Cryptoassets: Ownership and attitudes in the UK

Consumer survey research report

March 2019
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1 Objectives and methodology

Objectives

1.1 The FCA has identified the need to gather more information about the cryptoassets market in the UK, to understand the behaviours and motivations among consumers purchasing cryptoassets and to identify areas of potential harm.

1.2 As part of the work, we commissioned a research agency, Kantar TNS, to conduct a quantitative survey via its CAPI Omnibus.

1.3 Anecdotal data suggests that a small proportion of UK consumers have bought cryptoassets – we want better evidence. The main goal of the study is to size the market and identify levels of general awareness among consumers and how they get involved with cryptoassets. The current report presents the main findings from the survey. We chose to use ‘cryptocurrency’, rather than the broader ‘cryptoasset’ term we normally use, as the language in the survey given it is the more commonly used term.

1.4 This survey complements a qualitative survey for which FCA commissioned another research agency – Revealing Reality.

Methodology

1.5 The fieldwork took place from 12 to 16 December 2018. During this time, Kantar TNS conducted 2,132 face-to-face interviews among UK consumers (including Britain and North Ireland), age 16+.

1.6 The TNS Omnibuses employ a random location methodology each week. More details on the exact approach can be found in Annex 1.
2 Summary

- Over 70% of those surveyed haven’t heard of cryptocurrencies or didn’t know how to define one.
- Buying cryptocurrencies is not very popular – we estimate that only 3% of the overall sample having done so in the past.
- Only 7% of those who haven’t bought any cryptocurrencies so far would consider it in the future.
- Owners of cryptocurrency tend to use their own money to buy it. None of the respondents reported borrowing money from financial firms or friends/family.¹
- Only 8% of all cryptocurrency owners completed ‘deep research’ before purchasing, with 16% doing no prior research.
- Over 1 in 3 have never checked the value of their cryptocurrency since purchasing.²
- Around 40% of cryptocurrency owners expect to hold it for 3 or more years, while half of them report selling some or all of it already.

¹ The results referring to the owners of cryptocurrencies should be read with caution due to a very low base of 51.
² The survey suggested that ‘deep research’ might include speaking with project developers.
3 Results

General awareness

3.1 Nearly three in four of those surveyed hadn’t heard of cryptocurrencies or were unable to define what they are correctly.

3.2 27% gave a correct response—mainly men, people who fall in the AB social grade and are between 20 and 44 years old. They also tend to be either in full-time employment or in education and with Internet access.

Q1: You may have heard about cryptocurrencies (otherwise known as ‘virtual currencies’ or ‘cryptoassets’). I am now going to ask you some questions about cryptocurrencies. Which one of the following best describes what you think cryptocurrency is?

- Never heard of it
- Cryptographically secured digital representation of value or contractual rights that uses some type of Distributed Ledger or Blockchain Technology and can be transferred, stored or traded electronically.
- Body of private information about an individual, organisation or electronic device that exists online.
- Dedicated website or other application which enables users to communicate with each other by posting information, comments, messages or images.
- Means of raising money by selling numbered tickets and giving prizes to the holders of numbers drawn at random.
- Don’t know
Cryptocurrencies are most commonly identified by consumers in the East Midlands and South East of England.

Where in the UK are people more likely to know what a “cryptocurrency” is?

On average 27% of UK consumers can identify what a “cryptocurrency” is.

This map shows the percentage of people who have given the correct definition of cryptocurrency in each region.
The term is most recognised by men, those between 20–44 years old and within the AB social grade

What is the profile of those who understand “cryptocurrencies”?

Just over 1/4 of UK consumers can identify what a “cryptocurrency” is

The term is most recognised by:
- Men
- Aged between 20–44 years old
- AB social grade

Sources of information

When it comes to main sources of information, almost half of those who are aware of cryptocurrencies stated that they heard about them either through online news or traditional media.

**Q2:** Where did you first hear about them?

Where do people first hear about cryptoassets?

People over the age of 55 were more likely to select ‘traditional media’ as their answer than the rest. Social media was cited as the most influential source for younger respondents (16–24 years old).
3.4 People over the age of 55, the divorced/widowed and the retired were more likely to select ‘traditional media’ as their answer than the rest. By comparison, social media was cited as the most influential source for younger respondents (16-24 years old) including those still in school.

Purchasing behaviour

3.5 We estimate that only 3% of 2132 survey respondents had ever bought cryptocurrency. The profile of those who know about and buy cryptocurrencies tends towards men, aged 20 to 44 years old and within the AB social grade.

3.6 50% of the respondents who had bought cryptocurrencies stated that they conducted general research before buying cryptocurrency; 8% stated that they conducted deep research. 16% stated that they did no research at all and 4% only did so after they bought the cryptocurrency. 4

Q9: What type of research do you conduct before purchasing a cryptocurrency? (more than one answer is possible)

- I did some general research on the cryptocurrency (eg on the internet) 50%
- I discussed with friends/family/colleagues in-person 25%
- I discussed with online connections 14%
- I complete deep research (eg I met with the cryptocurrency developers in-person) 8%
- I only researched after I first bought the cryptocurrency 4%
- I discussed with a financial advisor 3%
- I checked the FCA website or Financial Service Register for information 3%
- Other type of research 3%
- I didn’t/haven’t done any research 16%

n=51

3.7 The majority (84%) of those who have ever bought cryptocurrencies use online exchange to acquire them. Furthermore, they tend to spend their own money (87%). Another way to finance the purchase is with the help of long-term savings (13%). None of the respondents reported borrowing money from financial firms or friends/family.

4 The results referring to the owners of cryptocurrencies should be read with caution due to a very low base of 51.
More than 50% of the surveyed cryptocurrency owners reported to have spent their money on Bitcoin, while 1 in 3 chose Ethereum. 57% bought only 1 type of cryptocurrency.

Q6: Which cryptocurrencies have you bought previously? (more than one answer is possible)

- Bitcoin: 51%
- Ethereum: 34%
- Litecoin: 20%
- Bitcoin Cash: 20%
- (XRP (Ripple)): 20%
- Bitcoin SV: 15%
- EOS: 6%
- A different cryptocurrency: 4%
- Tron: 4%
- Stella: 4%
- Tether: 2%
- Other: 5%

n=51
### Reasons for buying

3.9 The most popular reasons cited for buying cryptocurrencies were as a gamble (31%), or as part of an investment portfolio (30%).

3.10 Buyers expect to make money quickly – this was cited by 18%, while a more psychological reason – fear of missing out – was given by 4% of respondents.

**Q8:** What are your main reasons for buying cryptocurrencies? (more than one answer is possible)

- **As a gamble that could gain or lose money** 31%  
- **As part of a wider investment portfolio** 30%  
- **Expecting to make money quickly** 18%  
- **Instead of buying shares or other financial investments** 11%  
- **As part of my long-run savings plan (e.g. pension)** 8%  
- **I didn’t want to miss out on buying cryptocurrencies** 4%  
- **Other reason** 17%
Reasons for not buying

3.11 The main reasons cited by respondents for not buying cryptocurrency were perceived risk and lack of knowledge. The two risk-related answers are chosen mainly by men, over 55s and retired respondents, while lack of knowledge on how cryptocurrencies work is self-reported by women, those under 35 and those still in education.

3.12 Those who identified as minority ethnic are more likely to give ‘not enough money to invest’ as a reason behind not having bought cryptocurrency.

Q4: Why haven’t you bought any? (more than one answer is possible)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too risky to buy (eg due to their price change)</td>
<td>29%</td>
</tr>
<tr>
<td>Lack of knowledge on how cryptocurrencies work</td>
<td>23%</td>
</tr>
<tr>
<td>Lack of knowledge on how to buy cryptocurrencies</td>
<td>20%</td>
</tr>
<tr>
<td>Too risky to use (eg in exchange for good/service)</td>
<td>19%</td>
</tr>
<tr>
<td>Not enough money to invest in the cryptocurrency to make it worthwhile</td>
<td>16%</td>
</tr>
<tr>
<td>It is not regulated</td>
<td>12%</td>
</tr>
<tr>
<td>Too difficult or complex to buy</td>
<td>8%</td>
</tr>
<tr>
<td>Heard or read negative stories</td>
<td>6%</td>
</tr>
<tr>
<td>No need</td>
<td>5%</td>
</tr>
<tr>
<td>Not interested</td>
<td>4%</td>
</tr>
<tr>
<td>Other reason</td>
<td>2%</td>
</tr>
<tr>
<td>Lack of knowledge (no detail)</td>
<td>2%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>1%</td>
</tr>
<tr>
<td>Too risky (no detail)</td>
<td>1%</td>
</tr>
</tbody>
</table>

n=573

3.13 When asked whether they have any plans to buy cryptocurrencies in the future, only 7% of the respondents who had never bought previously said they would definitely or probably buy. Respondents who hadn’t previously bought cryptocurrencies between the age of 35 and 44 years of age and in full time employment are more likely to consider buying cryptoassets in the future.
Behaviour after acquisition

3.14 The survey showed that the respondents who have bought cryptocurrencies in the past are divided almost equally in terms of having sold some or all of it and not having sold anything.

3.15 When it comes to monitoring the value, 35% reported to have never checked whether their cryptocurrency has gone up or down in value. The opposite behaviour – checking daily – was cited by 22%.

3.16 50% of the cryptocurrency-owners think they’ve gone down in value and 8% say they don’t know.

Attitudes towards cryptocurrencies

3.17 71% of the cryptocurrency owners agreed that a cryptocurrency purchase is a risk they are willing to take. 62% believe that they are alternative investments to those offered in mainstream finance.

3.18 The highest level of disagreement is expressed towards the statement that they regret buying cryptocurrencies (67%).

Q18: I am now going to read out some statements and would like you to tell me how much you agree or disagree with each:

- Purchasing cryptocurrencies is a risk I’m prepared to take: 71% Agree, 20% Neither agree not disagree, 8% Disagree
- I believe in alternative investments to those provided in the mainstream financial sector: 62% Agree, 28% Neither agree not disagree, 9% Disagree
- I’m happy trading in this market even though it is largely unregulated: 55% Agree, 23% Neither agree not disagree, 21% Disagree
- I know that at some stage, I will make money out of this market: 44% Agree, 33% Neither agree not disagree, 24% Disagree
- I regret ever having bought cryptoassets: 11% Agree, 22% Neither agree not disagree, 67% Disagree

n=51
Annex 1
Detailed overview of TNS CAPI Omnibus Methodology

1. The TNS Omnibuses employ a random location methodology each week. A varying number of sampling points are issued, depending upon the length of the questionnaire.

2. 2001 Census small area statistics and the Postcode Address File (PAF) are used to define sample points. These are areas of similar population sizes formed by the combination of wards with the constraint that each point must be contained within a single Government Office Region (GOR).

3. The statistical accuracy of the GB sampling is maximised by issuing sequential waves of fieldwork systematically across the sampling frame to provide maximum geographical dispersion. This ensures that the sample point selection remains representative for any specific fieldwork wave.

4. Relevant quotas are set to ensure a balanced sample of adults is achieved within each selected address.