

Bitcoin Gains Momentum but It's Still Far from Mainstream

The State of Cryptocurrency

Consumer interest in cryptocurrency has been gaining steam over the last several years. While many have heard of Bitcoin, people lack knowledge beyond the term, and their trust in it as an investment option has remained relatively low. However, amid market volatility, Bitcoin has surged to market highs, causing investors who might have brushed off the digital asset to take a second look at broadening their portfolio. Although cryptocurrencies have received considerable attention in the investment world, has this new form of investing really reached the mainstream?

The answer is a bit mixed. The vast majority of people, 80%, are not currently investing in Bitcoin. While 77% have heard of Bitcoin, 44% report having no knowledge when it comes to investing in it—only 17% are extremely or quite knowledgeable. When asked to identify the correct definition of Bitcoin, 60% of people were unable to select the accurate description. **It seems only those who are well educated in Bitcoin are investing—17% of people are currently investing in it, the same portion of people that describe themselves as knowledgeable about it.**

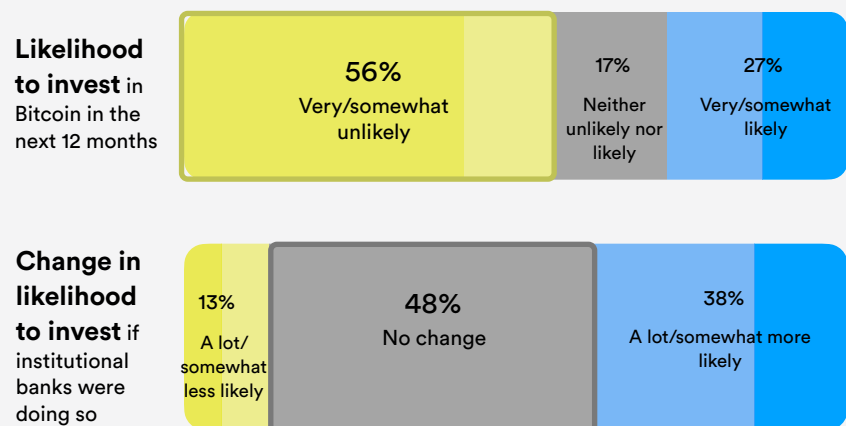
LACK OF KNOWLEDGE PAST THE NAME



Q: “How knowledgeable are you when it comes to investing in Bitcoin?”
“Have you heard of Bitcoin?”

When it comes to actually investing in the digital asset, slightly over a quarter are likely to invest in the next 12 months. But even with all the buzz around the cryptocurrency and its impressive performance recently, more than half (56%) are still unlikely to take the plunge and invest. This is likely because of a **lack of confidence in investing their money in the cryptocurrency—48% report that they are not at all confident.**

LIKELIHOOD TO INVEST STILL LAGGING WITH BANK BACKING

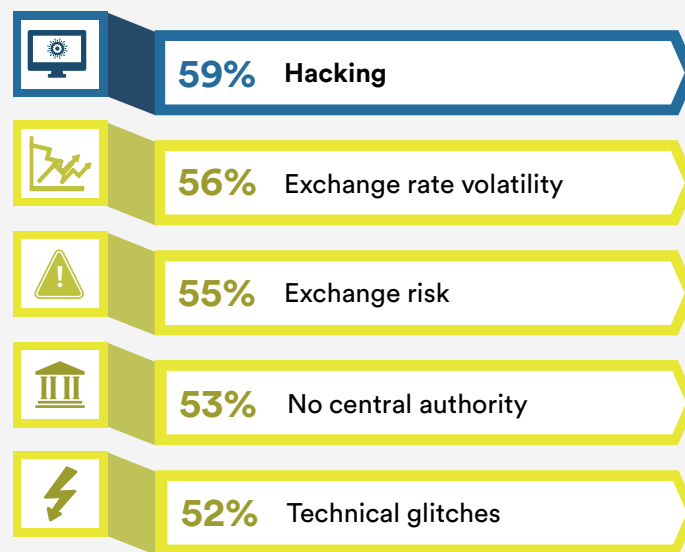


Q: “How likely or unlikely are you to invest in Bitcoin in the next 12 months?”
“If we were to tell you that institutional banks are starting to back cryptocurrency, would this make you more or less likely to invest in Bitcoin?”

Security Concerns

Why might people be hesitant to invest in Bitcoin? The evidence points to concerns over a perceived lack of security. Over half of people report feeling the following risks when it comes to investing in Bitcoin: hacking (59%); exchange rate volatility (56%); exchange risk (55%); technical glitches (52%); and a lack of a central monetary authority (53%). Hacking is the deepest felt concern—35% stating that it is an extreme risk.

PERCEIVED RISKS ASSOCIATED WITH BITCOIN



Q: “How big of a risk do you feel each of the following are when it comes to investing in Bitcoin?”—Extreme risk or quite a bit

Not Quite Investment Grade For Most

Surprisingly, telling people that institutional banks are starting to back cryptocurrency only caused 38% of people to say they are more likely to invest. For nearly half (48%), this fact didn't change their likelihood to invest. In other words, **even the endorsement of well-established financial institutions cannot completely offset a lack of firsthand knowledge and trust in Bitcoin.** For now, cryptocurrency doesn't seem to have earned enough trust from consumers to have it serve as a common investment vehicle. It may take some time for it to stand alongside stocks, bonds, and other securities as a trusted investment tool.

Implications for Brands

ML:Next research findings indicate a notably higher knowledge gap than might have been apparent, and a significant amount of work still needs to be done in educating consumers about Bitcoin and cryptocurrencies in general. Helping people understand the concept of cryptocurrency and feel confident in investing their money there could result in a significantly higher adoption rate in the future. **Financial institutions looking to impact Bitcoin's favorability need to focus their messaging: rather than highlight *their* faith in Bitcoin, they should lean on fundamental education on the topic in order to grow *consumers'* faith in Bitcoin.**