

An Analysis of Crypto Market Sentiment + Digital Payments

Abstract

The cryptocurrency and blockchain sector has experienced a massive burst of interest over the last two years. Media attention was locked on cryptocurrencies reaching all time highs in late 2017 and eventually shedding 78% from its highest valuation, but not-so-quietly in the background, businesses and governments have been firming regulations and adopting blockchain tech at a rapid pace. Since the market crash, prices in the market have not been positively [affected](#) by actual utility and permeation of cryptocurrencies like in traditional markets. As a result, HBUS, an advanced U.S. digital asset trading platform, has fielded a survey to help demystify current market and digital payment sentiment of Americans.

A survey conducted in March-April 2019 with 1,067 respondents revealed that general sentiment around the crypto market and digital payments is promising. While the survey revealed that lack of understanding is one of the largest impediments to crypto adoption, cryptocurrency ownership has more than doubled since [2018](#), with both crypto and non crypto holders excited about the benefits of security, privacy and overall potential. Current use cases for crypto are mainly in buying and trading, as well as a form of payment for goods and services. The reasons for selecting an exchange differs between crypto owners vs. non-crypto owners, with crypto owners placing more emphasis on security, while non-crypto owners would rely on a friend's recommendation.

The sentiment surrounding cryptocurrency and blockchain is positive despite the drastic disparity between the hype in 2017 and the market lull of 2018 & 2019. More surveys and studies will need to be conducted to further grasp shifting behaviors and perceptions of crypto as the market continues to mature.

Introduction

The digital asset ecosystem has been tossed in the waves of a furious and unforgiving last few years. Bitcoin, the largest and most well known cryptocurrency is still down¹ roughly 70% since its high in December 2017, with hundreds of other crypto totalling losses of \$636 billion or 78% of total market cap. However, as the technology continues to mature and permeate across [governments](#),² [businesses](#),³ and [communities](#),⁴ we wanted to see how sentiments, perceptions, and behaviors have changed. HBUS has always taken a careful and methodical approach to implementing new products and features for our investors and wanted to dive deeper into how the market has responded.

¹ <https://coinmarketcap.com/currencies/bitcoin/historical-data/?start=20130428&end=20190502>

² <https://www.ledgerinsights.com/thales-idc-government-blockchain-adoption/>

³ <https://venturebeat.com/2019/04/30/amazon-managed-blockchain-hits-general-availability/>

⁴ <https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/study-blockchain-impact-moving-beyond-hype.pdf>

Objective

This study aims to uncover market sentiments around digital payments from Americans in 2019.

Methods

A short 15 question survey was created by HBUS and was administered online via SurveyMonkey to study American's sentiments and the crypto market and digital payments. The survey was administered from March 29, 2019 to April 1, 2019. Data on gender, age group, household income, and region for each survey respondent were auto-generated via SurveyMonkey participant profiles.

The survey questions focused on cryptocurrency ownership, use, and outlook, as well as sentiments surrounding digital payments.

Responses were examined relative to age, gender, income, region, crypto and non crypto owner trends.

Results

We received responses from 1,067 Americans. We did not survey individuals under 18 on matters regarding financial investments.

Table 1. Demographic data of sample

Demographic Data			
n=1,067	Answer Choices	N	%
Age	<18	16	1.50%
	18-24	224	20.99%
	25-34	335	31.40%
	35-44	136	12.75%
	45-44	207	19.40%
	55-64	138	12.93%
	65+	11	1.03%
Gender	Female	575	53.94%
	Male	491	46.06%
Household income	\$0-\$9,999	90	8.44%
	\$10,000-\$24,999	139	13.04%
	\$25,000-\$49,999	231	21.67%
	\$50,000-\$74,999	209	19.61%
	\$75,000-\$99,999	127	11.91%
	\$100,000-\$124,999	76	7.13%
	\$125,000-\$149,999	40	3.75%
	\$150,000-\$174,999	19	1.78%
	\$175,000-\$199,999	10	0.94%
	\$200,000+	31	2.91%
	Prefer not to answer	94	8.82%
Region	New England	58	5.49%
	Middle Atlantic	101	9.56%
	East North Central	182	17.22%
	West North Central	82	7.76%
	South Atlantic	157	14.85%
	East South Central	54	5.11%
	West South Central	82	7.76%
	Mountain	102	9.65%
	Pacific	239	22.61%
Device Type	iOS Phone / Tablet	522	48.97%
	Android Phone / Tablet	486	45.59%
	Other Phone / Tablet	0	0.00%
	Windows Desktop / Laptop	47	4.41%
	MacOS Desktop / Laptop	4	0.38%
	Other	7	0.66%

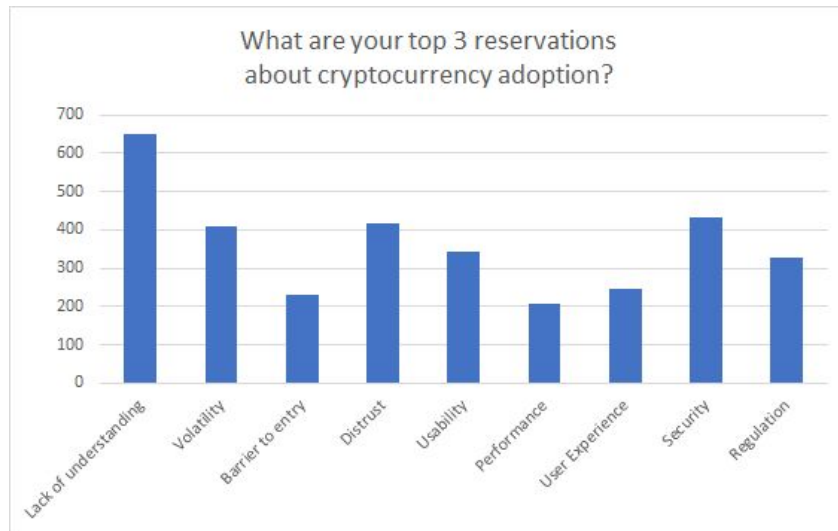
General Trends

The survey revealed that of the 1,067 participants, 74.32% of all respondents know what cryptocurrencies are and that 19.78% of participants own cryptocurrency. While 69.63% of participants have not used cryptocurrencies, for those who have, both buying and trading (13.8%) and sending and receiving digital assets as payment for goods or services (13.68%) make up the top two uses for cryptocurrencies. 11.9% of respondents buy cryptocurrencies as a long term investment.

For non-cryptocurrency owners, when deciding to use a particular exchange for trading a recommendation by a friend was the strongest deciding factor (63.17%) in choosing an exchange, while security (57.64%) was second.

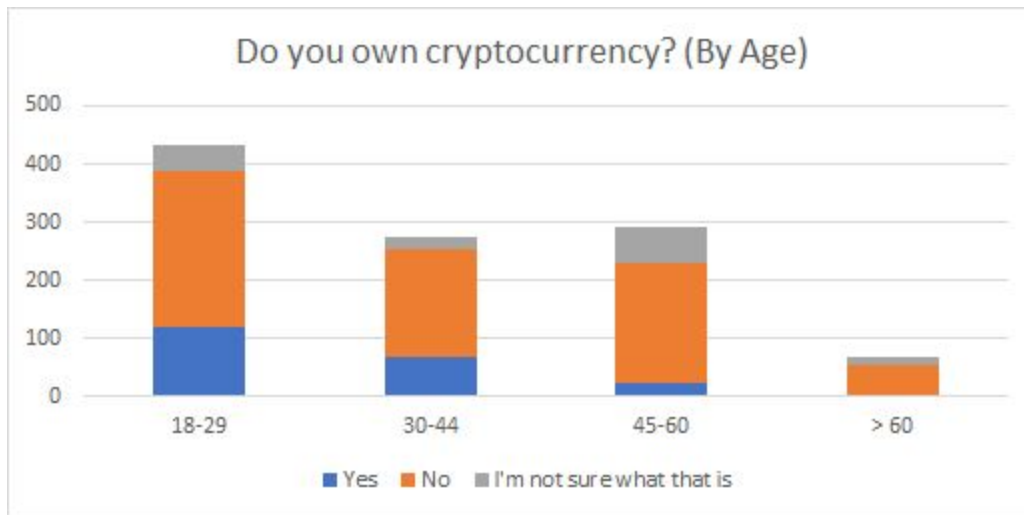
Privacy ranked highest (37.86%) in perception of benefits of digital assets, while security (36.27%) and its overall potential (33.46%) made a close second and third.

49.02% of participants felt very comfortable when using digital payment platforms like ApplePay, PayPal and Venmo, but most were indifferent or felt uncomfortable using cryptocurrencies as a form of payment.



Respondents believe that 3 largest reservations for adoption were a lack of education or understanding of crypto and blockchain (60.92%), security (40.58%), and distrust (39.27%).

Age Trends



More than 80% of respondents between ages 18-44 know what cryptocurrencies are while 59.94% of respondents between 45-60 years old know what cryptocurrencies are. More respondents between ages 18-44 own cryptocurrency (18-29, 27.19%; 30-44, 25.27%) than any other demographic.

Age played a factor in determining the perceived benefits of cryptocurrencies. In the age group 18-29, 41.01% believed that the foremost benefit is in the general potential of the technology. Those in the 30-44 age group, 42.86% believed that privacy was the best benefit, and for those in the 45-60 age group, 34.25% believe that security is the primary benefit of cryptocurrency.

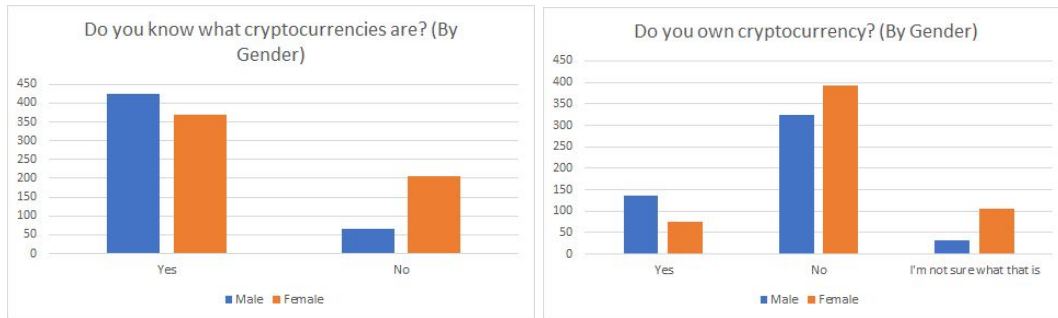
19.12% of 18-29 year olds consider buying and trading as the primary use for cryptocurrencies, while 16.21% of 30-44 and 8.9% of 45-60 year olds prefer sending or receiving crypto as a payment for goods and services.

30-44 year olds were more comfortable (58.61%) using digital payment platforms in comparison to their 18-29 (50%) and 45-60 (42.47%) year old counterparts. In contrast, respondents over the age of 60 were more uncomfortable (28.36%) using these types of payment platforms.

Respondents between ages 18-29 are the most comfortable using cryptocurrencies for payments for goods and services (32.71% combined, very comfortable and slightly comfortable), while respondents over the age of 60 are the least comfortable (55.22%) using cryptocurrencies for payments.

In all age groups, the primary reservation about crypto adoption is lack of understanding and education in the space.

Gender Trends



Of the participants surveyed, 86.35% of men know what cryptocurrencies are, while only 64% of women know what cryptocurrencies are. Additionally, more men (27.49%) owned cryptocurrency than women, with only 13.22% of women surveyed owning any crypto.

Men ranked the top 3 benefits of cryptocurrency as follows: privacy, overall potential, and security, while women believe security, privacy and speed and efficiency to be the greatest benefits.

Of those who have used cryptocurrencies, men used cryptocurrencies more often as a long term investment than women (18.33% vs 6.43%). Among women, sending or receiving digital assets as a payment for goods and services (11.48%) ranked highest in relation to other uses.

After accounting for gender, both men and women are more comfortable using digital payment platforms like ApplePay, PayPal or Venmo than not.

Both men and women agree that lack of understanding is the top reservation concerning cryptocurrency adoption.

Income Trends

Respondents in the \$100,000-\$124,999, \$125,000-\$149,999, and \$200,000+ income brackets were more likely to own crypto than the other brackets. Respondents in the highest income bracket, \$200,000+, were the most knowledgeable about what cryptocurrencies were (87.10%) vs the other brackets.

A combination of privacy, security, speed and efficiency and overall potential make up the top beliefs in benefits from crypto among all income levels.

Top 3 reservations of crypto adoption as ranked by income brackets:

- Lack of understanding/education (#1 among \$175,000-\$199,999)
- Distrust (#1 among \$175,000-\$199,999)
- Volatility (#1 among \$200,000+)
- Regulation (#1 among \$175,000-\$199,999)
- Security (#1 among \$150,000-\$174,999)
- Usability (#1 among \$50,000-\$74,999)

- Performance (#1 among \$150,000-\$174,999)
- User experience (#1 among \$100,000-\$124,999)

Across all income levels, the highest incidence of use was for sending and receiving payments for goods and services (14.3% of all surveyed). Most notably, income levels over \$99,999 more often used crypto as a long term investment, with only the lowest income bracket, \$0-\$9,999 mainly using crypto to also send money to family and friends.

A majority (71.81%) of respondents across all income levels were slightly comfortable to very comfortable using digital payment platforms in contrast to only 27.47% of all respondents across income levels were comfortable using crypto for payments.

Across income levels, lack of understanding and education (60.80%), volatility (39.4%), and distrust (38.99%) were the biggest culprits to crypto adoption.

U.S. Regional Trends

In the US, the top 3 regions who had the most knowledge of what cryptocurrencies are were Middle Atlantic (81.19%), Pacific (79.08%), and Mountain (75.49%) regions, with the overall average between all regions, 74.08%.

The top 3 regions with the highest rates of crypto ownership were the Middle Atlantic (21.78%), West South Central (21.95%), and Pacific regions (20.92%), with East South Central (11.11%) being the least likely to own crypto.

Respondents in the New England, East North Central, West North Central, and Pacific regions all agreed the top ranked benefit of crypto is privacy. Those residing in the Middle Atlantic, and Mountain regions placed their beliefs into the overall potential of the technology. Respondents in the South Atlantic region ranked speed and efficiency highest, while the remaining regions listed security as their top benefit.

New England, East North Central and Pacific region respondents primarily interact with crypto as a payment for goods and services, while those in the Middle Atlantic, West North Central, and East South Central are more likely to be buying and trading cryptos. A higher rate of respondents in the West South Central and Mountain Regions are buying cryptocurrencies as a long-term investment.

Residents in the Mid Atlantic, West South Central and Mountain regions are more comfortable using digital payment platforms than their other counterparts, while those in the West South Central, Middle Atlantic and West North Central regions are more comfortable using cryptocurrencies as a form of payment.

Across all regions, the top 3 reservations about cryptocurrency adoption were lack of understanding and education, distrust, and volatility.

Crypto Owner Trends

Respondents who own cryptocurrency believe that cryptocurrencies offer these top three benefits: potential of technology, privacy and security. They also have used it for buying or trading cryptos (48.34%), long term investments (46.92%) and sending or receiving payments for goods and services (42.65%).

Crypto owners were more likely to choose an exchange to use based on (ranked) security, token variety and selection, brand recognition, ease of use, customer service, liquidity, low trading cost, and a recommendation by a friend.

60.66% of crypto owners are very comfortable using digital payment platforms like ApplePay, PayPal or Venmo.

Top 3 reservations about cryptocurrency adoption (ranked): volatility, lack of understanding/education, and regulation.

Non-Crypto Owner Trends

80% of non-crypto owners surveyed know what cryptocurrencies are and would rank the top benefits of cryptos to be privacy, speed and efficiency, and security.

Non-crypto owners would rank the top benefits cryptocurrencies offer:

48.26% of non-crypto owners are comfortable using digital payment platforms like ApplePay, PayPal or Venmo, while less than 10% of non-crypto owners would say they are 'very comfortable' using cryptocurrencies for payments.

Non-crypto owners' top 3 reservations about cryptocurrency adoption were lack of understanding/education, distrust, and security.

Non-crypto owners would choose an cryptocurrency exchange based on (ranked) a friend's recommendation, security, low trading cost, token variety & selection, ease of use, liquidity, brand recognition and name, customer service

Discussion

Cryptocurrency sentiments remain strong among Americans surveyed amidst a continuing bear market with both current cryptocurrency and non-cryptocurrency owners holding a positive disposition. Cryptocurrency ownership more than doubled since 2018. In March 2018, personal finance website Finder.com found that just 8 percent of Americans are invested in cryptocurrencies,⁵ while this survey found that ownership has increased to 20%.

Since the downturn, shift in government focus for regulating and intervening in the crypto space echoes the results that privacy and security were the top reasons for owning crypto currency among our respondents. Gary Gensler, former chairman of the Commodity Futures Trading Commission put out a statement⁶ during the Business of Blockchain event at MIT, noting the importance of government regulation in overseeing markets to curtail manipulation. While 24 countries met with the International Monetary Fund in New York to discuss⁷ global standards of regulation, crypto investors are still reeling from recent losses due to current hacks and scams and on the heels of another tether controversy,⁸ bringing further uncertainty and doubt into the crypto market.

Despite the continuing deleterious drama, our survey revealed that crypto owners were unsurprisingly bullish on the future potential of cryptocurrency, with an overwhelming response from all of the respondents that the largest blocker to crypto adoption is lack of understanding and education. While our survey found that 74% of all our respondents know what cryptocurrencies are, 69.63% have not used cryptos at all. This follows similar conclusions⁹ drawn from eToro's senior analyst Mati Greenspan, noting that awareness of cryptocurrency has peaked and that the new number one barrier to entry is education.

The disjunction between market dynamics and actual adoption and use of blockchain has made it uneasy for bystander's to gauge the direction of the technology. The 2017 bull run was in part due to the immense greed between investors and projects that were conducting ICOs, and the fear-of-missing-out mentality that took hold over the new and old investor segments. However, after the crash, we are currently seeing more utility and adoption from blue chip companies and institutions than before, yet the market still stands unmoved.

Our survey results show that the community is aware of cryptocurrencies, but do not feel comfortable enough to use them due to a lack of education, distrust, and security. We need to focus on educating our future user base and building products that safer and easier to use.

[Placeholder for closing words or insights from HBUS team]

⁵ "Just 8 percent of Americans are invested in cryptocurrencies, survey" 16 Mar. 2018, <https://www.cnn.com/2018/03/16/why-just-8-percent-of-americans-are-invested-in-cryptocurrencies-1.html>. Accessed 1 Apr. 2019.

⁶<https://cointelegraph.com/news/former-cftc-chair-gary-gensler-says-crypto-market-needs-regulation-in-order-to-grow>

⁷ <https://news.bitcoin.com/countries-imf-global-standards-crypto-regulation/>

⁸<https://www.forbes.com/sites/stevenehrlich/2019/05/02/after-an-850-million-controversy-what-everyone-should-know-about-bitfinex-tether-and-stablecoins/#eecedfb492f3>

⁹ <https://ethereumworldnews.com/etoro-greenspan-lack-education-curbing-crypto-adoption/>

