Press release

Economics Department

London, 26 June 2018

Embargoed until 00:01 26 June 2018

INTEREST IN CRYPTOCURRENCY EXPECTED TO DOUBLE – ING INTERNATIONAL SURVEY

- Fewer than one in 10 Europeans (9%) currently own cryptocurrencies such as Bitcoin with another 16 per cent expecting to own them in the future
- More than a third (35%) agree that cryptocurrency is the future of spending online – and a similar share agree it is the future of investing
- Half (46%) believe investing in share markets is less risky than investing in cryptocurrencies

Despite cryptocurrency prices falling in 2018, a new study suggests that cryptocurrency uptake could more than double in future.

The findings come from *Cracking the code on cryptocurrency*, part of the sixth annual *ING International Survey Mobile Banking*. The ING International Survey covers nearly 15,000 people across 13 countries in Europe, as well as the USA and Australia[1].

Growth potential

Sixty-six per cent of people in Europe say they have heard of cryptocurrency. Fewer than one in 10 (9%) own it. An additional 16 per cent say they expect to own it in future, which suggests uptake could more than double. Considering a third of those in Europe (34%) have not yet heard of cryptocurrency the growth potential could be even higher.

See figure 1 below for a full breakdown of responses from different countries.

Future of spending

The projected growth in cryptocurrency ownership may reflect a gradual change in attitudes around online spending. Roughly a third of people in Europe (35%) think that digital currencies, such as Bitcoin, are the future of spending online, up seven percentage points from 2015.

About half (49%) of Europeans indicate they do not want to change the way they pay. Some people are more comfortable with the idea of using cryptocurrencies such as Bitcoin for one-off payments or purchases – although the volatility and relative infancy of digital currencies mean many are risk-averse when it comes to longer term transactions.

Three in 10 (30%) across Europe say they would consider using cryptocurrencies to pay for an international purchase online. However, only 15 per cent would consider receiving their take-home pay in Bitcoin or similar.

Will digital currencies lose pace?

Thirty-five per cent of people in Europe agree the value of digital currencies will increase in the next 12 months. About one in three (32%) agree they are the future of investment – a similar share agree they are the future of spending online.

The study also suggests that investing in cryptocurrency is perceived as more risky than in other asset types. For example, nearly half of people in Europe (46%) think that investing in the share market is less risky than investing in digital currencies.

Perhaps due to the perceived risk, three in 10 (29%) of Europeans who have either heard of, own or expect to own cryptocurrency say they would never invest in it. Of those who might consider investing in

Bitcoin or similar, the preferred approach for about a quarter (27%) is to seek guidance on specialist websites, while one in five (21%) would approach a financial advisor.

Jessica Exton, behavioural scientist at ING, said: *"Cryptocurrency remains an abstract investment for many, but there may be more appetite for digital currencies than some might suggest. Based on our survey, ownership of cryptocurrencies could more than double in the future – although we do not know when."*

"Cryptocurrency isn't restricted to investors in the eyes of consumers, with similar proportions agreeing that digital currencies are the future of spending online and the future of investment. Some would use digital money for everyday activities if it were more widely accepted. "

"The volatility of cryptocurrency carries with it both positives and negatives; on the plus side it can increase awareness but may also mean people view digital money as a relatively risky asset. If cryptocurrency stabilises there may be increased interest."

Teunis Brosens, economist for global markets at ING, said: *"Cryptocurrency probably has a more promising future in countries where the traditional financial system is less efficient or more expensive to use.*

"Indeed we find that the Dutch, with a very efficient and cheap domestic payment system, are most sceptical about the future of digital currencies.

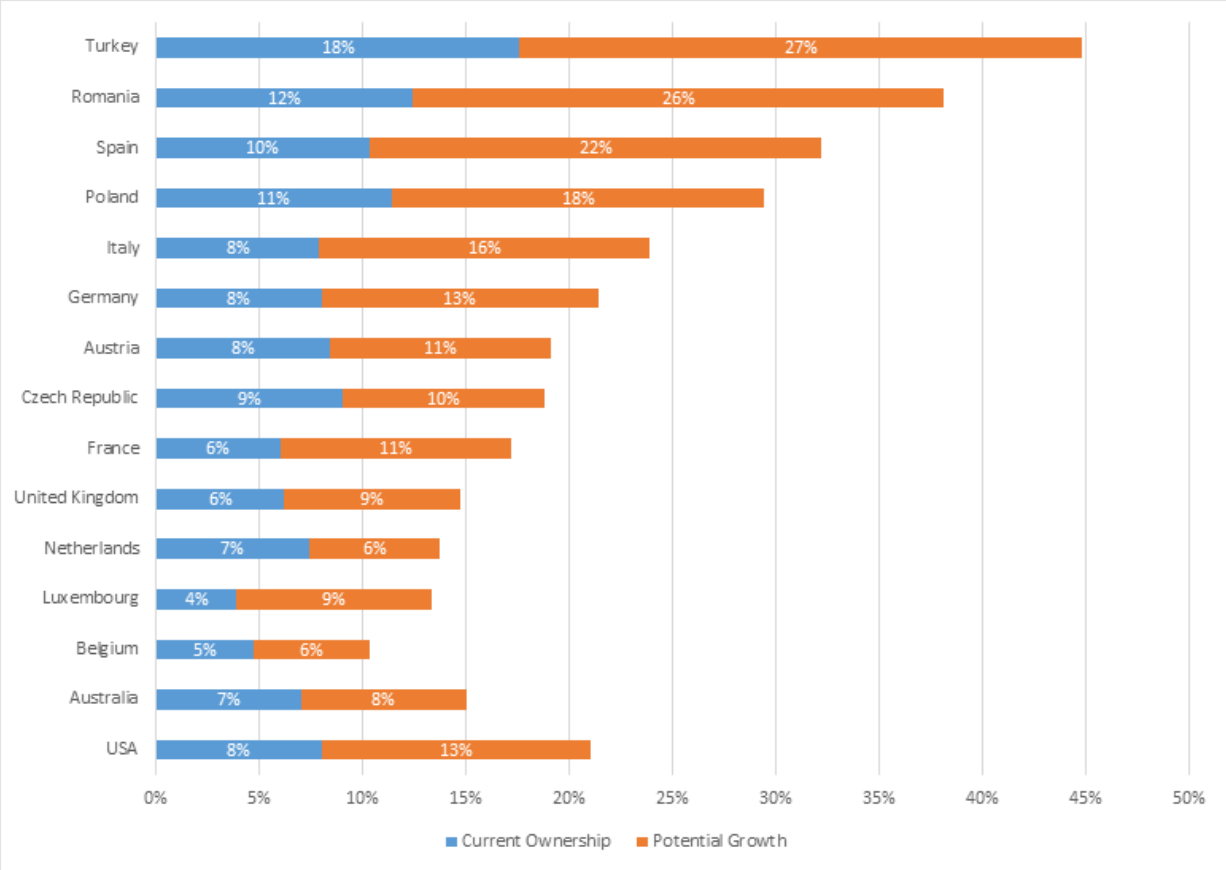
"Over half of respondents see stock market investing as at least as risky as cryptocurrency. That is striking, given the extreme volatility observed in crypto-space."

Jonas Goltermann, developed markets economist at ING, said: *"Overall, cryptocurrency investments make up a small fraction of global financial assets, much less than 1% according to the Bank of England. So their impact on the global economy is still pretty limited and, at least from a monetary policy and financial stability perspective, central banks appear more curious than concerned about the growth of cryptocurrencies.*

"The results from our survey suggest this could change, as many savers appear willing to consider crypto investments. If that were to happen, we'd expect policy-makers to take a more active interest in these instruments and how they affect the rest of the economy."

- ENDS –

Figure 1. Graph shows percentage of those who own cryptocurrency versus the shares who expect to own cryptocurrency.



[1]Please see the full report on www.ezonomics.com/iis for the full results, with scores from all countries, including the USA and Australia.

About the research

The ING International Survey Mobile Banking 2018 – 'Cracking the code on cryptocurrency' – was conducted by Ipsos using internet-based polling. Fifteen countries were surveyed: Austria, Belgium, Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Poland, Romania, Spain, Turkey, the United Kingdom, Australia and the United States of America. Polling took place between 26 March and 6 April 2018. The full report is available via www.ezonomics.com/iis and at www.slideshare.net/ING

The ING International Survey is produced several times a year by ING eZonomics. It is about money and life - combining ideas around financial education, personal finance and behavioural economics to produce regular and practical information about the way people manage their money - and how this can affect consumers' lives.

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