Twitter Thread by Mat Yarger



Mat Yarger
@Mat_Yarger

How does @RobinhoodApp make money? They monitor your orders, create a data file about that, and they give it to prime brokerage institutions milliseconds before you buy. If the institutions see a lot of buys, they buy milliseconds before your buy executes. @chamath @theallinpod



Lets talk about this. First, @RobinhoodApp has done something amazing by decreasing the barrier to entry for your every day buyer to now be able to easily invest. This has enabled a revolution. Truly, there is no arguing that.

But on the other hand, YOU ARE THE PRODUCT. By pulling your data and providing it to prime brokerage institutions, @RobinhoodApp makes hundreds of millions, because the brokerage institutions are able to get in first, and pull from the profits. Make the rich richer right?

This is a prime example of why decentralization and #IOTA with it's data capabilities is the future. Why are brokerages making money hand over fist based on our data? We should get a piece of that!

When we enable everyone to have control over their data, then the benefit of a lower barrier to entry starts to even out. Brokerages and companies like @RobinhoodApp should still make money, but us not getting any of it just seems criminal to me.

It's not too much to ask, that as we transition to more open markets, we factor in everyone equally, and find a way to make open markets also fair markets.