

Coinbase Is Building the Financial Infrastructure of the Next 50 Years

6.9 Billion Revenue 2025. 12 Products at 100M Plus. Deribit. Base Chain. x402. USDC. JPMorgan on Their Rails. Most People Think It Is Just an Exchange. -- Q2 2026

For the year ended December 31, 2025, Coinbase reported net revenue of \$6.9 billion -- making it the most profitable year in the company's history and placing it among the most financially significant fintech companies in the world. The revenue figure is not the most important number in Coinbase's 2025 annual report. The most important number is this: 44% of Coinbase's net revenue in Q1 2026 came from subscription and services -- a category that includes stablecoin revenue, blockchain rewards, custodial fee revenue, and developer platform fees. A company that earns 44% of its revenue from recurring subscription and services income rather than transaction volume is not a cyclical exchange dependent on bull market trading activity. It is a financial infrastructure company with recurring institutional revenue that grows with the asset class regardless of short-term price movements. In Q1 2026, Coinbase held an average of \$19 billion of USDC in Coinbase products -- the largest holder of USDC in the world. Coinbase acquired Deribit in August 2025 for approximately \$2.9 billion -- making it the dominant global platform for Bitcoin and Ethereum options trading with approximately 75% global market share in crypto options. Coinbase co-founded USDC with Circle and earns a share of the interest income on USDC reserves -- income that at a \$77 billion USDC market cap and 4.3% Treasury yield generates hundreds of millions of dollars annually for Coinbase's balance sheet. Coinbase incubated Base -- the Layer 2 blockchain built on Ethereum's OP Stack -- which now processes x402 AI agent payments, hosts JPMorgan's JPMD stablecoin, powers the Chase-Coinbase direct bank-to-wallet API for 78 million customers, and has become the primary settlement layer for institutional stablecoin infrastructure in the United States. Coinbase CEO Brian Armstrong walked into the White House unannounced on March 4, 2026, and the President of the United States posted on Truth Social using Armstrong's exact language within hours. Most people think Coinbase is a crypto exchange. Coinbase is building the financial infrastructure of the next 50 years.

01 -- THE REVENUE ARCHITECTURE: WHY 44 PERCENT SUBSCRIPTION IS THE KEY METRIC

Understanding why Coinbase is more than an exchange requires understanding the revenue architecture that the company has built over the past three years -- specifically the shift from transaction fee dependency to recurring infrastructure revenue that makes Coinbase's business model structurally different from any previous crypto exchange.

A traditional cryptocurrency exchange earns revenue from transaction fees -- the spread between the bid and ask price on trades, or the explicit fee charged per transaction. This revenue model is inherently cyclical: during bull markets, trading volume increases, revenue rises, and margins expand. During bear markets, trading volume collapses, revenue falls, and cost structures that were built for bull market volumes create losses or margin compression. FTX, Binance, and the other pure-play exchanges have all demonstrated this cyclicity.

Coinbase's Q1 2026 shareholder letter, filed with the SEC, confirmed that 44% of total net revenue came from subscription and services -- a category that includes: stablecoin revenue from Coinbase's share of USDC reserve interest income, blockchain rewards from staking services where Coinbase validates transactions on behalf of users, custodial fee revenue from Coinbase Prime institutional custody, and developer platform fees from the Base ecosystem and Coinbase Developer Platform. This 44% subscription and services share is not a quarterly aberration. It reflects a deliberate multi-year strategy to build recurring infrastructure revenue that does not depend on crypto price levels or trading volume.

The Q1 2026 earnings deck confirmed 12 products with \$100 million or more in annualized revenue -- a product portfolio breadth that no other crypto-native company approaches. The 12 products include: spot trading, derivatives trading through the Deribit acquisition, stablecoin revenue from USDC, blockchain rewards from Ethereum and other PoS network staking, institutional custody through Coinbase Prime, the Base developer platform, Coinbase One subscription, advanced trading, prediction markets, the Coinbase debit card through Coinbase One Card, international exchange operations, and the emerging payments infrastructure business. Twelve separate \$100M-plus revenue streams from a company that most analysts still describe primarily as a crypto exchange.

The official Q1 2026 earnings deck articulated Coinbase's strategic framework as four pillars: growing the Everything Exchange covering all tradable assets including crypto, derivatives, equities, and prediction markets; scaling stablecoins and payments infrastructure; bringing the world onchain through DeFi integrations and Base Chain; and building a financial super app for consumers. Each of these pillars is a separate financial services business that, at Coinbase's scale and with its regulatory relationships, would be a significant standalone company. Together they constitute a financial conglomerate that is systematically replicating every function of traditional financial infrastructure on blockchain rails.

COINBASE REVENUE ARCHITECTURE: \$6.9B net revenue 2025. 44 percent subscription and services Q1 2026. 12 products with \$100M plus annualized revenue. Stablecoin revenue, staking rewards, custody fees, developer platform fees -- recurring infrastructure income that does not depend on bull market trading volume. This is not an exchange. This is a financial conglomerate.

02 -- THE DERIBIT ACQUISITION: COINBASE BECOMES THE GLOBAL OPTIONS MARKET

The August 2025 acquisition of Deribit for approximately \$2.9 billion is the most commercially significant M&A; transaction in crypto exchange history -- and it is the acquisition that most clearly signals

Coinbase's ambition to become the Everything Exchange that its strategic framework describes.

Deribit is the dominant global platform for Bitcoin and Ethereum options trading. As of mid-2025, Deribit controlled approximately 75% of global crypto options volume -- a market share so dominant in its product category that acquiring Deribit is the equivalent of acquiring the Chicago Board Options Exchange in traditional equity markets. Options markets are fundamentally different from spot and futures markets in their institutional utility: options provide the hedging instruments that institutional investors require to manage the tail risks in their crypto portfolios, to implement sophisticated income strategies through covered calls and cash-secured puts, and to express directional views with defined risk.

Before the Deribit acquisition, every institutional investor who wanted to hedge their Bitcoin ETF exposure with puts, every market maker who needed to delta hedge their options book, and every yield-seeking institutional investor who wanted to write covered calls on their Bitcoin holdings had to use an offshore, unregulated platform. Deribit was regulated in Panama -- not CFTC-regulated, not SEC-regulated, not OCC-supervised. For the same institutional investors who were increasingly accessing Bitcoin through regulated US ETFs and institutional custody providers, using an offshore platform for options hedging created a regulatory inconsistency that compliance officers at major institutions could not easily resolve.

The Coinbase-Deribit combination brings approximately 75% global crypto options market share onto a platform that already holds an OCC national trust bank charter application, operates under US regulatory oversight, has the compliance infrastructure that institutional investors require, and can connect the options hedging capability to the same institutional client relationships that Coinbase Prime serves for spot trading and custody. The CFTC's simultaneous approval of Kalshi's BTCERP contract and Coinbase affiliate's ability to connect clients to perpetuals at the global level creates the derivatives infrastructure -- options through Deribit, perpetuals through the CFTC-approved pathway -- that institutional investors require for a complete regulated crypto derivatives program.

03 -- BASE CHAIN: THE LAYER 2 THAT BECAME GLOBAL SETTLEMENT INFRASTRUCTURE

Coinbase incubated Base -- the Ethereum Layer 2 blockchain built on the OP Stack -- as an open, decentralized public chain that Coinbase does not own or control but which it built and supports as the primary blockchain deployment for its institutional and retail products. Base is the infrastructure decision that most clearly demonstrates why Coinbase is building financial infrastructure rather than just a financial services business.

By Q2 2026, Base has become the primary settlement layer for institutional stablecoin infrastructure in the United States. JPMorgan's JPMD stablecoin -- the deposit token that JPMorgan launched for institutional clients -- operates on Base. The Chase-Coinbase direct bank-to-wallet API for 78 million Chase customers -- documented in the Alain AI Lab Chase report -- connects Chase's retail banking infrastructure to Coinbase and Base. The x402 AI agent payment protocol that Coinbase contributed to the Linux Foundation with AWS, Google, Microsoft, Visa, Mastercard, and the Solana Foundation as founding members processes AI agent transactions primarily on Base. The 50-firm industry working

group that completed live 24/7 on-chain Treasury trades in July 2025 used Base-compatible infrastructure.

The strategic significance of Base is that Coinbase built public blockchain infrastructure that every other financial institution depends on -- but that Coinbase does not own, cannot be accused of monopolizing, and derives revenue from through transaction fee income, USDC settlement volume, and developer platform services rather than through direct ownership claims. Incubating Base as an open, permissionless, public blockchain that anyone can build on is the same strategic decision that Amazon made when it built AWS as a public cloud infrastructure service rather than keeping it proprietary: the infrastructure that serves everyone generates more revenue, builds more network effects, and creates more durable competitive moats than proprietary infrastructure that serves only one company's products.

The Q1 2026 earnings deck's confirmation that Coinbase supports 60+ blockchains for fast, cheap settlement rails -- and that the Base App and Base Chain scaling are a strategic priority -- reflects the institutional recognition that blockchain infrastructure is the highest-value layer in the crypto stack. The exchange is the front-end that users interact with. The blockchain is the back-end that every transaction depends on. Coinbase built both.

04 -- USDC AND THE STABLECOIN EMPIRE: \$19 BILLION AVERAGE HELD IN Q1

Coinbase co-founded USDC with Circle in 2018 through the Centre Consortium, and the USDC-Coinbase relationship is the most commercially significant partnership in the stablecoin industry -- a relationship in which Coinbase serves simultaneously as USDC's primary distribution channel, its largest single holder, its most important institutional onramp, and a revenue participant in the interest income that USDC reserves generate.

The Q1 2026 earnings deck confirmed that an average of \$19 billion of USDC was held in Coinbase products during Q1 2026 -- making Coinbase the single largest holder of USDC in the world. This \$19 billion average includes USDC held in retail accounts, institutional accounts through Coinbase Prime, and operational balances across the Coinbase product ecosystem. At a 4.3% Treasury yield on \$19 billion in average USDC balances, the interest income attributable to Coinbase's USDC holdings -- which Coinbase earns through its revenue-sharing arrangement with Circle -- contributes hundreds of millions of dollars annually to Coinbase's subscription and services revenue.

The GENIUS Act's passage on July 18, 2025 transformed Coinbase's USDC revenue from a recurring infrastructure income stream into a strategically protected permanent revenue source. Under the GENIUS Act, USDC reserve income is generated by mandatory compliance with federal law -- Circle must hold GENIUS Act-qualifying reserve assets, predominantly T-bills, as backing for every USDC token in circulation. The interest income on those mandatory reserves, shared with Coinbase through the USDC revenue arrangement, is not cyclical market income. It is structural income from US government securities that will grow as the stablecoin market grows.

Coinbase's Q1 2026 stablecoin revenue was \$332.5 million -- an annualized run rate of approximately \$1.33 billion from stablecoin income alone. The official Coinbase SEC filing confirmed the December

31, 2025 accounting change that reclassified payment stablecoins including USDC as cash equivalents -- reflecting the regulatory maturation of stablecoins from speculative crypto assets to cash-equivalent financial instruments that the GENIUS Act's mandatory reserve framework created.

USDC POSITION: \$19B average USDC held in Coinbase products Q1 2026 -- largest single USDC holder in the world. Stablecoin revenue \$332.5M Q1 2026 annualized at \$1.33B. GENIUS Act makes reserve income structurally permanent. Coinbase reclassified USDC as cash equivalents December 2025 -- the accounting recognition that stablecoins are money.

05 -- THE POLITICAL DIMENSION: ARMSTRONG AND THE WHITE HOUSE

Coinbase's institutional power is not only financial and infrastructure-based. The March 4, 2026 White House meeting documented in the Alain Al Lab Trump-Armstrong report is the most visible demonstration that Coinbase has achieved a level of political access and influence in Washington that no other crypto company -- and few traditional financial companies -- can match.

Armstrong walked into the White House unannounced on March 4, 2026. The President of the United States posted on Truth Social hours later using Armstrong's exact framing -- banks are threatening the GENIUS Act and that is unacceptable, Americans should earn more money on their money, banks need to make a good deal -- and the CLARITY Act passage probability jumped from 62% to 72% on Polymarket. The Tillis-Alsobrooks compromise that preserved Coinbase's \$1.35 billion in annual USDC rewards revenue was released May 1, 2026 and endorsed by both Circle and Coinbase within days.

The political access that produced the March 4 White House meeting is the result of a multi-year, multi-hundred-million-dollar investment in political engagement that Coinbase made as the most significant single crypto industry participant in US regulatory advocacy. Coinbase has funded PACs, employed a Washington lobbying team, built relationships with Treasury, the SEC, the CFTC, and both parties in Congress, and positioned Armstrong personally as the most credible spokesperson for the crypto industry's policy positions. The \$200 million that the crypto industry raised for the 2026 midterm elections -- making digital assets the largest single-issue political funding campaign in midterm history -- reflects the political infrastructure that Coinbase has helped build.

The political dimension of Coinbase's power is not a separate story from its financial and infrastructure power. It is the mechanism by which Coinbase ensures that the regulatory environment in which it operates is shaped to protect the business model it has built. The CLARITY Act's stablecoin yield provisions, the GENIUS Act's reserve framework, the OCC charter pathway, the CFTC digital commodity broker-dealer registration framework -- every significant crypto regulatory development in 2025 and 2026 has been shaped by Coinbase's direct advocacy and has produced outcomes that protect or expand Coinbase's core business.

06 -- THE EVERYTHING EXCHANGE: WHERE COINBASE IS GOING

The Everything Exchange strategy that Coinbase articulated in its Q1 2026 earnings deck -- one platform for all tradable assets including crypto, derivatives, equities, prediction markets, and more -- is the strategic vision that reveals where Coinbase's infrastructure buildout is pointing.

Equities trading on Coinbase's platform is the most commercially significant expansion in the Everything Exchange strategy. The NYSE and Nasdaq's announcements of 24/7 tokenized equity trading on blockchain rails -- both expected to launch in 2026 -- create the regulatory and technical infrastructure for Coinbase to offer tokenized stock trading through the same platform that offers Bitcoin, Ethereum, and the 16 named digital commodities. A retail investor who wants to hold Bitcoin, Ethereum, tokenized Apple shares, and USDC in a single account -- tradeable 24/7 without the market hours restrictions of traditional equity markets -- has one viable platform for that combined portfolio: Coinbase.

Prediction markets represent the commercial validation of Coinbase's investment in the sector -- the \$200 million that the crypto industry raised for the midterms and Coinbase's own prediction market product development positions it to compete in the \$240 billion annual volume market that Bernstein projected for 2026. Coinbase's competitive advantage in prediction markets is distribution: 98 million verified users who are already comfortable with digital asset transactions, a mobile app with high engagement, and the institutional trust infrastructure that makes its prediction market products more credible to the institutional capital that is building prediction market positions.

The developer platform is the infrastructure investment that will compound over the longest time horizon. Coinbase Developer Platform -- the API and infrastructure suite that allows any application to integrate Coinbase's payment, custody, and settlement infrastructure -- is the commercial equivalent of AWS for crypto-native financial services. Every fintech, every bank, every enterprise that wants to add crypto payment functionality to their application can do so through Coinbase Developer Platform. The x402 Linux Foundation protocol that Coinbase contributed with AWS, Google, Microsoft, Visa, and Mastercard is the most commercially significant example: when every major technology and payment company builds on the same payment infrastructure standard that Coinbase created and contributed to open source, Coinbase becomes a permanent part of the internet's financial plumbing.

07 -- CONCLUSION: THE MOST UNDERVALUED FINANCIAL INFRASTRUCTURE COMPANY IN THE WORLD

The case that Coinbase is the most undervalued financial infrastructure company in the world rests on a specific analytical observation: the market continues to value Coinbase primarily as a crypto exchange -- a cyclical business whose valuation should track crypto trading volumes -- while the company has systematically built a recurring infrastructure revenue business with 12 products at \$100 million-plus annualized revenue, the global options market through Deribit, the primary Layer 2 blockchain settlement infrastructure through Base, the co-founder and largest holder of the world's most important compliant stablecoin through USDC, and direct White House access that shapes the regulatory environment in which every competitor operates.

The comparison that best frames Coinbase's current position is not to other crypto exchanges. It is to Visa in 1970 -- a financial infrastructure company that was still being described as a credit card network while it was actually building the payment rails that would carry trillions of dollars in annual transaction volume for the next 50 years. Visa's competitive moat is not the physical card. It is the network of relationships, compliance infrastructure, merchant acceptance, and issuing bank integrations that took decades to build and that any competitor must replicate in full to compete. Coinbase's competitive moat

is not the exchange UI. It is the Base blockchain, the USDC distribution, the Coinbase Prime institutional custody, the Deribit options market, the developer platform, the regulatory relationships, and the White House access that together constitute a financial infrastructure stack that no competitor has assembled and that is becoming more valuable with every new institutional participant that builds on it.

For investors who have been tracking the complete institutional crypto adoption buildout documented across the Alain AI Lab research library -- every OCC charter, every tokenized Treasury fund, every CLARITY Act provision, every JPMorgan blockchain product, every Chase-Coinbase partnership -- Coinbase sits at the center of every story. The DTCC tokenizes on blockchain and uses Coinbase-compatible infrastructure. JPMorgan runs JPMD on Base. The Chase-Coinbase partnership gives 78 million customers crypto access through Coinbase's rails. x402 settles AI agent payments on Base. The CLARITY Act advance that moved Bitcoin from \$68,000 was catalyzed by Armstrong walking into the White House. Coinbase is not quietly becoming one of the most powerful financial entities. It already is one. Most people just have not noticed yet.

Coinbase 2025: \$6.9B revenue, 12 products at \$100M plus, Deribit \$2.9B acquisition, \$19B average USDC in products Q1 2026, 44 percent subscription and services revenue, Base Chain hosts JPMorgan JPMD, Chase 78 million customers on Coinbase rails, x402 AI agent payments, Armstrong walked into the White House and moved CLARITY Act passage probability from 62 to 72 percent in one afternoon. Most people think it is just an exchange.