we estimate, we label it as an estimate.

To these we add the limits inherent to a document updated with the freshest data. Prediction-market figures are recent and, in large part, reported by industry vendors rather than regulators; the volumes of the newly listed crypto perpetuals (Kalshi BTCPERP) are notional—they include leverage—and reported by the operator, not an independent auditor; the size of the prop-firm market circulates as an industry estimate, not an official figure. Margin debt is a proxy for aggregate leverage, not a measure of pure retail. And the CME/B3 ratio—like any cross-exchange comparison—is sensitive to which metric and period are paired: we present it raw, with its two numbers and their dates, so the reader judges the order of magnitude without taking it as an exact figure. Where a source is weak or a series is estimated, we say so in the text or in the figure’s note.

14 Conclusion

The thesis we opened with—that retail “died”—does not survive the data. What happened between 2021 and 2025 was a correction from an unrepeatably high peak, followed by a rotation. Relative participation compressed—JPMorgan puts it around 20–25%, with spikes as high as 35%—, but the absolute level returned to record highs: US\$5.4 trillion of retail activity in 2025. Mistaking the drop in share for the disappearance of the phenomenon is the reading error this paper set out to correct. ^[55, 54]

The rotation was twofold. Across instruments: speculative appetite migrated from meme stocks toward ODTE options—from 5% to 59% of SPX volume—, crypto, prop firms, and prediction markets; it did not switch off, it fragmented. And across geographies: as developed markets plateau, emerging ones grow. On that second rotation rests the paper’s structural finding: in Latin America, retail futures growth mostly lands outside CME/ICE listed markets—captured by local exchanges (B3 trades ~58× CME’s regional volume), crypto, and apps—. Regional retail is not absent from the futures market; it is in a different futures market. ^[51, 47, 48]

Beneath the rotation lies a fact no growth narrative should ignore: between 74% and 97% of retail loses money, depending on market and product. And that loss is not neutral. The behavioral evidence suggests that those who get burned do not simply leave: they distrust, and distrust is sticky. A bad experience depresses risk appetite for years; fake-guru fraud harms not only its victim but stigmatizes the whole activity—“trading is a scam”—and drives away people who never return. The result is forgone participation and opportunity that does not show up in volume statistics, but is real. ^[1, 41, 4, 35]

The Latin American case arranges these pieces with a logic of its own. Where there is inflation and capital controls, crypto competes not with equities but with the currency: a hedge before a bet. Where friction to the global market is high—US dollars, international brokers, weeks or months of paperwork—, retail takes the path of least resistance: the local app, the stablecoin, the funded account. And where quality financial education is scarce, the void is filled by an army of affiliate-incentivized finfluencers. Each of these conditions pushes retail toward rails other than listed futures, and explains why the regional growth map looks the way it does. ^[58, 31, 27]

There remains, finally, a dilemma that is not technical but political. Lowering the barrier—micros, scrapped minimums, fractional contracts—broadens access; raising it—as India did—protects those who lose. Both paths have costs. The way out is not to pick an extreme, but to build the infrastructure the debate usually skips: quality finan-

cial education (not more content, but better), rules that pursue fraud before it erodes trust, and products designed so retail can participate without being wiped out. The market does not grow for whoever has the biggest budget, but for whoever meets retail where it already is –and treats it as a participant to protect, not a flow to extract–. This document does not close that debate; it opens it with the data in plain view, and will keep updating as the data changes. [7, 2, 32]

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Conflicts of interest	None declared.
Data availability	No primary data were used; all figures reference public sources cited in the References.

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Appendix A • Retail voices

This appendix gathers 36 public voices –forum posts, press pieces and reports– that illustrate, first-hand, the movements the body of the paper documents with data. Each voice is quoted verbatim, with its source, date and link, and carries an audit verdict against the thesis (confirms, nuances or contradicts). It is an illustrative corpus, not a representative sample: only verifiable, re-fetchable sources were kept, and it includes public Reddit threads captured with a browser session, citable by their URL.

INSTRUMENT ROTATION (6)

Speculative appetite didn't switch off: it migrated to ODTE options, prop firms and prediction markets.

“To me it just feels like gambling. you have extreme time decay as you are trading the same day as an option expires. I've had many of these expire at zero, they move very very fast.”

Elite Trader (hilo) • Forum • 2023-09-29 CONFIRMS • §4 • ODTE source ↗

→ Speculative appetite migrated to ODTE (“dramatically” higher volume): instrument rotation, not retail’s death.

“Under capitalized retail traders looking for leverage? that is nothing new, have been a theme for 30 years.”

Elite Trader (respuesta) • Forum • 2023-09-30 NUANCES • §4 • ODTE source ↗

→ Confirms ODTE channels the hunt for leverage, but reads it as continuity, not structural rotation.

“for me they are Hola Prime, FTMO, or Funded Next... I've recently switched to hola after reading about their 1 hour withdarawals and the coaching facilities, it's been going good till now.”

Phuc (Elite Trader) • Forum • 2025-07-14 CONFIRMS • §4 • PROP FIRMS source ↗

→ By 2025 funded accounts are already the serious retail trader’s default frame: direct evidence of rotation.

“most of the discussion online treats it either as a novelty or as a political betting site rather than what it actually is: a real-money binary options market with persistent, exploitable inefficiencies.”

Elite Trader (hilo) • Forum • 2026-05-02 CONFIRMS • §4 • PREDICTION MARKETS source ↗

→ Retail reframes the prediction market as a trading instrument: the core of the rotation thesis.

“He took out a variable-interest loan and started betting... turned about \$2,000 into close to \$8,000 by betting on daily snowfall totals... parlayed that into \$41,000 by trading on sports... Then he placed his most audacious bet... He lost it all.”

The Wall Street Journal (citado) • Press • 2026-05-03 NUANCES • §4 • PREDICTION MARKETS source ↗

→ Confirms the rotation to prediction markets, but recalls most lose: speculation migrated, it did not democratize.

“Polymarket announced on Tuesday that users will soon be able to trade perpetual futures on its platform, while chief rival Kalshi reportedly eyes a similar push into the derivatives space.”

Decrypt • Press • 2026-04-21 CONFIRMS • §4 • PREDICTION MARKETS source ↗

→ The infrastructure itself reshapes toward the retail speculator: instrument rotation is structural and ongoing.

CRYPTO AS A HEDGE (LATIN AMERICA) (8)

Where inflation and capital controls bite, the stablecoin competes with the currency, not with equities.

“Argentina's share of stablecoin transaction volume is 61.8%, placing it slightly above Brazil's share (59.8%) and well above the global average (44.7%).”

Chainalysis · 2024 Geography of Cryptocurrency · Report · 2024 CONFIRMS · \$5 · STABLECOINS (DATO EJE) source ↗
→ This is the exact figure the thesis cites: stablecoins dominate Argentine crypto usage.

“retail-sized stablecoin value (i.e. transactions under \$10,000) received in Argentina is growing at a faster rate than value received in any other asset type... Argentínians look to stablecoins as a means of mitigating the effects of inflation and currency devaluation.”

Chainalysis · 2024 Geography of Cryptocurrency · Report · 2024 CONFIRMS · \$5 · REFUGIO, NO ESPECULACIÓN source ↗
→ The primary source literally says “mitigating inflation and devaluation”, not speculating.

“the trifecta of persistent inflation, currency volatility, and restrictive capital controls across several countries in the region continues to drive demand for stablecoins as a safe store of value and as a hedge against local macroeconomic risk.”

Chainalysis · 2025 LATAM Crypto Adoption · Report · 2025 CONFIRMS · \$5 · ACTUALIZACIÓN 2025 source ↗
→ The 2025 report reaffirms the pattern: stablecoins as hedge/store of value, not a bet.

“Mientras el billete verde se guarda en cajas de seguridad o bajo el colchón, sin generar un centavo extra de ganancia, los llamados “dólares digitales o cripto”—stablecoins como USDT o USDC— ofrecen un giro distinto: además de mantener la paridad con la moneda estadounidense, permiten obtener rendimientos.”

Vs. cash dollars under the mattress, stablecoins hold parity and even yield: dollarization, not speculation.

El Cronista (Argentina) · Press · 2026-07-03 CONFIRMS · \$5 · DOLARIZACIÓN DE FACTO source ↗
→ A leading Argentine outlet frames the stablecoin as a dollarized savings tool.

“los stablecoins son mejores dólares, pero la razón por la que la gente los adquiere es por necesidad.”

In Venezuela people acquire stablecoins out of a need for refuge, not to speculate.

La República · Mauricio Di Bartolomeo (Ledn) · Press · 2026-01-19 CONFIRMS · \$5 · CASO VENEZUELA source ↗
→ “Out of need”, not investment: the Venezuelan case fits the hedge thesis exactly.

“La gente no las usa para ahorrar a largo plazo, sino para preservar poder de compra en el corto plazo, dolarizarse de facto y moverse fuera de un sistema financiero lleno de restricciones.”

Preserving purchasing power and dollarizing de facto —not speculating— in Venezuela and Argentina.

Expansión (México) · Octavio Torres · Press · 2026-01-30 CONFIRMS · \$5 · REFUGIO VS. ESPECULACIÓN source ↗
→ Explicitly separates hedge/dollarization from speculation, and covers two of the thesis' countries.

“A principal função de uma stablecoin é servir como um porto seguro. Quando o mercado está em queda, muitos transferem seus fundos para esses ativos para preservar o valor de suas carteiras.”

In Brazil a stablecoin's main role is a “safe harbor” to preserve value.

Estado de Minas (Brasil) · Press · 2026-02-06 CONFIRMS · \$5 · CASO BRASIL source ↗
→ Brazilian press defines the stablecoin as a hedge/store of value: defensive dollarization.

“¿Vale la pena guardar mis ahorros en USDT en Lemon?”

The Argentine treats the stablecoin as a savings account: the question isn't whether to speculate but where to store.

r/merval (OP) · Reddit · 2023-04-27 CONFIRMS · §5 CRIPTO / REFUGIO LATAM / STABLECOINS

source ↗

→ The very framing –where to “store” savings in USDT– confirms the stablecoin as a hedge, not a bet.

GEOGRAPHIC ROTATION (8)

Retail growth moved to emerging markets: India, Brazil, Argentina.

“the country now accounts for nearly 60% of global equity derivatives volumes... Nearly 11 million individuals traded equity futures and options contracts in the last financial year.”

CNBC · Inside India · Press · 2025-07-10 CONFIRMS · §6 · INDIA

source ↗

→ The epicenter of retail migrated to an emerging market: India dominates the global derivative via retail.

“the number of individual traders has grown by over 120% between FY22 and FY25 to almost 10 million... unique registered investors... has now reached close to 119 million as of August 2025.”

CFA Institute · Market Integrity · Press · 2025-11-05 CONFIRMS · §6 · INDIA

source ↗

→ Explosive Indian retail growth (high-credibility source): rotation toward emerging markets.

“the sharp rise in participation by individual investors in the F&O segment, driven by easy access through trading apps and aggressive marketing... nearly 90% of participants ending the year in the red.”

Moneylife (respuesta en el Lok Sabha) · Press · 2025 NUANCES · §6 · INDIA / §11 PÉRDIDAS

source ↗

→ Confirms the volume rotation to India, but qualifies it: the growth is speculative and ~90% loses.

“The equity market has changed radically over the past five years. The number of accounts doubled, the distribution network expanded and investors gained access to more sophisticated products.”

Gilson Finkelsztain (CEO de B3) · Press · 2025-12-16 CONFIRMS · §6 · BRASIL

source ↗

→ An institutional source (B3's CEO) confirms the doubling of the Brazilian retail base.

“Os números mostram a crescente participação do investidor pessoa física no mercado de ações brasileiro... um valor recorde de R\$ 517,3 bilhões em 2025.”

Record retail (individual) participation in Brazil's stock market: R\$517.3bn in 2025.

Times Brasil / CNBC · Press · 2026-02-05 CONFIRMS · §6 · BRASIL

source ↗

→ A native-language (PT) voice documents record retail volume on B3 in 2025.

“Casi el 30% de los argentinos opera en el mercado de capitales... el número de cuentas abiertas en Caja de Valores superó los 24,6 millones... El incremento registrado desde 2018 alcanza el 1.967%.”

Nearly 30% of Argentines invest; 24.6M accounts, +1,967% since 2018.

Infobae (informe BYMA) · Press · 2026-07-02 CONFIRMS · §6 · ARGENTINA

source ↗

→ A native-language (ES, BYMA) voice confirms Argentina's retail boom: mass participation, +1,967% growth.

“Lost 25L in F&O... can't digest it. Not able to come at terms with this situation.”

r/IndianStreetBets (OP) · Reddit · 2026-04-19 CONFIRMS · §6 INDIA / §11 PÉRDIDAS

source ↗

→ In-period loss at the epicenter of global retail (India F&O): the SEBI datum as a voice.

"The only way to get rich in FnO is to stay away from FnO."

r/IndianStreetBets (comentario) · Reddit · 2026-04-19 **CONFIRMS** · §6 INDIA / §11 PÉRDIDAS

source ↗

→ The Indian community itself internalizes F&O as a pit: the disillusion that precedes exit.

THE SCARRING CYCLE (8)

Losing, disillusion, distrust and not coming back — the exit that never shows up in volume.

"So I'd try to jump into another stock and make some money there, and then you're just snowballing into another loss and another loss. ... Two years ago, he quit day trading to become a real estate agent."

NPR (Matthew, day trader) · Press · 2020-12-08 **CONFIRMS** · §11-12 · PÉRDIDA → SALIDA

source ↗

→ Big loss → disillusion → permanent exit to another profession: the full scarring cycle.

"even after doing many courses and learning many many things and even after trying for 3 years into trading I lost more money in 1 year than I was making on my job in 1 year... I am regretting trading in futures and options. At the end, stock market is the biggest legal gamble."

Quora (respuesta anónima) · Forum · 2020 **CONFIRMS** · §11-12 · DESCONFIANZA

source ↗

→ Loss → regret → reframing the market as a casino: distrust + exit.

"I lost almost all of our money within 3 months. Loss. After Loss. After Loss. ... Only to go from 30k starting to 900 dollars left. What took me almost 15 years to accumulate, gone in 60ish trading days."

Quora (respuesta anónima) · Forum · 2020 **CONFIRMS** · §11-12 · TRAUMA

source ↗

→ Devastating loss of a lifetime's savings: the emotional scar that precedes the exit.

"Creo q es una estafa el trading, puesto que usan la informacion de las posiciones abiertas, para en funcion de eso mover el mercado, de forma que haga perder a mucha gente... quedando practicamente en saldo 0 (lo que gane, lo perdi)."

Believes trading is a rigged scam that "moves" the market to make retail lose; ended at zero balance.

Rankia (usuario) · Forum · 2021 **CONFIRMS** · §11-12 · "ES UNA ESTAFA"

source ↗

→ Loss (zero balance) → manipulation narrative: explicit distrust, the core of the thesis (Spanish voice).

"I'm just too demoralized and tired of the stress to continue... all the life wasted from the stress - that I will never regain... I have absolutely zero interest in regaining my motivation to daytrade."

thesniper (Elite Trader) · Forum · 2011 **NUANCES** · §12 · SALIDA

source ↗

→ Exit and disillusion yes, but from burnout/stress rather than terminal loss: it qualifies the driver.

"19.696 pessoas começaram a fazer day-trade em mini índice entre 2013 e 2015. Dessas, 18.138 (92,1%) desistiram... 91% tiveram prejuízo e apenas 13 pessoas obtiveram lucro médio diário acima de R\$ 300,00."

FGV study: 92.1% quit day trading; of those who persisted, 91% lost and only 13 people earned meaningfully.

Exame · estudio FGV (Chague & De-Losso) · Press · 2019 **CONFIRMS** · §11-12 · BRASIL (DATO DURO)

source ↗

→ Hard data on mass exit (92.1% quit) tied to near-universal loss: it quantifies the cycle.

"21 years old and lost everything day trading 150k cash and now in prop firm debt, no college no job."

r/Daytrading (OP) · Reddit · 2025-05-06 **CONFIRMS** · §11-12 · PÉRDIDA → SALIDA

source ↗

→ Total ruin at 21 + prop-firm debt: the scarring cycle, first-person.

“Your post sounds exactly like blaming the gambler and not the casino.”

r/IndianStreetBets (comentario) · Reddit · 2025-12-29 NUANCES · §11-12 · DESCONFIANZA / MERCADO = CASINO

[source ↗](#)

→ Reframes loss as the “casino’s” design, not the individual’s fault: a nuance that feeds distrust.

GURUS, FINFLUENCERS AND FRAUD (6)

The quality-education void is filled by affiliate marketing that stigmatizes the whole activity.

“My £100 was now worth £8. I'd been had... the chiefs of 'Big Pump Signal' were selling it – in bulk – sending the price crashing down.”

VICE · Liam Kenny · Press · 2021-02-22 CONFIRMS · §11-12 · GRUPOS DE SEÑALES

[source ↗](#)

→ First-person account of a victim: the pump-and-dump enriches the guru at retail’s expense.

“One of the worst prop firms that ever exist! ... They don't use a legit broker but their 'own'. They manipulate the whole system. ... after all this time, i finally recognize that this prop firm is a scam.”

Forex Peace Army (reseña) · Forum · 2023-07-27 CONFIRMS · §11-12 · PROP FIRMS DUDOSAS

[source ↗](#)

→ The trader’s voice anticipates the very manipulations the CFTC later charged MyForexFunds with.

“Among those who reported being targeted for fraud, 68% of social media users and 69% of finfluencer followers reported losing money to fraud (compared to 29% and 26% for non-users and non-followers, respectively).”

FINRA Investor Education Foundation · Press · 2026-04-02 CONFIRMS · §8 / §11-12 · BRECHA EDUCATIVA

[source ↗](#)

→ Primary source of the 68–69% figure the paper cites: the finfluencer follower is the most exposed.

“Of the 31% that acted on the advice they accessed on social media, 55% lost money, warned TSB.”

TSB (via Infosecurity Magazine) · Press · 2025-07-11 NUANCES · §11-12 · FINFLUENCERS

[source ↗](#)

→ Confirms the direction (most lose), but at 55% in a general sample: somewhat below the paper’s 68–69%.

“Ese curso necesario exige el abono de una cantidad previa, en ocasiones de varios miles de euros... En muchas ocasiones, estos cursos son fraudes. Las víctimas pierden el dinero entregado para realizar el curso y nunca consiguen el acceso a la cuenta.”

CNMV: funded accounts tied to paid courses are often fraud; victims pay thousands and never get account access.

Finanzas para Todos (CNMV · Banco de España) · Press · 2024 CONFIRMS · §8 / §11-12 · ACCESO + EDUCACIÓN

[source ↗](#)

→ A regulator ties funded account + paid course + fraud: the education barrier IS the scam’s vehicle (Spanish voice).

“they always shows unrealistic lifestyles and goals, and youth followers feels left out. They put their everything in achieving it.”

r/Daytrading (comentario) · Reddit · 2025-05-06 CONFIRMS · §8 / §11-12 · FINFLUENCERS, GURÚS

[source ↗](#)

→ A community voice on finfluencer harm: unrealistic lifestyle → the young put in everything.

Appendix B · Notes

GLOSSARY

0DTE An option that expires the same day it is traded.

PF0F	Payment for Order Flow: what a market maker pays a broker for its orders.
PDT	Pattern Day Trader: US rule that required US\$25,000 to day-trade.
Non-reportable	Positions below the COT threshold; a retail proxy.
ADV	Average Daily Volume of contracts.
Novation	The clearing house steps in as counterparty to both sides.

DATA AVAILABILITY

All cited sources are public and linked in the references; every third-party figure carries its source and date. The paper's figures use values fixed as of each version (reproducible), not live feeds. The qualitative sentiment evidence is the “Retail Voices” corpus (Appendix A), frozen and verified; the platform's live social engine is a separate exploratory tool, not part of the cited evidence.

VERSION HISTORY

v0.1	12 Jul 2025	Initial draft: rotation hypothesis (instrument and geography).
v0.2	28 Aug 2025	SEBI FY24 and CFTC COT data; first draft of the losses section.
v0.2.1	9 Sep 2025	Source and footnote fixes.
v0.3	3 Nov 2025	Crypto and LatAm stablecoins section (Chainalysis 2024).
v0.4	19 Dec 2025	CME/ICE vs. local-exchange segmentation (B3, A3): the 58:1 gap.
v0.5	6 Feb 2026	Behavioral drivers and access friction; friction-by-vehicle table.
v0.6	25 Feb 2026	New chapter: the scarring cycle (trust, education, fraud).
v0.7	20 Mar 2026	“Retail Voices” appendix: verified qualitative corpus.
v0.8	4 May 2026	Market-design discussion: fractionalization and tokenization.
v0.9	29 May 2026	Argentina and Brazil deep research: primary data from BYMA, A3 and B3.
v0.9.2	18 Jun 2026	Integrity fixes: margin debt (FINRA), Robinhood MAU, ODTE (Cboe), India (FIA).
v1.0	3 Jul 2026	First complete public release; bilingual; 2020–2026 study period set.
v1.1	7 Jul 2026	Data refresh (record margin debt US\$1.42T, Robinhood funded, SEBI FY25 91%); new prediction markets; more LatAm depth (BYMA, Cocos, IOL, B3); rigor on the CME/B3 ratio.

See the live data behind this paper →