

Robinhood's growth in the summer slowed as trading calmed

October 26 2021



An electronic screen at Nasdaq displays Robinhood in New York's Times Square following the company's IPO, Thursday, July 29, 2021. The meteoric growth of Robinhood Markets is coming back to earth, much like its stock price. The company whose easy-to-use app has brought new generations of investors into the stock and cryptocurrency markets said Tuesday, Oct. 26, 2021 that its revenue growth slowed to 35% in the July-September quarter, down from 131% in the spring and 309% at the start of the year. Credit: AP Photo/Mark Lennihan, File

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The company whose easy-to-use app has brought new generations of investors into the stock and cryptocurrency markets said Tuesday that its [revenue growth](#) slowed to 35% in the July-September quarter, down from 131% in the spring and 309% at the start of the year.

The slowdown came as Robinhood's customers traded less often than earlier in the year, particularly in cryptocurrencies, and as the company entered a traditionally slower part of the calendar for brokerages. Robinhood also had slightly fewer funded accounts than it did during the spring, with the total dipping to 22.4 million from 22.5 million.

Robinhood's loss for the quarter totaled \$1.32 billion, or \$2.06 per share, compared with a loss of \$10.7 million, or 5 cents per share, a year earlier. A shade more than \$1 billion of the loss was related to stock-based compensation expenses it recognized with its initial public offering of stock. Revenue rose to \$364.9 million from \$269.5 million.

Robinhood's business does best when markets are volatile and its customers are making lots of trades. But the third quarter didn't feature a market frenzy like the [second quarter](#)'s surge for dogecoin and other cryptocurrencies or the first quarter's "meme stock" craze.

That meant Robinhood made an average of \$65 in revenue from each of its users. That's down from \$112 three months earlier and from \$102 a year earlier. In crypto trading alone, Robinhood's transaction-related revenue fell to \$51 million from \$233 million in the spring, though that was still up sharply from \$5 million a year earlier.

Looking ahead, Robinhood said lower trading activity among its customers could persist. That's why it said revenue could top out at \$325 million for the last three months of the year. That would mark a second straight quarter where [revenue](#) weakened from the prior three months.

In the meantime, Robinhood has been making investments in new products and additional customer-service. That can retain and bring in new customers, though it can add to expenses. Robinhood's total operating costs were up from year-ago levels, but they were down from the second quarter after excluding [share](#)-based compensation.

The company recently announced that it's offering live phone support 24 hours a day, following earlier criticisms about how difficult it was to reach the company. CEO Vlad Tenev also said that more than 1 million people have joined the waitlist for Robinhood's crypto wallet.

Robinhood's [stock](#) has also come down after its own volatile ride. After a rocky Wall Street debut in July, it soared as high as \$85 in August before pulling back. Before Robinhood released its third-quarter results on Tuesday, its shares closed at \$39.57, up 1.4%. The shares went public in July at a price of \$38.

Shares fell 8.4% in afterhours trading following the release of its results.

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