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Five Years After GameStop, Crypto, Prediction Markets, and 24/7 Trading Make Meme Stocks the Least of Retail Investors' Troubles

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January 27, 2026

Introduction

Five years after the GameStop trading frenzy, it is clear that regulators failed to learn its central lesson. What was widely viewed as a one-off episode of meme-stock mania was in fact an early warning sign about the dangers of gamified trading and social media-driven speculation. These risks have since spread far beyond GameStop into crypto, prediction markets, and 24/7 trading.

GameStop's closing price peaked on January 27, 2021, at $347.51 per share, representing a more than 1,600% increase from its closing price on January 11, 2021. But it wasn't any good news from the company, which was failing, that drove this increase. Instead, GameStop's rise was fueled by a band of retail investors who banded together on a Reddit forum called WallStreetBets.

These amateur traders were turbocharged by an endless flow of get-rich-quick hype on social media and by Robinhood's "gamified" trading platform, which was designed to get customers to trade as much as possible. They bought GameStop shares in mid- to -late January 2021 in an effort to take advantage of the hedge funds that had been depressing GameStop's price. Many believed that they could stick it to Wall Street and make a killing themselves in the process. Had these traders closed out their positions on January 27, 2021, some would have indeed made a substantial amount of money. Yet that is not what happened for many of these retail investors.

By February 2, 2021, GameStop was down about 80% from its peak. This meant that, at least on paper, $27 billion in market value disappeared, much of it from the brokerage accounts of retail investors. Although it is hard to know exactly how much retail investors actually lost, countless retail investors undoubtedly lost hundreds of millions, if not billions, of dollars in the aggregate.

In October 2021, the Securities and Exchange Commission (SEC) released a report on the GameStop saga, attributing the frenzy to the rapid increase in trading by individual investors and questioning whether "game-like" brokerage apps were encouraging investors to trade too much. Regulators effectively identified the problem, but they have failed to create any meaningful interventions. Five years later, they have done nothing to protect retail investors from the gamification of investing. Instead, regulators have allowed the dangerous gamification of investing to proliferate. The same risks that manifested in the GameStop trading frenzy have replicated and amplified themselves in crypto, prediction markets, and calls for 24/7 trading.

Crypto is No Different than Meme Stocks Like GameStop

Investors bought so-called "meme stocks" like GameStop due to a fear-of-missing-out (FOMO) and a desire to get rich quickly. Likewise, the crypto industry preys on investors' FOMO, portraying crypto as a way to join a wave of innovation and get rich quick. It does so using the same "gamification" techniques about which the SEC warned in its GameStop report:

> Several scholars have strongly criticized the crypto industry for using gaming techniques and seductive marketing campaigns to persuade poorly-informed and vulnerable individuals to make ill-advised gambles on crypto-assets that do not have any underlying tangible values. As these scholars have shown, the crypto industry uses 'gamified' marketing techniques to promote a 'gamblification' of finance."[1]

As the Washington Post Editorial Board recently argued, crypto is simply a "wildly speculative investment" that is "more akin to GameStop shares and other lottery stocks than to currency."

Unfortunately, retail investors have fared no better with crypto than with GameStop. As with meme stocks like GameStop, because most crypto trades "in shallow markets with few natural buyers, driven by social-media buzz, day-trader leverage and the hopes of catching the next tenfold jump," crypto's "model thrives when money rushes in and collapses just as quickly when it rushes out." The inevitable crypto collapse leaves retail investors with massive losses.

The last year has exemplified how retail investors suffer from crypto's volatility. Although crypto was riding high up until October 2025, a recent downturn wiped out all of bitcoin's gains for the year. It was down 7% for the year by December 2025, with the S&P 500 up 15% by comparison. Overall, crypto coins have lost $1 trillion in value since October. As Bloomberg reported, crypto crashed "on a scale that stands out even by the industry's own volatile standards, abandoned by retail speculators saddled with humiliating losses and a growing sense the game is rigged."

Prediction Markets are the Latest Gamification of Finance

In addition to massive losses dampening enthusiasm for crypto, crypto now faces competition for retail investors' dollars from an even more speculative product capturing their attention: prediction markets. These prediction markets allow users to bet on everything from who will win an election to who will win a sporting event to who will win the Golden Globes. Their long-term vision "is to financialize everything and create a tradeable asset out of any difference in opinion."

[1] Arthur E. Wilmarth, Jr., *The Looming Threat of Uninsured Nonbank Stablecoins*, 50 Del. J. Corp. L. 3, 22 (2025).

This desire to gamify everything is the natural progression of the original gamification of the stock market that led to GameStop and is enabled by regulators' failure to create or enforce sensible guardrails. The consequences are likely to equally dire for retail investors and everyday Americans. That's because prediction markets use the same techniques that encourage investors to buy meme stocks like GameStop and speculative assets like crypto.

Although prediction markets "are often lauded for aggregating insights and expanding participation, they incorporate gambling-like design features" that render them predatory platforms.[2] They "employ gamified mechanics and rewards, to drive addictive behavior," and thus "blur the boundaries between legitimate financial forecasting and outright gambling."[3]

> By integrating gambling and video-games features, digital financial platforms increasingly lessen the distinction between informed investing and addictive gambling. . . . [P]rediction market platforms use these features to lure users into treating prediction as a high-stakes game rather than an analytical decision. The result is a new breed of prediction market users, driven by the excitement of 'leveling up' rather than informed judgment, blurring the line between prudent forecasting, exciting gaming, and reckless gambling.[4]

Therefore prediction markets, even more than meme stocks or crypto coins, exemplify the blurring of the line between gambling and investing. As Brian Phillips of the Ringer notes:

> Their advertisements scream that they're betting sites, but their official nomenclature parrots the stock market. Clients are 'traders' who buy 'shares,' even if the shares are in things like 'The Tampa Bay Lightning will win the Stanley Cup.'

Prediction market operators use this language because they want to avoid being regulated as the casinos that they are. At the same time, their language essentially equates trading with gambling. For example, Kalshi, one of the largest prediction markets, advertises itself as a platform where users can "trade on anything." What Kalshi means is bet on anything.

Considering prediction markets' attempt to cast themselves as trading platforms and not gambling sites, it's not surprising that Robinhood—the original gamified stock trading platform—wants to get in on the action. Robinhood launched a prediction markets platform in 2025, recently expanded that platform to allow parlay bets on NFL games, and is considering offering parlay bets on non-sporting events like elections. Robinhood is thus "betting that a new generation of investors will want to wager on sports, culture, and politics in the same place it trades stocks." As Axios put it, Robinhood "is betting on the future of investing being, well, betting." That is not a future that will benefit retail investors.

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[2] Sharon Rabinovitz and Nizan G. Packin, *All Bets are On: Addiction, Prediction, Regulation, and the Future of Financial Gambling*, 36 Fordham Intell. Prop. Media & Ent. L.J. 90, 103 (2025).
[3] *Id.* at 95.
[4] *Id.* at 102-03.

24/7 Trading Will Only Fuel the Trading Addiction GameStop Started

Beyond gamification techniques, crypto and prediction markets share another key feature: 24/7 trading. Crypto touts its availability 24 hours a day, seven days a week. So do prediction markets proponents. Because the 24/7 nature of crypto exchanges and prediction markets mean they can make money off of retail investors and everyday Americans around the clock, stock exchanges now want to expand to 24/7 trading too. The consequences of such a move could be disastrous.

The GameStop/meme stock trading frenzy led some retail investors to get hooked on trading due to the ease with which they could trade and the game-like features of trading apps. In the last several years, addiction centers have seen a rise in patients seeking treatment for trading addiction. A move to keep the stock market open around-the-clock will make this worse.

One of the most prevalent forms of trading addiction is crypto trading. Crypto trading addition is so common that there are now centers that specialize in treating it. And one of the reasons crypto trading is so addictive is the ability to trade crypto on a 24/7 basis. As one patient said:

> Your emotions are so attached to what the graph is doing, especially with crypto because its 24 hours a day, seven days a week. I'd be checking my phone at 3 am . . . .

Prediction markets are even more dangerous given their similarities to sportsbooks. There is a sports gambling addiction epidemic in this country, and the ability to bet on sports around-the-clock is one of the reasons why. Prediction markets, which offer the same 24/7 mobile access as sportsbooks, pose even greater risks of fostering addictive behavior given that their products functionally resemble gambling, and yet they remain essentially unregulated.

The story of one investor who got addicted to trading during the GameStop saga reveals how a move to this 24/7 trading model would exacerbate the already increasing incidence of retail trading addiction. He noted how Robinhood's gamified trading platform led to "quick dopamine hits" that left him and other trading addicts with a "need" to see how meme stocks like GameStop were "moving from 9:30 am to 4 pm" and on the weekends left them "anxiously counting the hours until Monday's open." Imagine what will happen if we combine gamified trading platforms, supercharged by AI, with the ability to trade stocks around the clock.

There has always been a thin line between financial markets and gambling casinos, but the difference is that gambling "is a zero-sum endeavor in which the house always wins in the end, whereas investing promotes economic growth and distributes the gains among all (diversified) participants." Crypto and prediction markets want to blur the line entirely in their respective markets. A move to 24/7 stock trading will turn the stock markets themselves into casinos.

Conclusion

The GameStop trading frenzy remains relevant because gamified trading apps induced young and inexperienced investors to trade little-known stocks, with disastrous results. In its GameStop report, the SEC said these apps may encourage too much trading. But regulators took no action. Today, gamification techniques encourage investors to put their money into everything from crypto to prediction markets, available on a 24/7 basis, with stock trading soon to follow. Five years after the GameStop saga, despite participating in the stock market in record numbers, as a result of regulators' failure to protect them, retail investors are more vulnerable than ever.

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