Cracking the code on cryptocurrency

Bitcoin buy-in across Europe, the USA and Australia

ING International Survey Mobile Banking – Cryptocurrency June 2018

thinkforward

Ipsos

This survey was conducted by Ipsos on behalf of ING

ING

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About the ING International Survey

The ING International Survey aims to gain a better understanding of how people around the globe spend, save, invest and feel about money. It is conducted several times a year, with reports hosted at **www.ezonomics.com/iis**. This online survey was carried out by Ipsos between 26 March and 6 April 2018.

Sampling reflects gender ratios and age distribution, selecting from pools of possible respondents furnished by panel providers in each country. European consumer figures are an average, weighted to take country population into account.

15

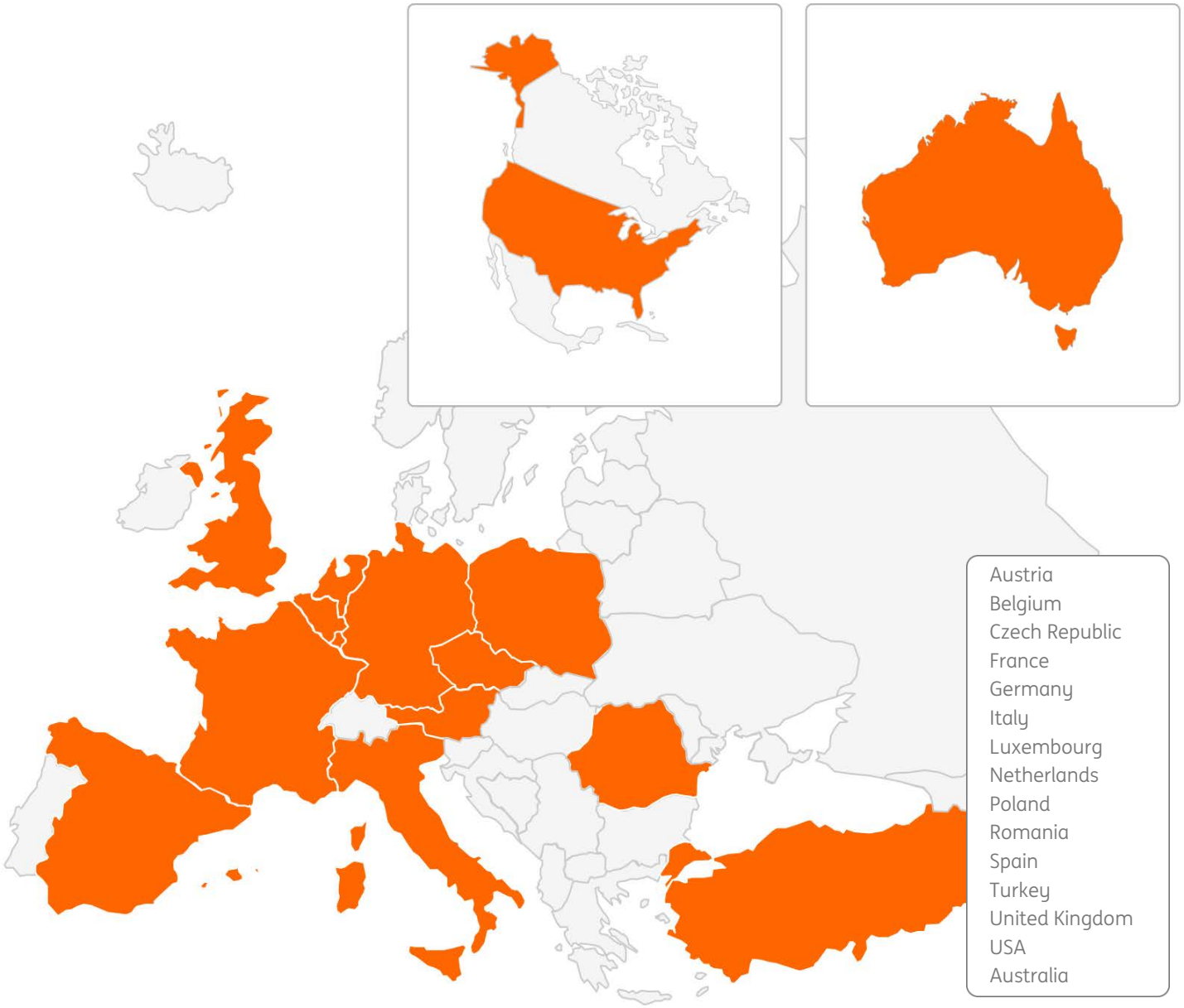
countries are compared in this report.

1,000

About 1,000 respondents were surveyed in each, apart from Luxembourg, with 500.

14,828

is the total sample size of this report.



Europe divided on best use and future impact of cryptocurrencies

ING reveals attitudes on the rise of digital currencies such as Bitcoin and what they might mean for our money

The ING International Survey reveals how cryptocurrencies, such as Bitcoin, are perceived in 2018 across Europe, the USA and Australia. We define cryptocurrency, in part, as a kind of digital currency not created or secured by the government but by a network of individuals.

News about cryptocurrency has been in the headlines through 2017 and 2018. Bitcoin prices rocketed to $13,860 in December 2017 yet slid back to $6926 by March 2018 – when the responses to our survey were collected.

Buying into a trend

So it's no surprise that two in three (66%) in Europe have heard of the technology – although higher shares of males (77%) reply that they have heard of cryptocurrency than females (55%).

What is a surprise, though, is that younger age brackets – especially people aged 25-34 or 35-44 – are not much more likely to agree they have heard of cryptocurrency than other age groups.

Those who already use their smartphone, tablet or wearable to bank "on the go" – the mobile bankers of our survey – are more likely to say they have heard of cryptocurrency (69%) than those who do not bank using their mobile device (59%).

Fewer than one in 10 in Europe (9%) at the time of the survey indicate owning cryptocurrency – with the smallest fractions in Luxembourg and Belgium. Figures are similar for the USA and Australia.

One in four (25%) in Europe indicate they expect to own cryptocurrency at some time in the future – with the share once again slightly higher among mobile bankers (31%).

Bitcoin as an investment

We find that only about a third (35%) in Europe agree Bitcoin is the future of spending online. A similar share (32%) of respondents agree cryptocurrency is the future of investing.

Furthermore, responses to specific questions about whether people would consider investing in cryptocurrency are lukewarm.

"And many see cryptocurrency as rather risky. For instance, 46% in Europe see shares as less risky than digital currencies such as Bitcoin."

Nearly three in 10 (29%) Europeans say they would never invest in cryptocurrency. And many see cryptocurrency as rather risky. For instance, 46% in Europe see shares as less risky than digital currencies such as Bitcoin; 24% say they're equally risky.

This may be part of why cryptocurrencies seem to have less appeal for long-term personal finance activities, such as receiving pay or saving for university, than one-off transactions.

A minority in Europe indicate they would consider cryptocurrency as a way to pay for items – like a cup of coffee (23%), international online purchases (30%), or children's university fees (20%).

Interestingly, larger shares in lower per-capita income countries suggest they might consider investing or paying in cryptocurrency.

Future impacts?

When looking for information about investing in cryptocurrency, Europeans are more likely to seek out specialist websites (27%) or financial advisors (21%) than input from friends or family (8%).

This may reflect a general feeling that the trend is complicated or hard to understand and therefore requires a specialist. If cryptocurrency eventually goes mainstream, this preference may change.

Jessica Exton, behavioural scientist
Fleur Doidge, editor

Are Europeans betting on Bitcoin?

Few people have invested in cryptocurrencies such as Bitcoin so far – and many worry about the risks in doing so. The ING International Survey Mobile Banking 2018 asked nearly 15,000 people across Europe, the USA and Australia what they think of the cryptocurrency opportunity.

66% has heard of cryptocurrency

66% of Europeans have heard of cryptocurrency; 77% of men and 55% of women.

9% currently own cryptocurrency

Only 9% currently own cryptocurrency, but 25% say they expect to buy some in future.

35% agree the future is cryptocurrency

35% agree cryptocurrency is the future of spending online; 35% say it'll rise in value in the next 12 months.

65% say real estate investments are less risky than cryptocurrency; 46% say shares are less risky than crypto.

65% say real estate investments are less risky

Thinking about cryptocurrency

Bitcoin is in the news – and most have heard of it

Market movements of cryptocurrencies, such as Bitcoin, have hit the headlines regularly. It's no surprise that a majority of people in 11 of 13 countries in Europe have heard of these digital ways to pay.

The share is equal to or exceeds 50% in every country we surveyed except Belgium.

Awareness is highest in Austria (79%) and Poland (77%), with Luxembourg and Spain nearest the European average (66%).

Interestingly, several of the lower income per capita countries have higher shares who have heard of cryptocurrency.

Of course, simply having heard of cryptocurrency, perhaps in the media, is not the same as knowing about it or understanding it.

Country differences may be due to many factors – including culture, the popularity of other assets among investors in a country or the prominence of high-tech developments in local news reporting.

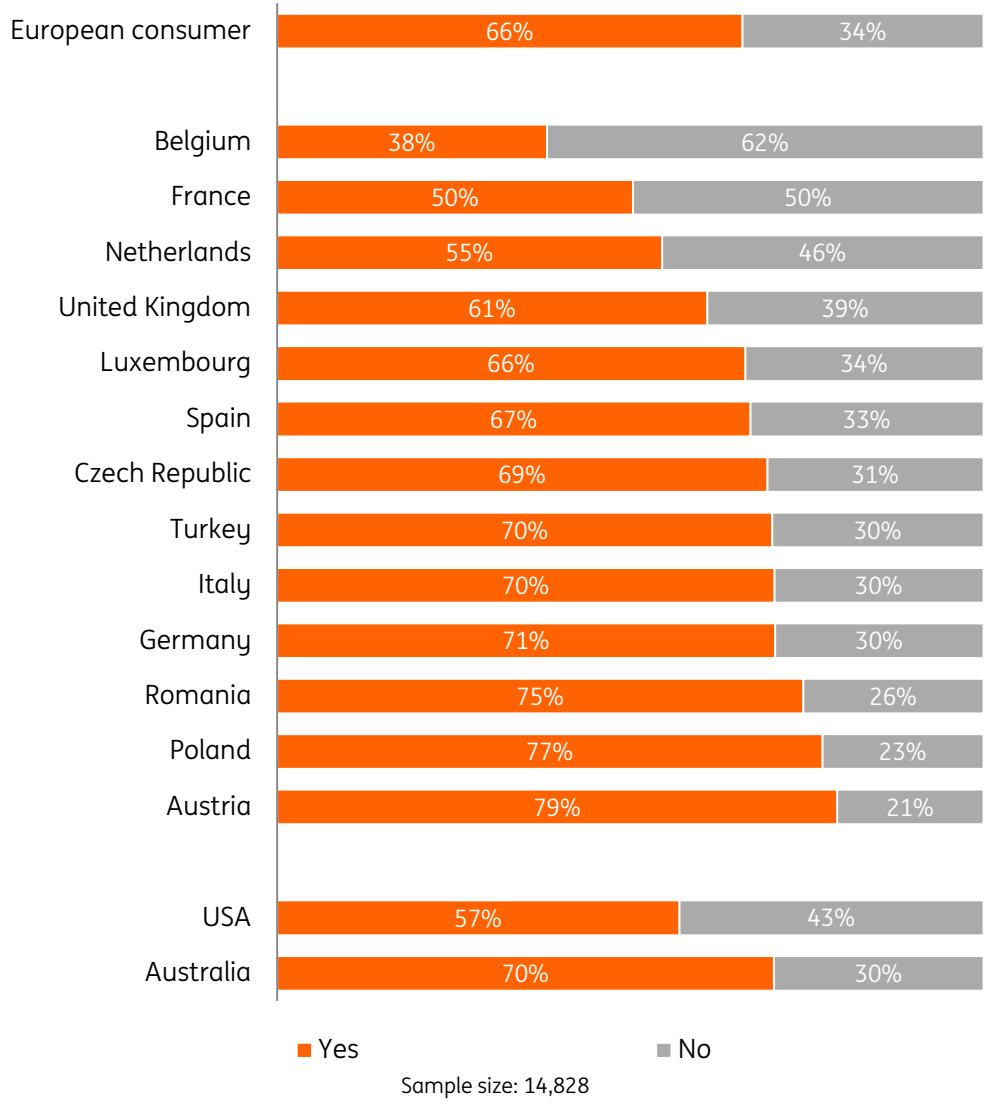
We are hearing more about cryptocurrency

In our survey, we defined cryptocurrency as a kind of digital currency. This currency is not created or secured by the government but by a network of individuals. Bitcoin is the best known example. Cryptocurrencies have been regularly in the news through 2017 and 2018. Around the time of the survey in March 2018, Bitcoin prices slid back to $6926 – from a peak of $13,860 in December 2017.

The question

Have you ever heard of cryptocurrency?

Asked to everyone. Possible answers are "yes" or "no".



Sample size: 14,828

Men and mobile bankers likelier to be aware of crypto

Results show that males are more likely to reply that they have heard of cryptocurrency than females.

Surprisingly, though, younger age brackets – especially people aged 25-34 or 35-44 – are not much more likely to agree they have heard of cryptocurrency than other age groups.

Sixty percent of respondents in Europe aged 65 or older indicate they have heard of cryptocurrency.

Awareness of digital technology has become widespread in recent decades and is no longer confined to younger age brackets.

Those in Europe who already use their smartphone, tablet or wearable to bank "on the go" – the mobile bankers of our survey – are more likely to say they have heard of cryptocurrency (69%) than those who do not bank using their mobile device (59%).

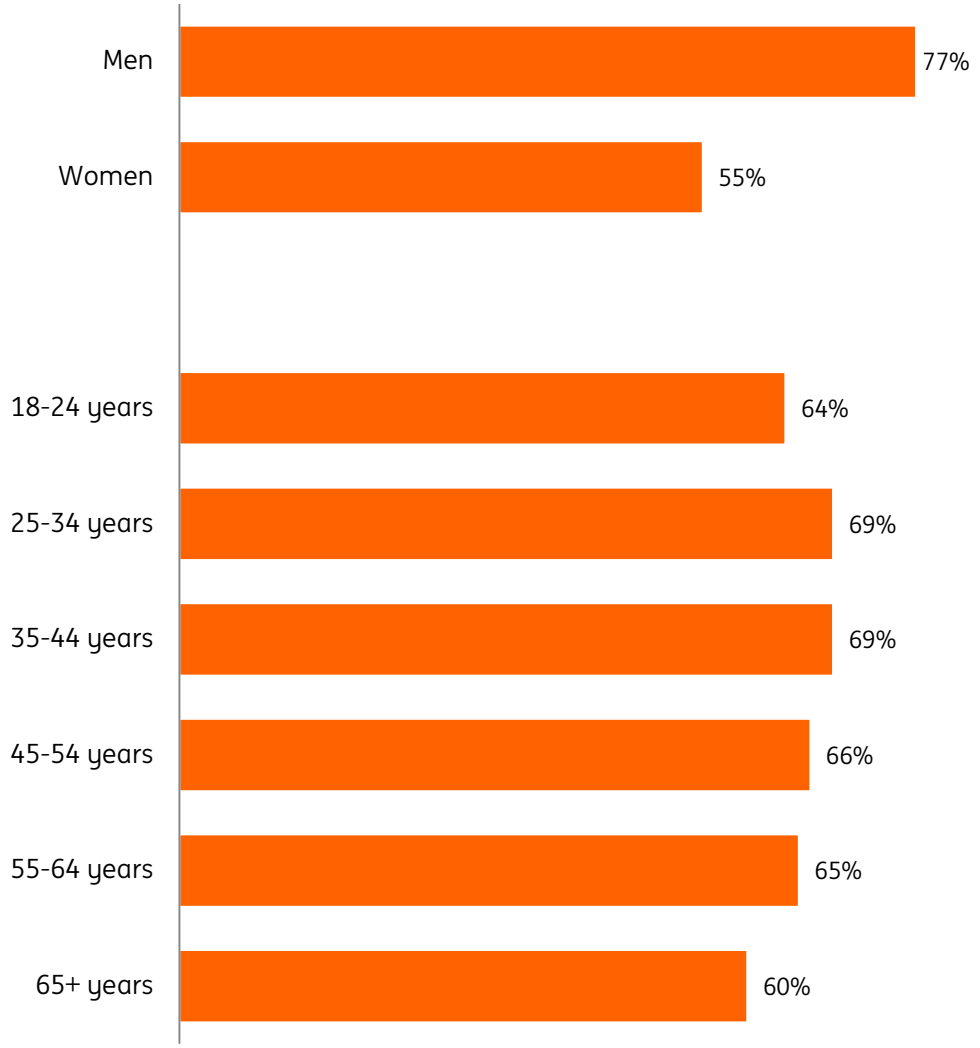
The shares opposite refer only to Europe. Fewer American men (69%) and women (45%) confirm hearing about cryptocurrency.

And 82% of 18-24-year-old Australians say they've heard of cryptocurrency. The share declines slowly with age to 64% around age 55, after which the share in Australia lifts again to 70-71%.

The question

"I have heard of cryptocurrency"

Age/gender differences among those in Europe who answered "yes". Possible answers are "yes" or "no".



Sample size: 12,799

Around one in ten have purchased crypto assets

We asked all respondents whether they had taken the further step of owning Bitcoin or a similar digital currency. The percentages are shown opposite.

Fewer than one in 10 in Europe at the time of the survey indicate owning cryptocurrency – with the smallest fractions in Luxembourg and Belgium. Figures are similar from the USA and Australia.

Nearly one in five (18%) in Turkey say they own cryptocurrency. In Turkey the online survey may be biased towards younger professional people with more exposure to media and technology. In Romania we see a potentially similar effect.

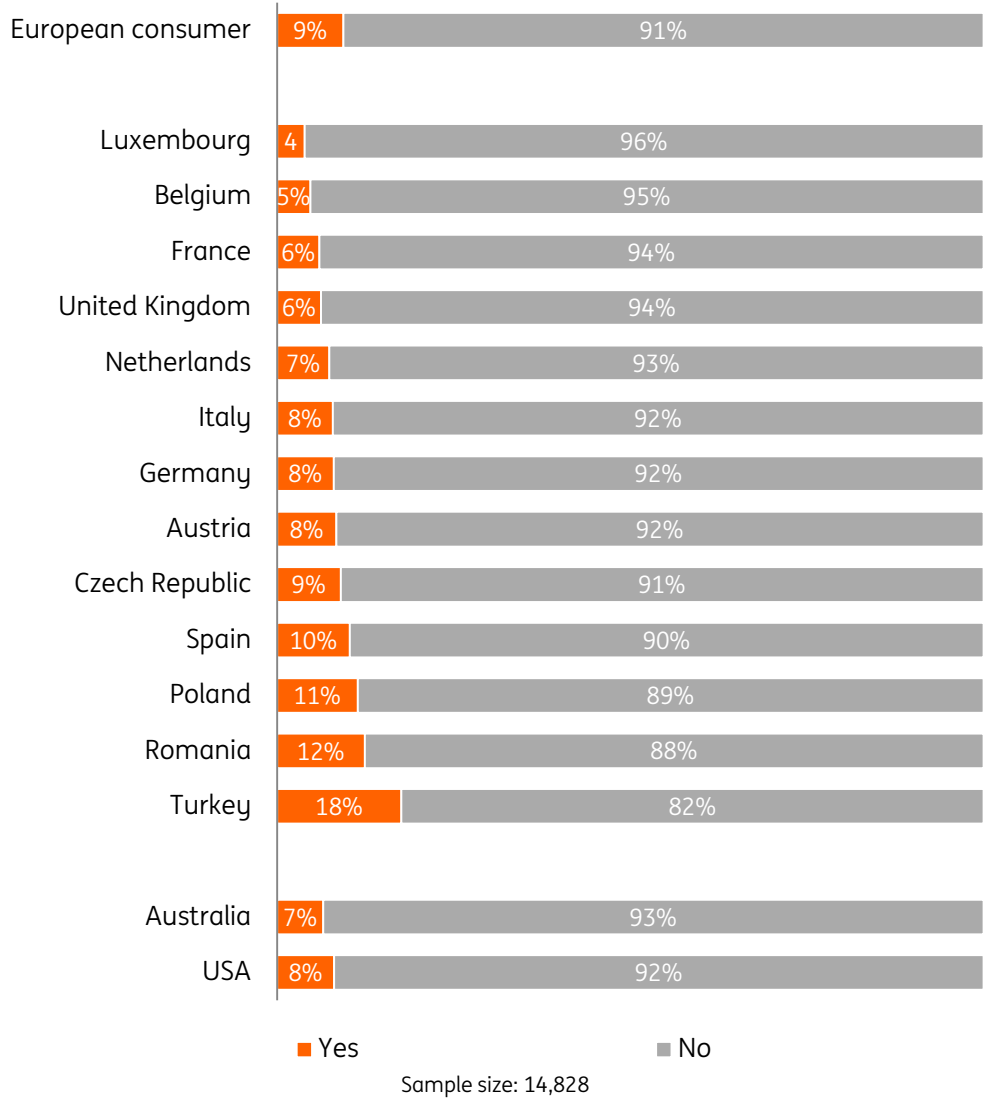
Our full data set reveals that people in Europe who are mobile bankers are much more likely to own cryptocurrency (12%) than those who are not mobile bankers (4%).

Males in Europe are roughly twice as likely to own cryptocurrency (13%) than females (6%). Ownership is more common among the 25-34s (16%).

The question

"I own some cryptocurrency"

Asked to everyone. Possible answers are "yes" or "no".



Sample size: 14,828

Mobile bankers and men more likely to buy in

Nine percent of people in Europe in the survey say they have bought cryptocurrency. However, a larger additional share may buy into the trend over time, as the chart opposite suggests.

Across 13 countries in Europe, one in four (25%) say they expect to own cryptocurrency in future. This suggests that another 16% share, who do not yet own cryptocurrency, may buy some over time.

Countries vary, however. In Belgium, for example, just one in ten say they expect to buy cryptocurrency in future.

In the five countries where people are least likely to say they have heard of cryptocurrency, people are also least likely to say they own or expect to own cryptocurrency.

Our full data set also reveals that people in Europe who are mobile bankers are more likely to say they expect to own cryptocurrency (31%) than those who are not mobile bankers (13%).

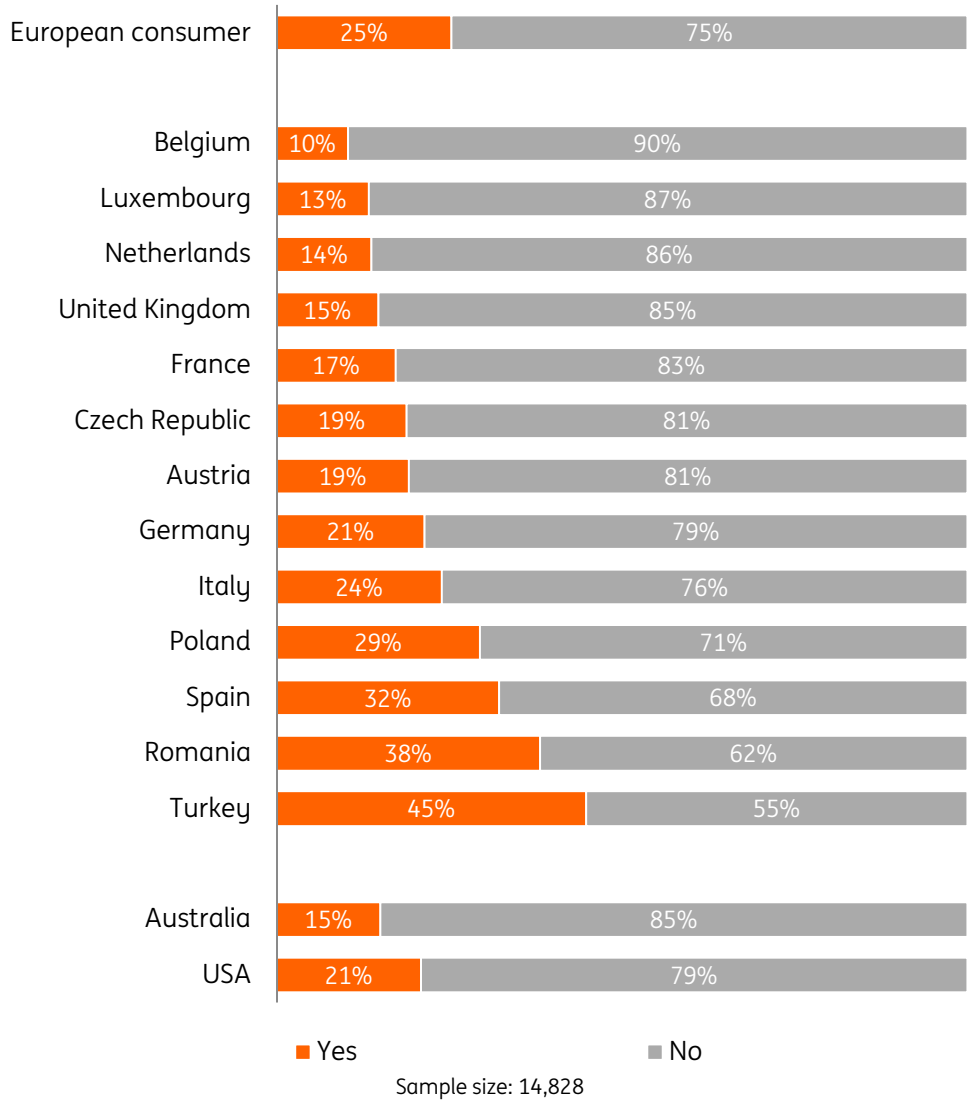
There is a difference between men and women: 31% of men in Europe agree they expect to own cryptocurrency in the future; 20% of women say the same.

There was no time frame outlined in the question's wording. Nevertheless, it seems likely that cryptocurrency will remain a minority interest for some time to come.

The question

"I expect to own cryptocurrency in the future"

Asked to everyone. Possible answers are "yes" or "no".



Sample size: 14,828

Is Bitcoin in your future?

Mobile banking – the gateway to cryptocurrency?

How would people respond to three different statements about the future of cryptocurrencies?

The statement "digital currencies such as Bitcoin are the future of spending online" was also asked in 2015 and 2016, when 28% and 32% in Europe agreed, respectively. Are attitudes slowly changing?

Similarly, about a third agree when Bitcoin is framed differently (as an investment, or as an asset rising in value in the nearer term) are presented.

Mobile bankers are more likely to answer positively to all three questions. In particular, when asked if cryptocurrencies are the future of spending online, 40% of mobile bankers agree. Just 22% of non-mobile bankers agree with them.

Yet those keen to invest in the future of cryptocurrency, as investment or otherwise, may be best to take a longer term view. It's possible that the price shifts we've been seeing for Bitcoin 2017-2018 might be best described as "animal spirits".

Economist John Maynard Keynes in 1936 defined animal spirits as the human emotion that drives consumer confidence. When markets are highly volatile, for example, investors may attempt to "ride the wave", behaving more impulsively in the hope of profits.

It's also possible that cryptocurrency might be seen as more promising in countries where the traditional financial system is less efficient or more expensive to use.

The question

How much do you agree or disagree that: "Digital currencies (such as Bitcoin) are the future of spending online"; "digital currencies are the future of investment"; "the value of digital currencies will increase in the next 12 months".

Shares who have heard of, own or expect to own Bitcoin and "agree" or "strongly agree" with the above.

Digital currencies – such as Bitcoin – are	the future of spending online	the future of investment	to rise in value in the next 12 months
European consumer	35%	32%	35%
Turkey	53%	49%	51%
Romania	43%	41%	45%
Spain	38%	37%	41%
Poland	38%	34%	35%
Italy	36%	32%	32%
Czech Republic	32%	29%	28%
USA	31%	29%	34%
France	30%	25%	29%
Germany	28%	25%	29%
United Kingdom	25%	26%	28%
Belgium	23%	21%	27%
Austria	20%	17%	22%
Australia	18%	19%	22%
Netherlands	17%	20%	22%
Luxembourg	16%	12%	20%

Might Bitcoin be popular when going cash-free?

Our previous ING International Surveys on mobile banking have highlighted the growing popularity of cash-free transactions. Might digital currency have a role in this brave new world?

We see opposite that 40-49% in Europe don't want to change the way they pay in everyday transactions. However, attitudes soften around less common transactions – such as buying plane tickets.

International payments, when shopping online, are the most popular option among Europeans for transacting with cryptocurrency.

Only 15% in Europe would opt to receive their wages or salary in cryptocurrency – probably reflecting the typical aversion to uncertainty (Pfeffer/Hardisty: Stanford, 2016) around earnings.

This may relate to the typical bias towards physical assets that can be seen and handled, like cash or even a plastic card, rather than relatively intangible items such as shares or Bitcoin.

Interestingly, Bitcoin owners are more likely than non-owners to say they wouldn't use cryptocurrency for purchases, due to its risk.

Diverse views, summarised

Younger people and countries with lower per-capita income levels (Poland, Romania, Spain, Turkey and Italy) seem likelier to consider paying with cryptocurrency. Highly publicised Bitcoin price gains 2017-2018 positioned cryptocurrency as a way to augment earnings. Yet large shares, especially in Australia, "don't want to change the way they pay".

The question

Would you use cryptocurrency to buy a cup of coffee; receive your pay; pay taxes; pay your monthly electricity bill; buy a plane fare; make an international payment for a product you buy online; or save for your child's university fees?

Chart shows Europe totals only. Shares are those who have heard of, own or expect to own Bitcoin.

Would you use cryptocurrency to	Yes	No, I don't want to change how I pay	No, I think there would be too much risk	No, Bitcoin only interests me as an investment
Buy a cup of coffee	23%	49%	14%	17%
Receive your take-home pay	15%	47%	25%	17%
Pay taxes	21%	47%	19%	16%
Pay your monthly electric bill	21%	48%	17%	16%
Buy a plane fare	26%	44%	17%	16%
Make an international payment online	30%	40%	18%	14%
Save for university fees	20%	42%	25%	16%

Crypto seen as risky compared to other assets

In previous ING International Surveys, investing questions have confirmed that many people are risk-averse and wary of investing in a range of opportunities.

In 2016, more than half in Europe told us that investing in shares is financially risky; 37% said the same about mutual funds, and 33% about bonds.

For 2018 we asked people about the comparative risk of Bitcoin. Responses from Europe are on the chart opposite.

Most respondents indicate they perceive cryptocurrency as a riskier investment than cash, gold, real estate, government bonds, investing in your own business, or the share market.

Every investment comes with the risk of lower or even no return.

However, behavioural science suggests the average person's perception of risk may be partly based on a natural bias towards tangible and familiar assets, such as gold and property, and less about the actual degree of risk represented by a particular asset class.

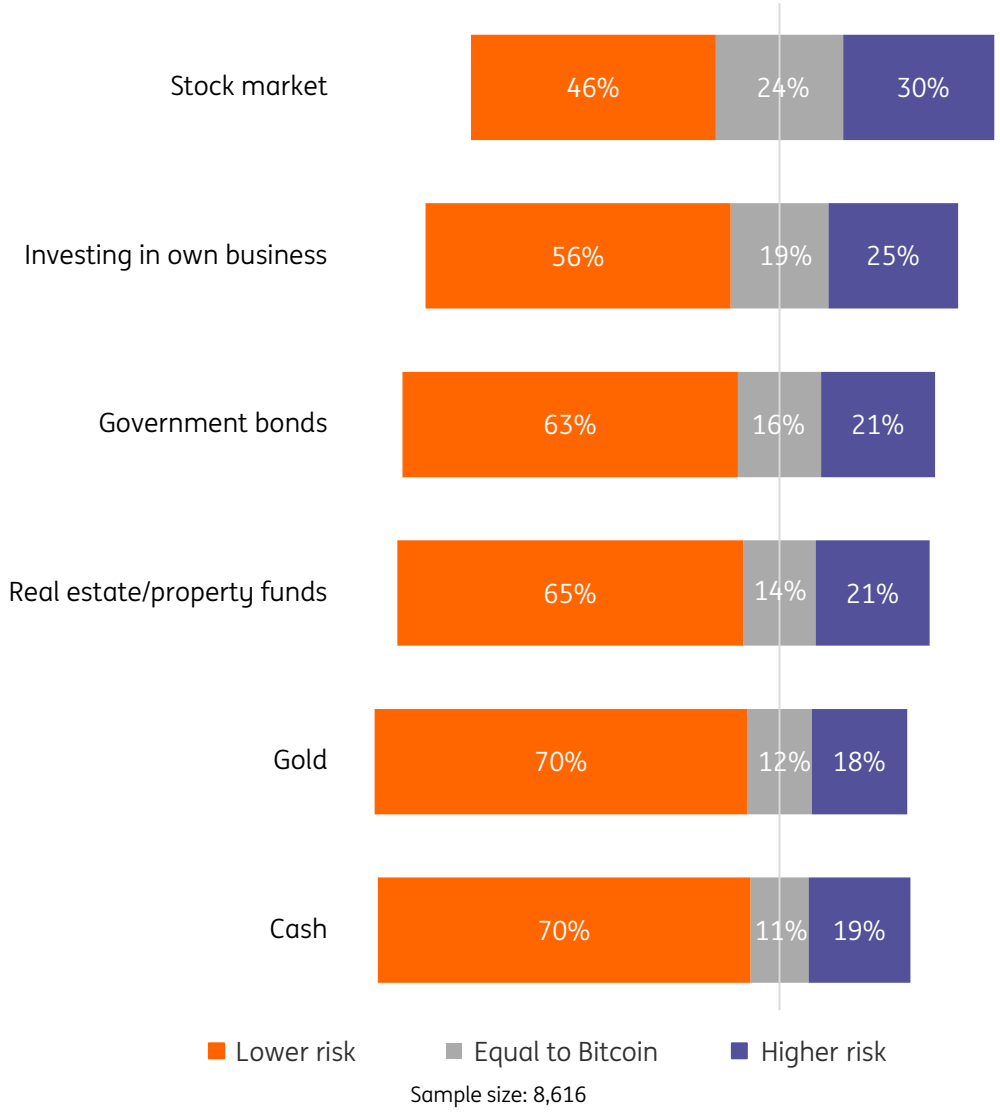
What ING analysts say

Economists are still learning about the demand function for cryptocurrency. Our survey evidence, when considered alongside the price volatility, dispels ideas that Bitcoin might be an alternative "safe" asset. Further, it corresponds with the idea that emerging markets or those with less liquid currencies or more volatile exchange rates have higher crypto ownership.

The question

How risky is owning one of the following assets, compared to cryptocurrency?

Shares in Europe who reply that the named item below is less risky, equally risky, or more risky than cryptocurrencies such as Bitcoin. Asked to those who have heard of, own or expect to own Bitcoin.



Sample size: 8,616

Websites popular for info – but many would never invest

Specialist websites seem the preferred source of information on potential Bitcoin investments in 11 of 15 countries. In Spain, Luxembourg and France, we see a preference for financial or bank advisors instead.

Italians appear divided between specialist websites and professional advisors as the favoured information source.

Small shares would seek guidance from family or friends, a computer program or algorithm (robo-advice) or simply reply "I don't know".

In Europe, men (29%) are more likely than women (24%) to say they would seek information on Bitcoin from specialist websites.

A significant slice, in every country, answer: "I would never invest money in cryptocurrency." The share rises to 44% in Austria and the Netherlands; Luxembourg, Australia and Germany have the next-highest shares.

Our full dataset shows this share rises to 54% among Europeans aged 65+ – but only 14% of people in Europe who are 18-34 years old say they would not consider investing in cryptocurrency.

Higher shares of non-mobile bankers (44%) in Europe say they would never invest in Bitcoin or similar, versus 23% of mobile bankers.

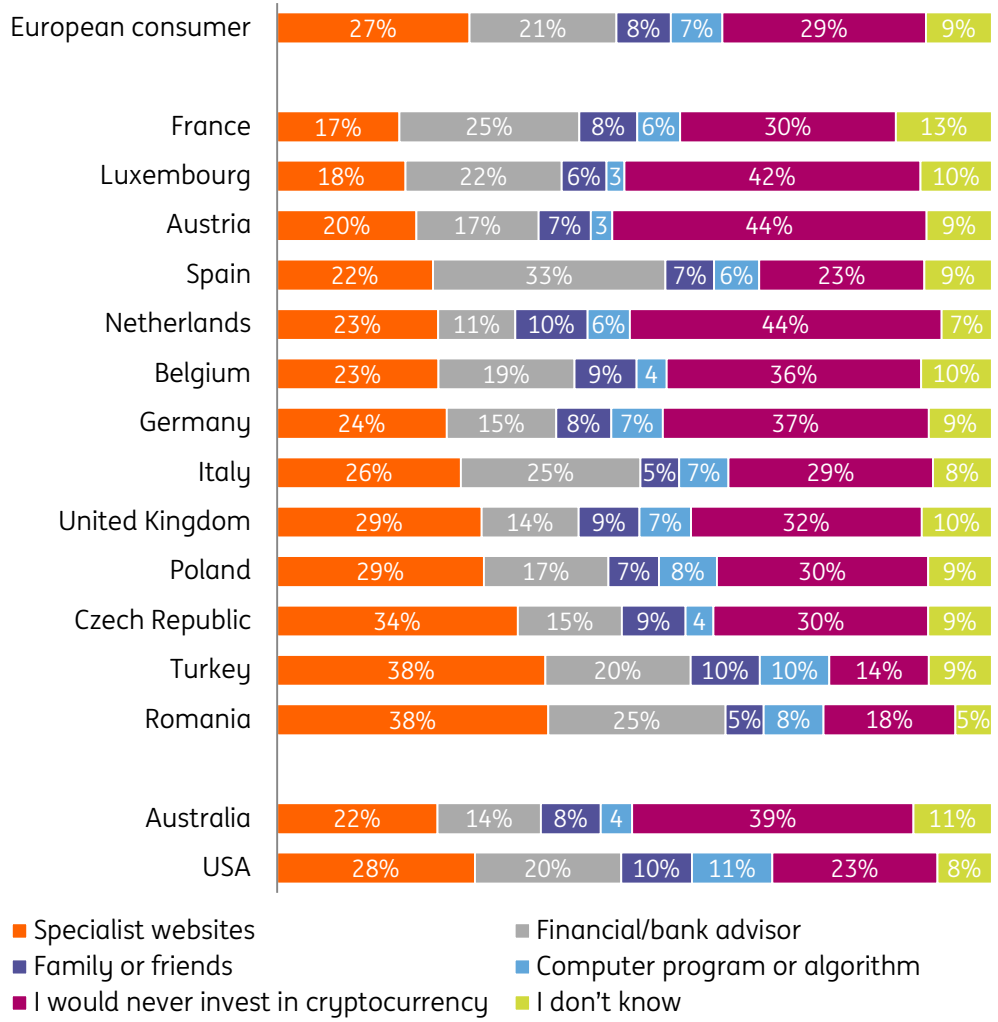
Our results reflect other ING International Surveys: we consistently find only small shares who own or would be likely to purchase investments. This may be due to risk perception (see previous pages).

For instance, 59% of European respondents in 2016 told us they would be "unlikely" or "extremely unlikely" to invest 10% of their total savings in shares, even if they could afford to do so.

The question

If you had about a month's take-home pay available and wanted more information on cryptocurrency as a possible investment, where would you most likely get advice?

Asked only to respondents replying that they have heard of, own, or expect to own Bitcoin in the future.



Sample size: 9,957

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